

Arbitrage

A mathematics professor and a Yankee farmer were waiting for a bus in New Hampshire. To pass the time, the farmer suggested that they play a game. "What kind of game would you like to play?" responded the professor. "Well," said the farmer, "how about this: I'll ask a question, and if you can't answer my question, you give me a dollar. Then you ask me a question and if I can't answer your question, I'll give you a dollar."

"That sounds attractive," said the professor, "but I do have to warn you of something: I'm a professor of mathematics."

"Oh," replied the farmer, "In that case we should change the rules. Tell you what: if you can't answer my question you still give me one dollar, but if I can't answer yours, I only have to give you fifty cents."

"Yes," said the professor, "that sounds like a fair arrangement."

"Okay," said the farmer, "Here's my first question: what goes up the hill on seven legs and down on three legs?"

The professor pondered this riddle for a while and finally replied. "Gosh, I don't know... what goes up the hill on seven legs and down on three legs?"

"Well," said the farmer, "I don't know either. But give me my dollar, I'll give you my fifty cents!"¹

¹Hal R. Varian. *The Arbitrage Principal in Financial Economics*. Economic Perspectives-Volume 1, Number 2 -Fall 1987-Pages 55-72. Im Original handelt es sich um einen Professor für Ökonomie.