

4 ELEMENTARY GAMES. EQUILIBRIUM STRATEGIES VS PARETO STRATEGIES

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FIGURES

F4.1 Types of pure strategies

F4.2 Relationship between Pareto, Nash, and dominant strategies

Tab4.A-D – Two players, many choices

NOTATIONS

BRF best reply function

DS dominant strategy

ES equilibrium strategy

NS Nash strategy

PBA possibility of binding agreements

PD prisoners' dilemma

PG prisoners' game

PS Pareto strategy

SCF strategic coordination failure

REFERENCES

Basic notions of game theory for use in economics can be found in most microeconomics textbooks, such as

Jehle G. A. & Reny P. J. (2011), *Advanced microeconomic theory*, 3rd ed., Addison-Wesley - [advanced]

Varian H. (1992), *Microeconomic Analysis*, 3rd ed., Norton [advanced]

Varian H. (2014), *Intermediate microeconomics. A modern approach*, 9th ed., Norton [intermediate]

Introductory texts on game theory:

Gibbons Robert (1992), *A primer in game theory*, Prentice Hall

Binmore Ken (2007), *Game theory. A very short introduction*, OUP

For specialized treatments the student is referred to the courses on game theory currently offered in the Faculty