Take Home Exam  
July 31, 2006

Submit your answers by email to volij@iastate.edu no later than August 6. If you do not get a confirmation that I have received your answers, send them again. If you submit your answers later than August 6, it is fine, but I may need to submit a temporary Incomplete grade, which will be changed into a final grade as soon as I read your answers. In case you decide to submit your answers after August 6, the deadline is August 20.

Needless to say, the exam is individual, and under no circumstances are you allowed to consult with each other.

Good luck, and enjoy.


2. Show that you understand the paper by answering the following questions

   (a) What does the expression \([s_i = s_i]\) mean? Give your answer in plain English and formally.

   (b) Justify each step of the proof of Lemma 10.

   (c) What does it mean for a player to be rational at a state \(\omega\)? Explain clearly.

   (d) What are the main substantive differences between the concept of rationality in this paper, and the one used in Aumann’s “Correlated Equilibrium as an Expression of Bayesian Rationality,” Econometrica 55, (1987), 1–18?

   (e) Explain the difference between a material conditional, and substantive conditional. Give examples of both.