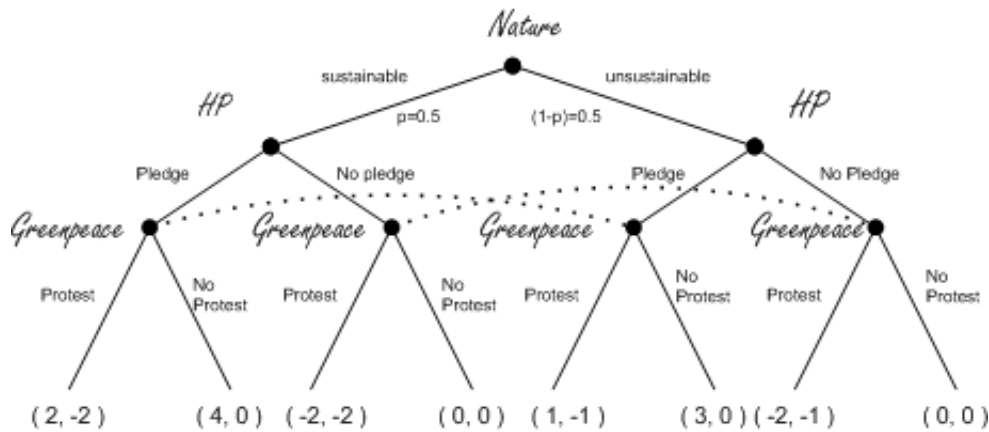Quiz #2. EPA2142 Policy and Decision Models

Use additional paper as provided. Sign all sheets with name and student number.

Hewlett-Packard is considering signing a sustainability pledge to recycle consumer electronics. Only the top management knows for sure whether the company currently follows sustainability practices or not. Greenpeace is considering protesting HP headquarters in Europe, and would prefer to protest against an unsustainable company, and to use their protests to prompt sustainable companies to recycle.

Questions

1. What does HP know and not know according to the game tree (2 points)?
2. What does Greenpeace know and not know according to the game tree (2 points)?
3. Enumerate the strategies for both HP and Greenpeace (2 points).
4. Describe the strategies chosen by each player across all strategies in the normal form game (1 point).
5. Quantify the pay-off matrix of the normal form game (1 point).
6. Identify pure strategy equilibria if they exist. You may eliminate weakly dominated strategies (1 point).
7. How would the play of the game change if the probability of HP being an unsustainable company were to increase (1 point)?