Game Theory

Session 2: Solution Concepts

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Coordination and Limited War

		B: total	B: limited
A	total	2, 2	3, 1
	limited	1, 3	4, 4

Coordination and Limited War

		B: total	B: limited
A	total	2, 2	3, 1
	limited	1, 3	4, 4

The Prisoner's Dilemma

		B: C	B: D
A	C	$3, 3$	$1, 4$
	D	$4, 1$	$2, 2$

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The Prisoner's Dilemma

		B: C	B: D
A	C	3, 3	1, 4
	D	4, 1	2, 2

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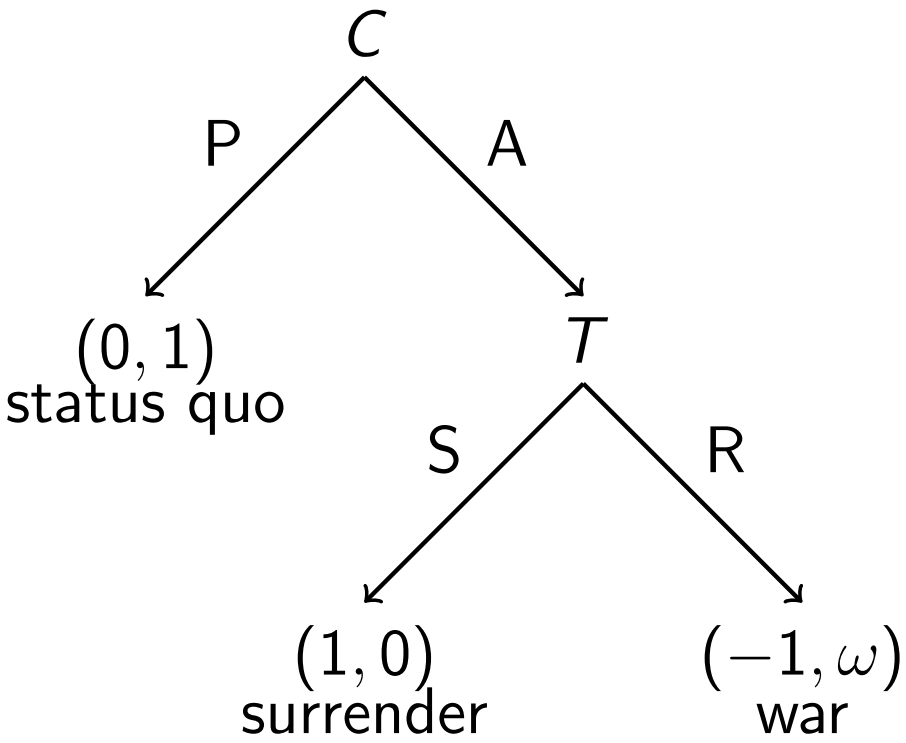
Nash Equilibria in the Deterrence Game



C \ T	S	R
P	$0, 1$	$0, 1$
A	$1, 0$	$-1, \omega$

let $\omega < 1$

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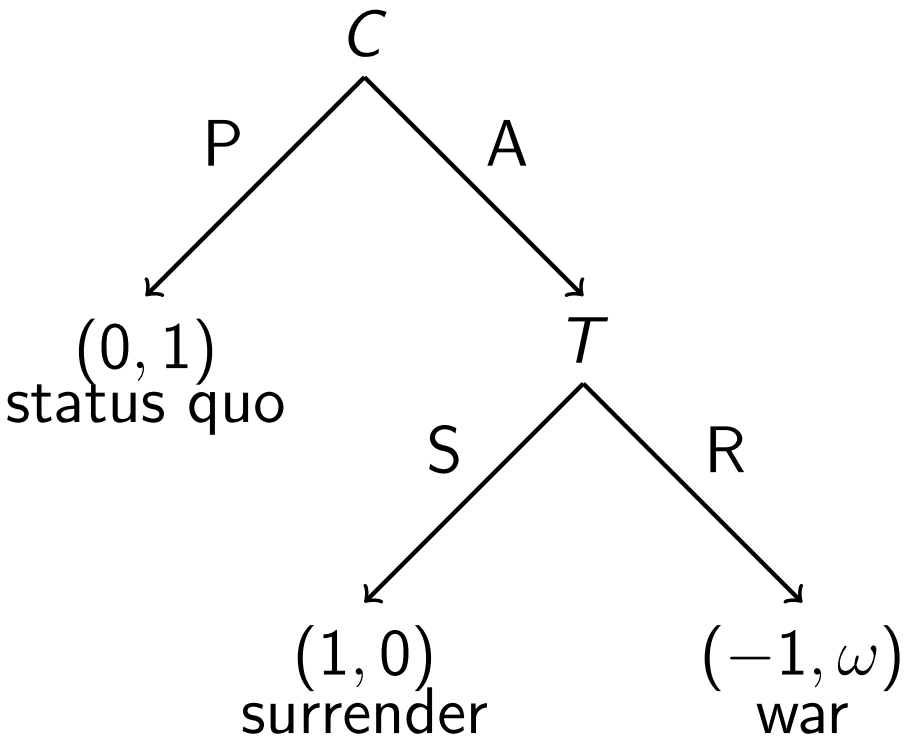
Nash Equilibria in the Deterrence Game

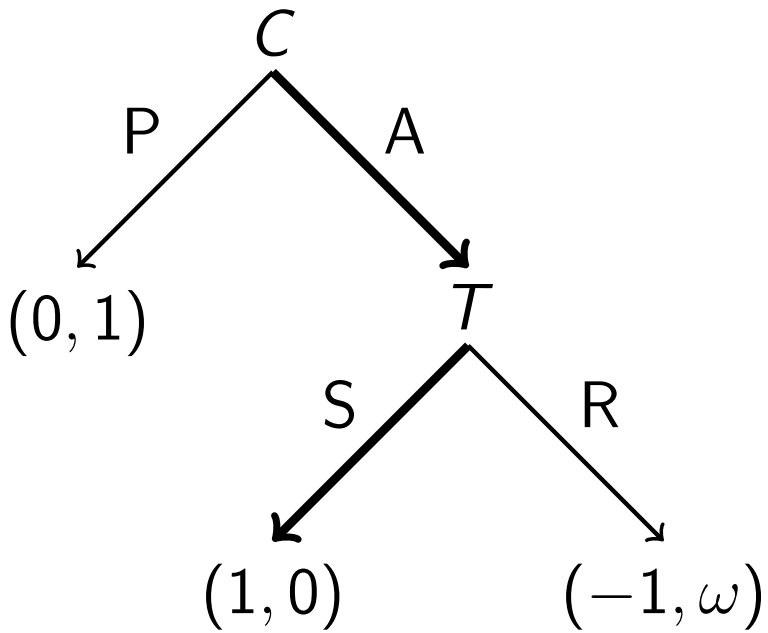


C \ T	S	R
P	0, 1	0, 1
A	1, 0	−1, ω

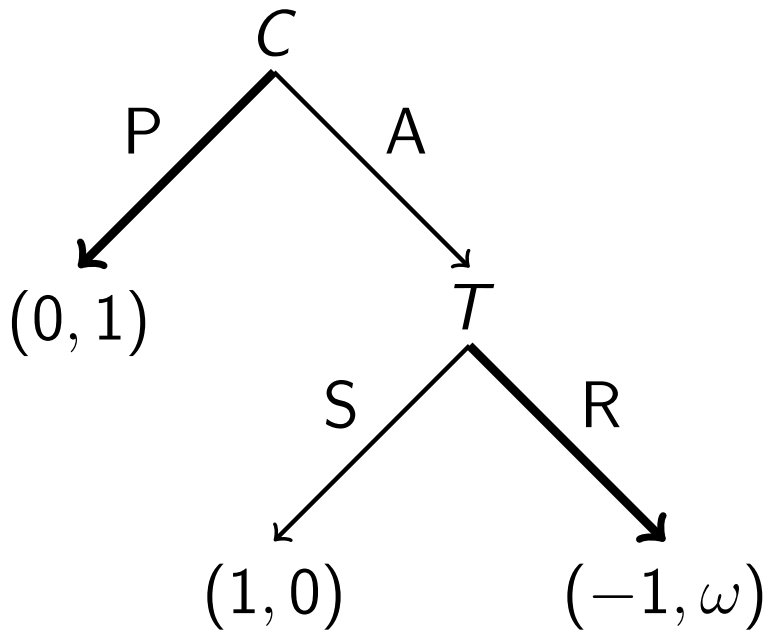
let $\omega < 1$

SPE in the Deterrence Game

When $\omega < 0$



When $\omega > 0$



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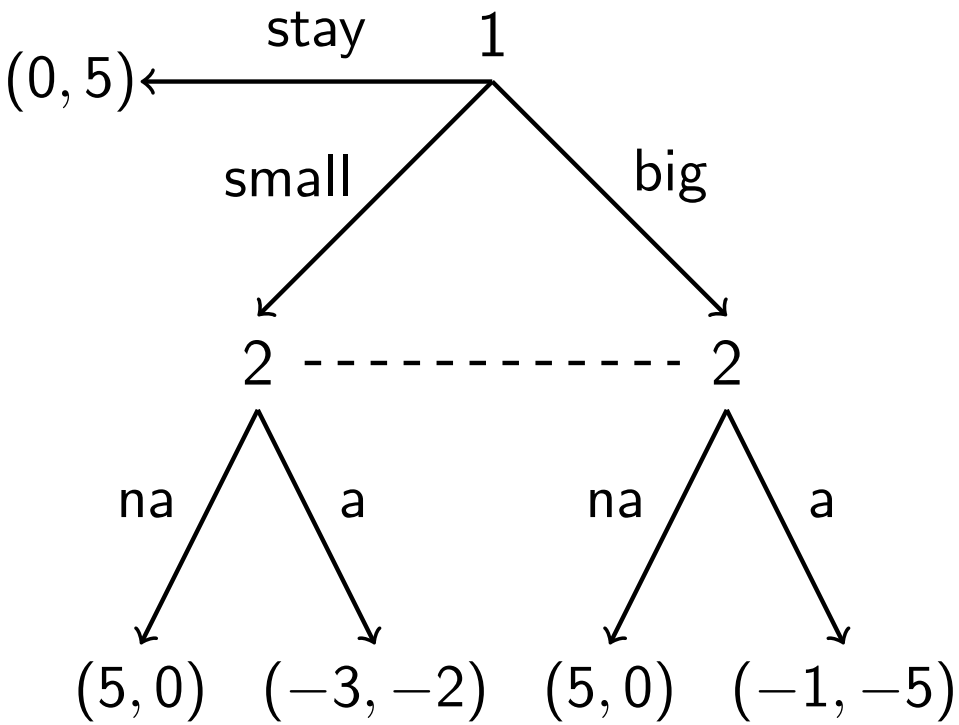
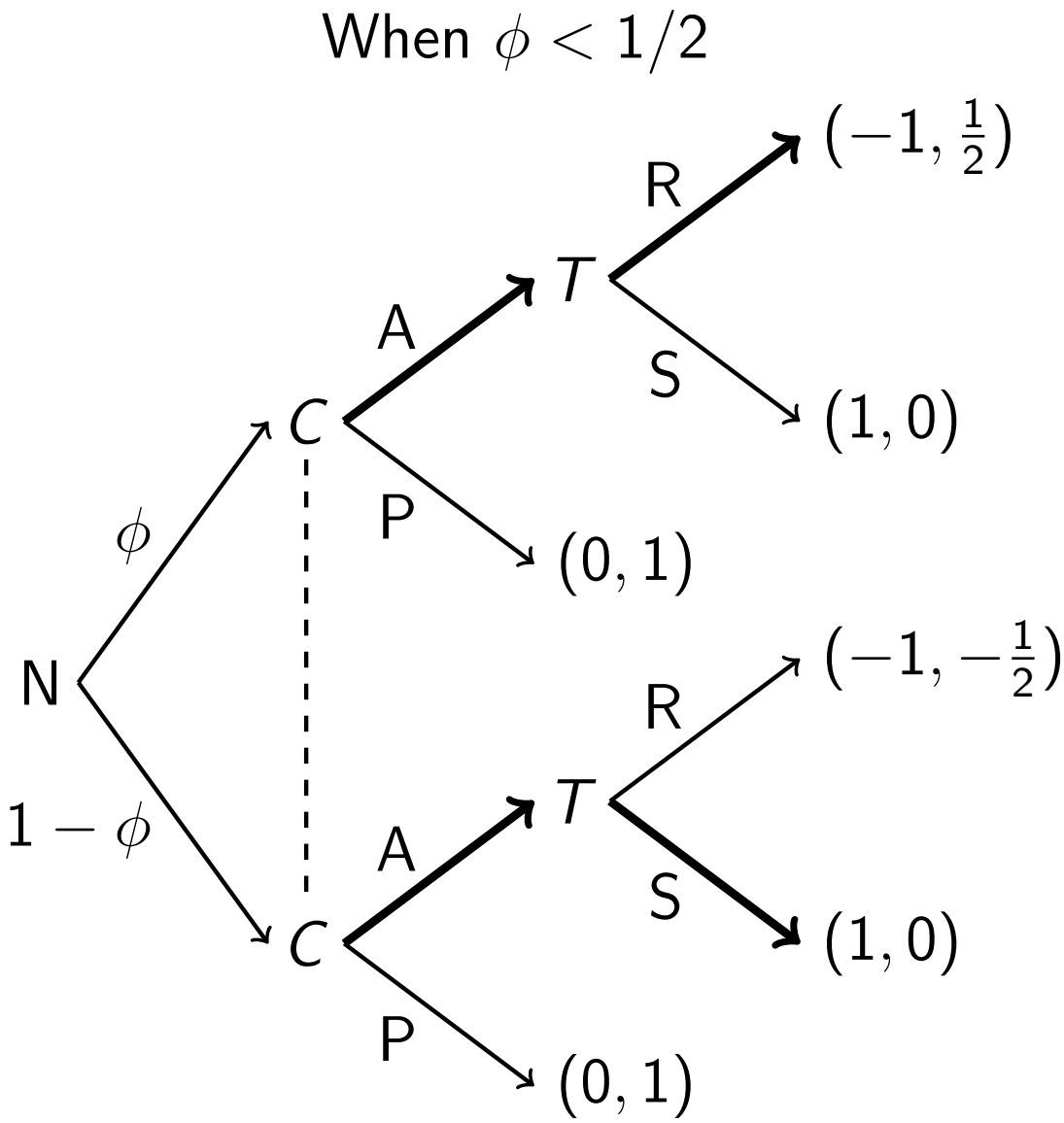
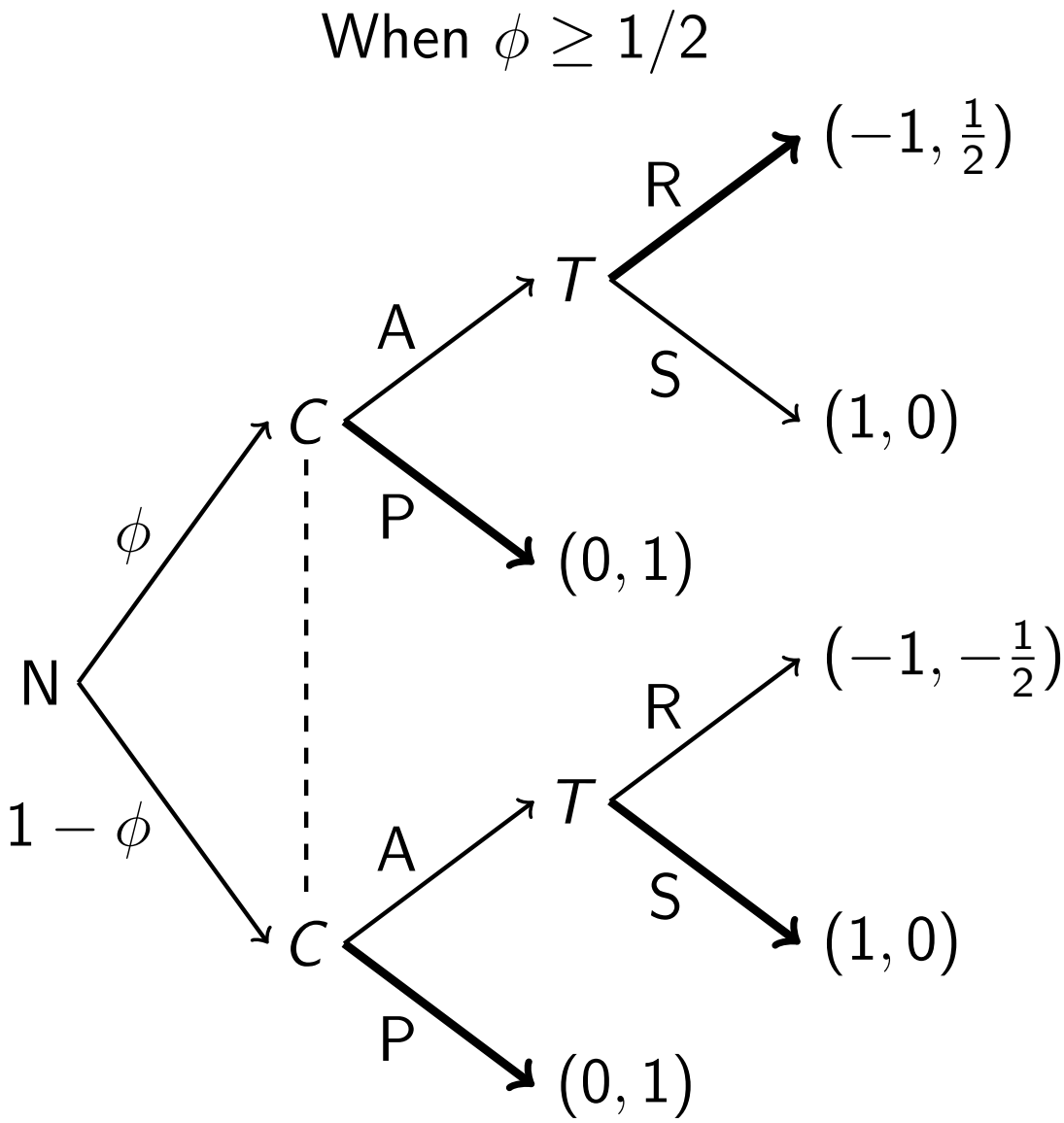
When SPE Breaks Down



PBE in the Deterrence Game



PBE in the Deterrence Game



Conclusion

Thank you!

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