

„Win-Win“ Agreements

Type 1 An agreement that just leaves both parties better off than they would be in the absence of an agreement

Example: Practically any sales transaction

Type 2 One-dimensional improvement of a Type 1 agreement

Example: The parties to a sales transaction have compatible preferences. However, one of them cares much more about money than the other. Within the zone of possible agreement, they set the price closer to the reservation price of the least „money-hungry“ party.

Type 3 Multidimensional optimization of an agreement leaving both parties better off than any other possible outcome = true „win-win“ agreement!

Example: The parties to a sales transaction conclude the best possible deal taking into consideration their respective interests with respect to price, warranty, terms of delivery, other possible transactions in the future, etc.

According to: Gerald B. Wetlaufer, *The Limits of Integrative Bargaining*, The Georgetown Law Journal, Vol. 85, 1996, pages 369 - 394