ECON 8002/4162: Microeconomic Analysis
PROBLEM SET #5
(due in the TA session, 12/6)

1. Varian, 14.10
2. Varian, 14.12
3. Varian, 14.16
4. Varian, 14.18
5. Varian, 15.6
6. Take my example of the Soccer Shootout Game. What happens to the equilibrium as you change the payoffs to represent the kicker having an increasingly strong left-side advantage? In particular, change the payoffs in the upper left corner of the matrix from $(.1, -.1)$ to $(\alpha, -\alpha)$ for $1 > \alpha > .1$. How does the Nash Equilibrium change with α? Do you ever get a Nash equilibrium in pure strategies? How does the probability of a goal being scored change with α? Explain the intuition behind your results.