

Answers without explanation

2004 Fall 3. An Auction

$$B(s_i) = \frac{7}{6}s_i \quad \text{for all } i$$

2004 Fall 4. Arbitration

(a) No.

(b) -\$30,000

(c) -\$27,272.7... with

probability for the Mary with a good record to go to trial	=	$\frac{10}{11}$
probability for the Mary with a bad record to go to trial	=	0
money transfer from the Mary with a good record to John	=	0
money transfer from the Mary with a bad record to John	=	$\$ \frac{90,000}{11}$