Microeconomics, Module 16, "The Theory of Games"

Micro module 16: Readings for ninth edition

(The attached PDF file has better formatting.)

{The Landsburg textbook is excellent. We say to read certain sections and to skip others. This does not mean that certain sections are better; it means that the homework assignments and exam problems are based on the sections that you must read for this course. Some skipped sections are fascinating but are not tested.}

Read section 12.1. Focus on Nash equilibrium, Pareto optimality, and dominant strategy. Know well the *prisoner's dilemma* game for the final exam. The text uses three other games to illustrate the relations of dominant strategies to the possible outcomes (pigs in a box, battle of the sexes, and copycat games). You are not tested on the specifics of these other games, but you must know the methods of game analysis. The final exam does not ask "In the copycat game …," but it may give a game that is a version of these games.

Skip "Mixed strategies" and "mixed strategies in sports" on pages 403-404. Read from the bottom half of page 404 (Pareto optima) through Sequential Games, ending on page 409. Know the definition of a sequential game for the final exam.

Read the summary at the end of the chapter.

From the set on pages 409-411 work through the eight Jack and Jill games. Review questions 1-6 on page 411 which relate to these games. You will get a similar game on the final exam, with questions like these problems.

Review question 10 on page 412 (sequential games).