**Microeconomics III, Ex. class 4, Session 1**

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| 10:15  10:20  10:30  10:35 | Outline: We will start out with getting a good **understanding of what is required of you** in this course.  **After the break at 11 o’clock** we will solve the exercises in Problem Set 1.  Welcome: Ask around 🡪  **Briefly tell bit** **about myself** and give a few **examples on where I’ve encountered** GT  Motivation: **Relevance** of GT  Many of the **current master’s courses** draw on Game Theory – you can look more on that at home :-)  Overview of the course: The **content** and in which problem sets we will work with each type of game.  **Exam**: To train this in class I’ll need you to reflect and discus the questions before I give the answer.  **Learning outcome**: To elaborate more on this, the course description states that you are expected to  1st of all acquire the basic knowledge to… 2nd show of necessary skills. 3rd the competencies to… | Ask: How many of you are on the:   1. Bachelor programme 2. Master’s programme 3. Exchange students 4. Study something that’s not econ.   Strategic, logical thinking is useful for any economist!  Refinements: e.g. having solved using Iterative Elim. of Strictly Dom. Str 🡪 apply NE instead 🡪 discuss differences |
| 10:45 | Exam example: on how reflection and explanation is required. | Please raise your hands if you think it’s... |
| 11:00 | 15 min pause |  |
| 11:15 | Ex. 1: **If you’re stuck** on question a) or b) just **continue** to get through all 3 questions | Players, strategy sets, utility/payoff fct. |
| 11:25 | Ex. 2: Is any strategy strictly dominated by another strategy for one of the players? | Can we reduce it further? *(spend 10 min.)* |
| 11:40 | Ex. 3: *(10 min.)* **a)** what are the ingredients to this game? **b)** Can it be solved? Why not?  **c)** What would a rational strategy be? |  |
| 11:55 | Ex. 4: **When you have solved** the 2 games – **take a break until 11:15** |  |
| 12:00 | 15 min pause |  |
| 12:15 | Ex. 4: For the first game - is any strategy strictly dominated by any other strategy for one of the players? |  |
| 12:20 | Ex. 5: *(10 min.)* **a)** On one hand, **asymmetric payoffs** imply that the game is not “fair”. On the other hand, both players have an **equal chance of winning**. Is **no clear definition** of what constitutes “fair”.  **b) …**where Mikael is player 1 and Jonas is player 2 | **c)** For both players “5” strictly dominates  **d)** Knowing that 1-4 are dominated for the counterpart, “5” is only rational pick |
| 12:35 | Ex. 6: *(10 min.)* No matter what strategies players 2 and 3 pick, player 1 is always better off in matrix B. |  |
| 12:50 | Preparation for ex. classes: **For all the following problem sets** there are **2 types of exercises** … |  |