

TABLE 8.1
Present value of expected payoffs in the repeated bargaining game

		Employer →	
		Conditional w^+	Unconditional w^*
Union ↓	Conditional e^+	$v^+ = \frac{u(e^+, w^+) - iz}{i + t(e^+)} + z$ $\pi^+ = \frac{\pi(w^+, e^+)}{i}$	$\frac{u(e^+, w^*) + (1 - t(e^+))v^* + t(e^+)z}{1 + i},$ $\frac{\pi(e^+, w^*) + \pi^*}{1 + i}$
	Unconditional e^*	$\frac{u(e^*, w^+) + (1 - t(e^*))v^* + t(e^*)z}{1 + i}$ $\frac{\pi(e^*, w^+) + \pi^*}{1 + i}$	$v^* = v(e^*, w^*, z),$ $\pi^* = \frac{\pi(w^*, e^*)}{i}$





