



University of Essex

Department of Economics

Discussion Paper Series

No. 722 November 2012

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Jayant V. Ganguli and Aviad Heifetz

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Jayant V. Ganguli and Aviad Heifetz*

November 11, 2012

Abstract

We prove that a universal preference type space exists under much more general conditions than those postulated by Epstein and Wang (1996). To wit, it is enough that preferences can be encoded by a countable collection of continuous functionals, while the preferences themselves need not necessarily be continuous or regular, like, e.g., in the case of lexicographic preferences. The proof relies on a far-reaching generalization of a method developed by Heifetz and Samet (1998).

1 Introduction

Classical game theory has largely been developed under the assumption that players have Savage (1954) preferences, and can hence be modeled as maximizing subjective expected utilities. In single-person decision problems, in contrast, a voluminous literature axiomatizes and analyzes many additional classes of preference relations, which are obviously relevant in strategic interactions as well. How should games with incomplete information be modeled and handled with such more general preferences?

With Savage (1954) preference relations, games with incomplete information are modeled by probabilistic type spaces (Harsanyi, 1967-68). Each type of each player is associated with a probabilistic belief over the space of states of ‘nature’ – the players’ von Neumann and

*We thank Simone Cerria-Vioglio, Yi Chun-Chen, Sander Heinsalu, Fabio Maccheroni, Miklos Pinter, and Amanda Friedenberg for helpful comments and discussions. The usual disclaimer applies. Ganguli: Dept of Economics, University of Essex, <jayantvivek@gmail.com>. Heifetz: Dept of Economics and Management, Open University of Israel, <aviadhe@openu.ac.il>.

Morgenstern (1944) utility indices from their action profiles, the external signals they get, etc. – and the other players’ types. A strategy of each player is a measurable mapping from her types to her actions. Thus, from each player’s perspective, her own actions coupled with the strategy profiles of the other players constitute *acts* from their types and nature into the space of everybody’s action profiles; integration with respect to the probabilistic belief of each of the player’s types of the payoffs associated by nature to each action profile defines a Savage (1954) preference relation over these acts. Moreover, by considering the type’s marginal belief over nature, over nature and the other players’ marginal beliefs on nature, etc., we see how each type’s belief encapsulates an infinite hierarchy of *mutual* beliefs of all orders.

Type spaces can be readily extended to more general classes of preferences, by endowing each type directly with a preference relation over acts which are measurable functions from nature and the others’ types into everybody’s action profiles. The type’s marginal preference over constant acts, over acts which are measurable with respect to the other players’ marginal preferences over constant acts, etc., form a hierarchy of mutual preferences. In the particular case in which the preference relations satisfy Savage (1954) axioms and for each player states of nature associate real-valued von Neumann and Morgenstern (1944) payoffs to the players’ action profiles, each of these preference relations can be represented by a probability measure over nature and the other players’ types, as in Harsanyi’s formulation.

Given a class of preference relations over acts, does the corresponding class of type spaces contain a *universal* space, i.e. one which ‘embeds’ all others in the sense of containing all preference hierarchies which appear in some type space? This is a pertinent question since, in applications, ‘small’ type spaces are tailored to the problem at hand, and it is important to know whether any generality is lost by this restriction or rather the same analysis could, in principle, be carried out in a *universal* space and deliver the same result. Furthermore, robustness results are most relevant if they obtain in a universal space, which allows for all possible perturbations, rather than within any particular, restricted type space.

For the case of preferences based on probabilistic beliefs, Mertens and Zamir (1985), followed by Brandenburger and Dekel (1993), Heifetz (1993), and Mertens, Sorin, and Zamir (1994) showed that under suitable topological or regularity assumptions, the set of *all*

hierarchies of probabilistic beliefs constitutes a type space, which is hence universal.¹ In the absence of regularity, however, Heifetz and Samet (1999) showed that there exist hierarchies of beliefs which are not types in any type space. Nevertheless, Heifetz and Samet (1998) showed that even in the absence of regularity, the set of all profiles of belief hierarchies appearing in type spaces is itself a type space, which is universal.²

What happens with more general classes of preferences? Epstein and Wang (1996) showed that when preferences are regular in the appropriate sense, the set of all preference hierarchies forms a type space and Chen (2010) proved that it is universal. Alternatively, if one restricts attention to algebras of events then Di Tillio (2008) showed that a universal space exists under very mild conditions. However, what happens in the absence of regularity and when the pertinent class of events forms a σ -algebra?

In this paper, we show that a universal space exists under milder and more general conditions on preferences than those postulated by Epstein and Wang (1996). To wit, it suffices that preferences can be encoded monotonically by some countable collection of continuous real-valued functionals over acts. As long as such a representation exists, it is immaterial whether or not the preference relations themselves are continuous on acts. For example, a lexicographic preference represented by a finite sequence of ℓ continuous functionals is not itself continuous, since an act may be superior to all acts in some increasing sequence, but inferior to their limit. Nevertheless, there does exist a universal space in the category of type spaces where each type is associated with a lexicographic preference representable by a collection of ℓ continuous functionals over acts.

The method of proof is a far-reaching generalization of the one employed by Heifetz and

¹Other developments under regularity assumptions include Battigalli and Siniscalchi (1999) for conditional beliefs in dynamic games, Mariotti, Meier, and Piccione (2005) for compact possibility models, Ahn (2007) for compact sets of probabilistic beliefs, Gul and Pesendorfer (2010) to study interdependent preferences that accommodate reciprocity, Bergemann, Morris, and Takahashi (2011) to study strategic distinguishability of types, Heifetz, Meier, and Schipper (2012) to study unawareness, and Heifetz and Kets (2012) to study bounded reasoning.

²Meier (2008), Pinter and Udvari (2011), Heinsalu (2012), Kets (2012), and Pinter (2012) provide recent developments of more general type spaces using the Heifetz and Samet (1998) approach, while Moss and Viglizzo (2004) formulate type spaces as coalgebras and show the existence of a final coalgebra which provides the universal type space.

Samet (1998).³ It proceeds by ‘collecting’ all preference hierarchies that appear in types spaces in the category, and showing that the resulting collection is a universal space within that category. Each object in this collection is a hierarchy of preference relations extended over ever-richer sets of acts. A crucial point of the argument made in proposition 4 is that even if the ever-extended preference relation is not itself continuous, the fact that it is encoded by continuous functionals is sufficient to imply that the limit preference is uniquely defined. One must then furthermore show that this limit preference varies in a measurable way with the hierarchy. This follows from a functional monotone class theorem employed in lemma 1.

The paper is organized as follows. Sections 2 and 3 introduce the notation and definitions for our study of type spaces as well as the main result. Section 4 contains the statements of our results including the main measure-theoretic lemma and the main theorem while section 5 provides examples of the kinds of preferences accommodated by our construction and concludes. Proofs appear in the appendix.

2 Preliminaries

For any measurable space Y with an associated σ -algebra Σ_Y , let $\mathcal{F}(Y)$ denote the set of all real-valued bounded acts, i.e. bounded measurable functions from Y to the set of outcomes \mathbb{R} . The set \mathbb{R} can be identified with the subset of constant acts in $\mathcal{F}(Y)$ with slight abuse of notation, i.e. for any $c \in \mathbb{R}$, $c \in \mathcal{F}(Y)$ is the constant act such that $c(y) = c$ for all $y \in Y$.

Let L be a countable index set. We say that a binary relation \succsim over $\mathcal{F}(Y)$ admits a **monotone continuous L representation** if there exists a function

$$U : \mathcal{F}(Y) \rightarrow \mathbb{R}^L$$

and a preorder – a transitive and reflexive binary relation – \supseteq on \mathbb{R}^L such that

$$g \succsim f \quad \text{iff} \quad U(g) \supseteq U(f), \tag{1}$$

$$\text{if } g_n(y) \rightarrow g(y) \quad \forall y \in Y \text{ then } U(g_n) \rightarrow U(g), \tag{2}$$

³It is an interesting question for future research whether the results of Moss and Viglizzo (2006) could be generalized in order to study the existence of the universal type space for a general class of preferences.

where convergence is coordinate-wise, i.e. $U_\ell(g_n) \rightarrow U_\ell(g)$ with U_ℓ denoting the ℓ -th coordinate of U , $\ell \in L$, and

$$\text{if } f \geq g \text{ then } U_\ell(f) \geq U_\ell(g), \ell \in L. \quad (3)$$

For a given index set L and an order \succeq on \mathbb{R}^L denote by $\mathcal{P}(Y)$ the set of preference relations on $\mathcal{F}(Y)$ that admit a monotone continuous L representation. For each $\succsim \in \mathcal{P}(Y)$, we fix a standard representation U and abusing notation, denote by $\mathcal{P}(Y)$ the set of these representations. We refer to the representation U as the L -utility.

Denote by $\Sigma_{\mathcal{P}(Y)}$ the σ -algebra on $\mathcal{P}(Y)$ generated by the sets of the form

$$\beta_\ell^{r_\ell}(f) = \{U \in \mathcal{P}(Y) \mid U_\ell(f) \geq r_\ell\} \text{ and } \beta_\ell^f(r_\ell) = \{U \in \mathcal{P}(Y) \mid r_\ell \geq U_\ell(f)\}$$

for $r_\ell \in \mathbb{R}$, $\ell \in L$ and acts $f \in \mathcal{F}(Y)$. Then for $f \in \mathcal{F}(Y)$ and $r = (r_\ell)_{\ell \in L} \in \mathbb{R}^L$

$$\beta^r(f) = \{U \in \mathcal{P}(Y) \mid U(f) \succeq r\} = \bigcap_{\ell \in L} \{U \in \mathcal{P}(Y) \mid U_\ell(f) \geq r_\ell\} = \bigcap_{\ell \in L} \beta_\ell^{r_\ell}(f)$$

and

$$\beta^f(r) = \{U \in \mathcal{P}(Y) \mid r \succeq U(f)\} = \bigcap_{\ell \in L} \{U \in \mathcal{P}(Y) \mid r_\ell \geq U_\ell(f)\} = \bigcap_{\ell \in L} \beta_\ell^f(r_\ell)$$

which are hence measurable events in $\Sigma_{\mathcal{P}(Y)}$ since L is countable.

Remark 1. *This is the only place where we use the assumption that the index set L is countable. We could more generally allow the index set L to be of arbitrary cardinality and assume additionally that $\beta^r(f), \beta^f(r) \in \Sigma_{\mathcal{P}(Y)}$ for every $f \in \mathcal{F}(Y)$ and $r = (r_\ell)_{\ell \in L} \in \mathbb{R}^L$.*

For measurable spaces Y and Z and a measurable function $\phi : Y \rightarrow Z$, define the preference mapping $\hat{\phi} : \mathcal{P}(Y) \rightarrow \mathcal{P}(Z)$ where for any $f \in \mathcal{F}(Z)$,

$$\hat{\phi}(U_Y)(f) = U_Y(f \circ \phi). \quad (4)$$

The set of players is I and $I_0 = I \cup \{0\}$ denotes the set of players and ‘‘nature’’ (player 0). As usual, for any collection $\{Y_i\}_{i \in I_0}$, $Y_{-i} = \times_{i' \in I_0 \setminus \{i\}} Y_{i'}$. We consider the product, finite or infinite, of measurable spaces as a measurable space with the product σ -algebra.

3 Type spaces

Let S be a measurable space whose elements are the states of nature.

Definition 1 (Type space). *A type space on S is a tuple $\langle (T_i)_{i \in I_0}, (m_i)_{i \in I} \rangle = \langle T, m \rangle$, where*

1. $T_0 = S$ and T_i , for $i \in I$ is a measurable space and
2. for each $i \in I$, $m_i : T_i \rightarrow \mathcal{P}(T_{-i})$ is measurable.

The elements of T are called states of the world and an element of T_i is called an i -type. For any $f \in \mathcal{F}(T_{-i})$, $r \in \mathbb{R}^L$, the belief operators $B_i^r(f)$ and $B_i^f(r)$ are defined by

$$B_i^r(f) = \{t \in T \mid m_i(t_i)(f) \geq r\} \text{ and } B_i^f(r) = \{t \in T \mid r \geq m_i(t_i)(f)\} \quad (5)$$

Then, recalling that $\beta_i^r(f) = \{U \in \mathcal{P}(T_{-i}) \mid U(f) \geq r\}$ and $\beta_i^f(r) = \{U \in \mathcal{P}(T_{-i}) \mid r \geq U(f)\}$ we have that $B_i^r(f) = m_i^{-1}(\beta_i^r(f)) \times T_{-i}$ and $B_i^f(r) = m_i^{-1}(\beta_i^f(r)) \times T_{-i}$ are measurable events.

Let $\langle T, m \rangle$ and $\langle T', m' \rangle$ be type spaces on S . Type morphisms defined below are mappings that preserve the preference structures, as given by m and m' .

Definition 2 (Type morphisms). *Let $\phi_i : T_i \rightarrow T'_i$, $i \in I_0$ be measurable functions. Then, $\phi = (\phi_i)_{i \in I_0} : T \rightarrow T'$ is a type morphism if*

1. ϕ_0 is the identity on S and
2. for each $i \in I$ and $t_i \in T_i$, $m'_i(\phi_i(t_i)) = \hat{\phi}_i(m_i(t_i))$, i.e. for every $f \in \mathcal{F}(T'_{-i})$

$$m'_i(\phi_i(t_i))(f) = m_i(t_i)(f \circ \phi). \quad (6)$$

Then, it can be verified that a type morphism ϕ preserves belief operators, i.e. for each $i \in I$, $f \in \mathcal{F}(T'_{-i})$

$$\phi_i^{-1}(B_i^r(f \circ \phi_i)) = B_i^r(f) \text{ and } \phi_i^{-1}(B_i^{f \circ \phi_i}(r)) = B_i^f(r). \quad (7)$$

4 The universal type space

Definition 3 (Universal type space). *A type space $\langle T^*, m^* \rangle$ on S is universal if for every type space $\langle T, m \rangle$ on S , there exists a unique type morphism from $\langle T, m \rangle$ to $\langle T^*, m^* \rangle$.*

Our main result is the following.

Main Theorem. *For any measurable space S there exists a universal type space on S .*

Before proceeding to the proof, we note the following result.

Proposition 1. *There is at most one universal type space on S up to a type isomorphism.*

4.1 Main measure-theoretic lemma

The main measure-theoretic lemma needed for the construction of the universal type space is the following.

Lemma 1. *Let (Y, Σ_Y) be a measurable space. Let $\mathcal{G} \subseteq \mathcal{F}(Y)$ be such that the σ -algebra Σ_Y is generated by*

$$\mathbf{A}_{\mathcal{G}} = \{f^{-1}(E) : f \in \mathcal{G}, E \subseteq \mathbb{R} \text{ Borel measurable}\}$$

and such that \mathcal{G} satisfies the following properties.

- (i) *The constant function $1 \in \mathcal{G}$*
- (ii) *For any $f, f' \in \mathcal{G}$ and $\alpha, \alpha' \in \mathbb{R}$, $\alpha f + \alpha' f' \in \mathcal{G}$.*
- (iii) *For any $f, f' \in \mathcal{G}$, $\min\{f, f'\} \in \mathcal{G}$.*

Let $\Sigma_{\mathcal{G}}$ be the σ -algebra on $\mathcal{P}(Y)$ generated by sets of the form

$$\{\beta_{\ell}^{r_{\ell}}(f) \mid f \in \mathcal{G}, r_{\ell} \in \mathbb{R}, \ell \in L\}$$

and

$$\{\beta_{\ell}^f(r_{\ell}) \mid f \in \mathcal{G}, r_{\ell} \in \mathbb{R}, \ell \in L\}.$$

Then $\Sigma_{\mathcal{P}(Y)} = \Sigma_{\mathcal{G}}$.

4.2 Hierarchies of preferences

We now define spaces of hierarchies of preferences H_i^k for each $k \geq 0$ and $i \in I_0$. For every $k \geq 0$, $H_0^k = S$ and for every $i \in I$, H_i^0 is a singleton. As usual $H^k = \times_{i \in I_0} H_i^k$. We define inductively

$$H_i^{k+1} = H_i^k \times \mathcal{P}(H_{-i}^k) = H_i^0 \times \left(\times_{k'=0}^k \mathcal{P}(H_{-i}^{k'}) \right). \quad (8)$$

The space of i -hierarchies for player $i \in I$ is

$$H_i = H_i^0 \times \left(\times_{k'=0}^{\infty} \mathcal{P}(H_{-i}^{k'}) \right) \quad (9)$$

and the projection from H_i to H_i^k is denoted π_i^k .

Given a type space T , we can define an i -description map $h_i : T_i \rightarrow H_i$ for each $i \in I_0$ as follows. For all $k \geq 0$, let h_0^k be the identity on S . For $i \in I$, $h_i^0 : T_i \rightarrow H_i^0$ is uniquely defined since H_i^0 is a singleton. Inductively, define $h_i^{k+1} : T_i \rightarrow H_i^{k+1}$ for $k \geq 0$ by

$$h_i^{k+1}(t_i) = \left(h_i^k(t_i), \hat{h}_{-i}^k(m_i(t_i)) \right) = \left(h_i^0(t_i), \hat{h}_{-i}^0(m_i(t_i)), \dots, \hat{h}_{-i}^k(m_i(t_i)) \right) \quad (10)$$

where $\hat{h}_{-i}^k : \mathcal{P}(T_{-i}) \rightarrow \mathcal{P}(H_{-i}^k)$ is the mapping between the sets of preferences as defined in (4) in section 2. Now define $h_i : T_i \rightarrow H_i$, $i \in I$ as the unique function that satisfies for all $k \geq 0$, $h_i^k = \pi_i^k(h_i)$, i.e.

$$h_i(t_i) = \left(h_i^0(t_i), \hat{h}_{-i}^0(m_i(t_i)), \dots, \hat{h}_{-i}^k(m_i(t_i)), \dots \right) \quad (11)$$

and define h_0 to be the identity on S . The first result is as follows.

Proposition 2. *Type morphisms preserve i -descriptions.*

We can now define the universal type space by setting $T_0^* = S$ and T_i^* to be the set of all i -descriptions in H_i , i.e., all hierarchies $t_i^* \in H_i$ for which $t_i^* = h_i(t_i)$ for some $t_i \in T_i$ in some type space $\langle T, m \rangle$ over S . The σ -algebra of T_i^* is the one inherited from H_i . We define $m_i^* : T_i^* \rightarrow \mathcal{P}(T_{-i}^*)$ by

$$m_i^*(t_i) = \hat{h}_{-i}(m_i(t_i)). \quad (12)$$

The next result establishes that $\langle T^*, m^* \rangle$ thus defined is a type space.

Proposition 3. *$\langle (T_i^*)_{i \in I_0}, (m_i^*)_{i \in I} \rangle$ is a type space on S .*

Proposition 4. *For every type space $\langle T, m \rangle$, the description map $h : T \rightarrow T^*$ is a type morphism.*

Lemma 2. *The hierarchy description maps $h_i : T_i^* \rightarrow T_i^*$ are the identity maps.*

We now re-state and prove the main result.

Theorem 1. *$\langle (T_i^*)_{i \in I_0}, (m_i^*)_{i \in I} \rangle$ is the universal type space.*

5 Examples

Some examples of preferences where \succsim admits a continuous L -representation and are accommodated in our construction of the universal type space are as follows.

1. If $|L| = 1$ and \succeq is the usual order \geq on \mathbb{R} , \succsim admits a continuous representation such as those for preferences under risk and ambiguity including Choquet expected utility, multiple-prior maxmin expected utility, invariant biseparable preferences, ‘smooth’ ambiguity preferences, variational preferences, uncertainty-averse preferences, vector expected utility preferences as discussed in Gilboa and Marinacci (2011) and rank-dependent and prospect theory preferences as discussed in Wakker (2010) and for social preferences as discussed in Marinacci, Maccheroni, and Rustichini (2011).
2. If $1 < |L| < \infty$, respectively $L = \mathbb{N}$, and \succeq is the lexicographic order on $\mathbb{R}^{|L|}$, respectively $\mathbb{R}^{\mathbb{N}}$, then \succsim is lexicographic, i.e. $g \succ f$ iff for some $\bar{\ell} \in L$ it is the case $U_{\ell}(g) = U_{\ell}(f) \forall \ell < \bar{\ell}$ and $U_{\bar{\ell}}(g) > U_{\bar{\ell}}(f)$. In the first case \succsim is of order (at most) $|L|$ while in the second case there is no a priori bound on $\bar{\ell}$. Moreover, when U_{ℓ} is linear for every $\ell \in L$, by the Riesz representation theorem \succsim has a unique representation by a Lexicographic Probability System (LPS) whose order may be finite or infinite (Blume, Brandenburger, and Dekel, 1991).
3. If $1 < |L|$ and \succeq is the partial order on \mathbb{R}^L defined by $(r_{\ell})_{\ell \in L} \succeq (r'_{\ell})_{\ell \in L}$ iff $r_{\ell} \geq r'_{\ell} \forall \ell \in L$, \succsim may be incomplete and admit continuous versions of representations in Galaabaatar and Karni (2012), Ok, Ortoleva, and Riella (2012), and Ok (2012) among others.

4. U can represent some instances of preferences over menus that feature behavior such as self-control and temptation, or non-Bayesian updating, or self-deception as described in Lipman and Pesendorfer (2011). For example, when $|L| = 2$, $U = (U_1, U_2)$ represents self-control preferences over menus similarly to the representation axiomatized in Gul and Pesendorfer (2001) (Theorem 3) with U_1 representing the commitment utility and U_2 representing temptation utility. The utility $V(\cdot)$ of compact non-empty menu $F \subseteq \mathcal{F}(Y)$ is either

$$V(F) = \max_{f \in F} \{U_1(f) + U_2(f)\} - \max_{f \in F} U_2(f) \quad (\text{self control})$$

or

$$V(F) = \max_{f \in F} U_1(f) \quad \text{subject to } U_2(f) \geq U_2(f') \text{ for all } f' \in F \quad (\text{no self control}).$$

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6 Appendix: proofs

Proof of proposition 1. Let $\langle T, m \rangle$ and $\langle T', m' \rangle$ be universal type spaces on S . Then there are type morphisms $\phi : T \rightarrow T'$ and $\phi' : T' \rightarrow T$. Thus $\phi'(\phi) : T \rightarrow T$ is a type morphism. However, the identity mapping from T to T is also a type morphism and so by the uniqueness of type morphisms to universal type spaces, it follows that $\phi'(\phi)$ is the identity on T which proves that ϕ is a type isomorphism. ■

Proof of lemma 1. Clearly $\Sigma_{\mathcal{P}(Y)} \supseteq \Sigma_{\mathcal{G}}$, since $\Sigma_{\mathcal{P}(Y)}$ is generated by the sets of the form

$$\{\beta_{\ell}^{r_{\ell}}(f) \mid f \in \mathcal{F}(Y), r_{\ell} \in \mathbb{R}, \ell \in L\}$$

and

$$\{\beta_{\ell}^f(r_{\ell}) \mid f \in \mathcal{F}(Y), r_{\ell} \in \mathbb{R}, \ell \in L\}.$$

We establish that $\Sigma_{\mathcal{P}(Y)} \subseteq \Sigma_{\mathcal{G}}$. Let $\mathcal{F}' \subseteq \mathcal{F}(Y)$ be the collection of acts f such that $\beta_{\ell}^{r_{\ell}}(f), \beta_{\ell}^f(r_{\ell}) \in \Sigma_{\mathcal{G}}$ for all $r_{\ell} \in \mathbb{R}$ and $\ell \in L$. We show that $\mathcal{F}' \supseteq \mathcal{F}(Y)$ which establishes the result, since $\Sigma_{\mathcal{G}}$ then contains all the generators of $\Sigma_{\mathcal{P}(Y)}$.

We prove that $\mathcal{F}' \supseteq \mathcal{F}(Y)$ by employing the functional monotone class theorem (Dellacherie and Meyer (1978) theorem 22.3, p. 15-1).⁴ Given assumptions (i)-(iii) on \mathbf{G} , and the fact that $\mathcal{F}(Y)$ is the set of Σ_Y -measurable acts while Σ_Y is generated by $\mathbf{A}_{\mathcal{G}}$, it remains to show that \mathcal{F}' is closed under bounded monotone convergence. Indeed, let $\{f_n\}_{n=1}^{\infty}$ be a bounded monotone sequence of functions in \mathcal{F}' converging to $f \in \mathcal{F}(Y)$.⁵ Then for all $r_{\ell} \in \mathbb{R}, \ell \in L$, by the continuity(2) and monotonicity (3) of L -utility,

$$\beta_{\ell}^{r_{\ell}}(f) = \bigcap_{k=1}^{\infty} \bigcup_{m=1}^{\infty} \bigcap_{n \geq m} \beta_{\ell}^{r_{\ell} - \frac{1}{k}}(f_n)$$

and

$$\beta_{\ell}^f(r_{\ell}) = \bigcap_{n \geq 1} \beta_{\ell}^{f_n}(r_{\ell}).$$

Since the assumption that $f_n \in \mathcal{F}'$ for every $n \geq 1$ means, in particular, that $\beta_{\ell}^{r_{\ell} - \frac{1}{k}}(f_n), \beta_{\ell}^{f_n}(r_{\ell}) \in \Sigma_{\mathcal{G}}$ for every $k \geq 1$, it thus follows that also $\beta_{\ell}^{r_{\ell}}(f), \beta_{\ell}^f(r_{\ell}) \in \Sigma_{\mathcal{G}}$. As this holds for all $r_{\ell} \in \mathbb{R}, \ell \in L$, we conclude that $f \in \mathcal{F}'$, as required. ■

⁴The corresponding notation there has $\mathcal{H} = \mathcal{F}'$ and $\mathcal{C} = \mathcal{G}$.

⁵ $\{f_n\}_{n=1}^{\infty}$ is a sequence for which (i) there exists $M < \infty$ such that $0 \leq f_n(y) \leq M$ for all $y \in Y$ and $n = 1, 2, \dots$ and (ii) $f_n(y)$ is increasing in n for all $y \in Y$.

Proof of proposition 2. Let $\phi : T \rightarrow T'$ be a type morphism. We have to show that $h'_i(\phi_i(t_i)) = h_i(t_i)$ for all $t_i \in T_i$ and $i \in I_0$. For $i = 0$, this follows immediately since $\phi_0, h_0^k, h_0, h_0^{k'}, h_0'$ are all the identity map on S . For $i \in I$, $h_i^0(t_i) = h_k^0(\phi_i(t_i))$ since H_i^0 is a singleton.

Suppose, inductively, that we have already proved that $h_i^k(t_i) = h_i^{k'}(\phi_i(t_i))$ for every $t_i \in T_i$ and every $i \in I_0$. In the following sequence of equalities, the second equality stems from the fact that type morphisms preserve preferences (6) and the induction hypothesis is used in the third equality. For any $f \in \mathcal{F}(H_{-i}^k)$

$$\begin{aligned} \hat{h}_{-i}^{k'}(m'_i(\phi_i(t_i)))(f) &= m'_i(\phi_i(t_i))(f \circ h_{-i}^{k'}) \\ &= m_i(t_i)(f \circ h_{-i}^k \circ \phi_{-i}) = m_i(t_i)(f \circ h_{-i}^k) = \hat{h}_{-i}^k(m_i(t_i))(f) \end{aligned}$$

It then follows that

$$\begin{aligned} h_i^{k+1}(\phi_i(t_i)) &= \left(h_i^{k'}(\phi_i(t_i)), \hat{h}_{-i}^{k'}(m'_i(\phi_i(t_i))) \right) \\ &= \left(h_i^k(t_i), \hat{h}_{-i}^k(m_i(t_i)) \right) \\ &= h_i^{k+1}(t_i) \end{aligned}$$

as needed. ■

Proof of proposition 3. To show that $\langle T^*, m^* \rangle$ is a type space on S , we have to show that m_i^* is a measurable mapping for each $i \in I$. For t_i^* , let t_i be the i -type used to define $m_i^*(t_i^*) \in \mathcal{P}(T_{-i}^*) \subseteq \mathcal{P}(H_{-i})$, i.e. $m_i^*(t_i^*) = \hat{h}_{-i}(m_i(t_i))$.

Consider the preference relation on $\mathcal{F}(H_{-i}^k)$ induced by $m^*(t_i^*)$, i.e. $\hat{\pi}_{-i}^k(m_i^*(t_i^*))$ where $\hat{\pi}_{-i}^k : \mathcal{P}(H_{-i}) \rightarrow \mathcal{P}(H_{-i}^k)$ is the preference mapping defined in (4) corresponding to the projection $\pi_i^k : H_i \rightarrow H_i^k$. Then,

$$\begin{aligned} \hat{\pi}_{-i}^k(m_i^*(t_i^*)) &= \hat{\pi}_{-i}^k(\hat{h}_{-i}(m_i(t_i))) \\ &= \hat{h}_{-i}^k(m_i(t_i)) \text{ since } h_i^k(t_i) = \pi_i^k(h_i(t_i)) \\ &= (k+1)^{th} \text{ coordinate of } h_i(t_i) \\ &= (k+1)^{th} \text{ coordinate of the hierarchy } t_i^* \\ &\equiv (t_i^*)^{k+1} \end{aligned} \tag{13}$$

Let $\mathcal{G}_k \subseteq \mathcal{F}(H_{-i})$ be the set of acts that are measurable with respect to H_{-i}^k , i.e. \mathcal{G}_k is the set of acts f_k such that for every Borel measurable $E \subseteq \mathbb{R}$ there exists some measurable $E_k \subseteq H_{-i}^k$ for which $f_k^{-1}(E) = (\pi_{-i}^k)^{-1}(E_k)$. Let

$$\mathcal{G} = \cup_{k=0}^{\infty} \mathcal{G}_k$$

Then $\mathbf{A}_{\mathcal{G}} = \{f^{-1}(E) : f \in \mathcal{G}, E \subseteq \mathbb{R} \text{ Borel measurable}\}$ is the collection of all cylinders with finite-dimensional bases, which generates the σ -algebra on H_{-i} . Moreover, (i) the constant act 1 is in \mathcal{G}_0

and hence in \mathcal{G} ; furthermore, if $f, f' \in \mathcal{G}$ then $f \in \mathcal{G}_k$ and $f' \in \mathcal{G}_{k'}$ for some k, k' , and if, without loss of generality $k \geq k'$ then $f' \in \mathcal{G}_k$. It thus follows that (ii) $\alpha f + \alpha' f' \in \mathcal{G}_k \subset \mathcal{G}$ for every $\alpha, \alpha' \in \mathbb{R}$, and (iii) $\min\{f, f'\} \in \mathcal{G}_k \subset \mathcal{G}$.

Lemma 1 then implies that $\Sigma_{\mathcal{P}(H_{-i})} = \Sigma_{\mathcal{G}}$, i.e. that $\Sigma_{\mathcal{P}(H_{-i})}$ is generated by the sets of the form

$$\{\beta_\ell^{r_\ell}(f) \mid f \in \mathcal{G}, r_\ell \in \mathbb{R}, \ell \in L\} = \cup_{k=0}^{\infty} \{\beta_\ell^{r_\ell}(f_k) \mid f_k \in \mathcal{G}_k, r_\ell \in \mathbb{R}, \ell \in L\}$$

and

$$\{\beta_\ell^f(r_\ell) \mid f \in \mathcal{G}, r_\ell \in \mathbb{R}, \ell \in L\} = \cup_{k=0}^{\infty} \{\beta_\ell^{f_k}(r_\ell) \mid f_k \in \mathcal{G}_k, r_\ell \in \mathbb{R}, \ell \in L\}.$$

But if $f_k \in \mathcal{G}_k, r_\ell \in \mathbb{R}, \ell \in L$, then denoting by $f^k \in F(H_{-i}^k)$ the act on H_{-i}^k for which $f_k = f^k \circ \pi_{-i}^k$, from (13) we get that

$$(m_i^*)^{-1}(\beta_\ell^{r_\ell}(f_k)) = \{t_i^* \mid (m_i^*(t_i^*))_\ell(f_k) \geq r_\ell\} = \left\{t_i^* \mid \left((t_i^*)^{k+1}\right)_\ell(f^k) \geq r_\ell\right\} \quad (14)$$

$$(m_i^*)^{-1}(\beta_\ell^{f_k}(r_\ell)) = \{t_i^* \mid r_\ell \geq (m_i^*(t_i^*))_\ell(f_k)\} = \left\{t_i^* \mid r_\ell \geq \left((t_i^*)^{k+1}\right)_\ell(f^k)\right\} \quad (15)$$

which are hence measurable subsets in H_i . This proves that m_i^* is a measurable mapping, as required. ■

Proof of proposition 4. The functions $h_i, i \in I$, are measurable and h_0 is the identity. Since the range of h_i is T_i^* , it is also measurable as a function to T_i^* . Also, from (13), it follows that for acts f_k in $\mathcal{F}(H_{-i})$ that are measurable with respect to the σ -algebra on H_{-i}^k , $(m_i^*(t_i^*))_\ell(f_k)$ does not depend on the specific type t_i chosen to define $m_i^*(t_i^*)$, since there exists $f^k \in \mathcal{F}(H_{-i}^k)$ such that $f_k = f^k \circ \pi_{-i}^k$ and so

$$(m_i^*(t_i^*))_\ell(f_k) = \left((t_i^*)^{k+1}\right)_\ell(f^k) = \left(\hat{h}_{-i}(m_i(t_i))\right)_\ell(f_k) = (m_i(t_i))_\ell(f_k \circ h_{-i}) \quad (16)$$

for any t_i such that $h_i(t_i) = t_i^*$ and every $\ell \in L$.

Now, every measurable act $f \in F(H_{-i})$ is a pointwise limit of a sequence of functions $f_k \in F(H_{-i})$ which are, respectively, measurable with respect to the σ -algebra on H_{-i}^k . The continuity of $(m_i^*(t_i^*))_\ell$ and $(m_i(t_i))_\ell$ in (2) then implies that

$$(m_i^*(t_i^*))_\ell(f) = \lim_{k \rightarrow \infty} (m_i^*(t_i^*))_\ell(f_k) = \lim_{k \rightarrow \infty} (m_i(t_i))_\ell(f_k \circ h_{-i}) = (m_i(t_i))_\ell(f \circ h_{-i}) \quad (17)$$

for every $\ell \in L$ and $i \in I$, which proves that h is a type morphism. ■

Proof of lemma 2. It suffices to show that for each k and $i \in I$, the function h_i^k on T^* is the projection on H_i^k . We show this by induction on k . It is clearly true for $k = 0$. Suppose that $h^k = \pi^k$. By definition, $(h_i(t^*))^{k+1} = \hat{h}_{-i}^k(m_i^*(t_i^*))$. Using the induction hypothesis we get $\hat{h}_{-i}^k(m_i^*(t_i^*)) = \hat{\pi}_{-i}^k(m_i^*(t_i^*))$, implying that $(h_i(t^*))^{k+1} = \hat{\pi}_{-i}^k(m_i^*(t_i^*)) = (t_i^*)^{k+1}$. ■

Proof of theorem 1 [Main Theorem]. For any type space $\langle T, m \rangle$, the description map $h : T \rightarrow T^*$ is a type morphism by proposition 4. We need to show that it is unique. Suppose $\phi : T \rightarrow T^*$ is a type morphism. Then for each $i \in I$ and $t_i \in T_i$, $h_i(t_i) = h_i(\phi_i(t_i))$ by proposition 2. However, from lemma 2, we get $h_i(\phi_i(t_i)) = \phi_i(t_i)$. Hence, $\phi_i = h_i$ and the result follows. ■