

Abstract.

We study the Bayes' Rational Equilibrium (BRE) for games with imperfect information as the solution concept that arises when we suppose that agents behave as though they obey the Savage (1954) axioms and also suppose that the rationality of agents is common knowledge and where we suppose nothing else. We relate the BRE to the Nash (N.E.) and Bayesian Nash (BNE) equilibrium concepts found in the literature. We identify two classes of models: Class D where a dominance condition holds and Class C where a contraction property holds. We show that in Class D models any set of actions is possible as a BRE. In Class C models we show that all BRE are necessarily BNE and the BNE are unique. The two classes of models are illustrated with examples. Journal of Economic Literature Classification Number: 026.