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CORRELATED EQUILIBRIA, IN COMPLETE INFORMATION AND COALITIONAL DEVIATIONS

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Correlated Equilibria, Incomplete Information and Coalitional Deviations*

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Abstract

This paper proposes new concepts of strong and coalition-proof correlated equilibria where agents form coalitions at the interim stage and share information about their recommendations in a credible way. When players deviate at the interim stage, coalition-proof correlated equilibria may fail to exist for two-player games. However, coalition-proof correlated equilibria always exist in dominance-solvable games and in games with positive externalities and binary actions. *JEL Classification Numbers: C72*

Keywords: correlated equilibrium, coalitions, information sharing, games with positive externalities

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