① s_1

②

s_1 — accept

$1-s_1$ — reject — period $K=1$

②

s_2

① — accept

δs_2

$\delta(1-s_2)$ — reject — period $K=2$

$\delta^2 s$

$\delta^2(1-s)$

period $K=3$

The players discount payoffs received a period later by a factor $\delta \in (0,1)$