

Are all perfect Bayesian equilibria reasonable?

Player 1 has four pure strategies.

PBE w/(LL')? **YES**

[(LL'), (DU'), $q, r = 1/2$]

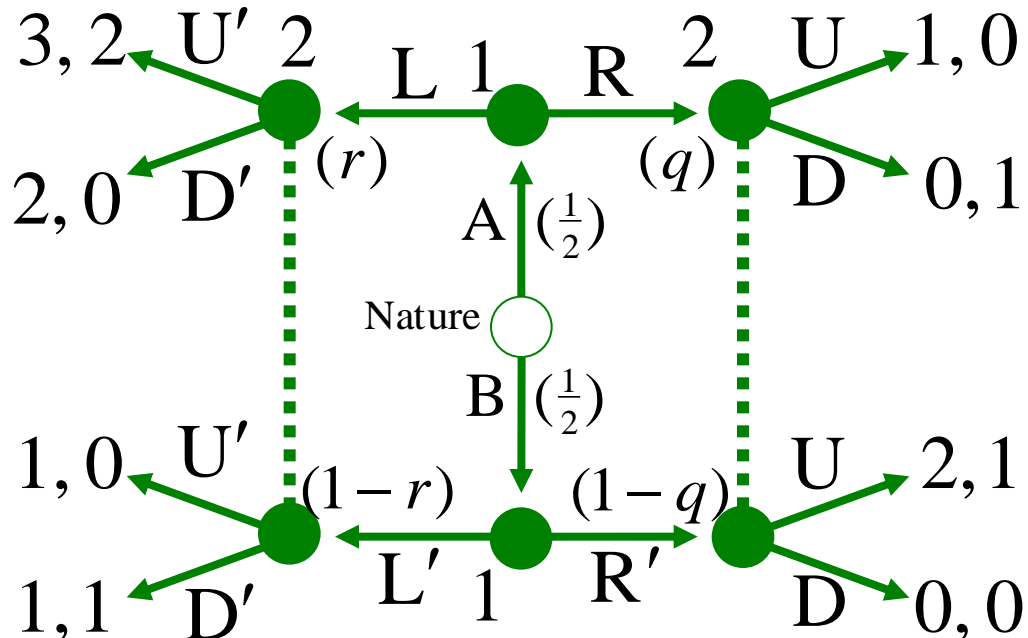
where $q \geq 1/2$.

PBE w/(RR')? **NO**

PBE w/(LR')? **YES**

[(LR'), (UU'), $q = 0, r = 1$]

PBE w/(RL')? **NO**



Choosing R is dominated for 1A.

[(LL'), (DU'), $q, r = 1/2$] is an unreasonable equilibrium, because it requires 2 to have $q \geq 1/2$.

Beer – Quiche game

Player 1 has four pure strategies.

PBE w/((QQ'))? **YES**

[(QQ'), (DU'), $q, r = 9/10$]

where $q \leq 1/2$.

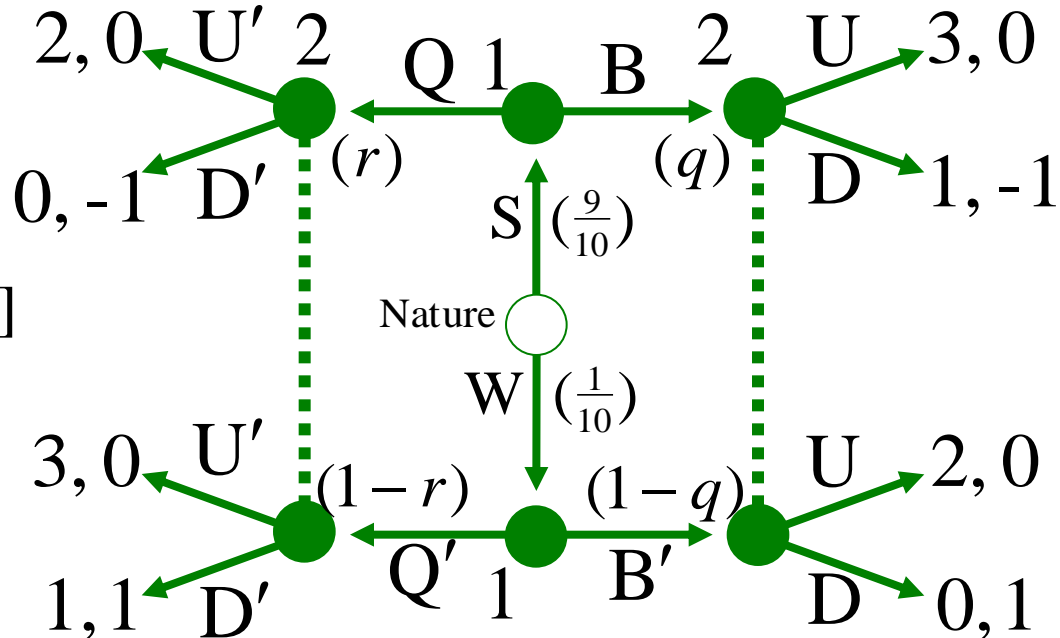
PBE w/((BB'))? **YES**

[(BB'), (UD'), $q = 9/10, r$]

where $r \leq 1/2$.

PBE w/((BQ'))? **NO**

PBE w/((QB'))? **NO**



Is [(QQ'), (DU'), $q, r = 9/10$] a reasonable equilibrium?

Only 1S has possibly something to gain by choosing B. But $q \leq 1/2$.