

ASSIGNMENT

1. What is game theory? Explain, with an example, how two firms reach an equilibrium if both of them use their dominant strategy.
2. If in a duopoly market only one firm has a dominant strategy how an equilibrium can be reached? Explain with an example. What type of equilibrium it is?
3. What are non-cooperative games? Explain, with an example, the concept of prisoner's dilemma.
4. What are cooperative games? How are they different from non-cooperative games? Explain with an example.