

22C : 196 : 003 Computing Equilibria in Markets and Games
Spring 2005
Homework 3
Due on November 2

1. Exercise 294.2 on page 294 of Osborne-Rubinstein.
2. Refer Chapter 23 of the MWG book, entitled 'Incentives and Mechanism Design'. Show that if the social choice function in Example 23.B.3 satisfies conditions 23.B.1 and 23.B.2, it is ex post efficient.
3. Example 23.B.3 gives a specific social choice function for which there is a situation in which Agent 1 has an incentive to lie about his type. This specific social choice function is placed in the context of quasi-linear utilities in Example 23.C.1. With this placement, now suppose that the transfers are made according to the Clarke Mechanism. Analyze the options of Agent 1 in the same situation that is considered in Example 23.B.3. How does the utility he obtains vary with his declared type?
4. What is the subject of the paper you are going to write for this course? What articles is it going to be based on?