

26.1 Bayesian Rationalizability and Bayesian Nash Equilibrium

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Isabel	Raquel		$\rightarrow p = 3/4$	$\rightarrow m^{rw}, R$	$\rightarrow m^{rw}, R$	\leftarrow No Proper Subgames
	F	R				
m^{rw}	1, -5/4	1, -1	\rightarrow	m^{rw}, R	m^{rw}, R	
m^{rw}	5/4, -1	1, -1/4				
m^{rw}	-11/4, 3/4	4, 5/4	\uparrow	Pooling Equilibrium: both I_2 choose to Fight		
m^{rw}	-1, 2	-1, 2				

Another Approach

Consider $N^T, N^B \rightarrow I^T$ never chooses N

$BR_{IA} = \{F, R\} \rightarrow$ Rational only if believe $P(r|m)$ is small
 $-2P(r|m) + 1P(w|m)$
 $-2q + (1-q) > -1$
 $2 > 3q$
 $q < 2/3$

~~Consider m^{rw}
 $BR_{IA} \rightarrow$ Run
 I^W is mean in response to Run~~

No separating equilibria

m^{rw} $BR_{IA}(m^{rw}) = \text{run}$
 m^{rw} is $BR_{IT} + BR_{IW}$ to run \rightarrow Bayesian NE
 IF $p \neq 3/4$