1. Gintis, problem 4.3 (c) and (d). *Do not turn in.* Answers on p. 336.

2. Gintis, problem 4.7. *Do not turn in.* This is just to read if you haven’t yet.


4. Gintis, problem 4.14. You may regard the probabilities as payoffs to Fighter Command. Payoffs to Bomber Command are minus these numbers. Be sure to tell me in what order you eliminate strategies and why each can be eliminated.

5. Gintis, problem 4.15. *Do not turn in.* Answer is (pass, counter pass).

6. Gintis, problem 5.1, first paragraph only. Bernie’s strategy is his price $x$ and Mannie’s strategy is his price $y$. Allow $x$ and $y$ to be any nonnegative real numbers. Which strategy profiles $(x, y)$ are Nash equilibria? For example, if $250 < x < y$, is $(x, y)$ a Nash equilibrium? Answer: no. Bernie gets the whole market and makes a profit of $x - 250 > 0$ on every player sold. Mannie gets nothing. Bernie could improve his payoff by increasing his price just a little but keeping it less than $y$, or Mannie could improve his payoff by decreasing his price to a number between 0 and $x$. Try to consider all possibilities in some organized way.

7. Gintis, problem 5.1, second paragraph. *Do not turn in.* This is for your amusement. In this problem, as I understand it, each player has the same strategies as above, plus one more: charge 300 and run the add described in the problem. (To do a problem like this, you have to first decide what each player’s strategy set is!)
8. Gintis, problem 5.2 (a). Again it is important that $x$ and $y$ are real numbers, this time between 0 and 1. If, for example, $x < y$, then player 1 can always change to a new strategy a little bigger than $x$ but still less than $y$. You may find it easier to use words rather than formulas to describe how such a change will affect the payoffs.

9. Gintis, problem 5.2 (b). Do not turn in. This is for your amusement.

10. Gintis, problem 5.15 (a). Be sure to make clear why certain strategy profiles are Nash equilibria and all others are not.