



Departamento de
Teoría e Historia
Económica

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Título: Taming Selten's Horse with Impulse Response

Sala: E28

Hora: 12:30

Abstract: The paper experimentally examines the predictive power of the trembling hand perfect equilibrium concept in the three-player game Selten's Horse (Selten 1975). At first sight, our data show little support of the perfect equilibrium and rather favor the imperfect equilibrium. We introduce deterministic impulse response trajectories, which are remarkably close to the observed dynamics of the game. Since the impulse response trajectories converge on the perfect equilibrium, we tentatively conclude that the observed dynamics are in line with a convergence on the perfect equilibrium, but convergence takes time.

