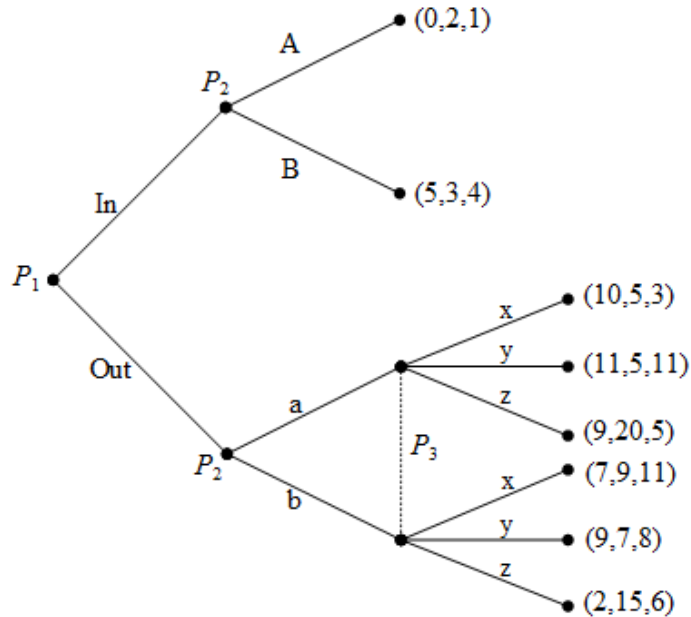


EconS 503 - Microeconomic Theory II  
 Homework #3 - Due date: February 12th, 2018

1. [Finding NE and SPNE] Consider the following game tree.



- (a) Define the strategy spaces for players 1, 2 and 3.
- (b) Using your results in part (a), represent the game in matrix form.
- (c) Using your results from part (b), find the Nash equilibria (NEs) of this game.
- (d) Let us consider again the game tree. Identify all subgames of this game.
- (e) Using your results from part (d), find the Subgame Perfect Nash equilibria (SPNEs) of this game.
- (f) Compare the set of NEs and SPNEs. Which NEs are based on incredible threats? Interpret.

2. **Exercises from Tadelis:**

- Chapter 7: Exercise 7.9
- Chapter 8: Exercises 8.6, 8.7, 8.9, 8.13, and 8.15.