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**STOCHASTIC GAMES IN ECONOMICS: THE
LATTICE-THEORETIC APPROACH**

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Abstract

This chapter considers a recent trend in the application of stochastic games to economics characterized by the use of the lattice-theoretic approach to capture the monotonic properties of Markovian equilibria. The topics covered are: (i) a general framework for discounted stochastic games with Liptchitz-continuous and monotone equilibrium strategies and values, (ii) a model of capital accumulation, (iii) two classes of games with perfect information, in strategic bequests and oligopoly with commitment. In view of the restriction to pure-strategy equilibria and of the natural monotonicity property of strategies and value functions in most economic applications, this approach appears most promising.

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