Statistics 473: Game Theory
Problem Set 12

Due: Thursday May 2:

From the text do problems: 429.1, 431.1,

1) For each of the strategies σ in problem 428.1, decide for which values of the discount factor δ, if any, there is a Nash equilibrium where both players play σ.

2) Consider the following game.

	A	B	C
A	6,6	-1,7	-2,8
B	7,1	4,4	-1,5
C	8,-2	5,-1	0,0

a) Let σ be the strategy: start by playing B and as long as your opponent plays B continue to play B. If the opponent ever plays something other than B play C and continue to play C. For what values of δ is there an equilibrium where both players play σ?

b) Let τ be the strategy: start by playing A and as long as your opponent plays A continue to play A. If the opponent ever plays something other than A play C and continue to play C. For what values of δ is there an equilibrium where both players play τ?