Problem set due in class Thursday, January 27

Homework is graded credit/no credit. You may work on these problems together, but you should write up your answers on your own. Note that problems marked *optional* are just that—optional—and that the author's website (linked from our class homepage) has answers to exercises with a dark circle around the question mark.

1. Exercises 16.1, 27.2, 31.2, and 34.1. (Note that exercise X.Y appears on page X of the text.)

2. Read the sidebars on the history of game theory, von Neumann, Nash, studying Nash equilibrium experimentally, experimental evidence on the Prisoners' Dilemma, and focal points (pages 2, 3, 23, 24–26, 28, 32, respectively), and the notes on pages 9 and 53–54. Write a one-sentence comment about four of these.

3. *Optional.* Consider the Centipede Game with 4 coins. (Each player can take one or two coins at each turn, with the game ending as soon as any player takes two coins, or when the coins run out.) Attempt to express this game as a strategic game by creating a payoff matrix. For ease of exposition, it may help to label the actions "A", "B", "C", etc., and then describe what these labels represent in a list.