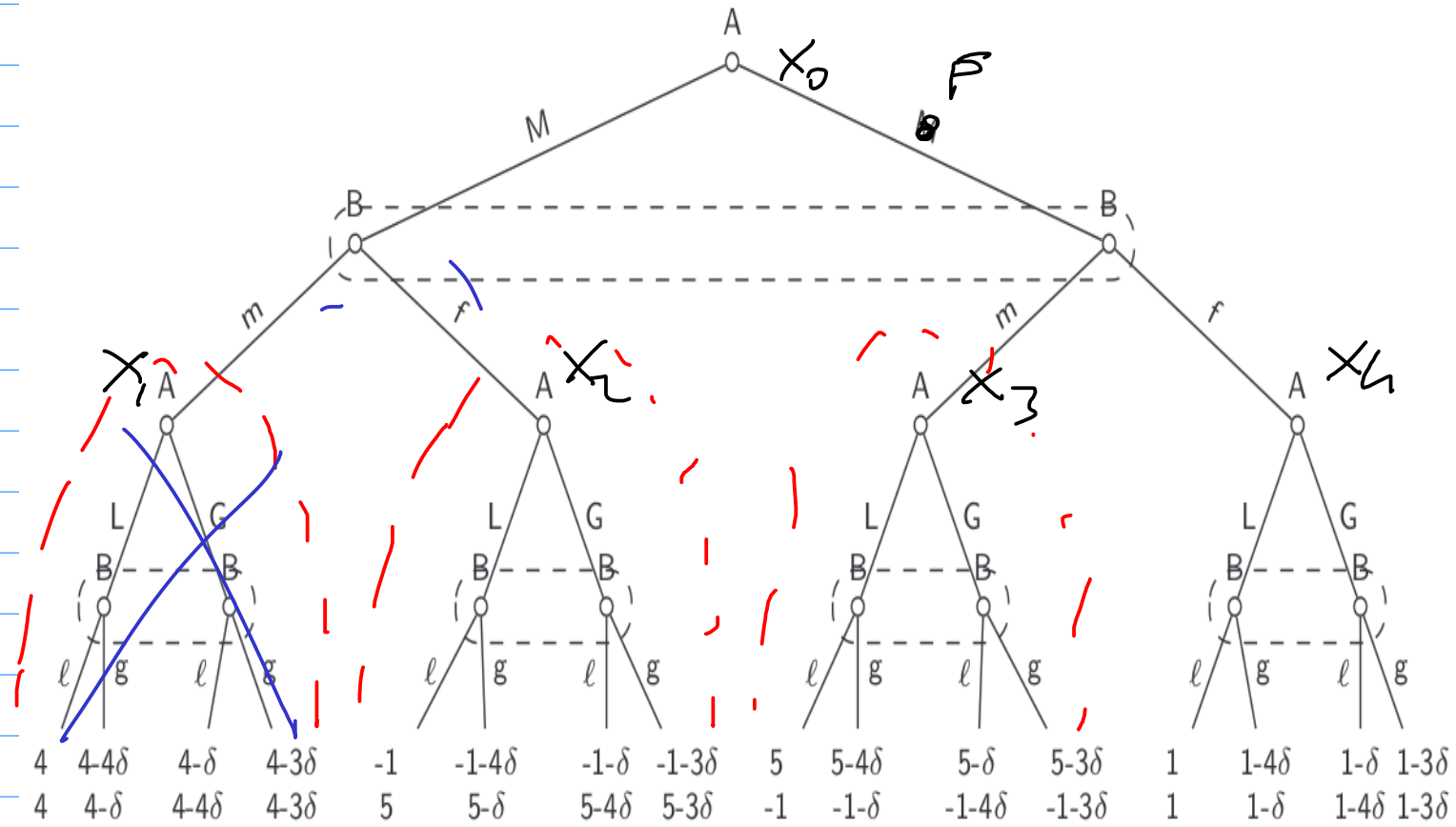
Nov 22, 2023

Lecture 14

(FLLLL , fllll)

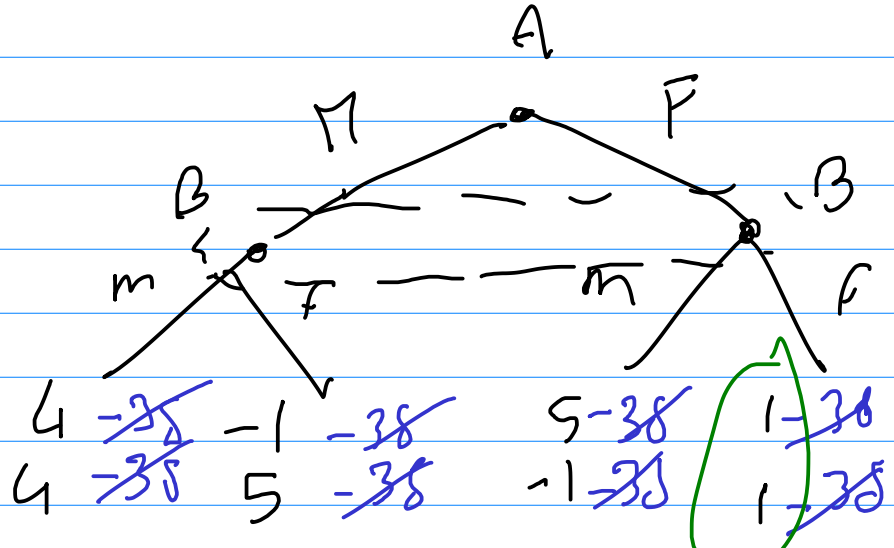
x_0 x_1 x_2 x_3 x_4

Extensive form



4-3δ

4-3δ



(Π, m)

$s^*_s = (\Pi \tilde{L} \tilde{G} G, m l g g g)$

- $u_A(\text{comply with } s^*) =$

$= u_A((\Pi, m) \text{ at stage 1}, (L, l) \text{ at stage 2})$

$= 4 + 0\delta$

(unilaterally)

- $u_A(\text{deviate from } s^*) =$

$= u_A((F, m) \text{ at stage 1}, (G, g) \text{ at stage 2})$

$= 5 - 3\delta$

$4 + 0\delta > 5 - 3\delta$

$3\delta > 1 \rightarrow \boxed{\delta > \frac{1}{3}}$