

For any question asking for a verbal answer (e.g., explain this notion, or this constraint), you should answer in about 250 words. These are *short answer* questions, not essays, and the aim is to either (a) simply describe a concept or idea, or (b) present one reason for or against some notion. Don't try to write a five paragraph essay for each one. On the other hand, if your answer is much under 250 words, try explaining a bit more of the background; probably that means that you are presupposing something that we want you to make explicit.

1. Describe an example where Sen's Condition L (Liberalism) and Condition P (Pareto) conflict.
2. Describe an example of a **focal point** in Schelling's sense.
3. What is the difference between weak dominance and strict dominance? Describe an example where the two notions come apart.
4. In Table 1, what will be the result if both players use iterated deletion of strictly dominated strategies to decide what to do? (In each cell, Row's payouts are first, and Column's are second.)

Table 1: Game table for Q4

	W	X	Y	Z
A	6,3	0,4	2,7	1,3
B	5,5	5,6	2,3	5,8
C	2,2	3,7	7,2	3,5
D	4,7	0,4	1,6	2,2

5. In Figure 1, what will be the result if all players uses backward induction to solve the problem? (At each terminal node, the payouts are player 1's, then player 2's, then player 3's. Each player moves once; first player 1, then player 2, then player 3.)

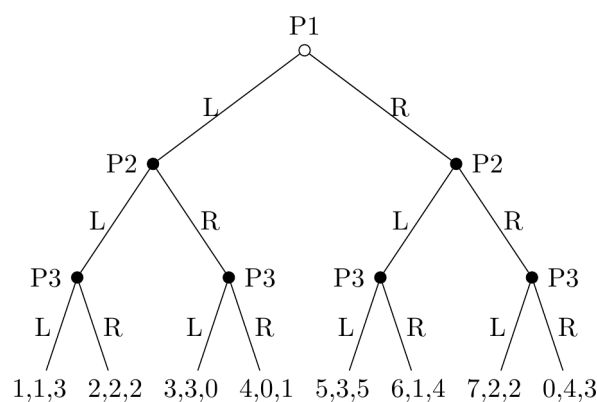


Figure 1: Tree for Q5

6. What is the human capital theory of the explanation of the college wage premium? Describe one objection to it. (You do not have to answer the objection.)