

Department of Economics  
The Ohio State University  
Econ 805–Homework #4  
due Thursday, March 5

Prof James Peck  
Winter 2009

1. Mas-Colell, exercise 8.E.2.

Hint: Guess that the symmetric equilibrium is linear in a bidder's valuation type, of the form  $b_i = Av_i$ . Then find the value of  $A$  by computing bidder  $j$ 's best response.

2. Mas-Colell, exercise 9.B.9

Just find the “best” subgame perfect Nash equilibrium, in the sense of maximizing the sum of the payoffs of the two players over the two rounds.

3. Mas-Colell, exercise 9.C.7.