CONTENTS

Acknowledgments  xi

1 Markets and games  1
  1.1 Strategic foundations of perfect competition  1
  1.2 Why strategic foundations?  2
  1.3 Cooperative market games  6
  1.4 Non-cooperative market games  10
  1.5 Dynamic matching and bargaining models  13
  1.6 Open questions  25

2 Perfect competition  41
  2.1 Introduction  41
  2.2 Pure exchange economics  43
  2.3 Dynamic matching and bargaining games  49
  2.4 Equilibrium  55
  2.5 The Edgeworth Property  59
  2.6 Efficiency  61
  2.7 Competitive sequences of economies  65
  2.8 Existence  76
  2.9 Efficiency with discounting  85
  2.10 Random matching  92
  2.11 Mixed equilibria  104
  2.12 A summing up  108

3 Continuity and anonymity  110
  3.1 Rubinstein and Wolinsky [1990]  110
  3.2 Bounded rationality and uniqueness  119
  3.3 The Limit Principle  127
  3.4 Repeated games  132
  3.5 Limited memory  134
  3.6 Large anonymous games  138
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.7 Non-anonymous games</td>
<td>144</td>
</tr>
<tr>
<td><strong>4 Bounded rationality</strong></td>
<td>157</td>
</tr>
<tr>
<td>4.1 Imitation and experimentation</td>
<td>158</td>
</tr>
<tr>
<td>4.2 A behavioral model of competition</td>
<td>166</td>
</tr>
<tr>
<td>4.3 Convergence to competitive prices</td>
<td>179</td>
</tr>
<tr>
<td>4.4 Extensions</td>
<td>192</td>
</tr>
<tr>
<td><strong>5 Afterthoughts</strong></td>
<td>204</td>
</tr>
</tbody>
</table>

**References**  
208

**Index**  
214