

Università di Pisa

Ninth hands-on: Game Theory I

Algorithm Design (2021/2022)

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1 Introduction

1.1 Problem 1: Diabolik

After Diabolik's capture, Inspector Ginko is forced to free him because the judge, scared of Eva Kant's revenge, has acquitted him with an excuse. Outraged by the incident, the mayor of Clerville decides to introduce a new legislation to make judges personally liable for their mistakes. The new legislation allows the accused to sue the judge and have him punished in case of error. Consulted on the subject, Ginko is perplexed and decides to ask you to provide him with a formal demonstration of the correctness/incorrectness of this law.

1.2 Problem 2: Investment Agency

An investment agency wants to collect a certain amount of money for a project. Aimed at convincing all the members of a group of N people to contribute to the fund, it proposes the following contract: each member can freely decide either to contribute with 100 euros or not to contribute (retaining money on its own wallet). Independently on this choice, after one year, the fund will be rewarded with an interest of 50% and uniformly redistributed among all the N members of the group. Describe the game and find the Nash equilibrium.

2 Solution