

Contents

1	Introduction	1
1.1	Informal Description of Games and Game Theory	1
1.2	Dynamic Programming	3
1.3	Subgame Perfect Equilibria	6
1.4	Sequential Equilibria and Perfect Equilibria	8
1.5	Perfect, Proper and Persistent Equilibria	13
1.6	Essential Equilibria and Regular Equilibria	17
	Notes	20
2	Games in Normal Form	22
2.1	Preliminaries	22
2.2	Perfect Equilibria	26
2.3	Proper Equilibria	29
2.4	Essential Equilibria	35
2.5	Regular Equilibria	38
2.6	An “Almost all” Theorem	42
	Notes	45
3	Matrix and Bimatrix Games	46
3.1	Preliminaries	46
3.2	Perfect Equilibria	49
3.3	Regular Equilibria	51
3.4	Characterizations of Regular Equilibria	54
3.5	Matrix Games	57
	Notes	62
4	Control Costs	63
4.1	Introduction	64
4.2	Games with Control Costs	66
4.3	Approachable Equilibria	68
4.4	Proper Equilibria	72
4.5	Perfect Equilibria	74
4.6	Regular Equilibria	77
	Notes	79

5 Incomplete Information	80
5.1 Introduction	81
5.2 Disturbed Games	83
5.3 Firm Equilibria	85
5.4 Perfect Equilibria	87
5.5 Weakly Proper Equilibria	90
5.6 Strictly Proper Equilibria and Regular Equilibria	93
5.7 Proofs of the Theorems of Sect. 5.5	96
Notes	100
6 Extensive Form Games	101
6.1 Definitions	102
6.2 Equilibria and Subgame Perfectness	106
6.3 Sequential Equilibria	108
6.4 Perfect Equilibria	113
6.5 Proper Equilibria	117
6.6 Control Costs	122
6.7 Incomplete Information	124
Notes	128
7 Bargaining and Fair Division	130
7.1 Introduction	131
7.2 Divide and Choose	133
7.3 Auction Methods	136
7.4 Bargaining Problems and Bargaining Solutions	141
7.5 The Nash Negotiation Game	145
7.6 The Rubinstein/Binmore Model	150
7.7 The Crawford/Moulin Model	156
7.8 Bargaining Games with Variable Threat Point	159
Notes	164
8 Repeated Games	166
8.1 Introduction	167
8.2 Preliminaries	171
8.3 Infinitely Repeated Games Without Discounting	175
8.4 Infinitely Repeated Games with Discounting: Nash Equilibria	181
8.5 Infinitely Repeated Games with Discounting: Subgame Perfect Equilibria	187
8.6 Finitely Repeated Games: Nash Equilibria	195
8.7 Finitely Repeated Games: Subgame Perfect Equilibria	198
8.8 Renegotiation-Proof Equilibria	207
Notes	211

9 Evolutionary Game Theory	214
9.1 Introduction	215
9.2 Evolutionarily Stable Strategies	218
9.3 Strategic Stability of ESS	222
9.4 Population Dynamics	226
9.5 Asymmetric Contests: Examples and the Model	234
9.6 Asymmetric Contests: Results	240
9.7 Contests in Extensive Form: Definitions	246
9.8 Contests in Extensive Form: Results	251
Notes	257
10 Strategic Stability and Applications	259
10.1 Equivalence of Games	259
10.2 Requirements for Strategic Stability	266
10.3 Stable Equilibria	271
10.4 Signalling Games: Introduction	276
10.5 Signalling Games: Dominance, Intuitive Arguments and Stability	282
10.6 Spence's Job Market Signalling Model	296
10.7 The Chain Store Paradox	300
10.8 Repeated Games	307
Notes	312
References	318
Survey Diagrams	335
Subject Index	337