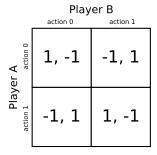
Econ 101 Fall 2020

Example Handout

Matching Pennies

Player A's objective is to take the same action as B. B's objective is to take the opposite action.



		Player B	
		action 0	action 1
	action 0	<u>1</u> , -1	-1, <u>1</u>
Player A	action 1	-1, <u>1</u>	<u>1</u> , -1

There is no pure strategy Nash equilibrium.

Prisoner's Dilemma

Both A and B have a dominant strategy, action 1/confess.

	Player B	
	action 0	action 1
Player A	2, 2	-1, 3
Play	3, -1	0, 0

		Player B	
		action 0	action 1
	action 0	2, 2	-1, <u>3</u>
Player A	action 1	<u>3</u> , -1	<u>0, 0</u>

There is a unique Nash equilibrium.