

Coordination in Social Networks: Communication by Actions

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Abstract

1 Introduction

2 Model

There is a set of players $N = \{1, \dots, n\}$. They constitute a network $G = (V, E)$ so that the vertices are players ($V = N$) and an edge is a pair of them (E is a subset of the set containing all two-element subsets of N). Throughout this paper, G is assumed to be finite, commonly known, fixed, undirected, and connected.¹

Time is discrete with index $s \in \{0, 1, \dots\}$. At $s = 0$, the nature chooses a state $\theta \in \Theta = \{R, I\}^n$ once and for all according to a common prior π . R and I represent as Rebel and Inert respectively. After the nature moves, players play a normal form game, the k -threshold game, infinitely repeated played with common discounted factor δ . In the k -threshold game, $A_R = \{\mathbf{revolt}, \mathbf{stay}\}$ is the set of actions for R and $A_I = \{\mathbf{stay}\}$ is that for I . Denote by

¹A path in G from i to j is a finite sequence (l_1, l_2, \dots, l_L) without repetition so that $l_1 = i$, $l_L = j$, and $\{l_q, l_{q+1}\} \in E$ for all $1 \leq q < L$. G is fixed if G is not random, and G is undirected if there is no order relation over each edge. G is connected if, for all $i, j \in N$, $i \neq j$, there is a path from i to j .

$\#X$ the cardinality of an set X . A Rebel's static payoff function is defined as below, while an Inert's static payoff is equal to 1 no matter how other players play.

$$\begin{cases} u_R(a_R, a_{-i}) = 1 & \text{if } a_R = \mathbf{revolt} \text{ and } \#\{j : a_j = \mathbf{revolt}\} \geq k \\ u_R(a_R, a_{-i}) = -1 & \text{if } a_R = \mathbf{revolt} \text{ and } \#\{j : a_j = \mathbf{revolt}\} < k \\ u_R(a_R, a_{-i}) = 0 & \text{if } a_R = \mathbf{stay} \end{cases}$$

For convenience, let $[R](\theta)$ be the set of Rebels given θ and the notion *relevant information* indicate to the information about whether or not $\#[R](\theta) \geq k$. Note that in the k -threshold game, the ex-post efficient outcome is that every Rebel plays **revolt** when $\#[R](\theta) \geq k$, and plays **stay** otherwise.²

During the game, any player, say i , can observe information only from himself and from his direct neighbors $G_i = \{j : \{i, j\} \in E\}$. These pieces of information include his and his neighbors' types ($\theta_{G_i} \in \Theta_{G_i} = \{R, I\}^{G_i}$) and his and their histories of actions up to period s ($h_{G_i}^s \in H_{G_i}^s \equiv \times_{t=1}^s (\times_{j \in G_i} H_j^t)$). I assume that payoffs are hidden to emphasize that observing neighbors' actions are the only channel to infer other players' types and actions.³ To be precise, when θ is realized at $s = 0$, i 's information set about θ is $P_i(\theta) \equiv \{\theta_{G_i}\} \times \{R, I\}^{N \setminus G_i}$. For the information sets about players' actions, the sets of histories of actions are given to be empty at $s = 0$. At $s > 0$, a history of actions played by i is $h_i^s \in H_i^s \equiv \emptyset \times A_i^s$ while a history of actions played by all players is $h^s \in H^s \equiv \times_{t=1}^s (\times_{j \in N} H_j^t)$. i 's information set about other players' histories of actions up to $s > 0$ is $\{h_{G_i}^s\} \times H_{N \setminus G_i}^s$. A player i 's pure behavior strategy τ_i is a measurable function with respect to his information partition if it maps $P_i(\theta) \times \{h_{G_i}\} \times H_{N \setminus G_i}^s$ to a single action in his action set for every s and for every θ .

By abusing the notation a bit, let h_θ^τ denote the realized sequence of actions generated by $\tau = (\tau_1, \tau_2, \dots, \tau_n)$ given θ . Define $\mu_{G_i}^{\pi, \tau}(\theta, h^s | \theta_{G_i}, h_{G_i}^s)$ as the conditional distribution over $\Theta \times H^s$ conditional on i 's information up to s , which is induced by π and τ . The belief of i over θ up to s is then $\beta_{G_i}^{\pi, \tau}(\theta | \theta_{G_i}, h_{G_i}^s) \equiv \sum_{h^s \in H^s} \alpha_{G_i}^{\pi, \tau}(\theta, h^s | \theta_{G_i}, h_{G_i}^s)$.

²Moreover, at every θ and every k , the ex-post efficient outcome is unique and gives the maximum as well as the same payoff to every Rebel.

³Such restriction will be relaxed in the Section 5.

The equilibrium concept is the weak sequential equilibrium.⁴ My objective is looking for the existence of approaching ex-post efficient equilibrium (*APEX equilibrium henceforth*) formally defined below.

Definition 2.1 (APEX strategy). *A behavior strategy τ is APEX if for all θ , there is a terminal period $T^\theta < \infty$ such that the actions in h^τ_θ after T^θ repeats the static ex-post Pareto efficient outcome.*

Definition 2.2 (APEX equilibrium). *An equilibrium (τ^*, α^*) is APEX if τ^* is APEX.*

In an APEX strategy, all Rebels will play **revolt** forever after some period only if there are more than k Rebels; otherwise, Rebels will play **stay** forever after some period. It is as if the Rebels will learn the relevant information in the equilibrium because they will play the ex-post efficient outcome after a certain point of time and keep on doing so. Notice that, in an APEX equilibrium, it is not only as if the Rebels will learn the relevant information: they must learn that by the following lemma.

Lemma 2.1 (Learning in the APEX equilibrium). *If the assessment (τ^*, μ^*) is an APEX equilibrium, then for all $\theta \in \Theta$, there is a finite time T^θ_i for every Rebel i so that*

$$\sum_{\theta \in \{\theta: [R](\theta) \geq k\}} \beta_{G_i}^{\pi, \tau^*}(\theta | h^s_{G_i}) = \text{either } 1 \text{ or } 0$$

whenever $s \geq T^\theta_i$.

Definition 2.3 (Learning the relevant information). *A Rebel i learns the relevant information at period s if $\sum_{\theta \in \{\theta: [R](\theta) \geq k\}} \beta_{G_i}^{\pi, \tau^*}(\theta | h^s_{G_i}) = \text{either } 1 \text{ or } 0$ whenever $s \geq \dot{s}$.*

It is clear that an APEX equilibrium exists when $k = 1$. As for other cases, let us start with the case of $k = n$ and then continue on to the case of $1 < k < n$.

⁴A weak sequential equilibrium is an assessment $\{\tau^*, \mu^*\}$, where μ^* is a collection of distributions over players' information sets with the property that, for all i and for all s , $\mu^*_{G_i}(\theta, h^s | \theta_{G_i}, h^s_{G_i}) = \mu^{\pi, \tau^*}_{G_i}(\theta, h^s | \theta_{G_i}, h^s_{G_i})$ whenever the information set is reached with positive probability given τ^* . Moreover, for all i and for all s , τ^*_i maximizes i 's continuation expected payoff conditional on θ_{G_i} and $h^s_{G_i}$ of

$$E_{G_i}^\delta(u_{\theta_i}(\tau_i, \tau_{-i}^*) | \alpha_{G_i}^{\pi, \tau_i, \tau_{-i}^*}(\theta, h^s | \theta_{G_i}, h^s_{G_i}))$$

for all $h^s_{G_i}$.

3 APEX equilibrium for $k = n$

In the case of $k = n$, a Rebel can get a better payoff from playing **revolt** than that from **stay** *only if* all players are Rebels. Two consequences follow. Firstly, if a Rebel has an Inert neighbor, this Rebel will always play **revolt** in the equilibrium. Secondly, at any period of time, it is credible for every Rebel to use playing stay forever afterwards as a punishment to a deviation if there is another player who also plays **stay** forever afterwards, independently from the belief held by the punisher. These two features constitute an APEX equilibrium and further transform itself to a sequential equilibrium.

Theorem 1 (APEX equilibrium for the case of $k = n$). *For any n -person repeated k -Threshold game with parameter $k = n$ played in a network, there is a δ^* such that a sequential APEX equilibrium exists whenever $\delta > \delta^*$.*

The proof is a contagion argument. Suppose a Rebel plays **revolt** at any period except: (1) he has an Inert neighbor, or (2) he has observed his Rebel neighbor played **stay** once. Since the network is finite and connected, a Rebel is certain that there is an Inert somewhere if he has seen his neighbor played **stay**; otherwise, he continues to believe that all players are Rebels. Upon observing a n consecutive **revolt**, it implies that no Inert exists; if not, it implies some Inert exist. The above strategy is an APEX strategy and therefore ready for the equilibrium path for an APEX equilibrium. For any deviation from the above strategy, let the out-of-path strategy be playing **stay** forever for both of the deviant and the Rebel (the punisher) who detects that. This out-of-path strategy is credible for both the deviant and the punisher and is independent from the belief held by the punisher. Hence, it is also sequential rational.

4 APEX equilibrium for $1 < k < n$

In contrast to the case of $k = n$, a Rebel still has the incentive to play **revolt** even if he has an Inert neighbor. This opens a possibility of non-existence of APEX equilibrium. Let us consider Example 1 below.

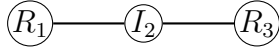


Figure 1: The state and the network in which the APEX equilibrium does not exist when $k = 2$.

Example 1. Suppose that $k = 2$ and $\theta = (R, I, R)$. The state and the network is represented in Figure 4. Rebel 1 never learns θ_3 since Inert 2 cannot reveal information about θ_3 . The APEX equilibrium does not exist in this scenario.

The following condition that works on the prior *full support on strong connectedness* excludes the possibility of non-existence of APEX equilibrium. To this end, I begin with the definition of *strong connectedness*.

Definition 4.1 (Strong connectedness). *Given G , a state θ has strong connectedness if, for every two Rebels, there is a path consisting of Rebels to connect them.*

In the language of graph theory, this definition is equivalent to: given G , θ has strong connectedness if the induced graph by $[R](\theta)$ is connected.

Definition 4.2 (Full support on strong connectedness). *Given G , π has full support on strong connectedness if*

$$\pi(\theta) > 0 \Leftrightarrow \theta \text{ has strong connectedness}$$

As a remark, the definition of the full support on strong connectedness is stronger than common knowledge about that every state has strong connectedness. This marginal requirement is subtle and is more convenient in constructing equilibrium.⁵

I am ready to state the main characterization of this paper:

Theorem 2 (APEX equilibrium for the case of $1 < k < n$). *For any n -person repeated k -Threshold game with parameter $1 < k < n$ played in networks, if networks are acyclic*

⁵The main result only requires a weaker version: $\pi(\theta) > 0 \Rightarrow \theta$ has strong connectedness. However, working on this weaker version is at the expense of much tedious proof. Throughout this paper, I will stick to the original definition.

and if π has full support on strong connectedness, then there is a δ^* such that an APEX equilibrium exists whenever $\delta > \delta^*$.⁶

Constructing an APEX equilibrium, in this case, is more convoluted than that in the case of $k = n$. I illustrate the proof idea throughout this paper till Section, while leaving the formal proof in Appendix. Moreover, since the case of $k = 2$ is trivial, the depictions throughout this paper below are all for $2 < k < n$ cases.

In the case of $k = n$, T^θ can be determined independently from θ by setting $T^\theta = n$, but it is not obvious how to obtain T^θ before an equilibrium has been constructed.⁷ Moreover, the free-rider problem might exist in the current case (as demonstrated in Introduction), but this problem never occurs in the proposed APEX equilibrium for Theorem 1. As for the punishment scheme, playing **stay** forever is not effective anymore since a deviation might only be seen by parts of players (network monitoring), and thus group punishment is hard to be executed.

after t . Share information. two digits.

Before we delve further into the logic of the proof of Theorem 2, I would like to introduce a game in Section 4.1: *T-round writing game*. This is a simpler auxiliary scenario that mimics relevant features in the original game. In the T -round writing game, I allow players to write to each other. They will be endowed a writing technology so that they can write without cost (cheap talk) or with a cost function before they take actions. The readers who can also skip Section 4.1 and Section 4.2 without confusion.

Roughly speaking, in the T -round writing game, players can write to share information about θ for T rounds. They then play a one-shot k -threshold game at round $T + 1$. Note that in an APEX equilibrium path in the original game, players would stop updating their belief after some finite time and keep playing the same action in the k -threshold game. The game form of the T -round writing game mimics the structure of the APEX equilibrium path in the original game. In Section 4.2, I then further modify the T -round writing game to allow T to be endogenously determined in the equilibrium, which is seamlessly analogous

⁶A network is acyclic if the path from i to j for all $i \neq j$ is unique.

⁷Readers might refer to the proof of Theorem 1.

to the original game.⁸

4.1 Deterministic T -round writing game

The network, the set of states, and the set of players follow exactly the same definitions defined in Section 2. In the deterministic T -round writing game, each player endows a *writing technology*. A writing technology for player i is a pair of (W, M_i) , in which $W = \{\mathbf{r}, \mathbf{s}\}^L$, $L \in \mathbb{N}$, and $M \equiv \times_{i \in N} \times_{t=1}^T M_i^t$ recursively defined by

$$M_i^1 = \{f | f : \Theta_{G_i} \rightarrow W\} \cup \{\emptyset\}$$

$$\text{for } 2 \leq t \leq T, M_i^t = \{f | f : \times_{j \in G_i} M_j^{t-1} \rightarrow W\} \cup \{\emptyset\}.$$

W is interpreted as the set of sentence composed by letters \mathbf{r} or \mathbf{s} with length L , while M_i can be understood as i 's grammar. The \emptyset is interpreted as remaining silent. The meaning of “ i writes to his neighbors at round t ” is equivalent to “ i selects an $f \in M_i^t$ to get an element $w \in W$ according to f . Moreover, m can be observed by all i 's neighbors”. A sentence being a mixture of two sentences $w, w' \in W$ is denoted as $w \oplus w'$ with the property that $(w \oplus w')_l = \mathbf{r}$ if and only if $w_l = \mathbf{r}$ or $w'_l = \mathbf{r}$ for all $l \in \{1, \dots, L\}$.

The time line for the deterministic T -round writing game is as follows. There is no

1. Nature chooses θ according to π .
2. θ is then fixed throughout rounds.
3. At $t = 1, \dots, T$ round, players write to their neighbors.
4. At $T + 1$ round, players play a one-shot k -Threshold game.
5. The game ends.

discounting. A Rebel's payoff is the summation of his stage payoff across stages, while an Inert's payoff is set to be 1. The equilibrium concept is a weak sequential equilibrium. The definition of APEX strategy is adapted as the strategy that induces ex-post outcome in the k -threshold game at $T + 1$ round, and the definition of APEX equilibrium is adapted

⁸TBA.

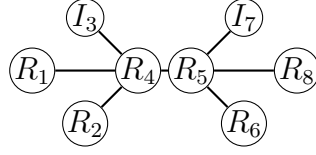


Figure 2: A configuration of the state and the network in which players 1,2,4,5,6,8 are Rebels while players 3,7 are Inerts.

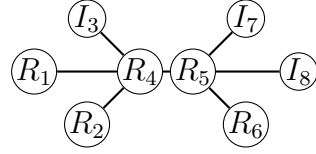


Figure 3: A configuration of the state and the network in which players 1,2,4,5,6 are Rebels while players 3,7,8 are Inerts.

accordingly. In the examples below, let us focus on the configuration represented in Figure 2 and Figure 3 with $n = 8$ and $L = 8$.

Example 2 (Deterministic T -round writing without cost—cheap talk). Let $k = 6$, $T = 2$, and writing be costless. Consider the following strategy ϕ .

At $t = 1$, ϕ specifies that the peripheral Rebels 1,2,6,8 remain silent. The central player Rebel 4 writes $(\mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{s}, \mathbf{s})$. The central player Rebel 5 writes $(\mathbf{s}, \mathbf{s}, \mathbf{s}, \mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{r})$ in the configuration in Figure 2 and writes $(\mathbf{s}, \mathbf{s}, \mathbf{s}, \mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{s})$ in the configuration in Figure 3.⁹ On the path of ϕ , Rebel 4's sentence thus reveals that players 1,2,4,5 are Rebels while player 3 is an Inert. It reveals so by the grammar: \mathbf{r} is written in the i -th component if player i is a Rebel while \mathbf{s} is written in the j -th component if player j is Inert or unknown to Rebel 4. Rebel 5's sentence is written according to the same grammar. Note that the common knowledge of the network contributes to the ability in revealing the players' types.

At $t = 2$, ϕ specifies that the peripheral Rebels 1,2,6,8 still remain silent. Rebel 4 writes $(\mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{r})$ in the configuration in Figure 2 and writes $(\mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{s})$ in the configuration in Figure 3. Rebel 5 writes exactly the same way as Rebel 4. This is to

⁹The notion of “peripheral” and “center” will be formalized in Section 4.3.1

say Rebel 4 and 5 share information at $t = 1$ and then coordinate to announce a mixture sentence at $t = 2 = T$.

At $t = 3 = T + 1$, all Rebels know whether or not the number of Rebels (by counting \mathbf{r} in Rebel 4 or 5's combined sentence) is greater than or equal to $k = 6$. This leads all Rebels to play the ex-post efficient outcome in the one-shot k -threshold game.

Let o be the belief system and the in-path belief be induced by ϕ . The out-of-path strategy of ϕ specifies that, if a detectable deviation is made, then the Rebels who detect that deviation will remain silent until $t = T$ and then play **stay** at $t = T + 1$.¹⁰ The out-of-path belief of o is to believe that all players who are not neighbors are all Inerts, which rationalizes the out-of-path strategy. Since writing is costless, and any deviation by Rebel 4 or 5 would strictly decrease the possibility of achieving an ex-post efficient outcome, the assessment (ϕ, o) constitutes an APEX equilibrium.

Example 3 (Deterministic T -round writing with cost function and the free-rider problem). Let $k = 6$ and $T = 2$. Suppose that remaining silent incurs no cost, but writing incurs a cost of $\epsilon > 0$ that is strictly decreasing with the number of \mathbf{r} in a sentence. This is to say writing $(\mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{r})$ incurs the least cost while writing $(\mathbf{s}, \mathbf{s}, \mathbf{s}, \mathbf{s}, \mathbf{s}, \mathbf{s}, \mathbf{s}, \mathbf{s})$ incurs the largest.

If so, that assessment (ϕ, o) in the previous example will no longer be an APEX equilibrium. To prove this, first note that the sentence of either Rebel 4 or 5's truthfully reveals their information at $t = 1$ on the path of ϕ . According to the above-mentioned, Rebel 4 will know the relevant information after $t = 1$ (by common knowledge of the network) even if he deviates to writing that all his neighbors are Rebels.¹¹¹² Rebel 5 is in the same situation as Rebel 4 and therefore will also write the sentence that indicates that all his neighbors are Rebels. However, these sentences are uninformative. It turns out that both of them

¹⁰A deviation could be, for instance, a wrong sentence that is not grammatical, is deviating from the in-path ϕ , ..., etc

¹¹This sentence is $(\mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{s}, \mathbf{s})$, which incurs less cost than the truthfully reporting sentence $(\mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{s}, \mathbf{s})$.

¹²If he remains silent, then this behavior will be considered as a deviation, and therefore he will never get the maximum payoff of 1. Hence, he will avoid doing so.

will deviate, and neither of them can know the relevant information after $t = 1$.

Fortunately, the following example shows the free-rider problem can be solved.

Example 4 (Deterministic T -round writing with cost function and solving the free-rider problem). The free-rider problem that occurs in the previous example can be solved. The solution is to add more rounds to the game and exploit the assumption of common knowledge of the network. More precisely, let $k = 6$ and $T = 3$.

Consider a strategy $\dot{\phi}$ and focus on the interaction between Rebels 4 and 5. On the path of $\dot{\phi}$, at $t = 1$, $\dot{\phi}$ specifies that the lowest-index Rebel between Rebels 4 and 5 is chosen to be a free rider, while the other one truthfully writes down his information. To be precise, at $t = 2$, Rebel 4 will be the free rider—the person who writes the least-cost sentence; Rebel 5 writes $(\mathbf{s}, \mathbf{s}, \mathbf{s}, \mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{r})$ in the configuration of Figure 2 while writing $(\mathbf{s}, \mathbf{s}, \mathbf{s}, \mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{s})$ in the configuration of Figure 3.

At $t = 2$, Rebel 5 remains silent. Rebel 4 writes the least-cost sentence if Rebel 5 writes $(\mathbf{s}, \mathbf{s}, \mathbf{s}, \mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{r})$ at $t = 1$ but remains silent if Rebel 5 writes $(\mathbf{s}, \mathbf{s}, \mathbf{s}, \mathbf{r}, \mathbf{r}, \mathbf{r}, \mathbf{s}, \mathbf{s})$. Thus, the behavior of Rebel 4 at $t = 2$ reveals the relevant information.

At $t = 3 = T$, Rebel 4 remains silent. Rebel 5 writes the least-cost sentence if Rebel 4 writes the least-cost sentence at $t = 2$ and remains silent if Rebel 4 remains silent then.

It is straightforward to check that at $t = 4 = T + 1$, all Rebels know the relevant information and play the ex-post efficient outcome accordingly. To construct an APEX equilibrium from $\dot{\phi}$, recall (ϕ, o) and let the in-path belief of \dot{o} be induced by $\dot{\phi}$. The out-of-path strategy follows that in ϕ , and the out-of-path belief follows that of o .

An observation is worthy to be noted: why is Rebel 5 willing to concede that Rebel 4 is chosen to be the free rider at $t = 1$? The reason is as follows. He *knows* that, by common knowledge of the network, he and Rebel 4 are in a free-rider problem. Moreover, again by common knowledge of the network, he knows that Rebel 4 knows this, Rebel 4 knows he knows that Rebel 4 knows this, ..., and so forth to infinite order of belief hierarchy. This is to say, at least in this case, Rebel 4 and 5 commonly know that they are engaged in a free-rider problem due to the common knowledge of the network. In Section 4.3.2, this property of common knowledge about engaging in a free-rider problem will be formally

$$0'_1 < 0'_2 < \dots < 0'_{l_0} < 1 < 1'_1 < 1'_2 < \dots < 1'_{l_1} < 2 < \dots,$$

where l_0, l_1, \dots are all finite numbers.

Figure 4: The linearly ordered labelled rounds in the indeterministic T -round writing game.

characterized. This property is not merely a special case. It holds for any acyclic network in the constructed APEX equilibrium in the original game.

4.2 Indeterministic T -round writing game

In this section, the setting is exactly the same as that in the deterministic T -round writing game, except for that players will now jointly decide the round in which they will play the one-shot k -threshold game and then end the game. In other words, before they play the one-shot k -threshold game, they have to *reach an agreement*—the common knowledge about which round is the terminal round T .

The set of rounds is countably infinite and linearly ordered with generic element t . The writing technology is the same as that in deterministic T -round writing game, except for letting $W = \{\mathbf{r}, \mathbf{s}\}^L \cup \{\mathbf{r}, \mathbf{s}\}^{L'}$ now. In the example below, let $L = 8$ and $L' = 1$.

Conceptually, there could be two kinds of rounds. In the first kind, players write to share information about θ (as they do in the deterministic T -round writing game). In the second kind, players write to form the common knowledge about T . Let us partition the set of rounds into two parts, Γ and Γ' , which represent the first kind and the second kind respectively. The round in Γ is labelled γ while the round in Γ' is labelled γ'_i . The rounds are linearly ordered by $<$. To be more precise, the rounds are ordered as shown in Figure 4.2. An indeterministic T -round writing game is illustrated below. Along with it, an APEX equilibrium will be constructed.

Example 5 (Indeterministic T -round writing with cost function). Let $l_j = 2$ for $j = 0, 1, \dots$. Suppose that the setting is exactly the same as that in Example 4, except for that T is not deterministic. Let us consider the path of a strategy ψ . At a round in Γ' , ψ specifies that, if a Rebel thinks “it is certain that the total number of Rebels outnumber k and the nearest

forthcoming round in Γ is the terminal round,” he will write (\mathbf{r}) . If a Rebel thinks “it is possible but not certain that $\#[R](\theta) \geq k$,” he will write (\mathbf{s}) . Otherwise, he will write \emptyset to show that “it is impossible that $\#[R](\theta) \geq k$ and the nearest forthcoming round in Γ is the terminal round.”

According to this strategy, $t = 1$ is not terminal if no Rebel has written (\mathbf{r}) or \emptyset before that. For instance, $t = 1$ is not terminal in the configuration in Figure 2 and Figure 3.

If $t = 1$ is not terminal, at $t = 1$, Rebels 4 and 5 are in a free-rider problem as Example 3 shows. ψ solves it by specifying that Rebel 4 is the free rider and that Rebel 5 writes his information truthfully (as what $\dot{\phi}$ does in Example 4).

At $t = 1'_1$, Rebel 4 knows $\#[R](\theta) \geq k$ in the configuration in Figure 2 and knows $\#[R](\theta) < k$ in the configuration in Figure 3. Therefore, he writes (\mathbf{r}) and \emptyset respectively for these two configurations. As for other Rebels, they write (\mathbf{s}) .

After $t = 1'_1$, eventually, all Rebels will learn the relevant information (by seeing the writing of Rebel 4 at $t = 1'_1$) and terminate their writing at $t = 2$. Therefore, $t = 1$ is the terminal round, and the Rebels play a one-shot k -threshold game at $t = 2$.

The strategy ψ can be made to be an APEX equilibrium strategy in the same way as the previous examples.

4.3 Dispensability of writing technology

In essence, writing technology is dispensable, and repeated actions are sufficient to serve as a communication protocol to achieve an ex-post outcome in an equilibrium. In this section, I draw analogue between the writing game and the original game in Table 1.

More precisely, in the equilibrium construction in the original game, let us partition the periods so that each part in the partition is analogous to a round in the writing game. The length of periods in a part is analogous to the length of a sentence. Since the actions played in a certain part of periods will incur an expected payoff, it is an analogue that writing is costly at a certain round in the writing game. The disjoint unions of period-sections also constitute a coarser partition of periods, which is analogous to partitioning the rounds. The analogue of Γ is the set of *periods for reporting* in the original game to emphasize that these

$$\underbrace{(\text{periods for coordination})}_{0\text{-block}} < \underbrace{(\text{periods for reporting}) < (\text{periods for coordination})}_{1\text{-block}} < \dots$$

Figure 5: The linearly ordered period-sections in the repeated k -threshold game.

periods are for reporting information about θ . The analogue of Γ' is the set of *periods for coordination* in the original game to emphasize that these periods are for coordinating to play the ex-post efficient outcome. The partition of periods is linearly ordered by $<$, and let us define a coarser partition with parts t -blocks indexed by $t \in \{0, 1, \dots\}$ along with the order of partition of periods as shown in Figure 4.3.

One could see that Figure 4.2 and Figure 4.3 are seamlessly analogous to each other as Table 1 shows.

Table 1: The analogue between indeterministic T -round writing game and repeated k -threshold game

Indeterministic T -round writing game	Repeated k -threshold game
A round	A range of periods
A sentence	A sequence of actions
The length of a sentence in a round	The length of a part of periods
A chosen digit in a sentence	A chosen action
The cost of writing a sentence	The expected payoff in a part of periods
The fixed grammar	The equilibrium path

Note that the notions of *peripheral* and *central* in Example 2 is not yet formalized as well as analogized to the original game. I generalize these notions in the original game by defining *information hierarchy* among players for each t -block below.

4.3.1 Information hierarchy

The information hierarchy across Rebels in G presents Rebels' information *before entering the periods for reporting at t -block*. That is designated by a tuple

$$(\{G_i^t\}_{i \in N}, \{I_i^t\}_{i \in N}, R^t, \theta).$$

G_i^t represents *the extended neighbors*: $j \in G_i^t$ if j can be reached by t consecutive edges from i , in which the endpoints of $t - 1$ edges are both Rebels, while the remaining one consists of a Rebel and i himself. I_i^t represents *the extended Rebel neighbors*: the set of Rebels in G_i^t . R^t represents *the active Rebels*: those Rebels who are *active* in the sense that their extended Rebel neighbors are not a subset of their direct neighbors' extended Rebel neighbors. Those objects are defined by:

At $t = 0$,

$$\text{if } \theta_i = I, G_i^0 \equiv \emptyset, I_i^0 \equiv \emptyset.$$

$$\text{if } \theta_i = R, G_i^0 \equiv \{i\}, I_i^0 \equiv \{i\}.$$

$$R^0 \equiv [R](\theta).$$

At $t = 1$,

$$\text{if } \theta_i = I, G_i^1 \equiv \emptyset, I_i^1 \equiv \emptyset.$$

$$\text{if } \theta_i = R, G_i^1 \equiv G_i, I_i^1 \equiv G_i \cap R^0.$$

$$R^1 \equiv \{i \in R^0 : \nexists j \in G_i \text{ such that } I_i^1 \subseteq G_j^1\}.$$

At $t > 1$,

$$\text{if } \theta_i = I, G_i^t \equiv \emptyset, I_i^t \equiv \emptyset.$$

$$\text{if } \theta_i = R, G_i^t \equiv \bigcup_{j \in G_i} G_j^{t-1}, I_i^t \equiv \bigcup_{j \in G_i} I_j^{t-1},$$

$$I_{ij}^t \equiv I_i^{t-1} \cap I_j^{t-1} \text{ if } j \in G_i.$$

$$R^t \equiv \{i \in R^{t-1} : \nexists j \in G_i \text{ such that } I_i^t \subseteq G_j^t\}.$$

According to the definition above, the peripheral Rebels in the configuration of Figure 2 are active in 0-block (in R^0) but not active in 1-block (not in R^1), while the central players are active in both 0-block and 1-block. It can be shown that $R^t \subseteq R^{t-1}$ as follows.

Lemma 4.1. *If the θ has strong connectedness, then*

$$R^t \subseteq R^{t-1}$$

for all $t \geq 1$.

Is it sufficient to let only active Rebels share information about θ while θ can be revealed eventually? The answer is affirmative proven by Theorem 3 below, given that the network is acyclic and if the θ has strong connectedness.

Theorem 3. *If the network is acyclic and if the θ has strong connectedness, then*

$$[R](\theta) \neq \emptyset \Rightarrow \text{there exists } t \geq 0 \text{ and } i \in R^t \text{ such that } I_i^{t+1} = [R](\theta).$$

The strategy on the equilibrium path will specify how Rebels act according to the information hierarchy. R^t will be those Rebels who are active in terms of sharing information in the periods for reporting in the t -block.

4.3.2 The equilibrium path in the periods for reporting

If there is no further mention, all the description in this section is for the APEX equilibrium path *before* the terminal period T^θ . For conciseness, let us shorten “periods for reporting in t -block” by O^t , denote $|O^t|$ as the length of O^t , and shorten **revolt** and **stay** to **r** and **s** receptively henceforth.

$|O^t|$ is independent from t and determines only the set of players. Firstly, assign each player i a distinguishing prime number x_i starting from 3 (by exploiting the common knowledge of the network). Then let $|O^t| = x_1 \otimes x_2 \otimes \dots \otimes x_n$, where \otimes is the usual multiplication operator. The sequence of actions in O^t is with length $|O^t|$ and would take one of the forms specified in the right column in Table 2. There, if $I \subseteq N$, then $x_I \equiv \otimes_{i \in I} x_i$. The abbreviations of these sequences are listed in the left column. Since these sequences in the periods for reporting are meant to share information about θ , the terms “playing the sequence” and “reporting the information” are interchangeable and will be alternatively used.

It is worth noting that this sequence constructed by prime numbers brings two benefits. Firstly, since the multiplication of distinguishing prime numbers can be uniquely factorized,

Table 2: The notations for the sequences of actions in O^t on the path

Notations		The sequences of actions
$\langle I \rangle$	\equiv	$\langle \mathbf{s}, \dots, \mathbf{s}, \underbrace{\mathbf{r}, \mathbf{s}, \dots, \mathbf{s}}_{x_I} \rangle$
$\langle 1 \rangle$	\equiv	$\langle \mathbf{s}, \dots, \mathbf{s}, \mathbf{r} \rangle$
$\langle \mathbf{all\ stay} \rangle$	\equiv	$\langle \mathbf{s}, \dots, \mathbf{s}, \mathbf{s} \rangle$

the Rebels can utilize such sequence to precisely report players' identities. Secondly, the un-discounted expected payoff of playing $\langle I \rangle$ for some $I \subseteq N$ is always equal to -1 , and therefore it is relatively easy to calculate. This is because, at any period in O^t , at most one player would play \mathbf{r} by the property of prime number multiplication.¹³

The sequence $\langle I \rangle$ is used for reporting $I \neq \emptyset$ when I is a set of Rebels and sequence $\langle \mathbf{all\ stay} \rangle$ is for the inactive Rebels to report nothing. The sequence $\langle 1 \rangle$ is intentionally crafted to tackle the free-rider problem. To see how $\langle 1 \rangle$ works, let us formally define the *pivotal Rebel* and the *free-rider problem*.

Definition 4.3 (Pivotal Rebels in O^t). *A Rebel p is pivotal in O^t if $p \in R^t$, $I_p^t \subset [R](\theta)$, $\#I_p^t < k$, and p is certain that he will learn the relevant information in the end of O^t , given that each $i \in R^t$ reports $\langle I_i^t \rangle$.*

From the definition, a pivotal Rebel in O^t is one who can learn the relevant information if all of his active Rebel neighbors truthfully report their information about θ to him. The pivotal Rebels can be further classified into two kinds: ones who can learn the true state, and ones who learn only the relevant information. When $k = 6$, in the configuration in Figure 2, only Rebels 4 and 5 are pivotal, and they are of the first kind; in the configuration in Figure 4.3.2, only Rebel 5 is pivotal, and he is of the first kind; in the configuration in Figure 4.3.2, only Rebel 4 is pivotal, and he is of the second kind.

To be concise, let us call p of the first kind by θ -*pivotal*. For the second kind, if the network is acyclic and if the prior has full support on strong connectedness, p is the second

¹³This statement holds given that there is no player who plays $\langle 1 \rangle$.

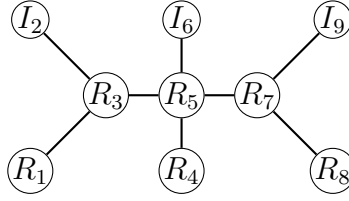


Figure 6: A configuration of the state and the network in which player 1,3,5,4,7,8 are Rebels while players 2,4,9 are Inerts.

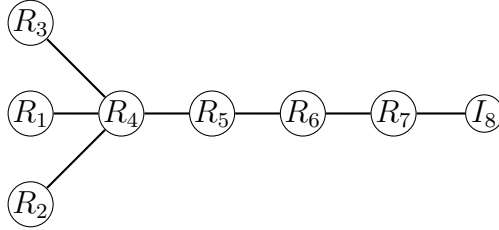


Figure 7: A configuration of the state and the network in which player 1,2,3,4,5,6,7 are Rebels while player 8 is an Inert.

kind in O^t only if $I_p^t = k - 1$. Since so, let us call the one with $I_p^t = k - 1$ by $k - 1$ -pivotal.¹⁴

Below is the defined free-rider problem in O^t .

Definition 4.4. *A free-rider problem exists in O^t if there are multiple θ -pivotal Rebels in O^t .*

The following lemma is crucial.

Lemma 4.2. *If the network is acyclic and if π has full support on strong connectedness, there are at most two θ -pivotal Rebels in the t -block. Moreover, they are neighbors.¹⁵*

Notably,

¹⁴To show that a pivotal Rebel is the second kind in O^t only if $I_p^t = k - 1$, one can follow the same argument in Lemma 4.1 and Theorem 3.

¹⁵As a remark, Lemma 4.2 is not true when the network is cyclic. To see this, consider a 4-player circle when $\theta = (R, R, R, R)$.

Lemma 4.3. *If the network is acyclic and if π has full support on strong connectedness, when there are two θ -pivotal Rebels p, p' in the t -block, then they commonly know that they are θ -pivotal Rebels at the beginning of t -block.*

By Lemma 4.3, θ -pivotal Rebels in O^t can identify themselves at the beginning of O^t . It is essential, because if the free-rider problem occurs in O^t , the strategy can specify that the lowest indexed θ -pivotal Rebel p in the free-rider problem will play $\langle 1 \rangle$, while the other one p' will play $\langle I_p^t \rangle$ beforehand. In short, this knowledge is encoded in the belief system of an APEX equilibrium.

The assumption of acyclic network in Lemma 4.3 is indispensable. In Section 5.1, there is a configuration in a cycle where there is no common knowledge of the free-rider problem if players still follow the equilibrium path working for Theorem 2.

Overall, the sequences played in O^t on the path are listed in Table 3.

Table 3: The sequences of actions played in O^t on the path

Rebel i	i plays
$i \notin R^t$	$\langle \text{all stay} \rangle$
$i \in R^t$ but i is not pivotal	$\langle I_i^t \rangle$
i is $k - 1$ -pivotal	$\langle 1 \rangle$
i is θ -pivotal but not in the free-rider problem	$\langle 1 \rangle$
i is in the free-rider problem with the lowest index	$\langle 1 \rangle$
i is in the free-rider problem without the lowest index	$\langle I_i^t \rangle$

4.3.3 The equilibrium path in the periods for coordination

In this section, I discuss the sequences of actions in the periods for coordination on the path. The term “periods for coordination in t -block” is shorten by K^t . If there is no further mention, all the description in this section is for the APEX equilibrium path *before* the terminal period T^θ .

The main feature in the periods of coordination is that, whenever a Rebel i is considered inactive starting at some t -block (i.e. $i \notin R^t$ for some $t \in \mathbb{N}$), there is no strategy for i to convince all Rebels that $\#[R](\theta) \geq k$ even though i knows it and wants to propagandize it. The structure in the periods of coordination is much intrigued, and the periods are further partitioned by *divisions* and *sub-blocks*. I depict that below, where (K) represents a certain range of periods for coordination.

In K^0 ,

$$\begin{array}{ccc} \text{1-division} & \text{2-division} & \text{3-division} \\ \underbrace{(\text{K})} & \underbrace{(\text{K})} & \underbrace{(\text{K}) \cdots (\text{K})} \\ \text{one sub-block} & \text{one sub-block} & n \text{ sub-blocks} \end{array}$$

In K^t , $t > 0$,

$$\begin{array}{ccc} \text{1-division} & \text{2-division} & \text{3-division} \\ \underbrace{(\text{K}) \cdots (\text{K})} & \underbrace{(\text{K}) \cdots (\text{K})} & \underbrace{(\text{K}) \cdots (\text{K})} \\ n \text{ sub-blocks} & t+1 \text{ sub-blocks} & n \text{ sub-blocks} \end{array}$$

In the t -block, denote $K_{u,v}^t$ as the v -th sub-block in u -division and denote $|K_{u,v}^t|$ as the length of $K_{u,v}^t$. Similarly, denote K_u^t as the u -division and denote $|K_u^t|$ as the length of K_u^t . Let us shorten **revolt** and **stay** to **r** and **s** receptively henceforth. On the path, the length of $|K_{u,v}^t|$ is determined. For all $v \in \{1, \dots, n\}$ let $|K_{u,v}^t| = n$ for $u = 1, 2$ and $|K_{u,v}^t| = 1$ for $u = 3$. The notations for the sequences of actions on the path are shown in Table 4 shows.¹⁶ For a Rebel i on the equilibrium path, either $\langle i \rangle$ or $\langle \text{all stay} \rangle$ is seen. $\langle i \rangle$ is constructed for the purpose of simplifying calculation of expected payoff: there is at most one **r** played in K_u^t for $t \geq 0$ and $u = 1, 2$.

Table 4: The notations for the sequences of actions in K_u^t for $u = 1, 2$, on the path

Notations		The sequences of actions
$\langle i \rangle$	\equiv	$\langle \mathbf{s}, \dots, \mathbf{s}, \underbrace{\mathbf{r}, \mathbf{s}, \dots, \mathbf{s}}_i \rangle$
$\langle \text{all stay} \rangle$	\equiv	$\langle \mathbf{s}, \dots, \mathbf{s}, \mathbf{s} \rangle$

¹⁶Because, in the 3-division, the length of the sequence of actions is 1, i.e. playing an action, I dispense notations in the 3-division for conciseness.

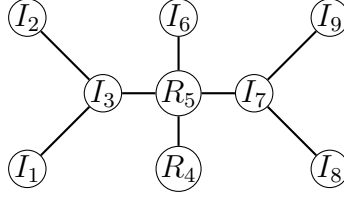


Figure 8: A configuration of the state and the network in which player 4, 5 are Rebels while players 1,2,3,6,7,8,9 are Inerts.

The equilibrium behavior on the path in K^0 Since the 0-block has a simpler structure, I begin with depicting the equilibrium path in K^0 , which is shown in Table 5. There, I describe the information of Rebel i by whether i has learnt the relevant information. It is not standard but more intuitive, while the full description can be found in Appendix. Notice that if Rebel i is certain that $\#[R](\theta) < k$, it must be the case that all Rebels are i 's neighbors by the full support on strong connectedness. All Rebels will also be certain about that immediately after K_1^0 . Figure 4.3.3 illustrates this scenario when $3 \leq k < n$, in which Rebel 5 is certain $\#[R](\theta) < k$ in K_1^0 . Rebel 4 is certain of that immediately after K_1^0 . The idea in Table 5 is as follows. K_1^0 is the periods for a Rebel to advocate the knowledge of $\#[R](\theta) < k$. A Rebel i will initiate coordination to **s** by playing **<all stay>** if he knows $\#[R](\theta) < k$; otherwise, he will play **<i>**. K_2^0 is the periods for a Rebel to advocate the knowledge of $\#[R](\theta) \geq k$. Rebel i will initiate coordination to **r** by playing **<all stay>** if he knows $\#[R](\theta) \geq k$ and has player **<i>** in the previous division K_1^0 ; otherwise, he will play **<i>**. K_3^t is used for coordinating to play **r** or **s** contagiously.

The intriguing part might be “how Rebel i initiates the common knowledge about $\#[R](\theta) \geq k$.” i does so by *first play <i> in K_1^0 and then play <all stay> in K_2^0* . His behavior is then distinguishable from Rebels of other kinds. His neighbors will know $\#[R](\theta) \geq k$ immediately after K_2^0 , and then all Rebels will know that by playing **r** contagiously in K_3^0 .

i will not deviate to play **<all stay>** even though it might be undetectable. This is by the assumption of acyclic network. If i does so, i will be considered as an inactive Rebel afterwards by all of his neighbors. From this point on, he cannot update the belief held by his neighbors whose information hierarchy rank is no less than the one he pretends to be.

More precisely, if he is a $R^{\hat{t}}$ Rebel but he pretends not to be one, he cannot influence the belief updating of the Rebels who are in R^{t-1} , $t \geq \hat{t}$.¹⁷ He then faces a positive probability that not enough Rebels can be informed of $\#[R](\theta) \geq k$. If this event happens, he will only get zero payoff. However, he can surely get the maximum payoff of 1 afterwards and forever after K_2^0 . Sufficiently high discount factor will deter this deviation. In essence, one major part of proof for Theorem 2 (in the appendix) follows the same argument.

¹⁷This argument is due to Lemma 4.1 and the belief updating on the path described in Table 6, Table 7, Table 8, Table 9, and Table 10.

Table 5: The sequences of actions played in K^0 on the path

The sequences of actions played in K_1^0 on the path	
Rebel i	i plays
i is certain $\#[R](\theta) < k$	$\langle \mathbf{all\ stay} \rangle$
$i \notin R^1$ and is uncertain $\#[R](\theta) \geq k$	$\langle \mathbf{all\ stay} \rangle$
$i \in R^1$ and is uncertain $\#[R](\theta) \geq k$	$\langle i \rangle$
i is certain $\#[R](\theta) \geq k$	$\langle i \rangle$

The sequences of actions played in K_2^0 on the path	
Rebel i	i plays
i is certain $\#[R](\theta) < k$	$\langle \mathbf{all\ stay} \rangle$
$i \notin R^1$ and is uncertain $\#[R](\theta) \geq k$	$\langle \mathbf{all\ stay} \rangle$
$i \in R^1$ and is uncertain $\#[R](\theta) \geq k$	$\langle i \rangle$
i is certain $\#[R](\theta) \geq k$	$\langle \mathbf{all\ stay} \rangle$

The sequences of actions played in K_3^0 on the path	
Rebel i	i plays
i is certain $\#[R](\theta) < k$	$\langle \mathbf{s} \rangle$
$i \notin R^1$ and is uncertain $\#[R](\theta) \geq k$	$\langle \mathbf{s} \rangle$
$i \in R^1$ and is uncertain $\#[R](\theta) \geq k$	$\langle \mathbf{s} \rangle$
i is certain $\#[R](\theta) \geq k$	$\langle \mathbf{r} \rangle$

How Rebels update their belief that is being consistent with the equilibrium path after K_1^0 and K_2^0 is listed in Table 6 and Table 7. One can track the evolution of information filtrations through Table 6 to Table 7.

Table 6: The belief of $j \in G_i$ after observing i 's previous actions immediately after K_1^0

i plays	The event $j \in G_i$ assigns with probability one
In K_1^0	
$\langle \mathbf{all\ stay} \rangle$	$i \notin R^1$ if $j \in R^1$
$\langle \mathbf{all\ stay} \rangle$	$\#[Rebels](\theta) < k$ if $j \notin R^1$
$\langle i \rangle$	$i \in R^1$ or $\#[Rebels](\theta) \geq k$

Table 7: The belief of $j \in G_i$ after observing i 's previous actions immediately after K_2^0

i plays		The event $j \in G_i$ assigns with probability one
In K_1^0	In K_2^0	
$\langle \mathbf{all\ stay} \rangle$	$\langle \mathbf{all\ stay} \rangle$	$i \notin R^1$ if $j \in R^1$
$\langle \mathbf{all\ stay} \rangle$	$\langle \mathbf{all\ stay} \rangle$	$\#[Rebels](\theta) < k$ if $j \notin R^1$
$\langle i \rangle$	$\langle \mathbf{all\ stay} \rangle$	$\#[Rebels](\theta) \geq k$
$\langle i \rangle$	$\langle i \rangle$	$i \in R^1$

The equilibrium behavior on the path in K^t for $t \geq 1$ Next, I describe the equilibrium behavior on the path in K^t whenever $t \geq 1$. Players' belief over states will now be contingent on the behavior in O^t since Rebels share information in O^t . As an analogue to the grammar interpretation in the deterministic (or indeterministic) T -round writing game, I first illustrate how players update their belief after observing the equilibrium strategy on the path. After that, the in-path strategy contingent on players' belief is introduced. Players' information filtrations evolve from Table 8 through Table 9 to Table 10.

Table 8: The belief of $j \in G_i$ after observing i 's previous actions immediately after O^t

i plays	The event $j \in G_i$ assigns with probability one
In O^t	
$\langle \text{all stay} \rangle$	$i \notin R^t$ and $I_{ji}^{t+1} = I_j^t$
$\langle I_i^t \rangle$	$i \in R^t$ and $I_{ji}^{t+1} = I_j^t \cap I_i^t$
$\langle 1 \rangle$	i is pivotal

Table 9: The belief of $j \in G_i$ after observing i 's previous actions immediately after K_1^t contingent on O^t

i plays		The event $j \in G_i$ assigns with probability one
In O^t	In $K_{1,1}^t$	
$\langle \text{all stay} \rangle$	$\langle i \rangle$	$i \notin R^t$ and $I_{ji}^{t+1} = I_j^t$
$\langle I_i^t \rangle$	$\langle \text{all stay} \rangle$	$\#[Rebels](\theta) < k$
$\langle I_i^t \rangle$	$\langle i \rangle$	$i \in R^t$ and $I_{ji}^{t+1} = I_j^t \cap I_i^t$, or $\#[Rebels](\theta) \geq k$
$\langle 1 \rangle$	$\langle \text{all stay} \rangle$	$\#[Rebels](\theta) < k$
$\langle 1 \rangle$	$\langle i \rangle$	$\#[Rebels](\theta) \geq k$

Table 10: The belief of $j \in G_i$ after observing i 's previous actions immediately after K_2^0 contingent on O^t and K_2^0

i plays			The event $j \in G_i$ assigns with probability one
In O^t	In $K_{1,1}^t$	In $K_{2,1}^t$	
$\langle \mathbf{all\ stay} \rangle$	$\langle i \rangle$	$\langle \mathbf{all\ stay} \rangle$	$i \notin R^t$ and $I_{ji}^{t+1} = I_j^t$
$\langle I_i^t \rangle$	$\langle \mathbf{all\ stay} \rangle$	$\langle \mathbf{all\ stay} \rangle$	$\#[Rebels](\theta) < k$
$\langle I_i^t \rangle$	$\langle i \rangle$	$\langle \mathbf{all\ stay} \rangle$	$\#[Rebels](\theta) \geq k$
$\langle I_i^t \rangle$	$\langle i \rangle$	$\langle i \rangle$	$i \in R^t$ and $I_{ji}^{t+1} = I_j^t \cap I_i^t$
$\langle 1 \rangle$	$\langle \mathbf{stay} \rangle$	$\langle \mathbf{all\ stay} \rangle$	$\#[Rebels](\theta) < k$
$\langle 1 \rangle$	$\langle i \rangle$	$\langle \mathbf{all\ stay} \rangle$	$\#[Rebels](\theta) \geq k$

The delicate part in K^t is how a pivotal Rebel p propagandizes the relevant information. p does so by playing $\langle \mathbf{all\ stay} \rangle$ in $K_{1,1}^t$ in the case of $\#[R](\theta) < k$, while playing $\langle p \rangle$ in the case of $\#[R](\theta) \geq k$. Notice that playing $\langle \mathbf{all\ stay} \rangle$ in $K_{1,1}^t$ by p will immediately inform p 's neighbors that $\#[R](\theta) < k$. On the contrary, playing sequence other than $\langle \mathbf{all\ stay} \rangle$ has not yet revealed $\#[R](\theta) \geq k$ since that might be played by other non-pivotal Rebels.

In $K_{2,1}^t$, however, p reveals $\#[R](\theta) \geq k$ by playing $\langle \mathbf{all\ stay} \rangle$, which is a costless sequence of actions. It might not seem intuitive at first sight, but it effectively prevents a potential free-rider problem: there are two pivotal Rebels, say p and p' , who have already known $\#[R](\theta) \geq k$ in K^t . If initiating the common knowledge about $\#[R](\theta) \geq k$ incurs negative payoff, p or p' will have the incentive (again!) to let the other one initiate it. Playing $\langle \mathbf{all\ stay} \rangle$ in $K_{2,1}^t$ proudly becomes the initiation sequence by its cheapness.

The remaining argument is why other non-pivotal Rebels, say i , do not mimic the pivotal Rebels' behavior to play $\langle 1 \rangle$ in O^t . If i plays $\langle 1 \rangle$, all Rebels will learn the relevant information immediately after K_2^t based on the belief updating on the path. It implies that the beginning of $t + 1$ -block is the terminal period. He will not learn the relevant information after that because the belief updating will be also terminated. However, he is still uncertain whether he can learn the relevant information in O^t since he is not pivotal. Since that the ex-post efficient outcome gives him the maximum payoff at every θ , and that he will learn the relevant information eventually on the equilibrium path, he prefers not to deviate given that the discount factor is high enough.¹⁸ The proof of Theorem 2 heavily follows the arguments of this kind.

As a complement, I depict equilibrium strategy contingent on players' belief in Table 11. The idea in Table 11 is as follows. $Kappa_1^t$ is the periods for a Rebel to advocate the knowledge of $\#[R](\theta) < k$. A Rebel i will initiate coordination to \mathbf{s} by playing $\langle \mathbf{all\ stay} \rangle$ in $Kappa_{1,1}^t$ if he knows $\#[R](\theta) < k$; otherwise, he will play $\langle i \rangle$. $Kappa_2^t$ is the periods for a Rebel to advocate the knowledge of $\#[R](\theta) \geq k$. A Rebel i will initiate coordination to \mathbf{r} by

¹⁸Since R^t Rebels share information on the equilibrium path, by Theorem 3, the belief updating in Table 8, Table 9, and Table 10, and the in-path behavior in Table 11, the relevant information is learnt by every Rebel eventually on the path.

playing $\langle \mathbf{all\ stay} \rangle$ in $K_{2,1}^t$ if he knows $\#[R](\theta) \geq k$ and has player $\langle 1 \rangle$ in the previous periods O^t ; otherwise, he will play $\langle i \rangle$. K_3^t is used for coordinating to play \mathbf{r} or \mathbf{s} contagiously.

Table 11: The sequences of actions played in K^t , $t \geq 1$ on the path

The sequences of actions played in $K_{1,v}^t$ for $t \geq 1$ and for $v = 1, 2, \dots, n$ on the path

Rebel i	i plays
i is certain $\#[R](\theta) < k$	$\langle \mathbf{all\ stay} \rangle$
$i \notin R^t$ and is uncertain $\#[R](\theta) \geq k$	$\langle i \rangle$
$i \in R^t$ and is uncertain $\#[R](\theta) \geq k$	$\langle i \rangle$
i is certain $\#[R](\theta) \geq k$	$\langle i \rangle$

The sequences of actions played in $K_{2,v}^t$ for $t \geq 1$ for $v = 1$ on the path

Rebel i	i plays
i is certain that $\#[R](\theta) < k$	$\langle \mathbf{all\ stay} \rangle$
$i \notin R^t$ and is uncertain $\#[R](\theta) \geq k$	$\langle \mathbf{all\ stay} \rangle$
$i \in R^t$ and is uncertain $\#[R](\theta) \geq k$	$\langle i \rangle$
i is certain that $\#[R](\theta) \geq k$	$\langle \mathbf{all\ stay} \rangle$

The sequences of actions played in $K_{2,v}^t$ for $t \geq 1$ for $v = 2, \dots, t+1$ on the path

Rebel i	i plays
i is certain that $\#[R](\theta) < k$	$\langle \mathbf{all\ stay} \rangle$
$i \notin R^t$ and is uncertain $\#[R](\theta) \geq k$	$\langle \mathbf{all\ stay} \rangle$
$i \in R^t$ and is uncertain $\#[R](\theta) \geq k$	$\langle \mathbf{all\ stay} \rangle$
i is certain that $\#[R](\theta) \geq k$	$\langle i \rangle$

The sequences of actions played in K_3^t for $t \geq 1$ on the path

Rebel i	i plays
i is certain that $\#[R](\theta) < k$	\mathbf{s}
$i \notin R^1$ and is uncertain $\#[R](\theta) \geq k$	\mathbf{s}
$i \in R^1$ and is uncertain $\#[R](\theta) \geq k$	\mathbf{s}
i is certain that $\#[R](\theta) \geq k$	\mathbf{r}

4.3.4 Out-of-path belief and learning on the path

In this section, I demonstrate examples to show the learning process on the equilibrium path and illustrate the out-of-path belief. Whenever Rebel i detects a deviation at period s , he forms the following belief:

$$\sum_{\theta \in \{\theta: \theta_j = I, j \notin G_i\}} \beta_{G_i}^{\pi, \tau}(\theta | h_{G_i}^s) = 1, \text{ for all } s \geq s. \quad (1)$$

Thus, if $\#I_i^0 < k$, he will play **stay** forever after he detects a deviation. This out-of-path belief serves as a grim trigger.

The example below demonstrates how players learn on the equilibrium path. Let us take the configuration in Figure 2.¹⁹

Example 6. Let $k = 6$. Players have their prime numbers as $(x_1, x_2, \dots, x_8) = (3, 5, 7, 11, 13, 17, 19, 23)$.

At K_1^0 , Rebels 1, 2, 6, and 8 play **<all stay>**; Rebels 4 and 5 play **<4>** and **<5>** respectively.

At K_2^0 , Rebels 1, 2, 6, and 8 play **<all stay>**; Rebels 4 and 5 play **<4>** and **<5>** respectively.

At $K_{3,v}^0$, for $v = 1, \dots, n$, all Rebels play **s**.

Immediately after K_3^0 , all Rebels are uncertain about $\#[R](\theta) \geq k$.

At O^1 , $|O^1| = 111546435$. Rebels 1, 2, 6, and 8 play

$$\langle \text{all stay} \rangle = \langle \overbrace{\mathbf{s}, \dots, \mathbf{s}}^{111546435} \rangle.$$

Rebel 4 plays

$$\langle 1 \rangle = \langle \overbrace{\mathbf{s}, \dots, \mathbf{s}, \mathbf{r}}^{111546435} \rangle.$$

Rebel 5 plays

$$\langle \{4, 5, 6, 8\} \rangle = \langle \overbrace{\mathbf{s}, \dots, \mathbf{s}, \mathbf{r}, \mathbf{s}, \dots, \mathbf{s}}^{111546435} \rangle.$$

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Immediately after O^1 , Rebel 4 is certain $\#[R](\theta) \geq k$ while Rebels 1,2,5,6,8 are not.

At $K_{1,v}^1$ for $v = 1, \dots, n$, Rebel i plays **<i>**. Rebels 1,2,4,5 are certain $\#[R](\theta) \geq k$, while the others are not.

¹⁹As Example 5 does.

At $K_{2,1}^1$, Rebels 6 and 8 play $\langle 6 \rangle$ and $\langle 8 \rangle$ respectively. Rebels 1,2,4,5 play $\langle \mathbf{all\ stay} \rangle$. Immediately after $K_{2,1}^1$, Rebels 6 and 8 also know $\#[R](\theta) \geq k$.

At $K_{2,2}^1$, all Rebels play $\langle \mathbf{all\ stay} \rangle$.

At $K_{2,v}^1$ for $v = 1, \dots, n$, all Rebels play \mathbf{r} .

After $K_{2,n}^1$, all Rebels play \mathbf{r} forever.

5 Discussion

5.1 Cyclic networks

Scenarios in cyclic networks substantially differ from the acyclic counterpart. The free-rider problem becomes intractable in cyclic networks, at least in the way of my equilibrium construction. Let us consider the configuration in Figure 5.1.

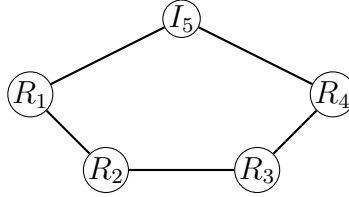


Figure 9: A configuration of the state and the network in which player 1,2,3,4 are Rebels while player 5 is an Inert.

Suppose $k = 4$ and the period s at the beginning of 1-block is not terminal. By the definition of pivotal Rebel in Section 4.3.2, Rebel 2 and 3 are θ -pivotal. From the perspective of Rebel 2's view, the type of player 5 could be Inert. Therefore, Rebel 2 does not know whether or not Rebel 1 is pivotal. Similarly, Rebel 2 does not know whether or not Rebel 3 is pivotal, *even though* player 3 is indeed θ -pivotal. Therefore there is no common knowledge of the free-rider problem at period s .

However, suppose we cut the edge between player 4 and 5, Rebel 2 knows that he is the only θ -pivotal Rebel.

5.2 Payoff as signals

The hidden payoff assumption can be relaxed without changing the main result. One may consider a situation in which the static payoff not only depends on players' joint efforts but also on a random shock, say the weather. To fix the idea, there is a public signal $y \in \{r, s\}$ generated by Rebels' actions. Let Rebel i 's payoff function be $u_R(a_R, y)$ and $u_R(\mathbf{stay}, r) = u_R(\mathbf{stay}, s) = u_0$. The distribution of y_1 and y_2 is

$$\begin{aligned} p_{rr} &= \Pr(y = r | \#\{j : a_j \mathbf{revolt}\} \geq k) \\ p_{rs} = 1 - p_{rr} &= \Pr(y = r | \#\{j : a_j \mathbf{revolt}\} < k) \\ p_{ss} &= \Pr(y = s | \#\{j : a_j \mathbf{revolt}\} < k) \\ p_{sr} = 1 - p_{ss} &= \Pr(y = s | \#\{j : a_j \mathbf{revolt}\} \geq k) \end{aligned}$$

such that

$$p_{rr}u_R(\mathbf{revolt}, r) + p_{sr}u_R(\mathbf{revolt}, s) > u_0 > p_{rr}u_R(\mathbf{revolt}, r) + p_{ss}u_R(\mathbf{revolt}, s).$$

and

$$1 > p_{rs} > 0, 1 > p_{ss} > 0.$$

The APEX equilibrium constructed for Theorem 2 (in Section 4.3 and in Appendix) is still a one in this scenario. Note that in that APEX equilibrium path, at most one **revolt** can occur at every period before some Rebel plays $\langle 1 \rangle$. This implies that the signal y is completely uninformative before some Rebel plays $\langle 1 \rangle$. If a Rebel i deviates to play $\langle 1 \rangle$ in O^t at some t to get information from y , he will not learn the relevant information after O^t since the terminal period will immediately come after t -block. He will however learn the relevant information and play the ex-post efficient outcome if he keeps himself on the path.

If p_{rr} or $p_{ss} = 1$, then construct an APEX equilibrium as follows: all Rebels play **revolt** in the first period and then keep playing **revolt** or **stay** contingent on the signals $y = r$ or $y = s$ respectively.

6 Conclusion

I model a coordination game and illustrate the learning processes generated by strategies in a (weak) sequential equilibrium to answer the question proposed in the beginning: what kind of networks can conduct coordination in a collective action with information barrier. In the equilibrium, players transmit the relevant information by encoding such information by their actions as time goes by. Since there might be a negative expected payoff in coding information, the potential free-rider problems might occur to impede the learning process. My result shows that if the network is acyclic, players can always learn the underlying relevant information and conduct the coordination only by actions. In cyclic networks, however, what kinds of equilibrium strategies can lead to learning the relevant information still remains to be answered.

The construction of the communication protocol by actions exploits the assumption of the common knowledge of the network and the finite type space. Since the relevant information has been parametrized as a threshold in the stage game, players can acquire this information by jointly incrementally reporting their own private information period by period. The major punishment to deter deviation is then the joint shifting to play that same action as the stopping to update information. The threshold game thus seems a potential model in proving that a communication protocol by actions not only leads a learning process but also constitutes an equilibrium to reveal the relevant information in finite time.

Existing literatures in political science and sociology have recognized the importance of social network in influencing individual's behavior in participating social movements ([Passy, 2003][McAdam, 2003][Siegel, 2009]). This paper views networks as routes for communication in which rational individuals initially have local information but they can influence nearby individuals by taking actions. Such influence may take long time to travel across individuals and the whole process incurs inefficient outcomes in many periods. A characterization in the speed of information transmission across a network is not answered here, although it is an important topic in investigating the most efficient way to let the

information be spread. This question would remain for the future research.

References

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A Appendix

A.1 The APEX equilibrium for Theorem 2

A.1.1 Equilibrium path

By definition of information hierarchy,

$$\begin{aligned} G_i^t &= \bigcup_{k_1 \in G_i} \bigcup_{k_2 \in G_{k_0}} \dots \bigcup_{k_t \in G_{k_{t-1}}} G_{k_t} \\ &= \{j \in N : \exists \text{ a path } (i, k_1 \dots k_l, j) \text{ s.t. } l \leq t-1 \text{ and } \theta_i = \theta_{k_1} = \dots = \theta_{k_l} = R\}. \end{aligned}$$

Let us further define

Definition A.1 (Extended tree by G_i^t).

$$\begin{aligned} X_i^t &\equiv \{j \in N : \\ &\quad \exists \text{ a path } (i, k_1 \dots k_l, j_1, \dots, j_m, j) \text{ s.t. } l \leq t-1 \text{ and } \theta_i = \theta_{k_1} = \dots = \theta_{k_l} = \theta_{j_1} = R\}. \end{aligned}$$

X_i^t represents the tree extended by G_i^t . By assuming the network is acyclic, this is equivalent to the set of all possible Rebels in G .

The equilibrium will be represented as a *finite register machine*.

Definition A.2 (Finite register machine). *A finite register machine for i consists of finite registers Σ . A register is a tuple*

$$(\Omega, \times_{G_i} A_R, f, \lambda),$$

in which Ω are sets of events induced by H_i . $\times_{G_i} A_R$ is the sets of input. $f : \Omega \rightarrow A_R$ assigns an action to each event. $\lambda : \Omega \times Y \rightarrow \Sigma$ is the transition function. There is a set of initial registers.

Note that i 's register specifies i 's action according his information at a certain period, but does not characterize i 's information. The definition of a register machine here is more like the *switch function*. The information of i up to period s has been characterized as $P_i(\theta) \times \{h_{G_i}^s\} \times H_{N \setminus G_i}^s$ as that in Section 2.

Definition A.3 (m -register in t -block). *A m -register in a (sub)block or a division is the register in the m -th period in that (sub)block or division.*

To shorten the notation, denote $m \dashv \Gamma$ as the m -register in the (sub)block or division Γ .

Definition A.4 (Terminal register). *A register is terminal if its every $f \in F$ is a constant and the image of $\lambda \in \Lambda$ is a singleton containing itself.*

Though players act as if acting a whole sequence, they in fact act period by period. For convenience, for any finite sequence of action $\langle \rangle$, denote $\langle \rangle_m$ as the m -th (counting from the beginning) component in $\langle \rangle$, and denote $\langle \rangle(m)$ as the prefix of $\langle \rangle$ with length m . Let us also shorten action **revolt** to be **r** and **stay** to be **s**.

Equilibrium path in K^0

Table 12: The $m \dashv K_1^0$ on the path

$1 \leq m \leq K_1^0 - 1$			
ω_i	$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
$\#X_i^t < k$	$\langle \mathbf{all\ stay} \rangle_m$		terminal \mathbf{s}
$i \notin R^1, \#X_i^t \geq k, I_i^1 < k$	$\langle \mathbf{all\ stay} \rangle_m$		$m + 1 \dashv K_1^0$
$i \in R^1, \#X_i^t \geq k, I_i^1 < k$	$\langle i \rangle_m$		$m + 1 \dashv K_1^0$
$i \in R^1, \#X_i^t \geq k, I_i^1 \geq k$	$\langle i \rangle_m$		$m + 1 \dashv K_1^0$
$m = K_1^0 $			
ω_i	$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
$\#X_i^t < k$	$\langle \mathbf{all\ stay} \rangle_m$		terminal \mathbf{s}
$i \notin R^1, \#X_i^t \geq k, I_i^1 < k$ all j play $\langle \mathbf{all\ stay} \rangle(m-1)$	$\langle \mathbf{all\ stay} \rangle_m$	all j play \mathbf{s}	terminal \mathbf{s}
$i \notin R^1, \#X_i^t \geq k, I_i^1 < k$ $\exists j$ plays $\langle j \rangle(m-1)$	$\langle \mathbf{all\ stay} \rangle_m$	such j plays $\langle j \rangle_m$	$1 \dashv K_2^0$
$i \in R^1, \#X_i^t \geq k, I_i^1 < k$	$\langle i \rangle_m$		$1 \dashv K_2^0$
$i \in R^1, \#X_i^t \geq k, I_i^1 \geq k$	$\langle i \rangle_m$		$1 \dashv K_2^0$

Table 13: The $m \dashv K_2^0$ on the path, where $1 \leq m \leq |K_2^0| - 1$

$1 \leq m < K_1^0 $				
ω_i		$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
$i \notin R^1$		$\langle \mathbf{all\ stay} \rangle_m$		$m + 1 \dashv K_2^0$
$i \in R^1, I_i^1 < k$	$\exists j, j \text{ plays } \langle j \rangle_j = s$	$\langle \mathbf{all\ stay} \rangle_m$		$m + 1 \dashv K_2^0$
$i \in R^1, I_i^1 < k$	$\forall j, j \text{ plays } \langle j \rangle_j = r$	$\langle i \rangle_m$		$m + 1 \dashv K_2^0$
$i \in R^1, I_i^1 \geq k$		$\langle \mathbf{all\ stay} \rangle_m$		$m + 1 \dashv K_2^0$
$m = K_1^0 $				
ω_i		$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
$i \notin R^1$	$\forall j \text{ play } \langle j \rangle(m-1)$	$\langle \mathbf{all\ stay} \rangle_m$	$\forall j \text{ play } \langle j \rangle_m$	$1 \dashv K_3^0$
$i \notin R^1$	$\exists j \text{ plays } \langle \mathbf{all\ stay} \rangle(m-1)$	$\langle \mathbf{all\ stay} \rangle_m$	such $j \text{ plays } \langle \mathbf{all\ stay} \rangle_m$	terminal \mathbf{r}
$i \in R^1, I_i^1 < k$	$\forall j \text{ play } \langle j \rangle(m-1)$	$\langle i \rangle_m$	$\forall j \text{ play } \langle j \rangle_m$	$1 \dashv K_3^0$
$i \in R^1, I_i^1 < k$	$\exists j \text{ plays } \langle \mathbf{all\ stay} \rangle(m-1)$	$\langle i \rangle_m$	such $j \text{ plays } \langle \mathbf{all\ stay} \rangle_m$	terminal \mathbf{r}
$i \in R^t, I_i^1 \geq k$		$\langle \mathbf{all\ stay} \rangle_m$		terminal \mathbf{r}

Table 14: The $m \dashv K_3^0$ on the path, where $1 \leq m \leq |K_3^0| - 1$

$1 \leq m < K_1^0 $			
ω_i	$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
	s	$\forall j \text{ play } \mathbf{s}$	$m + 1 \dashv K_3^0$
	s	$\exists j \text{ play } \mathbf{r}$	terminal r
$1 \leq m = K_1^0 $			
ω_i	$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
	s	$\forall j \text{ play } \mathbf{s}$	$1 \dashv O^1$
	s	$\exists j \text{ play } \mathbf{r}$	terminal r

Equilibrium path in O^t Let $m_j = |O^t| - x_{I_j^t}$ be the period in which j report I_j^t (i.e. the period where \mathbf{r} occurs in $\langle I_j^t \rangle$). Define $I_i^{t+1}(m) \equiv I_i^t \cup (\bigcup_{j \in G_i, m_j < m} I_j^t)$ to be the information of i up to the m -th period in O^t . Similarly, define i 's extended neighbors to be $G_i^{t+1}(m) \equiv G_i^t \cup (\bigcup_{j \in G_i, m_j < m} I_j^t)$. Then define $X_i^{t+1}(m)$ to be the extended tree from $G_i^t(m)$ in the same way as Definition A.1.

Table 15: The $m \dashv O^t$ on the path, where $1 \leq m < |O^t|$

$1 \leq m < \mathbf{K}_1^0 $				
ω_i		$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
$i \notin R^t$		$\langle \mathbf{all\ stay} \rangle_m$		$m + 1 \dashv O^t$
$i \in R^t$, not free rider, not $k - 1$ -pivotal	$I_i^{t+1}(m - 1) < k, X_i^{t+1}(m) \geq k$	$\langle I_i^t \rangle_m$		$m + 1 \dashv O^t$
$i \in R^t$, not free rider, not $k - 1$ -pivotal	$I_i^{t+1}(m - 1) < k, X_i^{t+1}(m - 1) < k$	$\langle \mathbf{all\ stay} \rangle_m$		terminal s
$i \in R^t$, not free rider, not $k - 1$ -pivotal	$I_i^{t+1}(m - 1) \geq k - 1$	$\langle 1 \rangle_m$		$m + 1 \dashv O^t$
$i \in R^t$, the free rider	$X_i^{t+1}(m - 1) \geq k$	$\langle 1 \rangle_m$		$m + 1 \dashv O^t$
$i \in R^t$, the free rider	$X_i^{t+1}(m - 1) < k$	$\langle \mathbf{all\ stay} \rangle_m$		terminal s
$i \in R^t$, i is $k - 1$ -pivotal	$X_i^{t+1}(m - 1) \geq k$	$\langle 1 \rangle_m$		$m + 1 \dashv O^t$
$i \in R^t$, i is $k - 1$ -pivotal	$X_i^{t+1}(m - 1) < k$	$\langle \mathbf{all\ stay} \rangle_m$		terminal s
$1 \leq m < \mathbf{K}_1^0 $				
ω_i		$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
$i \notin R^t$		$\langle \mathbf{all\ stay} \rangle_m$		$1 \dashv O^t$
$i \in R^t$, not free rider, not $k - 1$ -pivotal	$I_i^{t+1}(m - 1) < k, X_i^{t+1}(m) \geq k$	$\langle I_i^t \rangle_m$		$1 \dashv O^t$
$i \in R^t$, not free rider, not $k - 1$ -pivotal	$I_i^{t+1}(m - 1) < k, X_i^{t+1}(m - 1) < k$	$\langle \mathbf{all\ stay} \rangle_m$		terminal s
$i \in R^t$, not free rider, not $k - 1$ -pivotal	$I_i^{t+1}(m - 1) \geq k - 1$	$\langle 1 \rangle_m$		$m + 1 \dashv O^t$
$i \in R^t$, the free rider	$X_i^{t+1}(m - 1) \geq k$	$\langle 1 \rangle_m$		$m + 1 \dashv O^t$
$i \in R^t$, the free rider	$X_i^{t+1}(m - 1) < k$	$\langle \mathbf{all\ stay} \rangle_m$		terminal s
$i \in R^t$, i is $k - 1$ -pivotal	$X_i^{t+1}(m - 1) \geq k$	$\langle 1 \rangle_m$		$m + 1 \dashv O^t$
$i \in R^t$, i is $k - 1$ -pivotal	$X_i^{t+1}(m - 1) < k$	$\langle \mathbf{all\ stay} \rangle_m$		terminal s

Equilibrium path in K^t for $t \geq 1$

Table 16: The $m \dashv K_{1,v}^t$ on the path, where $1 \leq m < |K_{1,v}^t|$, $v = 1, \dots, n$

$1 \leq m < K_1^0 $			
ω_i	$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
$X_i^{t+1} < k$	$\langle \mathbf{all\ stay} \rangle_m$		to terminal \mathbf{s}
$X_i^{t+1} \geq k$	$\langle i \rangle_m$	$\exists j = m$ such that $a_j = \mathbf{s}$	terminal \mathbf{s}
$X_i^{t+1} \geq k$	$\langle i \rangle_m$	$\forall j$ such that $a_j = \langle j \rangle_m$	$m + 1 \dashv K_{1,v}^t$
$1 \leq m < K_1^0 $			
ω_i	$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
$X_i^{t+1} < k$			to terminal \mathbf{s}
$X_i^{t+1} \geq k$	$\langle i \rangle_m$	$\exists j = m$ such that $a_j = \mathbf{s}$	terminal \mathbf{s}
$X_i^{t+1} \geq k$	$\langle i \rangle_m$	$\forall j$ such that $a_j = \langle j \rangle_m$	$1 \dashv K_{1,v+1}^t$
$1 \leq m < K_1^0 $			
$X_i^{t+1} \geq k$	$\langle i \rangle_m$	$\exists j = m$ such that $a_j = \mathbf{s}$	terminal \mathbf{s}
$X_i^{t+1} \geq k$	$\langle i \rangle_m$	$\forall j$ such that $a_j = \langle j \rangle_m$	$1 \dashv K_{2,1}^t$
$1 \leq m < K_1^0 $			
ω_i	$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
$X_i^{t+1} \geq k$	$\langle i \rangle_m$	$\exists j = m$ such that $a_j = \mathbf{s}$	terminal \mathbf{s}
$X_i^{t+1} \geq k$	$\langle i \rangle_m$	$\forall j$ such that $a_j = \langle j \rangle_m$	$1 \dashv K_{2,1}^t$

Table 17: The $m \dashv K_{2,v}^t$ on the path, where $1 \leq m < |K_{2,v}^t|$, $v = 1, \dots, t+1$

$1 \leq m < K_1^0 $			
ω_i	$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
$I_i^{t+1} < k \quad \exists j, \langle j \rangle_j = \mathbf{s}$	$\langle \mathbf{all\ stay} \rangle_m$		$m + 1 \dashv K_{2,v}^t$
$I_i^{t+1} < k \quad \forall j, \langle j \rangle_j = \mathbf{r}$	$\langle i \rangle_m$		$m + 1 \dashv K_{2,v}^t$
$I_i^{t+1} \geq k$	$\langle \mathbf{all\ stay} \rangle_m$		$m + 1 \dashv K_{2,v}^t$
$1 \leq m < K_1^0 $			
ω_i	$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
$I_i^{t+1} < k \quad \exists j, \langle j \rangle_j = \mathbf{s}$	$\langle \mathbf{all\ stay} \rangle_m$		$m + 1 \dashv K_{2,v}^t$
$I_i^{t+1} < k \quad \forall j, \langle j \rangle_j = \mathbf{r}$	$\langle i \rangle_m$		$m + 1 \dashv K_{2,v}^t$
$I_i^{t+1} \geq k$	$\langle \mathbf{all\ stay} \rangle_m$		$m + 1 \dashv K_{2,v}^t$
$1 \leq m < K_1^0 $			
ω_i	$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
$I_i^{t+1} < k \quad \exists j, \langle j \rangle_j = \mathbf{s}$	$\langle \mathbf{all\ stay} \rangle_m$		$m + 1 \dashv K_{2,v}^t$
$I_i^{t+1} < k \quad \forall j, \langle j \rangle_j = \mathbf{r}$	$\langle i \rangle_m$		$m + 1 \dashv K_{2,v}^t$
$I_i^{t+1} \geq k$	$\langle \mathbf{all\ stay} \rangle_m$		$m + 1 \dashv K_{2,v}^t$
$1 \leq m < K_1^0 $			
ω_i	$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
$I_i^{t+1} < k \quad \exists j, \langle j \rangle_j = \mathbf{s}$	$\langle \mathbf{all\ stay} \rangle_m$		terminal \mathbf{r}
$I_i^{t+1} < k \quad \forall j, \langle j \rangle_j = \mathbf{r}$	$\langle i \rangle_m$		$m + 1 \dashv K_{2,v}^t$
$I_i^{t+1} \geq k$	$\langle \mathbf{all\ stay} \rangle_m$		terminal \mathbf{r}

Table 18: The $m \dashv K_3^t$ on the path, where $1 \leq m \leq |K_3^t| - 1$

$1 \leq m < K_1^0 $			
ω_i	$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
	s	$\forall j$ play s	$m + 1 \dashv K_3^t$
	s	$\exists j$ play r	terminal r
$1 \leq m < K_1^0 $			
ω_i	$f(\omega_i)$	a_{G_i}	$\lambda(\omega_i, y)$
	s	$\forall j$ play s	$1 \dashv O^{t+1}$
	s	$\exists j$ play r	terminal r

A.2 Missing proofs

Proof of Lemma 2.1

Proof. The proof is done by contraposition. Suppose Rebels' strategies constitute an APEX equilibrium. By definition of the APEX equilibrium, at every θ , there is a period T^θ when all Rebels' actions start to repeat themselves. Let $T = \max_{\theta \in \Theta} T^\theta$. For Rebel i , let $T_i = T + 1$, and suppose $0 < \sum_{\theta: \#[R](\theta) \geq k} \beta_{G_i}^{\pi, \tau^*}(\theta | h_{G_i}^s) < 1$ for some $s \geq T_i$. Then this Rebel assigns positive weight at some $\dot{\theta} \in \{\theta : \#[R](\theta) < k\}$ and some positive weight at some $\ddot{\theta} \in \{\theta : \#[R](\theta) \geq k\}$ at period s . Note that i has already known θ_j if $j \in G_i$, and therefore i assigns positive weight at some $\theta' \in \{\theta : \#[R](\theta) < k, \theta_l = R, l \notin G_i\}$ and positive weight at some $\theta'' \in \{\theta : \#[R](\theta) < k, \theta_l = I, l \notin G_i\}$. Since all Rebels' actions start to repeat themselves at period T , i cannot update information afterwards. Suppose i 's continuation strategy is to continuously play **revolt**, then this is not ex-post efficient when $\#[R](\theta) < k$; suppose i 's continuation strategy is to continuously play **stay**, then this is not ex-post efficient when $\#[R](\theta) \geq k$. \square

Proof of Theorem 1

Proof. Let τ^* be the following strategy. After the nature moves, a Rebel i plays **revolt** if he has no Inert neighbor; i plays **stay** forever if he has an Inert neighbor. After the first period, if i has not detected a deviation and observes that all his Rebel neighbors play **revolt** continuously previously, he plays **revolt** in the current period; otherwise, he plays **stay** afterwards and forever. If a Rebel j deviates, then j plays **stay** afterwards and forever.

At period s , according to τ^* , if i has not detected a deviation, but he observe his Rebel neighbors plays **stay** in the current period, he forms the belief of

$$\sum_{\theta: \#[R](\theta) \geq k} \beta_{G_i}^{\pi, \tau^*}(\theta | h_{G_i}^s) = 0$$

afterwards and forever. Therefore, he plays **stay** afterwards and forever as his best response.

At period s , if a Rebel detects a deviation, or he has deviated, to play **stay** afterwards and forever is his best response since at least one player will play **stay** afterwards and forever.

Since the network is finite with n vertices, if all players do not deviate, after period n , each Rebel plays **revolt** and gets payoff 1 forever if $\theta \in \{\theta : \#[R](\theta) \geq k\}$; each Rebels plays **stay** and gets payoff 0 forever if $\theta \in \{\theta : \#[R](\theta) < k\}$. However, a Rebel who has deviated surely gets payoff 0 forever after period n . Therefore, there is a $0 < \delta < 1$ large enough to impede Rebels to deviate.

To check if τ^* and $\{\beta_{G_i}^{\pi, \tau^*}(\theta|h_{G_i}^s)\}_{i \in N}$ satisfy full consistency²⁰, take any $0 < x < 1$ such that Rebels play τ^* with probability $1-x$ and play other behavior strategies with probability x . Clearly, when $x \rightarrow 0$, the belief converges to $\{\beta_{G_i}^{\pi, \tau^*}(\theta|h_{G_i}^s)\}_{i \in N}$. Since the out-of-path strategy is the best response for both of the Rebel who detects deviation and the Rebel who makes deviation, for arbitrary beliefs they hold, τ^* is a sequential equilibrium. \square

Proof of Lemma 4.1

Proof. I show that if $i \notin R^{t-1}$ then $i \notin R^t$ for all t .

By definition,

$$\begin{aligned} G_i^t &= \bigcup_{k_1 \in G_i} \bigcup_{k_2 \in G_{k_0}} \dots \bigcup_{k_t \in G_{k_{t-1}}} G_{k_t} \\ &= \{j \in N : \text{there is a path } (i, k_1 \dots k_l, j) \text{ such that } l \leq t-1 \text{ and } \theta_i = \theta_{k_1} = \dots = \theta_{k_l} = R\}, \end{aligned}$$

while

$$\begin{aligned} I_i^t &= \bigcup_{k_1 \in G_i} \bigcup_{k_2 \in G_{k_0}} \dots \bigcup_{k_t \in G_{k_{t-1}}} G_{k_t} \cap [R](\theta) \\ &= \{j \in [R](\theta) : \text{there is a path } (i, k_1 \dots k_l, j) \text{ such that } l \leq t-1 \text{ and } \theta_i = \theta_{k_1} = \dots = \theta_{k_l} = R\}. \end{aligned}$$

The above equality says that, at $t = \dot{t}$, if $i \notin R^{\dot{t}}$, then there is a j such that the Rebels, who can be reached by \dot{t} consecutive edges from i , can be also reached by \dot{t} consecutive edges from j . Therefore, if there are new Rebels who can be reached from i at any $\ddot{t} > \dot{t}$

²⁰Krep and Wilson (1982)

by \ddot{t} consecutive edges, those new ones can be also be reached by \ddot{t} consecutive edges by j . Hence, $i \notin R^{\ddot{t}}$. \square

Proof of Theorem 3

Proof. First define

Definition A.5 (TR_{ij}).

$$TR_{ij} \equiv \{v \in N : \text{there is a path from } i \text{ to } v \text{ through } j\}.$$

Since the θ has strong connectedness and since $[R](\theta) \neq \emptyset$, for each i , there is a minimum t_i such that $I_i^{t_i} = [R](\theta)$. Let $P = \arg \min_{i \in N} \{t_1, \dots, t_n\}$ with generic element p . Therefore $I_p^{t_p} = [R](\theta)$. I show that $p \in R^{t_p-1}$ to complete the proof. I prove it by contradiction. If $p \notin R^{t_p-1}$, then $I_p^{t_p-1} \subseteq G_j^{t_p-1}$ for some $j \in G_p$. Then, all the Rebels in TR_{jp} are in $G_j^{t_p-1}$, but there exist Rebels in TR_{pj} who are in $G_j^{t_p-1}$ but not in $I_p^{t_p-1}$. This is because the network is acyclic and $I_p^{t_p-1} \subset [R](\theta)$. However, $p \notin P$, since $I_j^{t_j-1} = [R](\theta)$ already. I then conclude that $p \in R^{t_p-1}$. \square

Proof of Lemma 4.2

Proof. The proof is by contradiction. Suppose that, at t -block and before T^θ , there are three or more θ -pivotal Rebels. Since θ has strong connectedness, there are three of them, p_1, p_2, p_3 , with the property $p_1 \in G_{p_2}$ and $p_2 \in G_{p_3}$.

Since the network is acyclic, $p_1 \notin G_{p_3}$ and $p_3 \notin G_{p_1}$. Since p_1 is θ -pivotal, $I^t \subset [R](\theta)$ and $I_p^{t+1} = [R](\theta)$. It implies that, in $TR_{p_1 p_2}$, p_1 can reach all Rebels by $t+1$ edges, but cannot reach all of them by t edges. The same situation applies to p_3 . However, it means that p_2 can reach all Rebels in $TR_{p_1 p_1}$ by t edges and reach all Rebels in $TR_{p_1 p_1}$ by t edges, and hence $I_{p_2}^t = [R](\theta)$. It contradict to the definition of θ -pivotal Rebel. \square

Proof of Lemma 4.3

Proof. A θ -pivotal p knows that $p' \in G_i$ if p' is another one. p picks a neighbor p' and checks whether or not $[R](\theta) \subseteq I_p^t \cup I_{p'}^t$ for all possible $I_{p'}^t$. By common knowledge of the network, p knows $G_{p'}^t$. Since p is θ -pivotal, he is certain that all the Rebel in the direction from p toward p' is in $G_{p'}^t$, and hence in $I_{p'}^t$. Then p can check whether or not $[R](\theta) \subseteq I_p^t \cup I_{p'}^t$ for all possible $I_{p'}^t$. If so, then p knows p' is also θ -pivotal by the definition of θ -pivotal. Similarly, a θ -pivotal p' can do the same procedure. Therefore, if there are two θ -pivotal p and p' , they commonly know that they are θ -pivotal. They commonly know this at the beginning of t -block since they know I_p^t and $I_{p'}^t$ by the construction of information hierarchy. \square

Proof of Theorem 2