

Microeconomic Analyses of Old Indian Texts

Summer 2018

You have to accomplish this test within **60 minutes**.

MATRIKEL-NR.:

STUDIENGANG:

NAME, VORNAME:

UNTERSCHRIFT DES STUDENTEN:

ANFORDERUNGEN/REQUIREMENTS:

Lösen Sie die folgenden Aufgaben!/Solve all the exercises!

Schreiben Sie, bitte, leserlich!/Write legibly, please!

Sie können auf Deutsch schreiben!/You can write in English!

Begründen Sie Ihre Antworten!/Give reasons for your answers!

1	2	3	4	5	6	Σ

Problem 1 (5 points)

What does completeness of preferences mean? Is it a useful axiom for analyzing Ádjuna's (or any person's) decision problem?

Problem 2 (15 points)

Consider $I = \{1, 2, 3\}$ and the neighbourhood structure $N = \{1 - 2, 2 - 3, 3 - 1\}$.

- a) Find all the possible fighting structures!

b) Is country 1 a friend of country 3 against 2 at $\{2 \leftrightarrow 3\}$?

c) Are the following strategy combinations equilibria?

- each country attacks every other country with a common border
- country 1 attacks country 2, countries 2 and 3 do not attack
- countries 1 and 3 attack country 2, country 2 does not attack

Problem 3 (10 points)

In Leeson's ordeal model, we find the equation

$$(1 - \rho)(1 - \alpha) < \frac{NOP}{OP} < \rho + (1 - \rho)(1 - \alpha).$$

Explain!

Problem 4 (10 points)

How did a “judicial wager” function? Could it solve the problem of identifying the guilty party in a lawsuit?

Problem 5 (10 points)

In the model of Kautilya's market tax, explain the trade-off a trader faces.

Problem 6 (10 points)

In some Upanishads, breath obtains some payment (bali) from the other vital forces. Explain in relation to the Shapley value.