GAMES IN CONTEXT: EQUILIBRIUM UNDER AMBIGUITY FOR BELIEF FUNCTIONS

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Abstract. We study Equilibria under Ambiguity (EUA) with optimism and pessimism as introduced in Eichberger and Kelsey (2014) for the special case of beliefs modeled by *belief functions*. Belief functions provide a frame work for combining context information in the spirit of Schelling (1960) with the strategy and payoff information given in the formal description of a game.

We show existence of equilibria for finite games with an arbitrary number of players both under general and specific ambiguity about the opponents' strategy choices. We show that a sequence of EUAs converges to a Nash equilibrium as ambiguity vanishes. We illustrate how context information can describe behavior by reviewing two experimental studies (Weber (2006), Feltovich and Swierzbinski (2011)).