

Errata for JAM Study Guide - Financial Economic Theory

Date Posted	Section	Page #	Description
8/7/2009	3	20	<p>The comment "which is not on the syllabus" should not be there. Chapter 8 is on the syllabus this year.</p> <p>From the perspective of Row: Up is a weakly dominated strategy by Down Therefore, could assume Row chooses Down</p> <p>From the perspective of Column If Row chooses Down, then Column should choose Left So a Nash equilibrium is (Down, Left)</p>
8/13/2009	5	56	<p>Provided Row chooses Down, Left is the best strategy for Column Provided Column chooses Left, Down is the best strategy for Row This is a strong Nash equilibrium</p> <p>Another Nash equilibrium is (Up, Right) Provided Row chooses Up, Right is the best strategy for Column Provided Column chooses Right, there is no better strategy than Up for Row This is a weak Nash equilibrium, but it does Pareto-dominate the other Nash equilibrium point</p>