

Co-ordination game

- Hunting game

- There are two hunters

- either both of them - Choose to hunt Deer jointly (D)
- choose to hunt Rabbit individually (R)

— H_1, H_2

— Deer (2) jointly

Rabbit (1), individual

— 2 NE

— No dominant strategy

| $H_1 \backslash H_2$ | | D | R |
|----------------------|--|--|---|
| D | 2 , 2 | 0, 1 | |
| R | 1, 0 | 1 , 1 | |

(D,D)

→ Pareto - optimal outcome

— Leadership game

* multiple nash equilibrium

Start up game

↳ based on co-ordination

small organization, uncertainty related to employee,

pay package

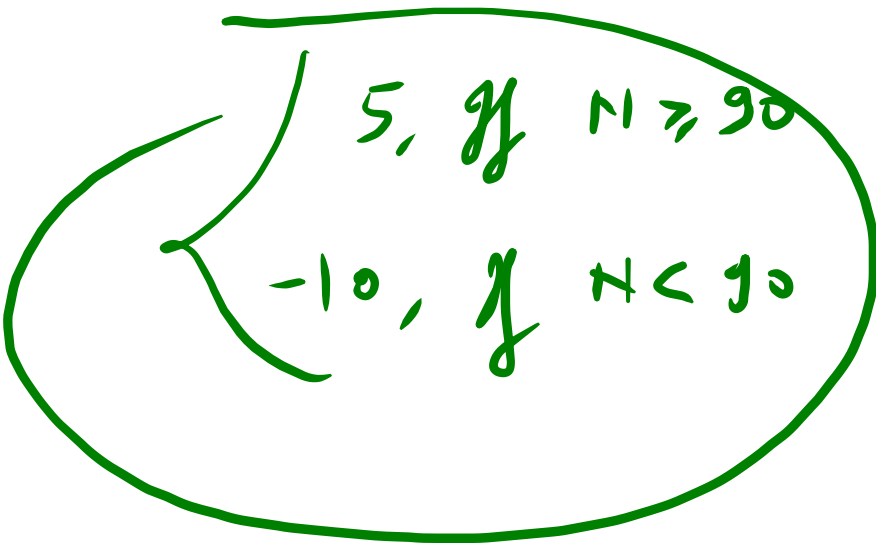


Investment game

let $N = 100$

N users

↳ large no. (say)



Don't invest $\rightarrow 0$

— if 90% of them invest, then each gets a pay off (profit) of 5

— else they lose their original (say, 10)

2 Nash equilibrium

1. Everyone invest (pareto optimal)

2. No one invest