

# THE THREE VERSIONS OF THE ULTIMATUM GAME: AN EXAMPLE FROM THE HISTORY OF CREATION OF THE KINGDOM OF SERBS, CROATS AND SLOVENES 1914-1918

**Dušan Pavlović** 

Faculty of Political Science  
University of Belgrade  
E-mail: dusan.pavlovic@fpn.bg.ac.rs

**Stevo Đurašković** 

Faculty of Political Science  
University of Zagreb  
E-mail: sdjuraskovic@fpzg.hr

<https://doi.org/10.20901/an.18.15>  
Original Scientific Article  
Received: September 23<sup>rd</sup> 2021  
Accepted: November 8<sup>th</sup> 2021

**Abstract** We examine the 1914-1918 creation of the Kingdom of Serbs, Croats and Slovenes as a form of the ultimatum game. The negotiations among the Serbian Cabinet and the Yugoslav Committee representatives of the Habsburg Souths Slavs from 1914-1918 exemplify three versions of this game. The first version is a typical (rational choice) type of the ultimatum game in which the Receiver is satisfied with any offer by the Proposer. The second version is an instance of behavioral game theory. When the Proposer gives an unfair offer, it provokes an emotional reaction in the Receiver who will reject it at the cost of harming themselves. We observe this behavior in the emotional behavior of Frano Supilo, a Croat and one of the leaders of the Yugoslav Committee. The third version of the behavioral ultimatum game can be observed in the behavior of Serbian Prime Minister Nikola Pašić who opposed any concessions to the Yugoslav Committee, thus giving an ultimatum to the Croat side to accept the Serbian offer or remain with nothing, which was harmful to the Serbian side, too. This example is important because it produces two conclusions. First, historical games are often a mixture of several versions. Second, Proposers, too, can have an emotional reaction and give an offer that can hurt themselves. This aspect of the ultimatum game is less mentioned because it is difficult to simulate in experiments.

**Keywords** ultimatum game, emotions, rational choice, Yugoslav Committee, Serbian government, the Kingdom of Serbs, Croats and Slovenes

## 1. Introduction

The Kingdom of Serbs, Croats and Slovenes was formally created on 1<sup>st</sup> December 1918. The creation was preceded by long negotiations that lasted for several years during World War I. The two main agents that took part in these negotiations – the Yugoslav Committee that claimed to represent the South Slavs from the Habsburg Monarchy and the Serbian Government led by Nikola Pašić – several times faced a breakdown in negotiations, which could have led to entirely different outcomes. We investigate the negotiation process from the perspective of game theory, claiming that the negotiation had at least three phases, each of which exemplifies a distinctive version of the ultimatum game. The product (the Kingdom that was created) was the outcome of a mixture of all these three phases and could easily have been different.

Our study applies game theory to a historical process and uses history to provide a narrative for a subvariant of a game, thereby making it an interdisciplinary work. We claim that – in addition to the behavioral game theory that claims that receivers can be emotional – proposers can also behave irrationally at the cost of themselves.

This is not the first time that game theory has been applied to Yugoslav history (see Gligorov, 1994).<sup>1</sup> Nevertheless, our paper may raise some eyebrows inside the academic community that studies the history of the South Slavs and Yugoslav history, which is why we want to begin this introduction with a methodological note.

The paper offers several novelties relevant for both game theory and Yugoslav history. First, we extend the ultimatum game to a new theoretical model (subvariant) in which the proposer (rather than the receiver) can act emotionally. Second, we offer a historical (non-economic) narrative for the ultimatum game. A narrative is a critical element for game theory models, for only with a narrative can it be known if the model is applicable to the real world (Morgan, 2014; Grüne-Yanoff, and Schweinzer, 2008). Not only can the ultimatum game be applied to and explain a historical situation, but the historical situation discussed here provides empirical material for all its three variants. We know now that the ultimatum game can have several subvariants, each of which has its own equilibrium, but we cannot know which one will be selected. To find out about it, we must have a narrative at hand because only a "narrative prepares the ground for the 'solution of the game' i.e., the identification of equilibrium strategy profiles, by applying the theory proper to the game structure" (Grüne-Yanoff & Schweinzer, 2008: 137). Braudel believed that economists must count on historians to formulate explanations about economic progress (1982: 86). Game theorist should do the same *vis-à-vis* their explanations.

The analysis and the narrative we offer here is obviously beneficial for game theory. Is our analysis beneficial for historiography? We draw on the work of Fernand Braudel, who claimed that "all the social sciences infect each other, and history is just as much a prey to these epidemics as any of the others. Whence come its changes in function, or method, or appearance" (1982: 65). Braudel claimed that historians have "wanted to be, and [have] become, an economist, sociologist, anthropologist, demographer, psychologist, linguist" (1982: 68). Can they be game theorists? We believe they can. Therefore, rather than buying into the argument that historiography is a mere collection of facts and events which happen only once, we see history as the outcome of a family of patterns that can be observed in different times and different

<sup>1</sup> It has been applied to post-Yugoslav history. See Whitt and Wilson, 2007: 655-668; Stojanović, 2014: 607-625; Zdeb, 2017: 369-387.

places.<sup>2</sup> Apart from Braudel, such approach in the historiography was embraced by Lucien Febvre (Febv, 2004), and among some Balkan historians (Stojanović, 2008; 2010).

Granted, history often has served as an empirical material for "non-historic" disciplines, but the benefit was mutual. Consider Theda Skocpol's *States and Social Revolutions* (1979) or Acemoglu and Robinson's *Why Nations Fail* (2012). Both studies are full of historical examples to which a certain theoretical model, which has excess explanatory power, was applied (Elster, 2015). The authors tried to find a more general framework with which it would be possible to explain when revolutions occur or why some nations are wealthier than others. Today's comparative politics and political economy have obviously benefitted from such analyses, but can anyone rightfully deny that historical scholarship on France, Russia, or China do not benefit from Skocpol's or Acemoglu and Robinson's studies? After such studies are done, the history of these societies and certain processes and outcomes are better understood. Therefore, our article sheds additional and informative light on the process of the negotiations that led to the creation of Yugoslavia in 1918.<sup>3</sup> Although these negotiations took place only once and are unrepeatably, we believe that our study offers two novelties for the historiography of the first Yugoslavia and historiography in general. First, our work shows how complex the negotiations were and why it is right to think that several different outcomes were possible. Second, our explanation offers excess explanatory power and can be deployed to explain other historical events and processes that are about state creation by means of negotiations. We elaborate on the second contribution in the concluding section.

Finally, by introducing emotions in the analysis, we contribute to the discipline of history emotions (Frevort, 2011).

The remainder of the article is structured in the following way: Sections 2 and 3 discuss the rational choice and the two behavioral versions of the ultimatum game; Sections 4–6 provide the narrative for all three versions of the ultimatum game; and Section 7 offers the conclusion.

## 2. Rational Choice Game Theory

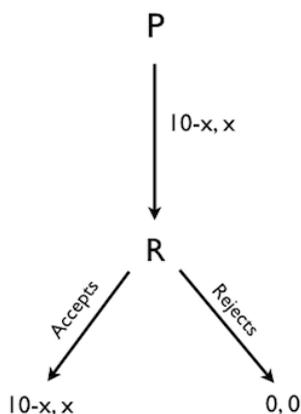
The general form of the ultimatum game, introduced in game theory by Werner Güth, is as follows (Güth, Schmittberger and Schwarze, 1982). Suppose there are two players, the Proposer (P) and the Receiver (R), who have to split a fixed sum of money, say, ten dollars. The minimal split unit is one dollar. The Proposer plays first by offering a distribution in the form of  $(10-x, x)$ . For example, if  $x=2$ , the distribution is  $(8, 2)$ , meaning that P gets eighty per cent, and R twenty per cent of the sum. P can split it any way it wants, but R decides whether to accept  $x$  or not. If R accepts  $x$ , the outcome of the game is  $(10-x, x)$ . If, however, R (for whatever reason) turns down the offer, the outcome is  $(0, 0)$ . By comparing outcome payoffs for both players, we can see that the acceptance outcome is a Pareto improvement on the rejection outcome.

The game can be presented in the extensive form (Figure 1):

---

<sup>2</sup> See Braudel's discussion on the battle of Pavia or the battle of Rocroi from 1525 and 1643, respectively (1982: 67).

<sup>3</sup> The state was declared on December 1<sup>st</sup>, 1918, as the Kingdom of Serbs, Croats and Slovenes. In 1929 it was renamed to the Kingdom of Yugoslavia.



**Figure 1.**  
Ultimatum game – rational choice version

What is the equilibrium outcome of this game? Analytical and behavioral game theory offers different answers to this question (Camerer, 2003). The rational choice explanation states that P can propose any split as long as  $x > 0$ . R will accept the offer because something is always better than nothing. This conclusion is grounded in a standard microeconomic presumption on human behavior according to which more is always better than less (Frank, 2008: 64-66). Suppose  $x = \$1$ . Rational choice theory suggests that R will accept one dollar only because this is better than nothing. Anticipating this, P may propose a rather unfair distribution, which favors her and puts R at a relative disadvantage. The conclusion is as follows. If  $x > \$0.00$ , the equilibrium outcome will be any proposal made by P, because R always needs something rather than nothing. What will P do if they know this? They will offer  $x$  that has smallest value. An offer of one dollar will therefore be the equilibrium outcome.

However, the experiments done in behavioral game theory did not endorse such a conclusion (Camerer, 2003). They showed that when  $x$  is very low, receivers tend to reject offers. For instance, when  $x$  drops to twenty per cent of the initial sum, fifty per cent of the receivers reject the offer; when it drops to ten per cent, the rejection rate is even higher. The researchers found that receivers react emotionally to unfair offers and are able to turn them down even if the payoff of zero worsens their situations. Anticipating this, proposers increase  $x$  and offer somewhere between sixty:forty, or even the fifty:fifty split (Hoffman, McCabe and Smith, 1996; Houser and McCabe, 2014: 28). Similar results were obtained in experiments in which the stake was higher, when the respondents had to split hundred dollars rather than only ten dollars. Some receivers reject offers that were twenty or even thirty per cent of the split was up to four hundred dollars (List and Cherry, 2000).

### 3. Behavioral Game Theory Response

The behavioral findings can hardly be explained by conventional microeconomic assumptions about rational behavior under which rational individuals should accept any offer as long as  $x > 0$ . A great number of people see distributional matters

as a form of justice, thus accepting them only if they are squared with their sense of justice (Rawls, 1971). If R believes that  $x$  is too low, or that the offer is unfair, they will reject it to get even with P, drawing on the principle of negative reciprocity (Camerer, 2003: 10). R will do it at their own cost (it will not receive  $x > 0$ ). Material loss will be compensated by the fact that P suffered some loss too, which will generate pleasure in R. Due to this emotional reaction, the outcome of the game will be different from what the rational choice theory predicts.

More detailed explanations on why unfair proposals are rejected come from neuroeconomics (Glimcher and Fehr, 2013). A sense of justice is critical for understanding this outcome because it triggers emotional reactions to unfair offers (Marshall, 1972: 789-790). When facing an unfair offer, the brain triggers chemical reactions that create emotions that impact the decision-making mechanism to reject an unfair offer. The need to express such emotions motivates people to turn down offensive proposals even if they would incur material loss (Xiao and Houser, 2005: 7398-7401). These findings converge on other research, which found that unfair offers activate certain brain areas such as the anterior cingulate cortex (ACC) and dorsolateral prefrontal cortex (dlPFC), both of which regulate emotions (Sanfey et al., 2003: 1755-1758).

### 3.1 Can Proposer be Emotional too?

What goes for Receiver goes for Proposer, too. The latter can also exert an emotional reaction to the receiver's prior behavior or to their status. P, after having offered a split, may believe that R does not deserve a better offer, or that R is not worthy of anything better. This may be influenced by ideological beliefs. Maybe P wants to take revenge on R for something R did in the past, believes that R owes them something, or believes they are entitled to something R does not deserve and never will. Previous events may thus determine P's emotions when they offer an ultimatum. The offer can be highly unacceptable for R, and yet if R rejects it, P will not reconsider and will end negotiations at the cost of themselves, which goes against rational choice theory predictions described above. In other words, a *history of relations* may make P insist on unfair or humiliating offers.

The experimental discussions on the ultimatum game do not capture this aspect because a history of relations is difficult to simulate in experiments. In other words, R's emotional reaction is endogenous. It is generated by the offer itself. In contrast, P's emotional reaction is exogenous. It may be generated by some previous event(s), which happened before the split or negotiations. Yet it may have high impact on the outcome of the game.

The above discussion about R's reaction means that the ultimatum game works by way of a mechanism. A mechanism is a frequently occurring and recognizable causal pattern with indeterminate consequences (Elster, 2015). One cause can result in two totally opposing outcomes. As argued, R can respond in two divergent ways: R can accept the offer because something is better than nothing, but R can also reject it because it is unfair. But we want to claim more. P's initial offer may be understood as a mechanism, too. On the one hand, anticipating an emotional response from R, P may propose a rather unfair but also fair distribution, which would support the standard microeconomic assumption – that P will rationally evaluate the situation and adapt to it. On the other hand, P may be emotional themselves, or, for reasons

other than rational beliefs,<sup>4</sup> be convinced that they are right in offering whatever to R. In which case, P will disregard R's reaction and go ahead with an unfair offer, even if the breakdown of negotiations as a consequence of such a staunch strategy may be costly for P. Our major argument is this: P may give an unfair offer not because they rely on the microeconomic assumption that R has to accept it as long as  $x > 0$ , but rather because P is convinced that they have some sort of moral right to frame both the negotiations and the content of the offer.

### 3.2 *The Historical Example*

We test these different behavioral assumptions of the ultimatum game by looking into the negotiation talks about the creation of the Kingdom of Serbs, Croats and Slovenes (also known as the first Yugoslavia) in 1914-1918. The negotiations were conducted between the Serbian government (P) and the Yugoslav Committee (R), within the context of World War I, which brought about the collapse of the Habsburg Monarchy that had contained territories of today's Croatia, Slovenia, Bosnia and Herzegovina and Serbia's northern province of Vojvodina, including the populations of ethnic Croats, Slovenes and Serbs. The eventual preference of the majority of the Serb, Croat and Slovene politicians from Austria-Hungary was to unite or to make some sort of alliance with the Kingdom of Serbia, given the opportunity prospectively created by the war and the collapse of the Habsburg Monarchy.

The Yugoslav Committee (R) was a group of seventeen outstanding Croatian, Serbian and Slovenian intellectuals and politicians who fled the Habsburg Monarchy at the outset of the war and started to propagate the creation of an independent South Slavic state. Although the Committee had no official mandate to represent the South Slavs of Austria-Hungary, they were tacitly supported by the majority of the Croatian and the Serb politicians who stayed in the Monarchy and maintained secret ties with the Committee (Banac, 1992: 125; Meštrović, 1993: 42, 45-46, 87-89). That enabled the Committee to claim to represent around 6 million Slav people, who lived there at the time (This was over eleven per cent of the Monarchy's total population in 1914.). Even the Slovenian politicians and the minor faction of Croatian politicians who exclusively sought the autonomy of the South Slavs within the Habsburg Monarchy gradually embraced the unification with Serbia by the course of 1917 and 1918 (Cornwall, 2011). However, since the politicians who stayed in the Monarchy did not participate in the negotiations, they are not analyzed in this paper.

The chief Serbian government negotiator was Serbian Premier Nikola Pašić (P). He himself behaved rather differently depending on the phases of negotiations as well as the phases of the ongoing war (the negotiations took place during World War I). At some point he was accommodating and was prepared to adapt the Serbian offer to the Yugoslav Committee, thus confirming the rational choice theory assumptions. At times, by contrast, he was rather hawkish, arguing that the Habsburg South Slavs might unite with the Serbian Kingdom exclusively under the Serbian terms. This strategy was risky and implied a high cost for Serbia because such a staunch insistence on the Serbian proposal could have left Serbia without new territories and with a significant part of the Serbian people outside Serbia when the war was over (some part of the Habsburg Monarchy was guaranteed to the Serbian

---

<sup>4</sup> Rational beliefs are the beliefs about the world grounded in available evidence. See Elster, 1983.

Kingdom by the 1915 Treaty of London). We, therefore, could designate the moderate Pašić with P1 and the hawkish Pašić with P2 (sections four and five).<sup>5</sup>

The goal of the Yugoslav Committee was to unite with the Serbian Kingdom but it had its own ideas about how it should be done. As opposed to the Serbian delegation that represented a sovereign state, the Yugoslav Committee represented the three ethnic but non-sovereign groups that lived under a sovereign authority of the Austria-Hungarian Monarchy. At the very end of the war, R was represented by the National Council from the Habsburg Monarchy (section six). R, therefore, can be broken down into three different agent types with different responses to the Serbian offer. Granted, the majority of the Committee members were prepared to accept any kind of offer for the unification coming from the Serbian government because 'something is better than nothing'. We will call these agents type R1 as they conform to the typical microeconomic assumption. In contrast, one member of the Committee, Croat Frano Supilo, behaved hawkishly and in agreement with the behavioral game theory's predictions. He insisted on a much broader autonomy for Croats within the new state (which would be created on 1<sup>st</sup> December 1918), and was ready to reject the offer if it did not contain such an autonomy. Frano Supilo is thus R2.

In the third variant of the game (discussed in section six), a new P appears too, thus replacing Nikola Pašić and his cabinet. P is represented by the Prince-Regent Aleksandar Karađorđević, the son of the Serbian King Petar Karađorđević (Petar was still alive at the time, but since he was old, he transferred most of the King's duties to his son, some of which was the military command during the war as well as participation in the negotiations.).

Based on this designation, we differentiate among three versions of the ultimatum game that took place during the negotiations between the Serbian government and the Yugoslav Committee in 1914-1918.

- 1) Rational Choice Version. This version has a 'take it or leave it' form with typical P and R as the main agents.
- 2) Behavioral Version One (with emotional R). R2 was prepared to reject unification (thus risking an uncertain future) if the offer was not fair.
- 3) Behavioral Version Two (with emotional P). P2 was ready to give a humiliating offer and risk a breakdown of negotiations, getting less for themselves than they could have had by following the rational choice assumptions if R did not accept whatever was offered.

The third version is most interesting because P2's emotional reaction was a product of moral superiority embraced by Serbian Prime Minister Nikola Pašić who

---

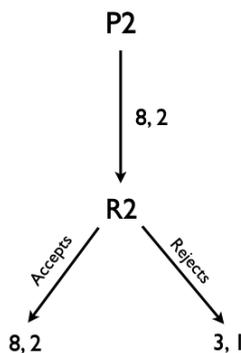
<sup>5</sup> The same circumstances that transpired for the South Slavic politicians in Austria-Hungary also occurred in the Kingdom of Montenegro. Ivo Banac stated that "the tradition of Montenegrin self-centredness did not, however, prevent reciprocity with the Serbians...the Serb tradition percolated down to the consciousness of the most ordinary herdsmen" (Banac, 1992: 274). Serbia saw unification with Montenegro as an issue separate from the goal of South Slav unification and one that should be achieved in any case. That is the reason why Pašić excluded Montenegro from the negotiations from the very beginning. The Committee consented to Pašić's view that Montenegro had been "internal matter of Serbdom". Eventually in early 1916, the faction in Montenegrin politics that supported unconditional unification with Serbia took the leading posts in the Montenegrin government, so the question of Montenegro's independence was almost entirely dropped from the agenda (Mitrović, 2007: 190-192; Banac, 1992: 280-284).

believed the Serbs from Serbia and the Habsburg South Slavs were the same people, but he was unprepared to give the Yugoslav Committee an equal status as negotiators. More importantly, he was unprepared to grant the South Slavs from the Habsburg Monarchy equal status in the new state. The offer Pašić gave as P2 was that the new state would be created only under the Serbian dominant leadership – namely, under the Serbian dynasty of Karađorđević and the 1903 Serbian constitution, which is what eventually happened in 1918 and 1921, respectively. Some Serbs believed that any different offer would not reflect the sacrifice of the Serbian state and the army during World War I, which was still ongoing when the negotiations began.

### 3.3 Hawkish Negotiators

We claim that at some point during the war the Serbian offer had a 'take it or leave it' form, which involved a significant risk for the Serbian government given the context in which it had an opportunity to obtain a large chunk of the Habsburg Monarchy's territory and include its South Slavic populations under its sovereignty. This happened in 1917, while the Serbian army and government were in Greece in exile. The talks between the Serbian government and the Yugoslav Committee took place under the sponsorship of Great Britain and France on the Greek island of Corfu (part of the Ionian islands). The outcome of the talks is known as the Corfu Declaration (signed on 20 July 1917). The Corfu offer was such that if R rejected it, P2 would not engage in another round of negotiations to adapt it to the new circumstances (as the rational choice theory predicts).

This most extreme form of negotiations, which involves the interaction of P2 and R2, implies that R2's rejection leads to a suboptimal outcome for both players, while the acceptance outcome has to be a Pareto improvement on the rejection outcome. The game can be presented in the extensive form (Figure 2):



**Figure 2.**  
Ultimatum game – R is emotional

In this version, R's rejection does not leave both players with nothing (like in the classical version presented in Figure 1), but this outcome is still worse for both than the outcome offered by P. If P's offer (8, 2) is accepted, both players can improve their positions compared to the rejection outcome (3, 1). The payoff of 3 reflects the fact that Serbia would not remain with nothing (as in the classical example) since a part of the Habsburg Monarchy's territory was promised to Serbia anyhow under the 1915 Treaty of London. The payoff of 1 reflects the fact that if they did not become part of the new state, the Habsburg South Slavs would be divided among Italy, Serbia and Hungary with a significant loss of the territory, which was in their mind far worse than being in one state (the payoff of 2, if they accept the offer).

In the next sections we supply empirical material for all three versions of the ultimatum game. Since we must respect the historical unfolding of events, we have slightly changed the conceptual order we introduced in the previous paragraph. Thus, we will begin with behavioral games and finish up with the section on rational choice version:

- Behavioral Version One (1914-1916)
- Behavioral Version Two (1917)
- Rational Choice Version (1918)

#### 4. Behavioral Version One: P and R2 (1914-1916)

The idea that culminated in the wartime process of unification of the South Slavs into the Kingdom of Serbs, Croats and Slovenes in 1918 was formulated in the first years of the twentieth century. The expansion of German and Hungarian nationalisms by the late nineteenth century gave rise to the turn-of-the-century renaissance of the Yugoslav idea in Croatian politics. The new generation of Croat and Serb politicians from Austria-Hungary (we employ this term alternatively with the Habsburg Monarchy), led by Ante Trumbić and Frano Supilo (both ethnic Croats), founded the Croat-Serb Coalition that fell upon the idea of 'Croat-Serb national oneness' (*narodno jedinstvo*), meaning that Croats and Serbs, as ethnically close nations, should cooperate tightly in order to improve their political status in Austria-Hungary (Banac, 1992: 97-98).<sup>6</sup> Although the Yugoslav idea was traditionally loyal to the Habsburg dynasty, the Emperor Francis Joseph, constrained by the dualist system, refused to support the Coalition's early appeals to protect Croatia from Hungarian authorities. The Emperor's distancing from the Coalition directed its leaders away from thinking of the Habsburgs as a possible ally in solving Croatia's problems with the Hungarian government. Simultaneously, Serbia started to advocate for the liberation of Serbs and other South Slavs in the Monarchy and for their unification with Serbia. These policy, in turn, made Austria-Hungary highly concerned about the prospects of a strong Serbia under Russian patronage, which would act as a magnet for the Monarchy's South Slav population. Consecutively, the Austro-Hungarian authorities tried to restrain the policy of the Croat-Serb Coalition, which in turn just additionally strengthened the antagonism between the Coalition and the Hungarian leadership in Budapest and eventually towards the authority of the Emperor Francis Joseph (Beller, 2018: 228-238). Ultimately, the Habsburg's shortsighted policy pushed the many proponents of the Croat-Serb national oneness policy to embrace

<sup>6</sup> For the turn-of-the-century renaissance of the Yugoslav idea in Croatian politics see Lovrenčić (1972), which still offers the most comprehensive insight in the topic. For Trumbić and Supilo, see Petrinović (1986; 1988).

Serbia as the 'Piedmont of the South Slavs' on the eve of the World War I, especially since Serbia's victories in the Balkan Wars raised a hopes about prospective forthcoming unification of the South Slavs.<sup>7</sup>

However, the Croatian proponents of the national oneness idea and Serbia's leading politicians embraced a quite different vision of the future state. While the Croatian politicians imagined a future joint state as a federal union where all the South Slavic provinces of Austria-Hungary should center on Croatia, the Serbian politicians envisioned the highly centralized state that would, above all, accomplish the Serb unification (Banac, 1992: 115-117). The notion of Serbia as 'Piedmont of South Slavs' was also grounded in the notion of the superiority of the Serb culture and tradition in respect to the Croatian and Slovenian cultures and traditions. The notion of the Serb superiority was derived from the history of the Nineteenth and Twentieth century Serbian wars for liberation, in the Slavophile notion of Orthodox superiority, as well in the legacy of alleged modern Serbia's democratic constitution. Consecutively, the Croatian and the Slovenian culture and tradition were seen less national and dynamic due to a high presence of elements of foreign culture, including the Catholic religion and obsolete Croatian feudal state tradition. The notion of Serb superiority and respective Croatian and Slovene inferiority were also highly embraced on the eve of the war by the Croatian youth of Yugoslav orientation, as well as by some Croatian politicians of Yugoslav orientation (Banac, 1992: 98-112, 153-169; Gross, 1968-69).

At the outbreak of World War I, some of the most outstanding South Slav politicians (mainly Croats and Serbs) of the pro-Yugoslav orientation fled the Monarchy and escaped to Italy, where they formed what in mid-1915 became the Yugoslav Committee. The Committee was constituted with the purpose of representing the Austro-Hungarian South Slavs and of advocating the formation of an independent South Slavic state. From the outset, the Committee found itself in a disadvantageous position since the war aims of the Entente governments did not include the dissolution of Austria-Hungary. Russia, as well England and France, aimed to preserve (a reduced) Habsburg Monarchy. Although Russia supported the territorial expansion of Serbia at the expense of Austria-Hungary, it was simultaneously afraid of the prospective repercussions that the emancipation of the nations in the Monarchy could have on Russia. Thus, the Czarist government opposed the creation of a larger South Slavic state. While the French and the English governments were prone to consider the interests of the Austro-Hungarian small nations, they were simultaneously dedicated to saving (a reduced) Austria-Hungary as a means to prevent the expansion of the German and Russian influence in Central and Eastern Europe (Šepić, 1970: 14-15).

Subsequently the Committee came to be in an even more disadvantageous position when the Entente powers in April 1915 concluded the Secret Treaty of London with Italy, which promised the latter the extensive part of the east coast of the Adriatic Sea in exchange for a declaration of war on Austria-Hungary (Šepić, 1970: 113).

The fact that the London treaty handed over thousands of Croats and Slovenes to Italy pushed the Yugoslav Committee to become completely dependent on Serbia's war efforts (Šepić, 1970: 131), thus placing the Committee in the position of

---

<sup>7</sup> On how the repressive policy exercised by the Austrian Authorities in the south Slavic territories in the eve of the War gradually derogated the trust in the Monarchy in the eyes of the South-Slavs see Cornwall, 2020.

classical Receiver (R) from rational choice game model. Simultaneously, the Treaty of London promised Serbia the territories of Bosnia and Herzegovina, Vojvodina and eventually the chunk of the east coast of the Adriatic Sea, thus putting Serbia in the position of Proposer (P) in the rational choice game model.<sup>8</sup> However, the situation was not so plain and simple, and was changed significantly by the war's ups and downs.

The Serbian government officially declared on 7<sup>th</sup> December 1914 'the struggle for liberation and the unification of all our unfree brothers of Serbs, Croats and Slovenes' to be Serbia's main war objective (Šišić, 1920: 10). Furthermore, declaring the South Slav unification as Serbia's official war aim was to break initial suspicions of the leaders of the South Slavic emigres, Croats Ante Trumbić and Frano Supilo, in the eventual goals of the Serbian policy. Thus, the Declaration of the Serbian government from December 1914 created enthusiasm by Trumbić and Supilo on how "Serbia embraced officially our ideas" (Šepić, 1958: 277-279). According to world-famous member of the Yugoslav Committee Ivan Meštrović, by the end of 1914 Trumbić and Supilo were ready to embrace the "unconditional unity with Serbia at any cost" (Meštrović, 1993: 49).

However, R did not behave entirely according to the rational choice model. Namely, the Yugoslav Committee rejected to act as the kind of the agency of the Pašić cabinet. Namely, Pašić was trying to convince the South Slav emigres that the South Slav unification could eventually be achieved only if the Committee entirely followed the policy of Serbia as an internationally recognized state and the Entente member. Moreover, Pašić claimed that the Committee's action independent of Serbia's policy could only jeopardize their common war aim due to the English, French and Russian plan to preserve Austria-Hungary (Dragnich, 1974: 114).

The Committee's leaders, Ante Trumbić and especially Frano Supilo (both ethnic Croats), were suspicious of Pašić's tactics. Already at the very beginning of the war Trumbić and Supilo had taken a firm stance on how the South Slavic emigres "should act in accord with Serbia, but not in its name" (Šepić, 1958: 263). They believed that a South Slavic state was to be grounded in the right of self-determination, and thus that a future joint state had to be created by an agreement between the Committee and the Serbian government, where the Committee would represent the South Slavs from Austria-Hungary (Supilo, 1970: 464). Thus, by the end of 1915 the Croatian members of the Committee, and especially its leaders Ante Trumbić and Frano Supilo, sought to influence the Entente leaders and public opinion that a Yugoslav state might be impossible to achieve if the Treaty of London was implemented.

The subsequent distrust of the Committee in the Serbian policy grew by autumn 1915 when the Entente powers pressed Serbia to hand over Macedonia to Bulgaria as a part of the Entente's effort to push Bulgaria away from its alliance with the Central Powers. Although Great Britain, France and Russia offered Serbia the territorial concessions at the expense of the Habsburg Monarchy – and even promised further support for uniting the South Slavs – if Serbia gave up Macedonia to Bulga-

---

<sup>8</sup> Serbia was also strongly opposed the London Treaty, since it went against the creation of a South Slavic state, which was seen as a means to unleash the pan-Serb unification. Moreover, the Treaty was exclusively concluded among Great Britain, France, Russia and Italy who did not consult Serbia about its content. Besides, the territories promised to Serbia did not meet its demands on the annexation of all territories of Austria-Hungary populated by the Serb majority (Bataković, 2006: 185-186).

ria, Pašić replied, "We shall choose Macedonia" (Djokic, 2010: 44-45). The Committee was kept entirely in the dark about the negotiations, so when word leaked out, the Committee was angry. Namely, Pašić was convincing Trumbić and Supilo that the Serbian government would submit to the Entente demand "but only under one condition – that the Entente adopted the program of the South Slav unity against Austria-Hungary" (Boban et al., 1976: 206). Although the whole problem disappeared after Bulgaria joined the Central Powers in September 1915, the Committee felt betrayed by Pašić. The notion of betrayal was even more emphasized when Supilo found out that in June 1915, Serbia submitted to the Russian foreign ministry a memorandum written much in a style expressing Serbian supremacy over Croats and Slovenes. The memorandum claimed that the Serbs and the Croats were one people by Serb colonization and linguistic assimilation of the Croatian lands, and subsequently depicted the role of Serbia as the Piedmont of the South Slavs. Thus, the memorandum claimed that Austro-Hungarian South Slavs could play only a passive role in the struggle for unification (Šepić, 1960: 484-497). The whole situation made Frano Supilo become so emotional that he advocated the Committee to lead henceforth a policy entirely independent of Serbia, and even to break relations with the Serbian government (Šepić, 1970: 146; Lampe, 2000: 104).

Frano Supilo was the staunchest advocate of the policy that a future common state had to be a product of an agreement between the Committee and Serbian government. Thus, in October 1914 he clearly stated to Pašić that Croats should "lead the unification process in the Austro-Hungarian South Slavs . . . while Serbia would do the same outside of the Habsburg Monarchy" (Šepić, 1967: 9). While all members of the Committee were concerned primarily with winning over the sympathies of the Entente powers for the cause of the South Slav unification, Supilo was also equally concerned with the prospective position of Croatia in the future South Slav state. The feeling that the territories considered to be Croatian were used in an illicit bargain between Italy, Serbia and Hungary (Šepić, 1961: 149-153) made Supilo behave in agreement with behavioral game theory predictions; he reacted emotionally to the unfair offer and turned it down even though the break with Serbia would further undermine the cause of the South Slav unification. Namely, he felt that the Croats were (ab)used by Serbia as a "pure compensation for the sacrifice Serbia would be exposed to in respect of ceding Macedonia to Bulgarians" (Supilo, 1970: 493). Moreover, the reaction also contained a dose of moral superiority developed as a reaction to what was perceived as a highly unfair proposal. In a letter to the member of the Committee and his close friend Ivo de Giulio, Supilo expressed his outrage at how Serbian Prime Minister Pašić could even have the idea to choose the "desert of Bregalnica" [Macedonia] with respect to "Croatia, the center of culture, civilization and politics of the western part of our people." By the same token, he aired his long suppressed frustration with the Serbian policy, stating that Croatia, as a Catholic country had been a part of "one such colossal and humanitarian culture . . . in respect to the whole orthodoxy had been one pale copy, which had to compensate its cultural sterility by borrowing from the Protestantism" (Supilo, 1970: 503).<sup>9</sup> Eventually,

<sup>9</sup> Both of the Committee leaders, Frano Supilo and Ante Trumbić, were originally proponents of the Party of Right. The Party opposed idea that Croats and Serbs belonged to one and the same nation, and moreover, developed a notion of moral superiority of the Croats as more civilized with respect to the more backward Serbs. Although they eventually embraced the Yugoslav ideology, their political minds were still partially framed by the legacy of the Party of Right, as is the best evidence of the belief that all the Yugoslav lands of the Habsburg Monarchy

Supilo left the Committee in June 1916 since he failed to persuade its members to demand the negotiations with the Serbian government on equal footing.

Although Ante Trumbić and other Croat members of the Committee did share Supilo's concerns, they did not want to risk an open break with the Serbian government. They believed that Serbia still presented the central agent of future unification of South Slavs, which would prevent the division of the Croatian lands among Italy, Hungary and Serbia itself (Šepić, 1970: 162). Serbia's military defeats of the autumn of 1915 subsequently jeopardized the prospects for creating the South Slavic state.

However, the visit by Serbian Prince-Regent Aleksandar to London in the spring of 1916 bolstered the hopes of the Committee that Serbia's preference for the South Slavic unification would not entirely disappear. Namely, the Prince-Regent publicly emphasized that Serbia would not give up the war aims proclaimed in 1914, i.e., that the creation of the South Slavic state remains the primary war aim of Serbia (Boban et al., 1976: 280). Moreover, in a private conversation with Ivan Meštrović, Aleksandar praised the Committee's platform and criticized the "Serbian exclusivism" advocated by "some members of the government", and eventually stated his dedication "to become a king of Yugoslavia, or nothing" (Meštrović, 1993: 82-83).<sup>10</sup> The Prince-Regent's performance during his 1916 visit to London strengthened the hopes of the Committee in Aleksandar "who they regard as entirely devoted to their cause" (Boban et al., 1976: 308). Subsequently, it announced the course of the Prince-Regent's successive role, which would turn out to be of a highest importance in the final stage of the South Slavic unification in 1918 (see section six).

## 5. Behavioral Version 2: P2 and R (1917)

The year 1917 represents a new twist in the game between the Serbian Premier Nikola Pašić (P) and the Yugoslav Committee (R). This time P became emotional since he was exposed to extreme pressure. The pressure originated from international politics as well as from Serbian internal affairs.

However, 1917 was not easy for the Committee either. Namely, the reforms that were announced by the new Austro-Hungarian Emperor Charles (who succeeded old Emperor Francis Joseph, who died in November 1916) gave a hopeful boost to the politicians of the small nations in the Monarchy that their national problems would finally be solved (Judson, 2016: 418-423). The South Slav representatives in the Austrian diet took the opportunity to proclaim in May 1917 a manifesto calling for the union of the South Slavic provinces in the Monarchy. The Manifesto, called a May Declaration, left the Committee in a predicament: it claimed to speak for the South Slavs in the Monarchy, and now they were speaking quite openly for themselves (Pavlowitch, 2003: 33). However, the relation between the Committee and

---

should center on Croatia. However, Supilo never gave up the Yugoslav idea but only eventually advocated that Serbs and the respective Croats should have their own states until some future generations would bring "agreement, compromise, respecting each other rights and traditions" (Supilo, 1970: 494).

<sup>10</sup> Meštrović established his reputation as the Croat sculptor with figures taken from Serbian history and folk tradition, since the legacy of the heroic Serb struggle against the Ottomans was prospected to be the core of the future Yugoslav identity. He was very well acquainted with the Serbian royal family since he exhibited his sculptures for the Serbian Pavilion at the 1911 Rome International Exhibition. On the eve of the war, he occasionally traveled to Serbia to sculpt the royal family. For good overview on Meštrović's artisan and political activities in the 1910s see Kečkemet, 2009: ch. 3-4.

the country soon stabilized since the German influence in the Monarchy and the Hungarian resistance to the reforms caused the announced reforms to fail to a great extent (Judson, 2016: 418-423; Cornwall, 2011). Thus, in August 1917, the south Slavic politicians in Austro-Hungary used secret ties to confirm their support of the Committee's policy and to send a message that the May Declaration should be considered to be one further step towards the goal of uniting with Serbia (Šepić, 1970: 230-238; Meštrović, 1993: 87-89; Jovanović Pižon, 2015: 335).

The situation was extremely difficult for Pašić due to several international political aspects. After the Russian Czar was dethroned in March 1917, Serbia remained without its foreign policy patron. Moreover, the new Russian bourgeoisie government – together with the US – became the firmest advocate of a national self-determination principle. Simultaneously, the new Austro-Hungarian emperor, Charles, started to seek a separate peace with the Entente powers and the United States (who joined the war in April 1917). So, the prospect of the dismemberment of Austria-Hungary became even worse than before, seriously threatening to ultimately leave Serbia empty-handed (Pavlowitch, 2003: 31-32).

Simultaneously, the fact that the whole Serbian elite had to withdraw to Greece in exile brought turmoil to Serbia's party politics. The Serbian Radical Party headed by Nikola Pašić split in the course of 1916, after which a certain number of its MPs dissented and joined the opposition. This forced Pašić to form a new coalition cabinet with the opposition. There are indications that the Prince-Regent Aleksandar – a strong proponent of the South Slavic cause – considered at some point to remove Pašić from the post.<sup>11</sup> However, in mid-1917 Aleksandar desperately needed Pašić's support in fighting the group of army officers known as Black Hand, which seriously threatened both Aleksandar's as well as Pašić's positions (Mitrović, 2007: 180-185).<sup>12</sup>

To ensure some stability to his position, Pašić found it useful to resolve the conflict with the Yugoslav Committee.<sup>13</sup> Simultaneously, the Committee saw the agreement with Pašić as a means to regain its initiative with respect to the active role that the politicians in the Monarchy assumed with the May Declaration (Banac, 1992: 123-124). Thus, the delegates of the Committee and the Serbian government gathered in Corfu in June 1917 to draw up a program that would define the internal

---

<sup>11</sup> The prominent member of the Radical Party and the minister in Pašić's government, Miša Trifunović, told in the late 1930s to Trumbić's close acquaintance how in 1917 Aleksandar conspired against Pašić in a way to eventually remove him from the post (Matković and Trogrlić, 2019: 418-419). The Serbian ambassador to the Great Britain Jovan Jovanović Pižon already in October 1916 wrote in his diary about the tense relations between the government and the Prince-Regent (Jovanović Pižon, 2015: 196).

<sup>12</sup> The Black Hand was a secret military society organised by a group of Serbian army officers in 1901. The society was formed with the aim of uniting all Serbs and the South Slavs respectively by all means, including terrorist actions. It gained a reputation for its involvement in the assassination of Archduke Franz Ferdinand in Sarajevo in 1914. During the war, the Black Hand thought that Prime Minister Nikola Pašić, as well as Prince-Regent Aleksandar, did not act aggressively enough towards the Pan-Serb cause. For a good overview on the Black Hand, see Bataković, 2006.

<sup>13</sup> According to Jovanović Pižon, just beforehand the Corfu meeting started, the opposition and anti-Pašić faction of the Radical Party were putting effort to force Pašić to step down from the post, and to replace him with the then speaker of the Serbian Parliament Andra Nikolić, prominent radical who was in good terms with the Prince-Regent (Jovanović Pižon, 2015: 266, 271-272).

arrangement of the future joint state, including both its name and the constitutional arrangement.

The two delegations had different views concerning the institutional design of the future state. While the head of the Committee's delegation and its president Ante Trumbić was very keen to protect the interests of Croatia as a historical land with autonomous rights, most of the members of the Committee delegation – the Croats included – were much more open to the arrangement, which would include a strong central government. Simultaneously, delegates from the Serbian opposition inclined to meet the Committee's expectation that the new state should not represent a mere extension of Serbia's authorities to the Austro-Hungarian South Slavic provinces (Janković, 1967: 228-263). According to the memoirs of the committee delegates (Slovene Bogomil Vošnjak and of the Croat Hinko Hinković), even the prominent radical leaders such as Stojan Protić and the speaker of the Serbian parliament Andra Nikolić had an ear for the Committee's claims much more than the prime minister Pašić had (Vošnjak, 1928: 241-242; Hinković, 1927: 285-286). Shortly after the end of the conference, Andra Nikolić and another Serb delegate at the conference, the prominent leader of the opposition Milorad Drašković, complained to Ivan Meštrović about how Pašić almost caused negotiations to fail. In contrast, both Drašković and Nikolić praised Trumbić as an actor who showed modesty, a sense for compromise and "sincere dedication to the unification of the South Slavs" (Meštrović, 1993: 67-70).

There were two issues where Pašić's reaction had almost brought the negotiations to failure. The first one was related to existing autonomy of the South Slavic provinces in Austria-Hungary, while the second one was related to how the Constitution of the new state should be declared.

With respect to the provinces' autonomy, Trumbić was very vocal on how the Croatian autonomy should be preserved in the new South Slavic state since it "presented a shield to defend Croatia from the foreign power. That autonomy created one life, which nothing on earth can destroy. That mentality stands for one agent, with which unification can only be done by agreement" (Krfska konferencija, 1924: 55). Trumbić's arguments raised heated debate, where his claims were contested by almost all delegates who saw in provincial autonomies "arcane legalistic subterfuges . . . that would weaken the unified state." (Pavlowitch, 2003: 33). However, most Serbian delegates at least understood the importance of this autonomy for Croatian nation-building (Krfska konferencija, 1924: 67).

In contrast to the Serbian opposition, Pašić confronted Trumbić by stating that "the Serbs outside Serbia want to associate with Serbia, even if it is a Pyrrhic victory. The national feeling is more developed among Serbs than among Croats. Hence, Serbia is taken as a center of unification. . . . The liberty of one people cannot come to terms with the concept of historical right. As a democratic nation, we do not recognize these rights" (Krfska konferencija, 1924: 58).<sup>14</sup> According to Dragoslav Janković, who wrote most extensively on the 1917 Corfu Conference, Pašić threatened the creation of a Greater Serbia if Trumbić continued to insist on the autonomy for Croats within the future state (Janković, 1967: 239-240). This would be the payoff presented by the right branch in Figure 2. Serbia's payoff of 3 (which is lower than 8,

<sup>14</sup> Pašić formulated this in colloquial Serbian "Srbi hoće da se ujedine sa Srbijom, makar suvog leba jeli," meaning that the Serbs want very strongly to unite in one state, even at the cost of near starvation.

left branch) not only because a Greater Serbia would be smaller than Yugoslavia, but also because the territorial expansion of Serbia – as stipulated by the 1915 Treaty of London – would hardly be possible, given the 1917 war situation.

Even if we take Janković's claim as overexaggerated, Pašić's words reflected his conviction that he had a sort of moral right to exclusively frame the offer's substance. Moreover, his notion of right was anchored in the feeling of Serb superiority, as can be seen from Pašić's words. This feeling of Serb superiority emerged again later in the course of proceedings, when Pašić warned Trumbić that "if you would insist on some illusionary historical rights, the idea of unification would weaken inevitably. . . . If we sacrificed everything to that idea, you should sacrifice something" (Krfaska konferencija, 1924: 93). This sacrifice was referred to the burden that Serbia took over in the course of the war.

The second issue radicalized Pašić's hawkish behavior, thus almost entirely halting the negotiations. Discussing the issue of the majority in favor of the future constitution, some Serb delegates as well as some delegates from the Committee, proposed that the future constitution should be supported by a qualified majority of seats in the future constitutional assembly. The proposal on qualified majority was seen as one bringing about the consent of Serbs, Croats and Slovenes to a new constitution, as was elaborated by the prominent member of the Serbian opposition, Vojislav Marinković (Krfaska konferencija, 1924: 123). All delegates expressed consent, except Pašić who raised suspicions about the principle of the qualified majority because it could block efficient decision-making in the Assembly (Ibid.: 124). However, Pašić eventually lost his temper when Trumbić argued that the qualified majority should be supported by 'tribal majority'. Namely, Trumbić claimed that the future constitution should also be supported by each of the separate majorities of the Serb, Croat and Slovene deputies; otherwise, the Croats and the Slovenes could be outvoted by the Serb majority. He went on: "Our common state should be the synthesis of all our tribes [nations], and no tribe should dominate over the others" (Ibid.: 128).

Pašić again reacted furiously to Trumbić's words stating that "if we decide for a federal tribal state . . . then we should clear up in the first place if we are to create our common state or not" (ibid.: 130). According to what Milorad Drašković and Andra Nikolić said to Ivan Meštrović, Pašić was stubbornly insisting that the future constitution be supported by a simple majority, and he gave his support to the qualified majority only after his closest associate Stojan Protić persuaded him to comply. Andra Nikolić also complained to Meštrović that Pašić behaved very obdurately to Trumbić during the conference (Meštrović, 1993: 67-69).

Pašić's behavior was determined by his belief that Trumbić and the Yugoslav Committee were not worthy of anything better than his proposal. This became apparent when Trumbić stressed that the South Slav unification should be advocated to the Allies with more vigour (Krfaska konferencija, 1924: 152-153). Pašić responded to Trumbić that pressing the Allies to support officially the South Slavic unification would mean going officially against the 1915 Treaty of London, which at this stage of the war could be counterproductive to the cause of South Slavic unification. However, he did not miss to add that "those who fight and sacrifice are the ones called to solve the problems" (ibid.:154). While no delegate questioned that the Serbian government should have a major role in the policy of the South Slavic unification, some delegates of the Committee and of the Serbian opposition became very vocal on how the Committee should at least be entirely informed on the government's policy. Pašić replied, "I told you already at the beginning of the war, go to Europe and

shout: We want to unite with Serbia! And don't worry about anything else" (ibid.: 160). Pašić's words reflected his long-standing belief that the Committee could not represent an equal partner in the South Slavic unification project. This attitude was even strengthened during the war since Pašić and his Serbian Radical Party developed a certain resentment *vis-à-vis* the Committee because of the bad experience with Supilo. Pašić himself revealed this frustration when in the course of the proceedings he said that Supilo greatly damaged the cause of South Slavic unification by "prescribing to himself a role of politician," instead of "going around and speaking for a unification, as a Croat" (ibid., 100).

Pašić's hawkish behavior could have prospectively led to the breakdown of negotiations, which could have been costly for Serbia but also for Pašić personally. Since the Prince-Regent Aleksandar was committed to South Slavic unification, it was expected that he would not accept any failure of the negotiations caused by the hawkish Pašić, or by any other agent. The Corfu meeting ended with the adoption of the Corfu Declaration, which was a middle ground between the Croatian and the respective Serb ideas on the future South Slavic state. Although the Declaration proclaimed the new state to be a constitutional parliamentary monarchy headed by the Serbian dynasty of Karađorđević, it also stated that the constitutional assembly should pass a constitution by a "numerically qualified majority" (Šišić, 1920: 99), thus giving a guarantee that the Croats and Slovenes would not be outvoted by numerous Serbs.

## 6. Rational Choice Version: Typical P and Typical R (1918)

The very last stage of the war in 1918 made P and R play according to the classical version of the rational choice model (see introduction). However, the events made both the Yugoslav Committee and the Pašić-led cabinet irrelevant for the game's last stage. Instead, the new P and R were introduced into the game. These were the Serbian Prince-Regent Aleksandar Karađorđević (P) and the Council made up of the South Slavs leaders from Austria-Hungary who organized themselves in a provisional state (R). Namely, by the late summer 1918 the Habsburg Monarchy's central authorities were in the process of the rapid disintegration. As a response, the ethnic liberation movements in the Monarchy started to organize their own parallel state administrations. The Croatian, Slovenian and Serbian political leaders from Austria-Hungary declared in October 1918 the State of the Slovenes, Croats and Serbs (hereafter the State of SCS; not to be confused with the Kingdom of Serbs, Croats and Slovenes that was declared on 1<sup>st</sup> December 1918, when the war was over). Its major representative and executive body was the National Council residing in Zagreb. Although the State of SCS was designed as a provisional polity with the purpose of serving the unification of Austro-Hungarian South Slavs with Serbia, it turned into an organized political authority, which could not be entirely ignored (Dragnich, 1974: 120).<sup>15</sup>

By 1<sup>st</sup> November 1918 the Serbian troops liberated the entire territory of Serbia. On 3<sup>rd</sup> November 1918 the Allies signed an armistice with Austria-Hungary, which made Italy immediately start to occupy the territories promised by the 1915 Treaty of London. The attempts of the National Council to assemble any armed forces completely failed, while law and order in the State of SCS were breaking down

<sup>15</sup> The detailed account of the State of SCS can be found in Krizman 1989: ch. 6-8 and Krizman 1977: ch. 3-6.

fast. Thus, the National Council demanded the Serbian troops to advance as much as they could onto the territory of the State of SCS to maintain law and order and to prevent the Italian occupation of the east Adriatic coast (Krizman, 1989: 329-330). Since only several Serbian ministers and members of parliament were back in Belgrade from exile in Greece, the Prince-Regent Aleksandar, acting as a supreme commander of the army, took a leading role (Banac, 1992: 138),<sup>16</sup> thus becoming the P for this stage of the game.

Simultaneously, the National Council (R) was split into two camps. One camp insisted on a proper legal framework for unification. The second camp preferred a rapid and unconditional unification with the Kingdom of Serbia. While the first camp was made up of the Croatian politicians, the second camp was mostly composed of the Serbs from Croatia and Bosnia, and of the non-Serbs who were at the forefront of the Italian occupation – Croats from the eastern Adriatic coast and the Slovenes (Pavlowitch, 2003: 38). When the leaders of the first camp asked the Serbian authorities about the recognition of the State of SCS as the step preceding the unification, they got the immediate response that the armistice signed with Austria-Hungary authorized Serbia to occupy the territories populated by ethnic Serbs, and thus "that Serbia could not recognize any state, which would encompass the compatriots Serbia fought for" (Krizman, 1977: 190). By late November, the territories of today's Vojvodina declared unification with Serbia. The Dalmatian provincial council submitted an ultimatum to the National Council to decide on the unification as soon as possible. Otherwise, Dalmatia alone would proclaim unification with Serbia. Similar demands were coming from dozens of local authorities in eastern Croatia and in Bosnia and Herzegovina (ibid.: 206-208).

The November and December 1918 events led R to accept the offer made by P under which it was rather disadvantaged. To prevent the territory the State of SCS from being partitioned between Italy and Serbia, the National Council sent a delegation to Belgrade on 22 November 1918 with a set of instructions to conduct the negotiations about the unification. While the delegates were talking to Serbia's representatives, they received news that dozens of districts in the State of SCS independently proclaimed the unification with Serbia paying no attention to the National Council in Zagreb. These demands made the National Council delegates to abandon the instructions and to accept a kind of unification dictated by the Prince-Regent. Finally, on 1<sup>st</sup> December 1918 the delegation submitted to Prince-Regent Aleksandar the document declaring an unconditional preparedness to unite with Serbia (Krizman, 1977: 222-228). In his reply, Aleksandar proclaimed "the unification of Serbia with the territories of independent State of Slovenes, Croats, and Serbs into a united Kingdom of Serbs, Croats, and Slovenes" (Šišić, 1920: 282). Since Aleksandar did not proclaim unification of the two states, but rather the unification of one state with particular lands, his proclamation had the legal form of a unilateral announcement of the formation of the new kingdom, rather than an act of unification of two equal partners (Matković, 2006: 86). Eventually, the combination of external and internal pressures left the National Council with no choice but to accept an unconditional unification with Serbia in a 'take it or leave it' form. Simul-

<sup>16</sup> In September 1918 the Prince-Regent was officially promoted to the rank of Supreme General of the Serbian Army, while in October Aleksandar sent a dispatch to the Serbian ambassador to the Great Britain Jovan Jovanović Pižon asking him for information about the English stance towards the South Slavic unification by giving command to Serbian army to advance to Austro-Hungarian territories populated by the South Slavs (Jovanović Pižon 2015: 686).

taneously, Serbia, as a war victor, got itself a seat at the international table – namely, the 1919-1920 Paris Peace Conference, where the South Slavic state was eventually internationally recognized (Pavlowitch, 2003: 38).

## 7. Conclusion

Game theory offers a wonderful toolkit to analyze collective strategic interactions. Yet, sometimes the reality is far more complex, and a game theoretic model, which is essentially a Weberian ideal type, does not necessarily reflect all the details and complexities of real life. One single game, while it lasts, can have many twists and turns and, consequently, many subvariants. Most games can, therefore, be broken down into several sub-games, each of which represents a complex reality. We hope to have demonstrated that the ultimatum game can be such a game.

In general, negotiations may reflect the initial idea of the rational choice theory that P will give an ultimatum to R expecting them to accept it. However, both R and P can diverge from the rational choice predictions, as the game unfolds. Drawing on the more recent theoretical findings from the behavioral game theory, we introduce emotions and values, thus identifying three different versions of the ultimatum game: the first, which reflects the rational choice version of the game (P expects R to accept whatever offer in the hope that something is better than nothing); the second, in which R acts emotionally, thus rejecting unfair offers; and the third, in which P acts emotionally as a consequence of the belief that P has a superior status of which R is not worthy.

To test all three variants of ultimatum game, we applied them to the negotiations between the Serbian government and the representatives of Slovenes, Croats, and Serbs from the Habsburg Monarchy during 1914-1918. Though the game ended up as a typical rational choice version of the ultimatum game (the Serbs gave a 'take it or leave it' offer to the South Slav representatives from the Habsburg Monarchy, which they eventually accepted), we showed that, at some point, both R and P acted emotionally and behaved contrary to what the rational choice theory predicts.

Is our explanation applicable beyond this historical example? In the introductory section, we claimed that our model has excessive explanatory power (Elster, 2015). In other words, we do not only claim that ultimatum game is valid to explain the creation of the first Yugoslavia in 1914-1918, but also to some other historical and more recent political events from the post-communist East European and Yugoslav history. Thus, we use the approach, embraced by Febvre, Braudel, and some Balkan historians, that the past and the present are interconnected and that the past can be useful to understand some more recent events (Stojanović, 2008; 2010).

The applicability of the rational choice form of ultimatum game (version 1) has already found wide applicability, especially in the economic literature (Mankiw, 2020). We claim that versions 2 and 3, although less used in explaining the real events, do have its applicability beyond the example we discussed in this paper. We believe that its explanatory strength can be tested by applying it to the post-communist transition in Eastern Europe after 1989, and especially after 2010, when the concept of the post-communist reform began to crumble. The fact that in some post-communist countries, such as Russia, Hungary, Poland, and some Western Balkan countries, the electorate eventually rejected the neoliberal concept of reform as an unfair offer, as suggested by Krastev & Holmes (2019) and Ghodsee & Orenstein (2021), indicates that behavioral version of ultimatum game could find applicability in the most recent post-communist historical processes.

Version 3, where proposers are emotional and are prepared to insist on an unfair offer at the cost of themselves, could be found in the recent Yugoslav history, during the early phase of the communist Yugoslavia disintegration process in 1988-1989. Vladimir Gligorov discussed the breakup of Yugoslavia from the game theory perspective but used different games: Prisoner's Dilemma, Chicken Game, and Chain Store Paradox (Gligorov, 1994). We believe it would be fruitful, from the academic point of view, to look at the same problem by applying the variants of ultimatum game.

Our article provides modest, but still important contribution to the Yugoslav historiography. Our interpretation emphasizes, more than previous literature on the subject, an uncertain position of the Serbian Prime-Minister Nikola Pašić due to his clash with the Prince-Regent Aleksandar in the mid-1917. Game theory is effective in underlining this kind of relationship. Secondly, since our article partly belongs to the humanities, the application of game theory actually offers a new kind of interpretation of the 1914-1918 events. And in the humanities, interpretation is a form of explanation (Elster, 2015). In this sense, the very fact that we construed the negotiations as a game between two or more agents offers to historiography a kind of novel fact that can change our understanding of the past events but can also help us explain some subsequent events and processes (like the breakup of Yugoslavia 70 years later). Such approach to history is in line with Lefebvre's and Braudel's understanding of historiography under which it cannot be reduced to a mere collection and exposition of facts. Rather, it should tell us something about the present. The deployment of a theory contributes to such a goal of historians (Stojanović, 2008: 12).

## References

- Acemoglu D., and Robinson, J. (2012). *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. New York: Crown.
- Banac, I. (1992). *The National Question in Yugoslavia. Origins. History. Politics. Second Printing*. Ithaca: Cornell University Press.
- Bataković, D. T. (2006). Nikola Pašić, les radicaux et la " Main noire " : Les défis à la démocratie parlementaire serbe 1903-1917. *Balkanica: Annual of the Institute for Balkan Studies*, 37(1), 143-169.
- Beller, S. (2018.). *The Habsburg Monarchy, 1815–1918*. Cambridge: Cambridge University Press.
- Boban, Lj. et al. (1976). *R. W. Seton-Watson i Jugoslaveni: korespondencija 1906-1941. I. dio: 1906.-1918*. Zagreb: Sveučilište u Zagrebu – Institut za hrvatsku povijest, Britanska akademija.
- Braudel, F. (1982). *On History*. Chicago: University of Chicago Press.
- Camerer, C. F. (2003). *Behavioral Game Theory: Experiments in Strategic Interaction*. Princeton, NY: Princeton University Press.
- Cornwall, M. (2011). The Great War and the Yugoslav Grassroots. In: D. Djokic and J. Ker-Lindsay (eds.), *New Perspectives on Yugoslavia: Key Issues and Controversies* (pp. 27-45). Abington, Oxon, New York: Routledge.
- Cornwall, M. (2020). Introduction: The Southern Slav Question. In: M. Cornwall (ed.), *Sarajevo 1914. Sparking the First World War* (pp. 1-14). London-New York-Oxford-New Delhi-Sydney: Bloomsbury Academic.
- Djokic, D. (2010). *Nikola Pašić and Ante Trumbić: The Kingdom of Serbs, Croats and Slovenes*. London: Haus Publishing.
- Dragnich, A. N. (1974). *Serbia, Nikola Pašić, and Yugoslavia*. New Brunswick, New York: Rutgers University Press.
- Elster, J. (1983). *Sour Grapes: Studies in the Subversion of Rationality*. Cambridge: Cambridge University Press.
- Elster, J. (2015). *Explaining Social Behavior: More Nuts and Bolts for Social Science (Revised Edition)*. Cambridge: Cambridge University Press.
- Fevr, L. (2004) *Borba za istoriju*. Beograd: Srpska književna zadruga.
- Frank, R. H. (2008). *Microeconomics and Behavior*. New York: McGraw-Hill Irwin.
- Frevert, U. (2011). *Emotions in History: Lost and Found*. Budapest: Central European University Press.
- Forsythe, R., J., Horowitz N., Savin E. and Sefton, M. (1994). Fairness in Simple Bargaining Experiments. *Games and Economic Behavior*, 6, 347-369. <https://doi.org/10.1006/game.1994.1021>
- Glimcher P. W., and Fehr, E. (2013). *Neuroeconomics. Decision Making and the Brain*. Waltham: Academic Press.
- Gligorov, V. (1994). *Why Do Countries Break Up? The Case of Yugoslavia*. Uppsala: Uppsala Studies on Eastern Europe.
- Ghodsee, K., and Orenstein, M. A. (2021). *Taking Stock of Shock. Social Consequences of the 1989 Revolutions*. Oxford: Oxford University Press.

- Gross, M. (1968). Nacionalne ideje studentske omladine u Hrvatskoj uoči I svjetskog rata. *Historijski zbornik*, 21-22, 75-143.
- Grüne-Yanoff, T., and Schweinzer, P. (2008). The Roles of Stories in Applying Game Theory. *Journal of Economic Methodology*, 15(2), 131-146. <https://doi.org/10.1080/13501780802115075>
- Güth, W., Schmittberger, R., and Schwarze, B. (1982). An experimental analysis of ultimatum bargaining. *Journal of Economic Behavior and Organization*, 3, 367-388. [https://doi.org/10.1016/0167-2681\(82\)90011-7](https://doi.org/10.1016/0167-2681(82)90011-7)
- Hinković, H. (1927). *Iz velikog doba: moj rad i moji doživljaji za vrijeme svjetskog rata*. Zagreb: Komisionalna naklada Ćirilo-metodske nakladne knjižare d.d.
- Hoffman, E., McCabe, K., and Smith, V. (1996). On Expectations and Monetary Stakes in Ultimatum Games. *International Journal of Game Theory*, 25, 289-301.
- Houser, D., and McCabe, K. (2014). Experimental Economics and Experimental Game Theory. In: P.W. Glimcher and E. Fehr (eds.), *Neuroeconomics. Decision Making and the Brain*. (pp. 19-34). London: Elsevier.
- Janković, D. (1967). *Jugoslovensko pitanje i Krfska deklaracija 1917. godine*. Beograd: Savremena administracija.
- Jovanović Pižon, J. M. (2015). *Dnevnik (1896-1920)* (eds. R. Ljušić and M. Milošević). Novi Sad – Beograd: Prometej – Radio-televizija Srbije.
- Judson, P. M. (2016). *The Habsburg Monarchy: A New History*. Cambridge, Massachusetts: The Belknap Press of Harvard University Press.
- Kečkemet, D. (2009). *Život Ivana Meštrovića – 1. svezak (1883.–1932.)*. Zagreb: Školska knjiga.
- Krastev, I., and Holmes, S. (2019). *The Light That Failed. Why the West is Losing the Fight for Democracy*. New York: Pegasus Books.
- Krizman, B. (1977). *Raspad Austro-Ugarske i stvaranje Jugoslavenske države*. Zagreb: Školska knjiga.
- Krizman, B. (1989). *Hrvatska u Prvom svjetskom ratu: hrvatsko-srpski politički odnosi*. Zagreb: Globus.
- Krfska konferencija. Beleške sa sednice Vlade Kraljevine Srbije i predstavnika Jugoslovenskog odbora iz 1917. godine* (1924). Beograd: Štamparija Skerlić.
- Lampe, J. R. (2000). *Yugoslavia as History: Twice There Was a Country*. Cambridge: Cambridge University Press.
- List, J., and Cherry, T. (2000). Learning to Accept in Ultimatum Games: Evidence from Experimental Design that Generates Low Offers. *Experimental Economics*, 3, 11-31. <http://dx.doi.org/10.1023/A:1009989907258>
- Lovrenčić, R. (1972). *Geneza politike "Novog kursa"*. Zagreb: Sveučilište u Zagrebu i Institut za hrvatsku povijest.
- Mankiw, G. N. (2020). *Principles of Economics*. Boston: Cengage Learning.
- Marshall, J. R., (1972). The expression of feelings. *Arch. Gen. Psychiatry*, 27(6), 786-790. <https://doi.org/10.1001/archpsyc.1972.01750300052008>
- Matković, H. (2006). Hrvatska politika u Prvome svjetskom ratu. In: Lj. Antić (ed.), *Hrvatska politika u XX. stoljeću*. (pp. 70-87). Zagreb, Matica hrvatska.

- Matković, S., and Trogrlić, M. (2019). *Političke bilješke Ante Trumbića 1930-1938. Sv. II. 1935-1938*. Zagreb – Split: Hrvatski institut za povijest, Odsjek za povijest Filozofskog fakulteta u Splitu.
- Meštrović, I. (1993). *Uspomene na političke ljude i događaje*. Zagreb: Matica hrvatska.
- Mitrović, A. (2007). *Serbia's Great War, 1914-1918*. London: Hurst.
- Morgan, M. (2014). The Curious Case of the Prisoner's Dilemma: Model Situation? Exemplary Narrative? In: A. Creager, E. Lunbeck and M. Norton Wise (eds.), *Science Without Laws. Model Systems, Cases, Exemplary Narratives*. (pp. 158-187). Durham, NC and London: Duke University Press.
- Pavlowitch, K. St. (2003). The First World War and the Unification of Yugoslavia. In: D. Djokic (ed.), *Yugoslavism: Histories of a Failed Idea, 1918-1992*. (pp. 27-41). London: Hurst & Company.
- Petrinović, I. (1986). *Ante Trumbić: politička shvaćanja i djelovanje*. Zagreb: Matica hrvatska.
- Petrinović, I. (1988). *Politička misao Frana Supila*. Split: Književni krug Split.
- Rawls, J. (1971). *A Theory of Justice*. Cambridge: Cambridge University Press.
- Sanfey, A. G. et al. (2003). The Neural Basis of Economic Decision-Making in the Ultimatum Game. *Science*, 300(5626), 1755-8. <https://doi.org/10.1126/science.1082976>
- Skocpol, T. (1979). *States and Social Revolutions: A Comparative Analysis of France, Russia, and China*. Cambridge: Cambridge University Press.
- Stojanović, D. (2008). *Kaldrma i asfalt: urbanizacija i evropeizacija Beograda 1890-1914*. Beograd: Udruženje za društvenu istoriju and Čigoja štampa.
- Stojanović, D. (2010). *Ulje na vodi: ogledi iz istorije sadašnjosti Srbije*. Beograd: Peščanik.
- Stojanović, N. (2014). When Non-Nationalist Voters Support Ethno-Nationalist Parties: The 1990 Elections in Bosnia and Herzegovina as a Prisoner's Dilemma Game. *Southeast European and Black Sea Studies*, 14(4), 607-625. <https://doi.org/10.1080/14683857.2014.974379>
- Supilo, F. (1970). *Politički spisi, članci, govori* (ed. D. Šepić). Zagreb: Znanje.
- Šepić, D. (1970). *Italija, saveznici i jugoslavensko pitanje, 1914-1918*. Zagreb: Školska knjiga.
- Šepić, D. (1958). Iz korespondencije Frana Supila. *Arhivski vjesnik*, 1(1), 251-290.
- Šepić, D. (1960). O misiji Ljube Stojenovića i Aleksandra Belića u Petrogradu 1915. godine. *Zbornik Odsjeka za povijesne znanosti Zavoda za povijesne i društvene znanosti Hrvatske akademije znanosti i umjetnosti*, 3, 449-497.
- Šepić, D. (1961). *Supilo diplomat*. Zagreb: Naprijed.
- Šepić, D. (1967). *Pisma i Memorandumi Frana Supila (1914-1917)*. Beograd: Srpska Akademija nauka i umetnosti.
- Šišić, F. (1920). *Dokumenti o postanku Kraljevine Srba, Hrvata i Slovenaca: 1914.-1919*. Zagreb: Matica hrvatska.
- Vošnjak, B. (1928). *U borbi za ujedinjenu narodnu državu; Utisci i opažanja iz doba svetskog rata i stvaranja naše države*. Ljubljana, Zagreb, Beograd: Naklada Tiskov-

ne zadruge u Ljubljani, izdavačke knjižare Gece Kona u Beogradu i izdavačke knjižare Z. i V. Vasića u Zagrebu.

Whitt, S., and Wilson, R. K. (2007). The Dictator Game, Fairness and Ethnicity in Postwar Bosnia. *American Journal of Political Science*, 51(3), 655-668. <https://doi.org/10.1111/j.1540-5907.2007.00273.x>

Xiao, E., and Houser, D. (2005). Emotion expression in human punishment behavior. *Proc. Natl. Acad. Sci. U.S.A.*, 102 (20), 7398-7401. <https://doi.org/10.1073/pnas.0502399102>

Zdeb, A. (2017). Prud and Butmir Processes in Bosnia and Herzegovina: Intra-ethnic Competition from the Perspective of Game Theory. *Ethnopolitics* 16(4), 369-387. <https://doi.org/10.1080/17449057.2016.1143661>

### Tri verzije igre ultimatum: primjer iz povijesti stvaranja Kraljevine Srba, Hrvata i Slovenaca 1914-1918

**Sažetak** U članku se analizira stvaranje Kraljevine Srba, Hrvata i Slovenaca 1914-1918 kao oblik igre ultimatum. Rad pokazuje kako se pregovori između Vlade Kraljevine Srbije i Jugoslavenskog odbora oko stvaranja zajedničke južnoslavenske države odvijaju putem triju verzija igre ultimatum. Prva verzija je standardni model racionalnog izbora, gdje Primatelj prihvaća svaku ponudu koju nudi Ponuditelj. Druga verzija je primjer bihevioralne igre ultimatum, gdje nekorektna ponuda Ponuditelja izaziva odbijanje od strane Primatelja pod cijenu štete koju trpi Primatelj. Članak pokazuje tu vrstu ponašanja na primjeru djelovanja Frane Supila, jednoga od vođa Jugoslavenskog odbora. Treća verzija je primjer bihevioralne igre ultimatum gdje ponuditelj inzistira na ponudi koje može ići na njegovu štetu. Ona se može uočiti u ponašanju srbijanskog premijera Nikole Pašića koji se usprotivio bilo kakvim ustupcima Jugoslavenskom odboru, dajući tako ultimatum hrvatskoj strani da prihvati srpsku ponudu ili ostane bez ičega, što bi bilo štetno i za srpsku stranu. Ovaj primjer je važan jer upućuje na dva zaključka. Prvo, povijesne igre često su mješavina nekoliko verzija. Drugo, Ponuditelj također može imati emocionalnu reakciju i dati ponudu kojom može naštetiti sebi. Ovaj se aspekt igre ultimatum manje spominje jer ga je teško simulirati u eksperimentima.

**Ključne riječi** igra ultimatum, emocije, racionalni izbor, Jugoslavenski odbor, Srpska vlada, Kraljevina Srba, Hrvata i Slovenaca

#### Kako citirati članak / How to cite this article:

Pavlović D., i Đurašković, S. (2021). The Three Versions of the Ultimatum Game: An Example from the History of Creation of the Kingdom of Serbs, Croats and Slovenes 1914-1918. *Anali Hrvatskog politološkog društva*, 18(1), 345-368, <https://doi.org/10.20901/an.18.15>