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|-------|------------------------------------|------------------------------------|
| | x_2 | y_2 |
| x_1 | $\textcircled{3}, \textcircled{7}$ | $6, 6$ |
| y_1 | $2, 2$ | $\textcircled{7}, \textcircled{3}$ |

(x_1, x_2) and (y_1, y_2) are the nash equilibriums.

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| x_1 | $\textcircled{7}, \textcircled{3}$ | $\textcircled{6}, \textcircled{6}$ |
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(x_1, y_2) is the nash equilibrium.

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|-------|------------------------------------|----------------------|------------------------------------|
| | x_2 | y_2 | z_2 |
| x_1 | $0, 4$ | $5, 6$ | $\textcircled{8}, \textcircled{7}$ |
| y_1 | $\textcircled{2}, \textcircled{9}$ | $\textcircled{6}, 5$ | $5, 1$ |

(x_2, y_1) and (x_1, z_2) are the nash equilibriums.

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|-------|----------------------|----------------------|----------------------|
| | x_2 | y_2 | z_2 |
| x_1 | $0, 0$ | $\textcircled{5}, 4$ | $4, \textcircled{5}$ |
| y_1 | $4, \textcircled{5}$ | $0, 0$ | $\textcircled{5}, 4$ |
| z_1 | $\textcircled{5}, 4$ | $4, \textcircled{5}$ | $0, 0$ |

There is no pure nash equilibrium here.

We could see that for player 2, if $a_2 \geq 1$, then the payoff would be less or equal to $a_2 = 0$, so $a_2 \geq 1$ strategies are weakly dominated by $a_2 = 0$ strategy, hence we should cut them off.

Now that we know that player 2 strategies are limited to only $0 \leq a_2 \leq 1$, we should find the payoffs :

If player 1 plays x_1 , the best possible move for player 2 would be $-\frac{a_1}{2} + \frac{1}{2}$ and if player 2 plays a_2 , the best possible move for player 1 would be $\frac{a_2}{2}$.

If player 2 starts off with 1, player 1 would choose $\frac{1}{2}$ and if player 1 chooses $\frac{1}{2}$, player 2 would choose $\frac{1}{4}$ and so on ...

$a_2 = 1 \Rightarrow a_1 = \frac{1}{2} \Rightarrow a_2 = \frac{1}{4} \Rightarrow a_1 = \frac{1}{8} \Rightarrow \dots$

If you get the limit of this equation you will see that $x_1 \rightarrow 0.2, x_2 \rightarrow 0.4$

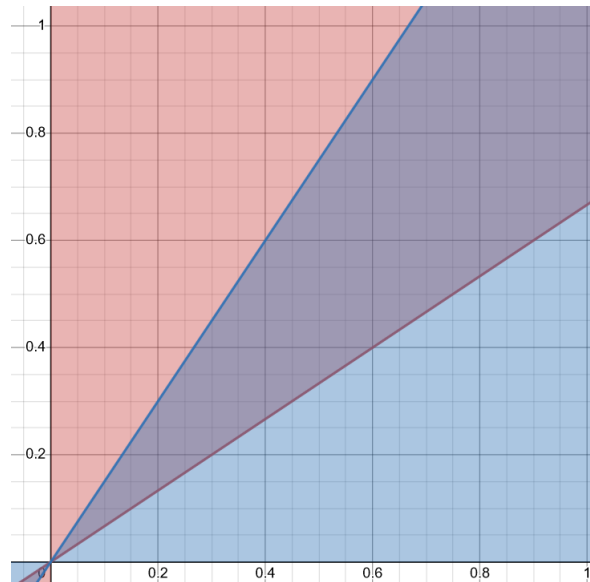
We have two players, so the player space would be $N = \{p_1, p_2\}$

The action set for player i, A_i would be $a = \text{interval of } (0, 1)$

For player i, the utility function would be $U_i = \frac{f(x_1, x_2)}{2} - c(x_i)$

We should now, find the interval in which both players payoffs are equal or greater than zero

1.



As you could see, the intersection of the blue and red area is the place the game would take place (both payoffs are higher or equal to zero).

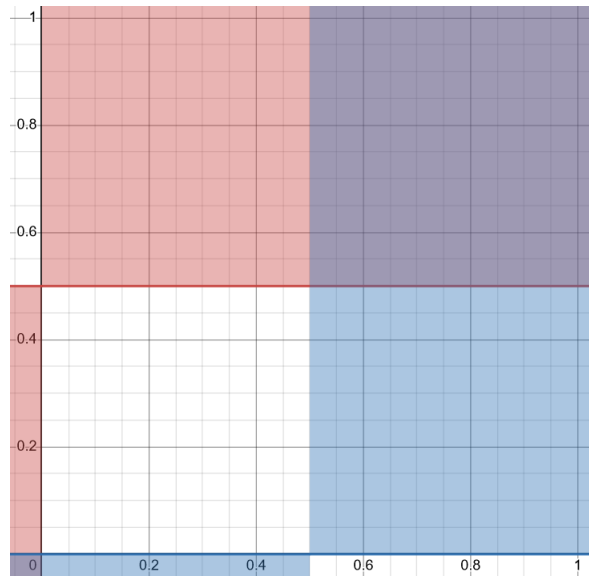
If player 1, chooses 0 to work, then the utilities would be : $U_1 = 0$ and $U_2 = -x_2$ so then player 2 would also choose 0 to work.

So if player 1, plays x_1 , player two would play $\arg\max \frac{3}{2}x_1x_2 - x_2^2$ which would be $x_2 = \frac{3x_1}{4}$ and player 1s payoff would be $\frac{9x_1^2}{8} - x_1^2 = \frac{x_1^2}{8}$.

We know that in interval of $(0,1)$ player 1s payoff is strictly ascending so player 1s best choice would be to choose : 1

So the best moves are when player 1 has move $\frac{3}{4} * x_2$ and player 2 has $\frac{3}{4} * x_1$ so this goes until both are 0 so nash equilibrium happens in point $(0,0)$

2.



As you could see, the intersection of the blue and red area is the place the game would take place (both payoffs are higher or equal to zero).

If player 1, plays x_1 then player 2 would play $\operatorname{argmax} \frac{4}{2}x_1x_2 - x_2$ which would depend on x_1 :

$$\begin{cases} x_1 > \frac{1}{2} & x_2 = 1 \\ x_1 \leq \frac{1}{2} & x_2 = 0 \end{cases}$$

Then the payoff of player 1 would be :

$$\begin{cases} x_1 > \frac{1}{2} & x_1 \\ x_1 \leq \frac{1}{2} & -x_1 \end{cases}$$

We see that for player 1, it is best to choose 1 and also for player 2 it is best to choose 1 so the Nash equilibrium would be in strategy (1,1)

If we choose a profile in which $a = (e, e, e, \dots)$, then we have nash equilibrium.

The proof is that $u_i = e$ and by mathematical proof we show that for each player, utility of derivation of this profile is less than the original.

We assume that there exists one player j that chooses e' :

$$\begin{cases} e' < e & \rightarrow \min_j e_j = e' \rightarrow u_j = 2e' - e' < e \\ e' > e & \rightarrow \min_j e_j = e \rightarrow u_j = 2e - e' < 2e - e \end{cases}$$

So we see that no other player would want to change the strategy, so $a = (e, e, e, \dots)$ is a nash equilibrium.

Now we need to show that no other nash equilibrium points exist in this game.

We assume that there is a equilibrium $a = (e, e, e', e, \dots)$ which at least one player has chosen a different strategy e' and the profile is also a nash equilibrium.

$$\begin{cases} e' < e & \rightarrow \min_j e_j = e' \rightarrow u_j = 2e' - e' < e \\ e' > e & \rightarrow \min_j e_j = e \rightarrow u_j = 2e - e' < 2e - e \end{cases} \Rightarrow \text{player with strategy } e' \text{ will choose strategy } e$$

to get better utility hence the original point $a = (e, e, e', e, \dots)$ was not a nash equilibrium.

To describe a game we would need : Players, Action Set, Utilities

To simplify the question, we name Hamid : player 1 and Masoud : player 2

Players : $N = \{1, 2\}$

Action Set : $a_1 = (ACEG, ADEG, ADFG)$, $a_2 = (BCEH, BDFH, BDEH)$

Utilities : $u_1(a_1, a_2) = \text{cost for player 1}$, $u_2(a_1, a_2) = \text{cost for player 2}$

Now we draw the utility matrix :

| | <i>BCEH</i> | <i>BDFH</i> | <i>BDEH</i> |
|-------------|-------------|-------------|-------------|
| <i>ACEG</i> | -13, -10 | -11, -5 | -11, -7 |
| <i>ADEG</i> | -8, -8 | -8, -5 | -10, -9 |
| <i>ADFG</i> | -5, -8 | -6, -6 | -5, -7 |

And now to remove the dominated strategies :

| | <i>BCEH</i> | <i>BDFH</i> | <i>BDEH</i> |
|------------------------|------------------------|-------------|------------------------|
| <i>ACEG</i> | -13, -10 | -11, -5 | -11, -7 |
| <i>ADEG</i> | -8, -8 | -8, -5 | -10, -9 |
| <i>ADFG</i> | -5, -8 | -6, -6 | -5, -7 |

| | <i>BDFG</i> |
|-------------|-------------|
| <i>ADFG</i> | -6, -6 |

So the nash equilibrium would be : (ADFG, BDFG) ✓

We want the nash equilibrium to happen in (ACEG, BCEH) so it should not be dominated.

-10 should become more than -5 and -13 should become more than -5.

cost of multiple passes from CE < 2

cost of single pass from CE $<$ cost of multiple passes from CE < 2

In this case if our costs are integers and we don't have negative costs, then the only feasible solution would be CE = (0,1).

Now we draw our utility matrix once again :

| | <i>BCEH</i> | <i>BDFH</i> | <i>BDEH</i> |
|-------------|-------------|-------------|-------------|
| <i>ACEG</i> | -7, -4 | -6, -5 | -6, -7 |
| <i>ADEG</i> | -8, -3 | -8, -5 | -10, -9 |
| <i>ADFG</i> | -5, -3 | -6, -6 | -5, -7 |

As we could see, ACEG is weakly dominated by ADFG so point (ACEG, BCEH) could not be a nash equilibrium.