

***‘Does Rawls’ ‘Original Position’ Induce Fairness?
Experimental Findings on Selection Criteria in a Discrete Nash Demand
Game Played from Behind the ‘Veil of Ignorance’¹***

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Abstract

Rawls (1958) suggested that it is possible to arrive at a fair allocation in a 2-player Nash demand game by granting equal gains to both players. Rawls theorized that players themselves would select this allocation if they bargain from the ‘original position’. Harsanyi (1958) suggested the utilitarian solution, wherein rational players playing the Nash demand game from behind the ‘veil of ignorance’ should maximize the aggregate payoff instead of equalizing the gains vis-à-vis endowment. Harsanyi (1975) shows that the utilitarian solution generates the fairest allocation. In this paper we experimentally examined whether subjects select the utilitarian solution while playing a Nash demand game from behind the ‘veil of ignorance’. For the purpose of the experiment we used a Nash demand game with discrete strategies. We found that subjects without any exposure to game theory found it difficult to identify the utilitarian solution. Subjects with exposure to basic game theory could identify the utilitarian solution when it was one of the Nash equilibria of the Nash demand game. However, only a few could identify the utilitarian solution when it was not a Nash equilibrium.

Keywords: *Nash demand game, coordination game, ‘veil of ignorance’, utilitarian solution, egalitarian solution, focal point, equilibrium selection, experimental game theory.*

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