

## Virtual bargaining: A micro-foundation for social decision making and interaction

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Many important decisions involve interacting with other decision makers. What I should do depends on what other people will do. But this can lead to some apparently awkward problems of circularity. So person A can only decide what to do on the basis of what person B will do; but person B can only decide to do on the basis of what person A will do. One way out of this deadlock is the notion of Nash equilibrium, or related notions, as widely applied in economics. Here I explore an alternative way of breaking the deadlock, virtual bargaining, developed with Jennifer Misyak, Tigran Melkonyan and Hossam Zeitoun. Virtual bargaining proposes that decision makers implicitly compute what they would agree to do, if they were to bargain explicitly; and then carry out that agreement. I argue that virtual bargaining may underpin important aspects of social behaviour and communication, and perhaps may be distinctively human.