

Quiz 2

1. A group of N students go to a restaurant. Everyone knows that each student will simultaneously choose her own meal, but all students will share the total bill equally. If a student gets a meal of price p and contributes x towards paying the bill, her payoff is $\sqrt{p} - x$.
 - (a) Find the Nash equilibrium for any N .
 - (b) Discuss the limiting cases of $N = 1$ and $N \rightarrow \infty$.