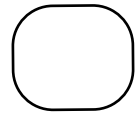# PRACTICAL 3

Demand & Supply - Seller

In this experiment each participant represent either a *seller* or a *buyer*. The *seller* is in possession of "good" that the *buyer* values. The *buyer* has an endowment of *tokens* to purchase the "good" from the *seller*. In every interaction you will negotiate face to face in pairs the exchange of the "good". Each pair is formed by one *seller* and one *buyer.*

Decision

For *one* minute, *buyers* and *sellers* negotiate in pairs. They goal is to decide for how much to exchange the "good". The decision must be made before the minute ends. During the minute you have to choose with whom to negotiate and then you will negotiate on a price.

Points

The *buyer* has a fixed amount of *tokens* to purchase the "good". Her/his points are equal to the amount of tokens she/he keeps after the exchange. That is, the endowment minus the price paid (Points = E-P). For example, if the *buyer* has 20 tokens and pays 19 tokens for the good, she/he earns 1 point.

The *seller* has a cost for "producing" the "good" she/he sells. Her/his points are equal to the price paid to her/him minus the cost of production (P-C). That is, if the *seller* produced the "good" at a cost of 19 tokens and she/he sells it in 20 tokens, she/he earns 1 point.

In case an agreement is not reached, each member in the pair will receive 0 points. This includes making agreements where the *buyer* offers to pay more than her endowment or the *seller* sells by a price below her cost of production.

You don't have to reveal your endowment, but you can if you wish.

ID

In this experiment you are a *seller* and your production cost is _____ tokens.

Go to the back of the sheet to write your results

EXPERIMENT

You will play this game for six rounds. In each round you have to choose a partner and negotiate on a price.

Please fill in the table for each round. Write the number that identifies your partner and the price at which you both agreed to exchange.

Round	Partner	Price
1		
2		
3		
4		
5		
6		