

PS/EC 172, SET 1
DUE FRIDAY, APRIL 10TH

Collaboration on homework is encouraged, but individually written solutions are required. Also, please name all collaborators and sources of information on each assignment; any such named source may be used.

- (1) *The ultimatum game*. Consider the ultimatum game from the lecture notes.
 - (a) *20 points*. How many possible strategy profiles does this game have?
 - (b) *30 points*. Write down all the equilibria.
- (2) Explain why the second player cannot force a victory in
 - (a) *30 points*. Tic-tac-toe. Hint: assume the second player has a strategy that forces a victory. Explain how the first player can use this strategy to build a strategy that would force victory too, leading to a contradiction. This can be done in a way that is independent of most of the details of the definition of the game.
 - (b) *20 points*. The sweet fifteen game. Hint: https://en.wikipedia.org/wiki/Magic_square.

- (3) *Bonus question: countability via games*. Recall that a set S is *countable* if there exists a bijection (one-to-one correspondence) $f: S \rightarrow \mathbb{N}$ from S to the natural numbers. Recall also that the interval $[0, 1]$ is not countable (Cantor, 1874). We will prove this using a game. This proof is due to Grossman and Turett (1998).

Consider the following game. Fix a subset $S \subseteq [0, 1]$, and let $a_0 = 0$ and $b_0 = 1$. The players Al and Betty take alternating turns, starting with Al. In Al's n^{th} turn he has to choose some a_n which is strictly larger than a_{n-1} , but strictly smaller than b_{n-1} . At Betty's n^{th} turn she has to choose a b_n that is strictly smaller than b_{n-1} but strictly larger than a_n . Thus the sequence $\{a_n\}$ is strictly increasing and the sequence $\{b_n\}$ is strictly decreasing, and furthermore $a_n < b_m$ for every $n, m \in \mathbb{N}$.

Since a_n is a bounded increasing sequence, it has a limit $a = \lim_n a_n$. Al wins the game if $a \in S$, and Betty wins the game otherwise.

- (a) *1 point*. Let S be countable, so we can write it as $S = \{s_1, s_2, \dots\}$. Prove that the following is a winning strategy for Betty: in her n^{th} turn she chooses $b_n = s_n$ if she can (i.e., if $a_n < s_n < b_{n-1}$). Otherwise she chooses any other allowed number.
- (b) *1 point*. Explain why this implies that $[0, 1]$ is uncountable.