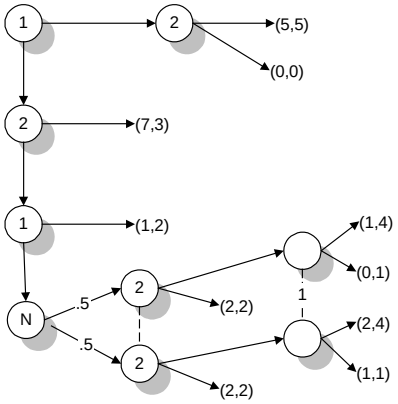
Copyright (C) 2012 David K. Levine
This document is an open textbook; you can redistribute it and/or modify it under the terms of version 1 of the open text license amendment to version 2 of the GNU General Public License. The open text license amendment is published by Michele Boldrin et al at http://levine.sscnet.ucla.edu/general/gpl.htm; the GPL is published by the Free Software Foundation at http://www.gnu.org/copyleft/gpl.html.
If you prefer you may use the Creative Commons attribution license http://creativecommons.org/licenses/by/2.0/

Economics 504: Extensive Form Games Problem Set (#2)

Dynamic Games

In the game below find 1) the normal form 2) all pure and mixed Nash equilibria 3) all subgame perfect equilibra



Backward Induction

There are five pirates with names 1,2,3,4,5. They have just seized a hundred gold coins, and now it's time to share the loot. The bargaining rules are: Whoever has the lowest number as a name must propose an division of the one hundred coins to the remaining pirates. If the majority accepts the proposal, then the coins are allocated and the game ends. If the majority does not accept, then the proposer gets thrown overboard and the game is repeated with one less pirate. What should the first pirate propose?