

$$S = \{W, L\} \quad \lambda = (x, 1-x)$$

$$\begin{cases} u(W, \lambda) = 1 + 2x \\ u(L, \lambda) = 2 + 2(1-x) \end{cases} \quad \lambda \leq 1$$

3 potential ESS:

$$\begin{cases} - \sigma_W = (1, 0) \\ - \sigma_L = (0, 1) \\ - \sigma_M = (x, 1-x) = \left(\frac{3}{4}, \frac{1}{4}\right) \end{cases}$$

$$\sigma^* \rightsquigarrow \lambda \xrightarrow{n \rightarrow \infty} \lambda_\epsilon$$

$$u(\sigma^*, \lambda_\epsilon) > u(\sigma, \lambda_\epsilon)?$$

$$\begin{aligned} \sigma^* &= (\mu^*, 1-\mu^*) \\ \sigma &= (\mu, 1-\mu) \end{aligned}$$

$$\delta = u(\sigma^*, \lambda_\varepsilon) - u(\sigma, \lambda_\varepsilon)$$

(if  $\delta > 0 \Rightarrow \sigma \in SS$ )

$$\delta = \mu^* u(W, \lambda_\varepsilon) + (1 - \mu^*) u(L, \lambda_\varepsilon) - \mu u(W, \lambda_\varepsilon) - (1 - \mu) u(L, \lambda_\varepsilon)$$

$$\lambda_\varepsilon = \sigma + \varepsilon(\sigma - \sigma^*) \text{ vector}$$

$$\delta = (\mu^* - \mu) (u(W, \lambda_\varepsilon) - u(L, \lambda_\varepsilon))$$

but

$$u(W, \lambda_\varepsilon) = 1 + 2x_\varepsilon$$

$$= 1 + 2\left(\mu^* + \varepsilon(\mu - \mu^*)\right)$$

parts of vector

$$u(L, \lambda_\varepsilon) = 2 + 2(1 - x_\varepsilon)$$

$$= 2 + 2(1 - \mu^* + \varepsilon(1 - \mu - 1 + \mu^*))$$

$$\delta = (\mu^* - \mu) \left( \underbrace{-3}_{\text{blue circle}} + 4\mu^* + 4\varepsilon(\mu - \mu^*) \right)$$


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1.  $\mu^* = 1$

$$\delta = (1 - \mu) (1 + 4\varepsilon(\mu - 1))$$

$$\delta > 0 \quad \text{if} \quad \varepsilon < \frac{1}{4} \quad \downarrow$$

$$\Rightarrow D \in SS.$$

2.  $\mu^* = 0$

$$\delta = -\mu (-3 + 4\varepsilon)$$

$$\delta > 0 \quad \varepsilon < \frac{3}{4}$$

$$\Rightarrow D \in SS$$

3.  $\mu^* = \frac{3}{4}$

$$\delta = \left( \frac{3}{4} - \mu \right) \left( 4\varepsilon \left( \mu - \frac{3}{4} \right) \right)$$

$$\delta = \left(\frac{3}{4} - \nu\right)^2 (-4\varepsilon) < 0$$

$\Rightarrow$  Not ESS<sub>1</sub>