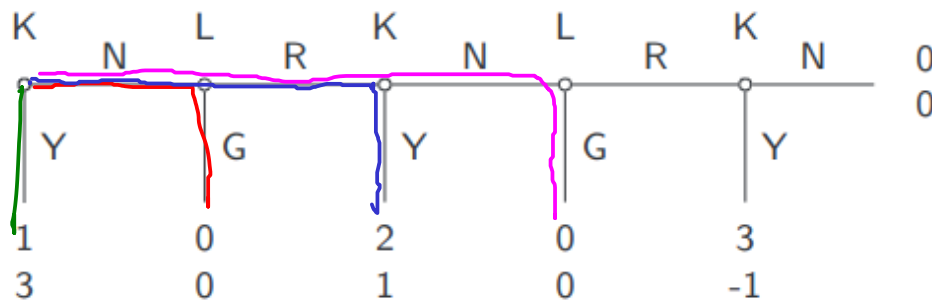


Nov 16, 2023



- = best response

	GG	GR	RG	RR
YYY	<u>-1</u> <u>3</u>	<u>-1</u> <u>3</u>	<u>1</u> <u>3</u>	<u>1</u> <u>3</u>
YYN	<u>-1</u> <u>3</u>	<u>-1</u> <u>3</u>	<u>1</u> <u>3</u>	<u>1</u> <u>3</u>
YNY	<u>-1</u> <u>3</u>	<u>-1</u> <u>3</u>	<u>1</u> <u>3</u>	<u>1</u> <u>3</u>
YNN	<u>-1</u> <u>3</u>	<u>-1</u> <u>3</u>	<u>1</u> <u>3</u>	<u>1</u> <u>3</u>
NYY	0 0	0 0	<u>2</u> <u>1</u>	<u>2</u> <u>1</u>
NYN	0 0	0 0	<u>2</u> <u>1</u>	<u>2</u> <u>1</u>
NNY	0 0	0 0	0 0	<u>3</u> <u>-1</u>
NNN	0 0	0 0	0 0	0 0

strategy	payoffs
(Y**, **)	1 3
(N**, G*)	0 0
(NY*, R*)	2 1
(NN*, RG)	0 0

NE:

- All strategies (Y**, G*): K accepts immediately because L would give up on the next day
- (NYY, RG): SPE
- (NYN, RG): The SP equilibrium path is played but K chooses an irrational option off-path