Accepted Manuscript

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PII:S0022-0531(14)00069-6DOI:10.1016/j.jet.2014.05.003Reference:YJETH 4275



To appear in: Journal of Economic Theory

Received date:26 May 2013Revised date:29 April 2014Accepted date:8 May 2014

Please cite this article in press as: B.A. Allison, J.J. Lepore, Verifying payoff security in the mixed extension of discontinuous games, *J. Econ. Theory* (2014), http://dx.doi.org/10.1016/j.jet.2014.05.003

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Verifying Payoff Security in the Mixed Extension of Discontinuous Games

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May 13, 2014

Abstract

We introduce the concept of disjoint payoff matching which can be used to show that the mixed extension of a compact game is payoff secure. By putting minor structure on the discontinuities, we need only check payoffs at each strategy rather than in neighborhoods of each strategy profile, placing minimal restriction on the payoffs at points of discontinuity. The results are used to verify existence of equilibrium in a general model of Bertrand-Edgeworth oligopoly.

Keywords: Discontinuous games, Nash equilibrium, Disjoint payoff matching, Existence.

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