

Final-Exam Game

Consider the choices of a professor and his collective students.

- The professor has promised that there will be a long, comprehensive, and difficult final exam for the course.
- All students are passing prior to final exam, but will flunk if they fail final.
- On the day of the final, the professor has the option of canceling the exam.
- This is a sequential game in which students decide their study strategy before knowing the professor's decision.

Each player has a decision to make:

- **Professor:** Give the exam or cancel at the last minute
- **Students:** Study hard or party before exam

Final-Exam Game		Students	
		Study	Party
Professor	Give exam	Must grade exam Learn, pass	Must grade exam Don't learn, flunk
	Cancel exam	No grading Learn, pass	No grading Don't learn; pass

Assess whether either player has a dominant strategy and the likely Nash equilibrium outcomes for the following cases:

1. This is a state university where students care only about grades and this professor prefers not to work hard on classes.
2. This is Reed, where students care mostly about learning, but the professor in this course cares mostly about workload.
3. This is Econ 201, where students care mostly about learning and the professor cares more about student learning than about his workload.