

PRISONERS' DILEMMA

NASH EQUILIBRIUM




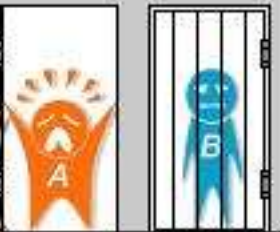



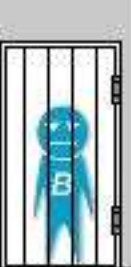
▶ Both Adam and David confess











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

- Cooperation doesn't even have to be considered beneficial by society at large.
- Corruption is a good example here: the two parties get the graft while the public suffers the losses and gets rightfully angry.
- The parties don't have to be acting rationally, either — or even consciously.

Prisoners' dilemma		prisoner B	
		confess	remain silent
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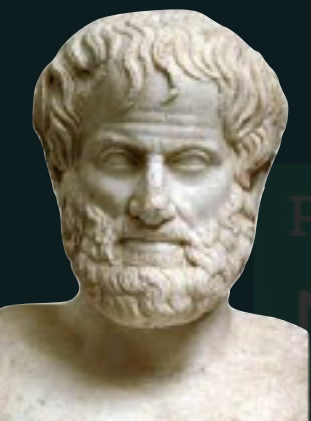
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INTERNATIONAL POLITICS: AN EXAMPLE

- Axelrod sees a very pertinent modern example in global politics.
- There is no overriding central authority (the UN has symbolic authority but no real ability to enforce many resolutions).
- Often individual nations find their own security goals contradict those of other nations.

hd	   COOPERATE DEFECT	
	COOPERATE	DEFECT
COOPERATE	     	     
DEFECT	     	     



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