

ECON 5103 Bonus Video: 3x3 payoff matrix

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		Player 2		
		Strategy A	Strategy B	Strategy C
Player 1	Strategy D	55, 24	68, 22	97, 10
	Strategy E	36, 47	58, 82	87, 61
	Strategy F	49, 51	28, 10	79, 52

Nash equilibrium: each player is doing as well as she can, given what the other player is doing.

(55,24) is a Nash equilibrium

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Player 2

	Strategy A	Strategy B	Strategy C
Player 1 Strategy D	55, 24	68, 22	97, 10
Strategy E	36, 47	58, 82	87, 61
Strategy F	49, 51	28, 10	79, 52

Cooperative (collusive equilibrium):

(87, 61)

	Strategy A	Strategy B	Strategy C
Player 1 Strategy D	55, 24	68, 22	97, 10
Strategy E	36, 47	58, 82	87, 61
Strategy F	49, 51	28, 10	79, 52

MaxiMIN (secure strategy) equilibrium: Each player chooses the strategy whose worst outcome is the least bad.

Player 1 chooses strategy D (avoiding the 36 and 28)

Player 2 chooses strategy A (avoiding the 10 and 10)

MaxiMIN equilibrium is (55,24)

		Player 2		
		Strategy A	Strategy B	Strategy C
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MaxiMAX equilibrium: Each player chooses the strategy that could result in its highest payoff.

MaxiMAX equilibrium is (68,22)

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Dominant strategy will result the highest profits for the player regardless of the strategy chosen by the other player.

Player 1's dominant strategy is D

Player 2 does not have a dominant strategy

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