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MICRO ECON 8103 prof. Aldo Rustichini

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Recitations 19

[Definitions used today]

- Perfect Equilibrium, perturbation, perturbed game, u-robust utility,

Question 1

Let $I = \{1, 2\}$ and consider the game G defined by

	L	R
T	1,1	0,0
B	0,0	x, y

- Find BR correspondences and write down Nesh Equilibria in following cases:
  0. $x, y > 0$
  1. $x < 0 < y$
  2. $x, y < 0$
  3. $x = y = 0$
  4. $x = 0 < y$
- Consider (3) case and find all perfect equilibrium sets. Hint: $(1, 0), (1, 0)$ is PE and $(0, 1), (0, 1)$ is not. Show it!

Question 2

Show that if $s \in S$ is a PE, then it is also a NE.

Question 3

Prove that if $s \in S$ is a fully mixed NE, then it is also a PE.