	Left	Right
Up	1,1	2,0
Down	0,2	2,2

<u>Stage 1: Investment</u>   <u>Stage 2: Competitive Market</u>

Buyers
invest
+
Sellers
invest

Investments
affect
surplus of
matching

Price
divides
surplus
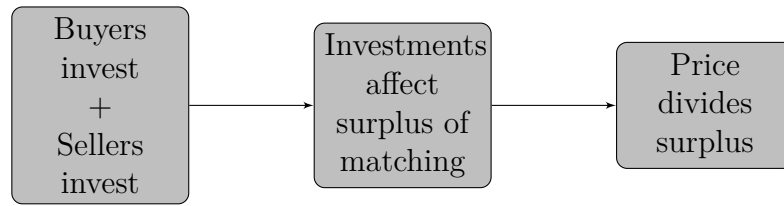
Stage 1: Investment

Stage 2: Market

Each type
t picks an
a and pays
cost $c(a,t)$

$\rightarrow$

Attributes
$\mu \in M_+(A)$

$\rightarrow$

Assignment
game
with a
Walrasian
equilibrium

| | Seller | |
	$s = 0$	$s = 1$
Buyer $b = 0$	$\tilde{p}^j(0,0)$ $-\tilde{p}^i(0,0)$	$\tilde{p}^j(0,1) - \frac{1}{4}$ $-\tilde{p}^i(0,1)$
$b = 1$	$\tilde{p}^j(1,0)$ $-\tilde{p}^i(1,0) - \frac{1}{4}$	$\tilde{p}^j(1,1) - \frac{1}{4}$ $1 - \tilde{p}^i(1,1) - \frac{1}{4}$

	Seller	
	$s = 0$	$s = 1$
Buyer $b = 0$	0 0	$-\frac{1}{4}$ 0
$b = 1$	0 $-\frac{1}{4}$	$\frac{1}{2} \quad - \quad \frac{1}{4}$ $1 - \frac{1}{2} - \frac{1}{4}$

	Seller	
	$s = 0$	$s = 1$
Buyer $b = 0$	0 0	$-\frac{1}{4}$ 0
$b = 1$	0 $-\frac{1}{4}$	$0 \quad - \quad \frac{1}{4}$ $1 - 1 - \frac{1}{4}$

		Buyer Payoffs	Seller Payoffs
	(0,0)	$-\tilde{p}^i(0,0)$	$\tilde{p}^j(0,0)$
	(0,1)	$-\tilde{p}^i(0,1)$	$\tilde{p}^j(0,1) - \frac{1}{4}$
Matching	(1,0)	$-\tilde{p}^i(1,0) - \frac{1}{4}$	$\tilde{p}^j(1,0)$
	(1,1)	$1 - \tilde{p}^i(1,1) - \frac{1}{4}$	$\tilde{p}^j(1,1) - \frac{1}{4}$