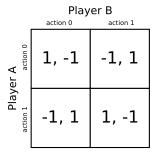
Econ 101 Fall 2020

## **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
er A	o III	<u>1</u> , -1	-1, <u>1</u>
Player A	action t	-1, <u>1</u>	<u>1</u> , -1

There is no Nash equilibrium.

## Prisoner's Dilemma

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

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

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

There is a unique Nash equilibrium.