

ABSTRACT

This paper reports the results of a series of laboratory experiments in which different groups of subjects were presented with a series of 2-person decision problems all of which generate the same equilibrium outcomes. Each problem was presented to different groups of subjects in at least two ways. In some cases, it was explicitly represented as a multistage game while in others it was represented as a one stage game in which both subjects choose their strategies simultaneously. Although the games varied in their complexity, in no case did a subject have more than three strategies from which to choose, and, in each case, one of the players could guarantee a secure outcome while the other player possessed a self-defeating (incredible) threat.

In some cases, the form in which the decision problem is presented significantly affects the outcome. Surprisingly, these effects were most prominent in the simplest decision problems where the differences in presentation would seem to be most transparent. In these simple problems, it appears that subjects are much more likely to use (and fear) incredible threats when the problem is presented as a one-stage rather than a multistage game.