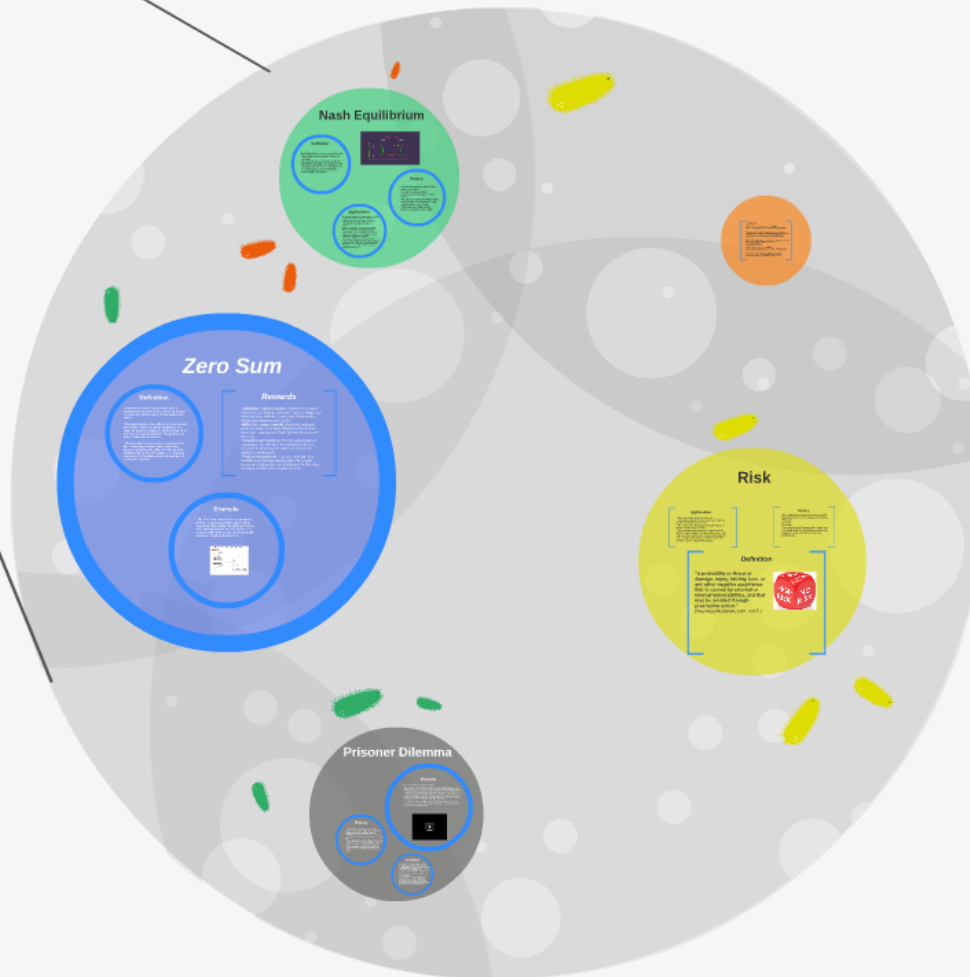


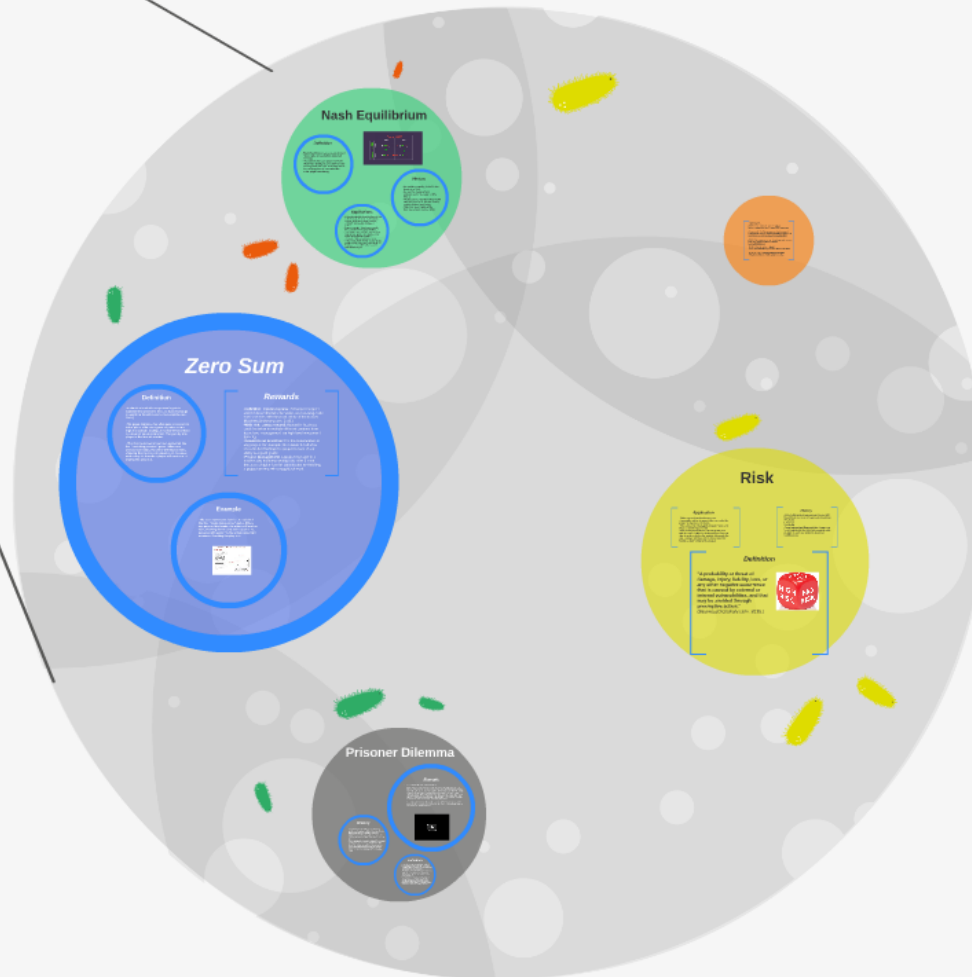


ECONOMICS GAME THEORY Harvard Case Solution & Analysis





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Nash Equilibrium

Definition

- Nash Equilibrium is a concept derived from a type of economics based on strategy.
- The point is for each player to know the others strategies and stick to their strategy and not care to change his or her strategy based from what the other players are doing.

		Trailer: 14,000	
		Small	Large
Leader: 20,000	Small	(100, 0) → (50, 50)	
	Large	(50, 50) ← (75, 25)	

History

- Amended/created by John Forbes Nash, Jr in 1950.
- He won the noble prize in economics for his paper on this theory.
- The theory is older than when John won the prize for it, but the theory slightly differs from Johns
- There has been signs of the theories existence since 1838.

Applications

- Although majority of applications will be mathematical, it can be used towards politics, accounting, math, science, military theories, and strategy in general.
- A great example I found was actually from a movie the "A Beautiful Mind."
- "Nash put some structure around how players in a "game" can optimize their outcomes by knowing others strategies." (Khan Academy, 2015)
- In the movie, Nash knows his friends are going to hit on the most beautiful girl in the place, so he talks to the second most beautiful girl.

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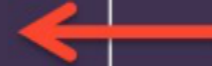
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