

Answers without explanation

**1999 Spring 3. Tester's Curse**

(a) omitted (There are two ways. One is to use 4 different payoff matrices for each type. The other is to use 1 big matrix by constructing behavioral strategies for each laboratory.)

(b) No.

(c) There are three Bayesian Nash equilibria.

1. One uses (Pass the test  $\rightarrow$  report Honest, Fail the test  $\rightarrow$  report Honest)  
The other (Pass the test  $\rightarrow$  report Honest, Fail the test  $\rightarrow$  Lie)

2. One uses (Pass the test  $\rightarrow$  report Honest, Fail the test  $\rightarrow$  Lie)  
The other (Pass the test  $\rightarrow$  report Honest, Fail the test  $\rightarrow$  report Honest)

3. Both use (Pass the test  $\rightarrow$  Lie, Fail the test  $\rightarrow$  report Honest)

(d) didn't solve

**1999 Spring 4. Repeated Games**

(a) 36 following (B,X) and (D,Z)

(b) 24 following (C,Y) and (C,Y)

(c) 38 following (B,X), (D,Z) and (D,Z), punishing COL with (C,Y) and (C,Y) if he deviates in the first period.

(d) 87 following (C,W), (D,Z), (D,Z) and (D,Z), punishing COL with (B,X), (D,Z) and (D,Z) if he deviates in the first period.