

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

Stage 1: Investment

Stage 2: Competitive Market



Stage 1: Investment

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

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

Stage 2: Market

Assignment
game
with a
Walrasian
equilibrium



		Software Developer	
		Don't Innovate	Innovate
Hardware Developer	Don't Innovate	<div>0</div> <div>0</div>	<div>-1</div> <div>0</div>
	Innovate	<div>0</div> <div>-1</div>	<div>2 - 1</div> <div>2 - 1</div>

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

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

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