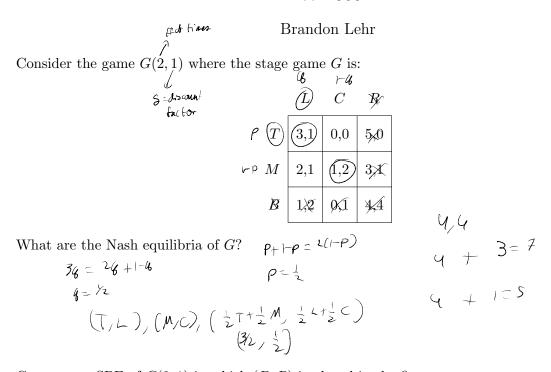
Activity: Finitely Repeated Game Econ 305



Construct a SPE of G(2,1) in which (B,R) is played in the first stage.

$$(s_1, s_2) = \begin{cases} (B, R) & \text{in stage 1} \\ \frac{(\mathcal{V}, \mathcal{L})}{\mathcal{M}_{\mathcal{L}}} & \text{in stage 2 if } \underline{(\mathcal{G}, \mathcal{L})} & \text{played in stage 1} \\ \frac{\mathcal{M}_{\mathcal{L}}}{\mathcal{M}_{\mathcal{L}}} & \text{in stage 2 otherwise} \end{cases}$$

Show no deviations in stage 1:

Bonus: Argue that there is no SPE of G(2,1) in which (B,C) is played in the first stage.