

PRISONERS' DILEMMA

NASH EQUILIBRIUM




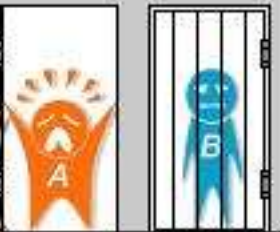



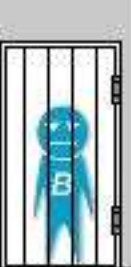
Both Adam and David confess











Prisoners' dilemma

		prisoner B			
		confess		remain silent	
prisoner A	confess	 5 years	 5 years	 0 year	 20 years
	remain silent	 20 years	 0 year	 1 year	 1 year

PRISONER'S DILEMMA

- If it is likely that you will interact with your fellow prisoner in the future, then it's better to cooperate.
- The rewards don't have to be exactly the same or of equal value to be beneficial to both parties.
- The main importance is their relative value to each other.

Prisoners' dilemma

	prisoner B	
	confess	remain silent
prisoner A confess	 5 years 5 years	 0 year 20 years
prisoner A remain silent	 20 years 0 year	 1 year 1 year

© 2006 Encyclopædia Britannica, Inc.

PRISONERS' DILEMMA

NASH EQUILIBRIUM

Both Adam and David confess

TIT FOR TAT



Prisoners' dilemma

		prisoner B	
		confess	remain silent
prisoner A	confess	 5 years 5 years	 0 year 20 years
	remain silent	 20 years 0 year	 1 year 1 year

© 2006 Encyclopædia Britannica, Inc.

PRISONERS' DILEMMA

NASH EQUILIBRIUM

Both Adam and David confess