

Feedback Design in Strategic-Form Games with Ambiguity Averse Players

[Marieke Pahlke](#), Paris

[co-author: Frédéric Koessler]

Abstract

We use a notion of maxmin self-confirming equilibrium (MSCE) to study the optimal design of players' feedbacks about others' behavior in games with ambiguity averse players. Coarse feedbacks shape strategic uncertainty and can therefore modify players' equilibrium strategies in an advantageous way. We characterize MSCE and study the equilibrium implications of coarse feedbacks in various classes of games. We show how feedbacks should be optimally designed to improve contributions in generalized volunteer dilemmas and public good games with strategic substitutes, strategic complements, or more general production functions. We also study games with negative externalities and strategic substitutes, such as Cournot oligopolies. In general, perfect and no feedbacks are suboptimal. Some results are extended to α -maxmin preferences.