**Microeconomics III, Session 4**

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| 10:15 (5) | Welcome:  Outline: After the break, we’ll talk about a few common issues in the TH Assignment. |  |
| 10:20 (5)  10:25 (5)  10:30 (0) | Preparation: Talk about exercise 1. You should be ready to give quick answers as a team.  Kahoot! Focus on giving the right answer, rather than being quick.  Ex. 1: *[skip]* If it was difficult, have a look at the solutions at home… |  |
| 10:30 (15) | We did **Ex. 2** last week  Ex. 3: **a)** I have chosen Alice as Player 1, for reasons that will be clear later…  **b)** If drawn right, the BR functions should give a left-facing swastika, an old Buddhist symbol… | Reflection over Schelling’s focal point idea – some equilibria might be more salient because of non-payoff relevant information |
| 10:45 (15) | Ex. 4: **c)** the payoffs determine the mixing probabilities in equilibrium, which in turn affects the outcome | The plot is for N = 9. |
| 11:00 (0) | TH Assignment: I have looked through your assignments.  Please collect yours in the break and look at the remarks. |  |
| 11:00 | 15 min pause |  |
| 11:15 (5) | TH Assignment: Many of you had issues with finding mixed strategies – look at the solution guide.  **3.a** Stating the backwards induction solution includes the best responses off the equilibrium path. | In the solution guide, Christina refers to The Oddness Theorem |
| 11:20 (15) | Ex. 5: Strategic situation from WW2 |  |
| 11:35 (10) | Ex. 6: Reflection over how the number of players influence mixed strategies when there is a positive externality, and how this in turn affects the outcome. |  |
| 11:45 (15) | Ex. 7: BI |  |
| 12:00 | 15 min pause |  |
| 12:15 (15) | **PS3**, Ex. 5: Standard NE: Write up the expected payoff; take the FOC to find the BR-function. |  |
| 12:30 (20) | Ex. 8: Reflection over how the number of players influence mixed strategies when there is a public good, and how this in turn affects the outcome. |  |