

ABSTRACT

We consider a k -person sequential bargaining model in which both the size of the cake and the order in which players act in any period follows a stochastic process. For games in which one agent makes an offer in each period and agreement must be unanimous, we provide characterizations of both the set of subgame perfect (SP) payoffs and the set of stationary subgame perfect (SSP) payoffs (SP payoffs supported by stationary strategies). We use these characterizations to investigate a number of properties of SSP outcomes such as efficiency, conditions for agreement, uniqueness, and advantages to proposing. Our analysis generalizes the analysis of Merlo and Wilson (1992) for games with transferable utility and many existing results for games of sequential bargaining which build on the work of Rubinstein (1982) and Stahl (1972). JEL Classification Numbers: C73, C78. Key Words: Non Cooperative Bargaining, Dynamic Games, Stochastic Games.