

Passed solution review

5. The guided exercise in this chapter demonstrates that not all security strategies are rationalizable. Find an example in which player 1's security strategy is dominated (in the first round of the rationalizability construction). For your example, what is the relation between player 1's security level and maxmin level?

1 \ 2	L	M	R	
U	2, 9	8, 5	7, 4	2
C	9, 6	4, 2	3, 8	3
D	9, 1	8, 7	7, 0	7
	1	2	3	

Mix U, C dom D

D and R are secure strategies dominated by mix U+M and L+R.

$$\text{Maxmin: } G_1 = (1/2, 1/2, 0) \quad G_2 = (1/2, 1/2, 0)$$

Maxmin guarantees payoffs of 2 while secure strategy pays only 1

This all makes sense. I needed to develop my initial solution more