

Type: MCQ

Q1. A strategy is called a strictly dominated strategy if (1)

1. It is the best of all strategies
2. It gives a better payoff compared to all other strategies
3. **If there exists another strategy that gives a higher payoff for all choices by other players
4. It dominates all other players

Q2. In a prisoner's dilemma game, Not Confess is a strategy that is (1)

1. Exclusively a dominant strategy for player 1
2. **Is a dominated strategy
3. Is a dominant strategy equilibrium but not a Nash strategy equilibrium
4. Is only a Nash equilibrium but not a dominant strategy equilibrium

Q3. For a monopolist facing demand curve $P=2-4Q$ and marginal cost = 1, (2)
profit maximizing quantity is

1. $2/3$
2. ** $1/8$
3. $3/10$
4. $1/7$

Q4. For a monopolist facing demand curve $P=4-3Q$ and marginal cost = 1, (2)
Equilibrium price is

1. ** $5/2$
2. $1/6$
3. $3/10$
4. $1/7$

Q5. $U(w)=(x)^2$ where w is the wage rate is an example of the utility (3)
Function of a

1. **Risk loving individual
2. Risk neutral individual
3. Risk averse individual
4. Irrational individual