PROBLEM SET 2
Econ 250

1. WATSON Chapter 4, Exercise 2.
2. WATSON Chapter 6, Exercise 6.
3. Consider the following game matrix:

	L	C	R
T	3,1	0, 0	4, 1
M	10, 0	2, 2	4, 3
B	7, 6	1, 2	3, 1

   (a) Find all the strictly dominated (pure) strategies for each player.

   (b) Find all the weakly dominated (pure) strategies of each player.

   (c) Does the game has a strictly dominant strategy equilibrium?

4. Two players find themselves in a legal battle over a patent. The patent is worth 20 for each player, so the winner would receive 20 and the loser 0. Given the norms of the country they are in, it is common to bribe the judge of a case. Each player can secretly offer a bribe of 0, 9 or 20, and the one whose bribe is the largest is awarded the patent. If both choose not to bribe, or if the bribes are the same amount, then each has an equal chance of being awarded the patent. (If a player decides to bribe then he pays the judge regardless of who gets the patent).

   (a) Derive the game matrix.

   (b) Is the game dominance solvable? If so, find the strategy profile surviving IDSDS.