

Week 9 Group/Solo Assignment

For each of the following game theory matrices, find the dominant strategy equilibrium, if it exists. Explain the logic used to find the answer. The payouts that result from each choice take the form (Person A's payout, Person B's payout) and higher values are preferred to lower values.

1.

	Tom Choice A	Tom Choice B
Dirk Choice A	10,10	6,12
Dirk Choice B	12,6	8,8

2.

	Seiichi Choice A	Seiichi Choice B
Amemiya Choice A	15,15	12,12
Amemiya Choice B	12,12	10,10

3.

	Diego Choice A	Diego Choice B
Dora Choice A	7,6	5,8
Dora Choice B	2,5	3,9

4.

	Donald Choice A	Donald Choice B
Barrack Choice A	10,10	15,15
Barrack Choice B	12,12	12,12

5. Suppose the market demand curve in a monopolistically competitive market contains the following combinations:

Price	18	16	14	12	10	8	6	4
Q Demanded	0	10	20	30	40	50	60	70

In this market assume there are 10 firms, that each (on average) face the following demand curve for their own specific goods:

Price	14	13	12	11	10	9	8	7	6
Q Demanded	0	1	2	3	4	5	6	7	8

In addition, suppose each firm (on average) has the following total cost information:

Quantity	0	1	2	3	4	5	6	7	8
Total Cost	10	16	20	25	32	40	50	62	75

- Find the profit-maximizing price and quantity for each firm.
- Calculate the profit for each firm.
- What is the market price and quantity?
- In the long-run, will new firms enter or exit this market?