

Information and Uncertainty

Quiz 3

SPRING 2021

1. (Nash bargaining problem)
 - (a) Write down the definition of a bargaining problem and a bargaining solution according to Nash [1950].
 - (b) Write down the definition of the Nash bargaining solution.
2. (Rubinstein [1982]) Describe the unique subgame perfect equilibrium when the buyer's discount factor is δ_b and the seller's discount factor is δ_s .