

Answers without explanation

1999 Fall 3. Mechanism Design

(a) There is such a mechanism if $C \leq 70$.

(b) If both report that they can use the technology, it is converted only when $C \leq 60$ and cost sharing is

$$c_A = \frac{4}{7}C \quad \text{and} \quad c_B = \frac{3}{7}C$$

If one firm reports that it can use the technology, it is converted only when $C \leq 70$ and that firm charges the whole cost.

1999 Fall 4. Repeated Games

(a) (M,C) and (D,R)

(b)

$$\bar{\delta} = \frac{1}{\sqrt{3}}$$

(c) No. In the 3-fold repetition, mixed strategies can be interpreted as a mix over pure strategies, i.e., playing a random result in the first period, and pure strategies according to the history of taken actions of all players.