

The one deviation property

Proposition

Let $\Gamma = \{N, H, P, (\succeq_i)\}$ be a finite horizon extensive game with perfect information. The strategy profile s^ is a subgame perfect equilibrium of Γ if and only if for every player $i \in N$ and every history $h \in H$ for which $P(h) = i$ we have*

$$O_h(s_i^*|_h, s_{-i}^*|_h) \succeq_i|_h O_h(s_i, s_{-i}^*|_h)$$

for every strategy s_i of player i in the subgame $\Gamma(h)$ that differs from $s_i^|_h$ only in the action it prescribes after the initial history of $\Gamma(h)$.*

(\Rightarrow) s_i^* is better than any other strategy including any strategy that only deviates after the initial history $\Gamma(h)$.