

The Impact of Procedural Asymmetry in Games of Imperfect Information

Nadine Chlaß

Abstract

In every-day life, we are subject to rules and institutions which we have not designed, and which we may dislike, irrespectively of their specific outcomes. Often, it is not in our immediate power to change these rules. Recently, individuals have been argued to have preferences for the symmetry of such rules, or in other words, for rules which treat all parties equally. Here, I explore how parties react, if they are subject to extremely asymmetric procedures which they cannot exit or modify.

To that end, I define a game of imperfect information via a set of rules which treat parties very unequally. Experimentally, parties compensate the procedural asymmetry monetarily, such that essentially no winner's curse results. In particular, the compensation correlates with two instruments for purely procedural (institutional) preferences (Chlaß et al. 2009). The instruments are applied such that they do not otherwise link to parties' behaviour, e.g. via reciprocity, or inequity aversion.