

Problem 9:

Suppose 1 plays H with probability p .

$$\begin{aligned}\pi_2(H) &= (1)(p) + (4)(1 - p) \\ &= 4 - 3p\end{aligned}$$

$$\begin{aligned}\pi_2(T) &= (2)(p) + (5)(1 - p) \\ &= 5 + p\end{aligned}$$

Indifferent when

$$\begin{aligned}4 - 3p &= 5 + p \\ -2p &= 1 \\ p &= -\frac{1}{2}\end{aligned}$$

A probability cannot be negative of course, so at this point I hope you pause and recognize that something unusual is going on. In this case, for player 2, T strictly dominates H . It can never be an equilibrium for her to play H with any probability, so there is no mixed strategy equilibrium. The only Nash equilibrium is (T, T) .

Problem 10:

We do not typically do mixed strategies with more than two strategies. When you see a game like this

		2	
		L	R
1	T	1,1	3,3
	M	2,4	5,5
	B	3,2	1,1

you should look for a strategy you can eliminate. In this case M strictly dominates T, so we can eliminate T (Player 1 never plays T in any equilibrium). Now the game looks like:

		2	
		L	R
1	M	2,4	5,5
	B	3,2	1,1

Now this is a standard game. If 2 plays L with prob p , then 1's payoffs are:

$$\begin{aligned}\pi_1(M) &= 2p + 5(1 - p) \\ \pi_1(B) &= 3p + 1(1 - p)\end{aligned}$$

1 is indifferent when $p = \frac{1}{5}$. If 1 plays M with prob p , then 2's payoffs are:

$$\begin{aligned}\pi_2(L) &= 4q + 2(1 - q) \\ \pi_2(R) &= 5q + 1(1 - q)\end{aligned}$$

2 is indifferent when $q = \frac{1}{2}$. Therefore, the mixed strategy NE is 1 plays M with prob $\frac{1}{2}$ and 2 plays L with probability $\frac{1}{5}$.

Problem 11

Suppose two of the players play the following mixed strategy: I will attend with probability p . We find when the third player is indifferent between attending and not.

$$\begin{aligned}\pi(\text{Attend}) &= 5 \\ \pi_2(\text{Not}) &= 10 * (\text{the probability someone else attends}) + \\ &= 0 * (\text{the probability no one else attends})\end{aligned}$$

There are several ways someone else can attend but only one way no one else attends, so we calculate the latter. The probability no one else attends is $(1 - p)^2$. Therefore, the probability someone else attends is $1 - (1 - p)^2$. The player is indifferent where

$$\begin{aligned}5 &= 10 * (1 - (1 - p)^2) \\(1 - p)^2 &= \frac{1}{2} \\p &= 1 - \sqrt{\frac{1}{2}}\end{aligned}$$

So the mixed strategy is each person attends the meeting with the probability found above.