Mathematics E-126:

Decisions, Games, and Negotiation

Assignment 4: Due Wednesday 3/16/05 at 5 pm EST.
Please review the handout on Assignment Policies for information on how to submit your assignment.

A. Reading
Read Chapters 7-11 of Smart Choices and Chapter 7 of Decision Making. Review the discussion questions from Part E of Assignment 3.

B. Required
Problems 3 and 6 from §7.14 of Decision Making. (25 points)

C. Choices
Do one problem from each of the following four pairs in §7.14 of Decision Making: 1 or 2; 4 or 5; 12 or 13; 16 or 18. (15 points each = 60 points)

For problem 2(a), you are required to draw a probability tree (e.g., in Powerpoint or Paint) and turn it in with the assignment. For problem 12, you need not draw a probability tree to compute the probabilities, but you should show your work however you do the problem.

D. Writing
Write a paragraph explaining something that you understand better this week than you did last week. Include a specific example, such as an item on a previous problem set that you now know how to do better. (15 points)

E. Preparation
Read Chapter 8 of The Science of Decision Making. Don’t worry much about §8.15 or §8.16. Think about the following topics.

1. Read problems 14 and 15 from §7.14. Within doing any calculations, what are your best guesses about the answer?
2. What does it mean to say that taking expectations is linear? What can you say about the linearity of the variance?
3. Take a look at problems 20 through 24 in §7.14 of Decision Making. You will have to choose and do some of these on the next assignment.