

PRISONERS' DILEMMA

NASH EQUILIBRIUM

Both Adam and David confess





Suspect 1

Should I confess?



Prisoner's Dilemma

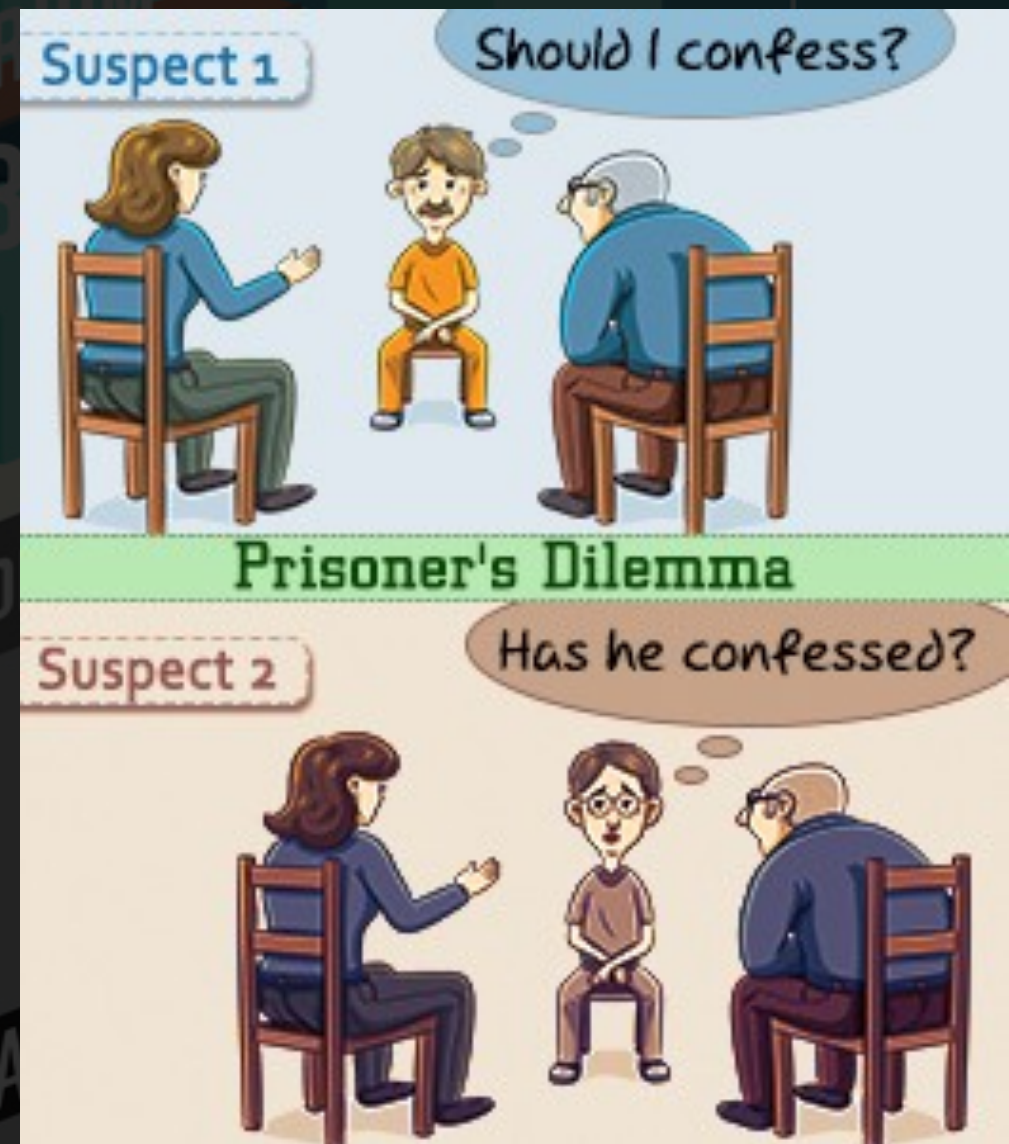
Suspect 2

Has he confessed?



PRISONER'S DILEMMA

- How does cooperation occur in situations where every individual involved has an incentive to act selfishly, and where there is no clear central authority forcing cooperation?
- This is the famous case of the prisoner's dilemma.



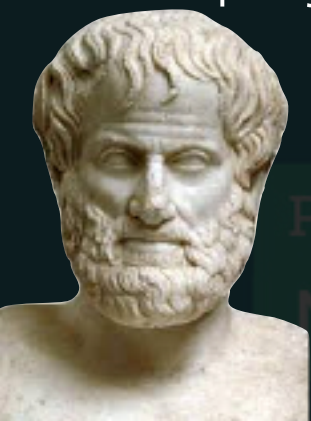
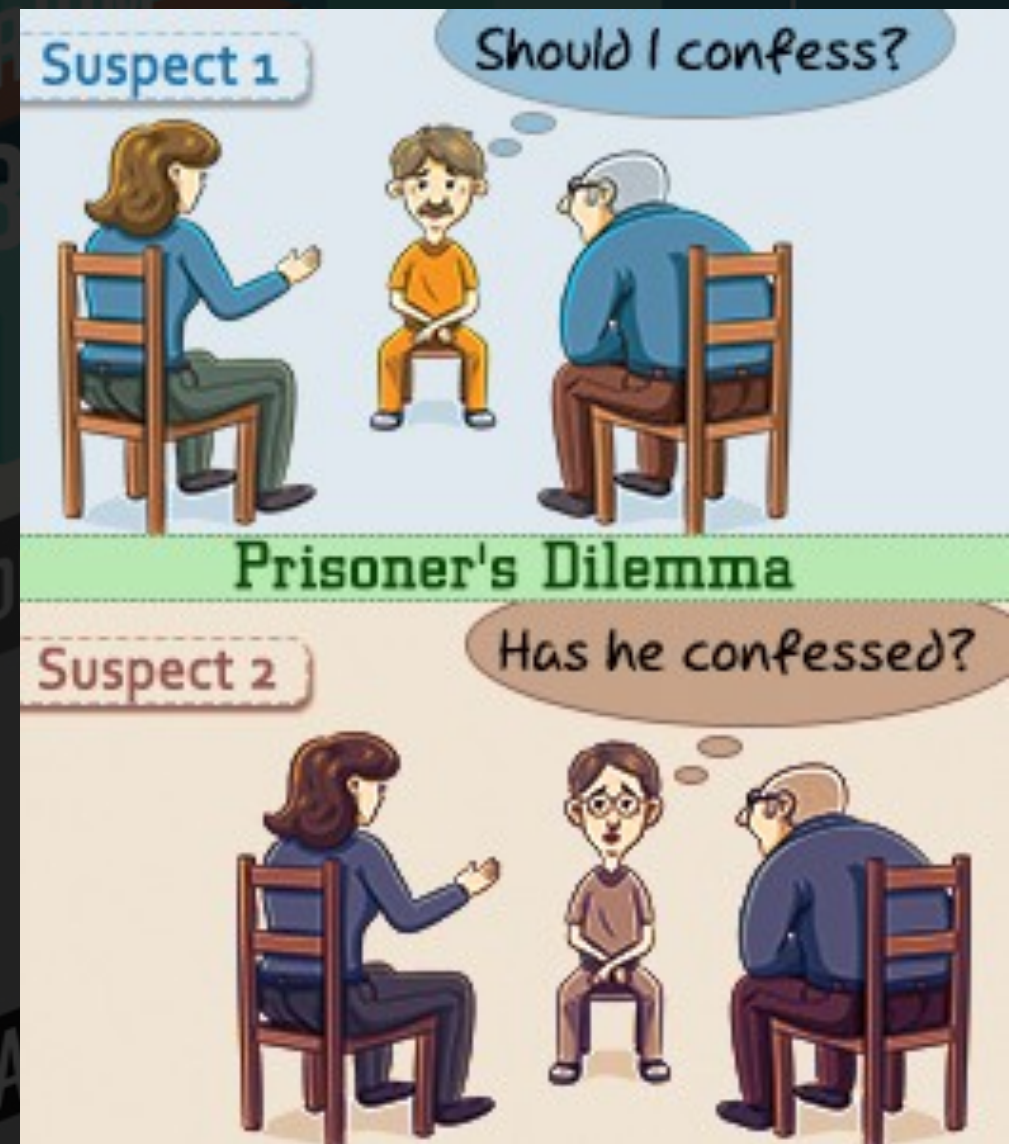
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- When it comes to determining strategy if you are one of the two prisoners involved in this dilemma, it's not as simple as a game like chess, where you assume that your opponent makes the worst possible move for you.
- The prisoner's dilemma is **not a zero-sum game**: by cooperating, both prisoners can win more than if they both refuse to cooperate.
- It's not safe to assume that the other player is out to get you.



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