

12.2-3 Simultaneous Move Games

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Prisoner's dilemma

Amy + Bob

Confess or not confess

- neither confess, both get 6 months \rightarrow minor
- both confess, both 24 months \rightarrow major
- one rats, one doesn't \rightarrow rat 0, other 30 months

A \ B	Confess	Not
Confess	-24, -24	0, -30
Not	-30, 0	-6, -6

\Rightarrow row, column

Solution concept

Strong vs weak dominance

Iterated Dominance

Simultaneous entries

Amy: incumbent, expand, not
Bob: entrant, in, out

A \ B	In	Out
Expand	20, 20	40, 0
Not	30, 20	10, 0

\uparrow
solution

Strong dom

Battle of the sexes

Amy wants Game
Bob wants Play

A \ B	Game	Play
Game	3, 2	1, 1
Play	0, 0	2, 3

Secure Strategy = max-min strategies