26.3 More on Bayesian Nash Equilibrium

Sunday, November 15, 2020 6:40 PM

Cournot Rayyel $C=.1$

Isabel $C=\begin{cases}0 & p=1/4\\ .2 & 1-p=3/4\end{cases}$

$p=1-Q$

I^L $V_{IL}=(1-q_R-q_{IL})\cdot q_{IL}$ $dv/dq_{IL}=1-q_R-2q_{IL}\rightarrow q_{IL}=1-q_R/2$

I^H $V_{IH}=(1-q_R-q_{IH}-.2)(q_{IH})$ $dv/dq_{IH}=.8-q_R-2q_{IH}=0\rightarrow q_{IH}=.8-q_R/2$

R $v_R=\frac{1}{4}(1-q_R-q_{IL}-.1)q_R$ $dv/dq_R=.9-.25q_{IL}-.75q_{IH}-2q_R$

$\hookrightarrow q_R=(.9-.25q_{IL}-.75q_{IH})/2$

Plug back in