

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
Player A	action 0	1, -1	-1, 1
	action 1	-1, 1	1, -1

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

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

There is a unique Nash equilibrium.