

Contents

1	Introduction	1
1.1	The Starting Point	2
1.1.1	Historical Notes	2
1.1.2	Extensive Form Games	3
1.2	How to Model Games	5
1.2.1	Kuhn's Graph Approach	6
1.2.2	Von Neumann and Morgenstern's Refined-Partitions Approach	7
1.2.3	The Synthesis	8
1.2.4	The Sequence Approach	10
1.2.5	Some Illustrative Examples	11
1.2.6	Plan of the Book	14
	References	15
2	Game Trees	17
2.1	Preview	19
2.2	Set Representations	20
2.2.1	Trees and Subtrees	21
2.2.2	Motivating Examples	25
2.2.3	Decision Trees	29
2.2.4	Representation by Plays	32
2.3	Set Trees	35
2.3.1	Reduced Form and Plays	38
2.3.2	Irreducible Set Trees	39
2.3.3	Proper Order Isomorphism	41
2.3.4	Bounded Set Trees	43
2.4	Game Trees	47
2.4.1	Complete Game Trees	49
2.5	Summary	53
	References	55

3	Pseudotrees and Order Theory	57
3.1	Pseudotrees	58
3.2	Directed Sets and Pseudotrees	59
3.3	Pseudotrees as (Semi)Lattices	61
3.4	Representation of Pseudotrees	63
3.5	Summary	66
	References	66
4	Extensive Decision Problems	67
4.1	Preview	68
4.2	Definition of Extensive Decision Problems	68
4.2.1	Information Sets	71
4.2.2	Simultaneous Decisions	73
4.2.3	Absent Mindedness	75
4.2.4	Independence of the Conditions	78
4.2.5	EDP2 When Chains Have Lower Bounds	79
4.3	Choices and Strategies	80
4.3.1	Plays and Choices	80
4.3.2	Strategies	80
4.4	Game Trees Revisited	81
4.4.1	Examples	82
4.4.2	A Classification of Nodes	86
4.4.3	Removing Singletons	89
4.5	Available Choices	91
4.5.1	Perfect Information Choices	91
4.5.2	Existence of EDPs	94
4.6	Summary	95
	References	96
5	Extensive Forms	99
5.1	Preview	100
5.2	Strategies and the Desiderata	101
5.2.1	Randomized Strategies	102
5.3	Plays Reached by Strategies	103
5.4	When Do Strategies Induce Outcomes?	104
5.4.1	Examples for Non-existence	104
5.4.2	Undiscarded Nodes	105
5.4.3	Perfect Information and Playability	107
5.4.4	Everywhere Playable EDPs	108
5.4.5	Up-Discrete Trees	112
5.5	Uniqueness	116
5.5.1	Examples with Multiple Outcomes	116
5.5.2	Extensive Forms	118
5.5.3	A Uniqueness Result	123
5.6	A Joint Characterization	124
5.7	Note: Games in Continuous Time	125

5.8	Summary	128
	References	130
6	Discrete Extensive Forms	131
6.1	Preview	132
6.2	Discrete Extensive Forms	133
6.2.1	Up-Discrete Trees Revisited	133
6.2.2	Discrete Trees	135
6.2.3	Discrete Extensive Forms	138
6.3	Discrete Games when Nodes are Primitives	143
6.3.1	Simple Trees	143
6.3.2	Simple Extensive Forms	145
6.4	Perfect Recall	150
6.4.1	Definition and Characterization	151
6.4.2	A Choice-Based Definition	154
6.4.3	Some Implications	155
6.5	Summary	159
	References	160
7	Equilibrium	163
7.1	Preview	164
7.2	Motivating Examples: Nodes as Sets Versus Plays as Sequences ...	167
7.3	Perfect Information and Backwards Induction	171
7.3.1	Perfect Information Games	172
7.3.2	Backwards Induction	176
7.3.3	Games Where Players Move Finitely Often	184
7.3.4	Continuity at Infinity	185
7.3.5	Well-Behaved Perfect Information Games	188
7.4	A Characterization	191
7.5	Necessary Conditions	194
7.5.1	Proof of Theorem 7.3	195
7.6	Sufficient Conditions	199
7.6.1	Topology on Nodes	200
7.6.2	The Algorithm	201
7.6.3	Proof of Theorem 7.4	204
7.7	Discussion	210
7.7.1	On Generality	210
7.7.2	The Fort Example	214
7.7.3	Is Compactness Necessary?	216
7.7.4	Topologies on Strategies	217
7.7.5	Continuous Game Trees	217
7.8	Summary	220
	References	221

A Mathematical Appendix	223
A.1 Sets, Relations, and Functions	223
A.1.1 Sets	223
A.1.2 Binary Relations	224
A.1.3 Functions and Correspondences	226
A.2 Topology	227
A.2.1 Separation Properties	229
A.2.2 Sequences and Nets	229
A.2.3 Compactness	230
A.2.4 Continuity	231
A.2.5 Separation by Continuous Functions	232
 Bibliography	 233
 Index	 237