

11.3 Mixed Strategies 3

Wednesday, October 14, 2020 5:06 PM

Bob					
		L	C	R	
Adam	U	3, 6	6, 4	0, 0	
	M	6, 4	5, 6	0, 0	
	D	0, 0	0, 0	2, 2	

$$U_A(U) = U_A(M)$$

$$3q + 6(1-q) = 6q + 5(1-q)$$

$$\Rightarrow q = 1/4$$

$$U_B(L) = U_B(C)$$

$$6p + 4(1-p) = 4p + 6(1-p)$$

$$\Rightarrow p = 1/2$$

$$U_A = 5.25 > 2$$

$$U_B = 5 > 2$$

Monopoly w/ capacity constraints