Exam 2018
Do five questions. 100 points total

1. 20 points total. Consider the following quote from CBB: "War is the collective pursuit of a dangerous activity. But the collective pursuit occurs person by person. Why do individuals participate in war, whether voluntary or conscripted? In battle, what makes the fighting unit stay together as a collective, even as the lives of the individuals are at stake?"

   (a) 10 points. Explain for an audience that has not had this course, e.g., one of your parents, why the participation of individuals in combat is seen by economists as problematic. That is, what assumptions about the motivation of individual soldiers and asumptions about their interactions make their participation in such a dangerous activity a puzzle?

   (b) 10 points. Explain some of the techniques devised by military and societal leaders to try and make soldiers "be brave" and not "shirk."

2. 20 points. The efficacy of bombing in WWII has generated much debate. With use of the basic economic principles listed in CBB, critically evaluate the theory and practice of strategic bombing. Critically evaluate any ethical issues surrounding strategic bombing.

3. 20 points. Explain why to understand war and other conflicts it is necessary to understand the reasons for bargaining failure. Then discuss at least two of the various reasons for bargaining failure.

4. 20 points. Moral hazard is any situation in which one person makes the decision about how much risk to take, while someone else bears the cost if things go badly. Discuss the idea of moral hazard as it applies to issues of war.

5. 20 points. Discuss the causes and conduct of WWI from the perspective of economics.

6. Each part worth 10 points.

   (a) "27" and RAD are Maymester fashionistas, and want to wear their tank tops to class. But being the only one wearing a tank top makes them uncomfortable. Their strategies are thus tt and s, mnemonic for "tank top" and "sleeves," and their payoffs are

	tt	s
tt	(3,3)	(1,2)
s	(2,1)	(2,2)

   Determine the Nash equilibria (if any) for this game. Your answer should have the form: "The Nash equilibria (equilibrium) is the pair (a,b), (or, "there is no Nash equilibria in pure strategies"). Explain your reasoning.

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(b) R and C, two other Maymester fashionistas, like to wear their favorite tank tops-which are identical- on co-curricular activities. But they really hate it when they both are wearing the same top. Their strategies are thus tt and s, mnemonic for "tank top" and "sleeves,"

and their payoffs are

	tt	s
tt	$(1,1)$	$(3,2)$
s	$(2,3)$	$(2,2)$

. Determine the Nash equilibria (if any) for this game, and explain your reasoning.

7. 20 points. From 1980 to 2000, the proportion of SUV's on American roadways increased from .22 to .39. One suggested reason for the increase is that an SUV is safer for its occupants in a car crash with a non-SUV, such as the smaller, environmentally-friendly Leaf. Consider the following description of strategies and payoffs of the choices faced by two citizens:

(a) I am safest if I have an SUV, and you have a Leaf; you are safest if you have an SUV and I have a Leaf.

(b) If we both have Leafs, we are both equally safe, but better off than if we both had SUV's because we get a warm glow from believing we are helping the environment.

(c) Because of the safety aspect of a crash, it is more desirable for me to have an SUV and for you to have a Leaf than for each of us to have the same thing, i.e., both of us having SUVs or both of us having Leafs. Likewise, you are better off having an SUV and me a Leaf rather than both of us having the same type vehicle.

We can summarize these ideas in the matrix game:

	Leaf	SUV
Leaf	$(4,4)$	$(1,5)$
SUV	$(5,1)$	$(2,2)$

Explain what the prediction of this game is for the choices of both players, and opine on whether government policy could affect the well-being of both players.

8. 20 points. Discuss either "Hamlet" or "Peter Pan" from the perspective of conflict economics.

9. 20 points. Explain the paradox of civilization. As part of your answer, make sure you discuss what is paradoxical about civilization in this context, and what are the conditions necessary for civilization to arise.

10. 20 points. Describe what you have gained from this course, in terms of both cognitive development and exposure to new ideas and experiences.