Forward Induction

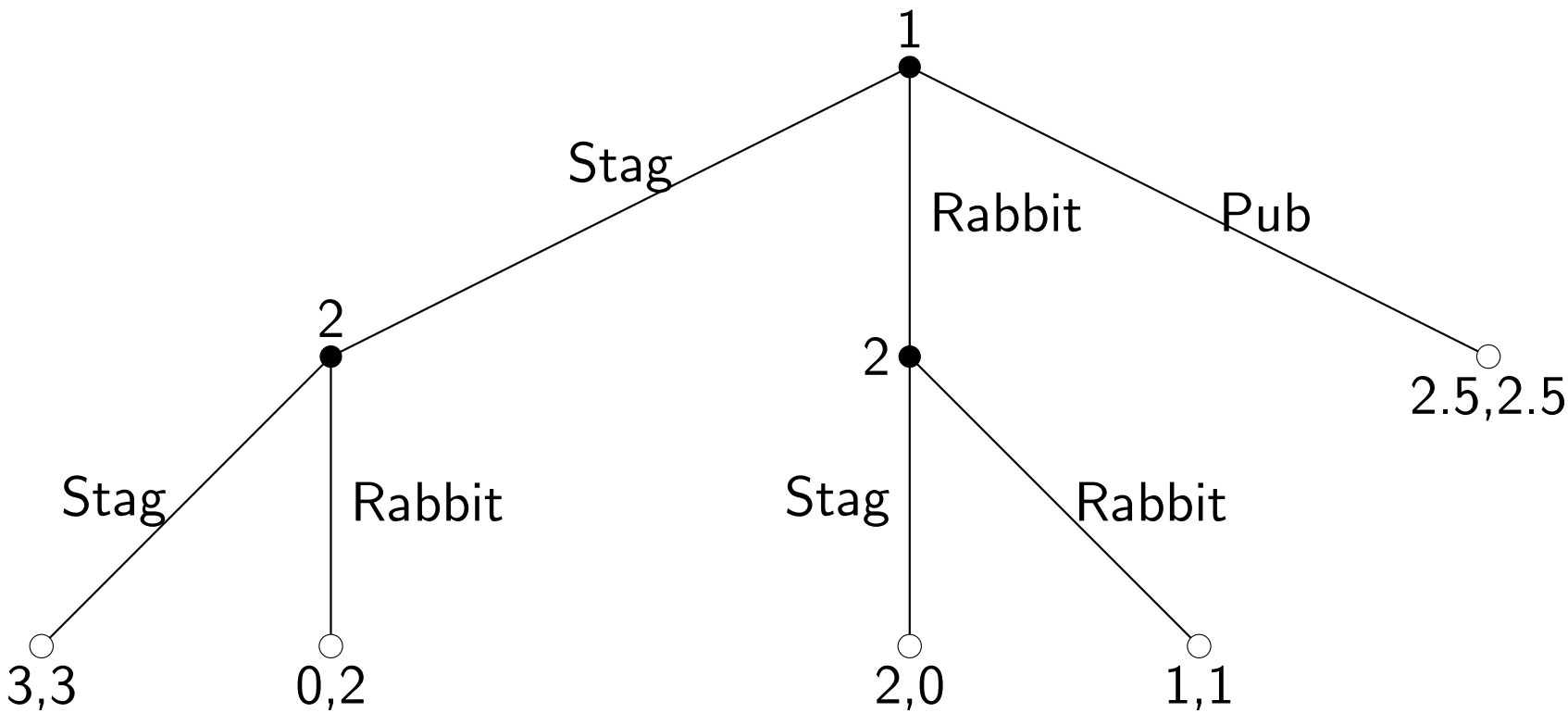
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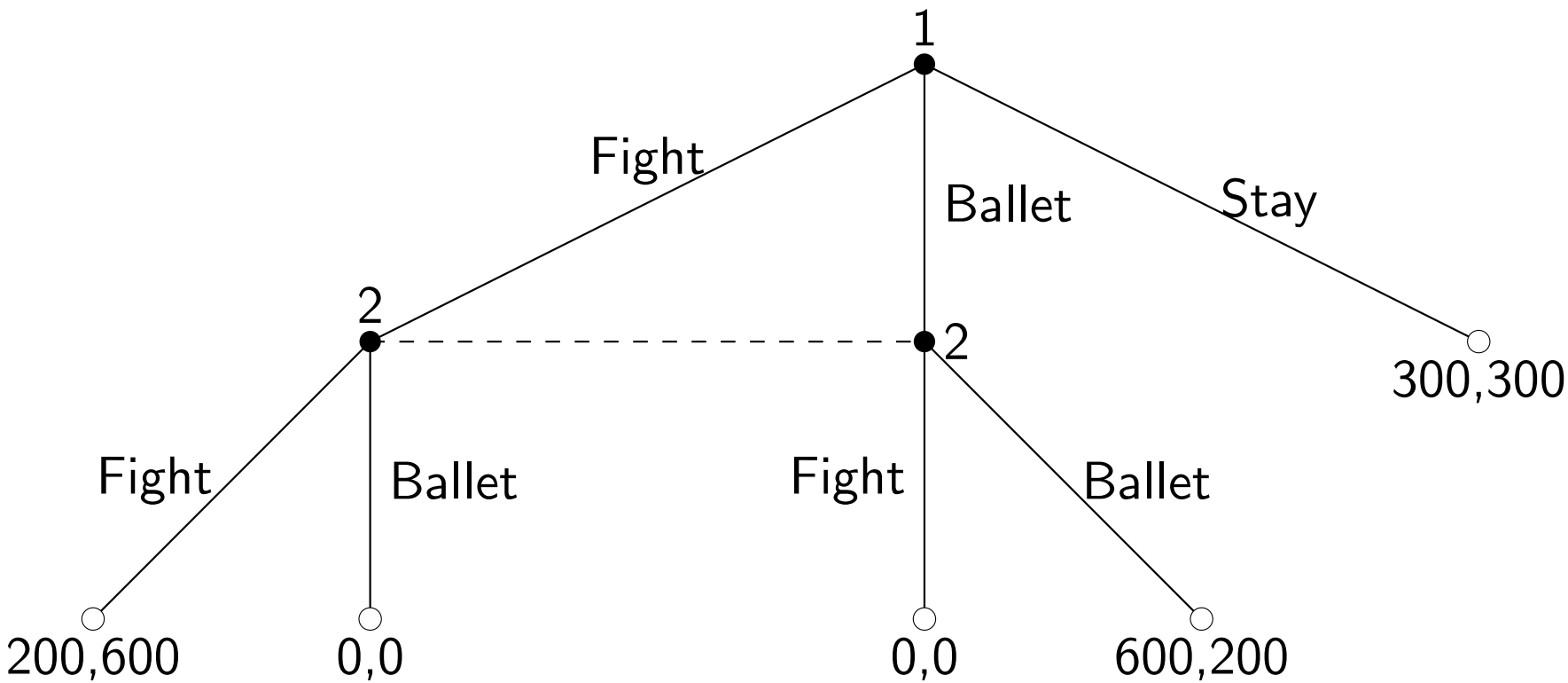
Backward Induction vs Forward Induction

- **Backward Induction:** Agents believe that all future plays will be rational.
- **Forward Induction:** Agents believe that all past plays were rational.

Example:



Example:


1
Fight
Ballet
Stay
2
2
300,300
Fight
Ballet
Fight
Ballet
200,600
0,0
0,0
600,200

Hypotheses

Hypothesis F: If the *Stay* for the row player prior to the play of BOS is between 200 and 600, Payer 1 elect to play BOS, and the outcome will be (Fight,Fight).