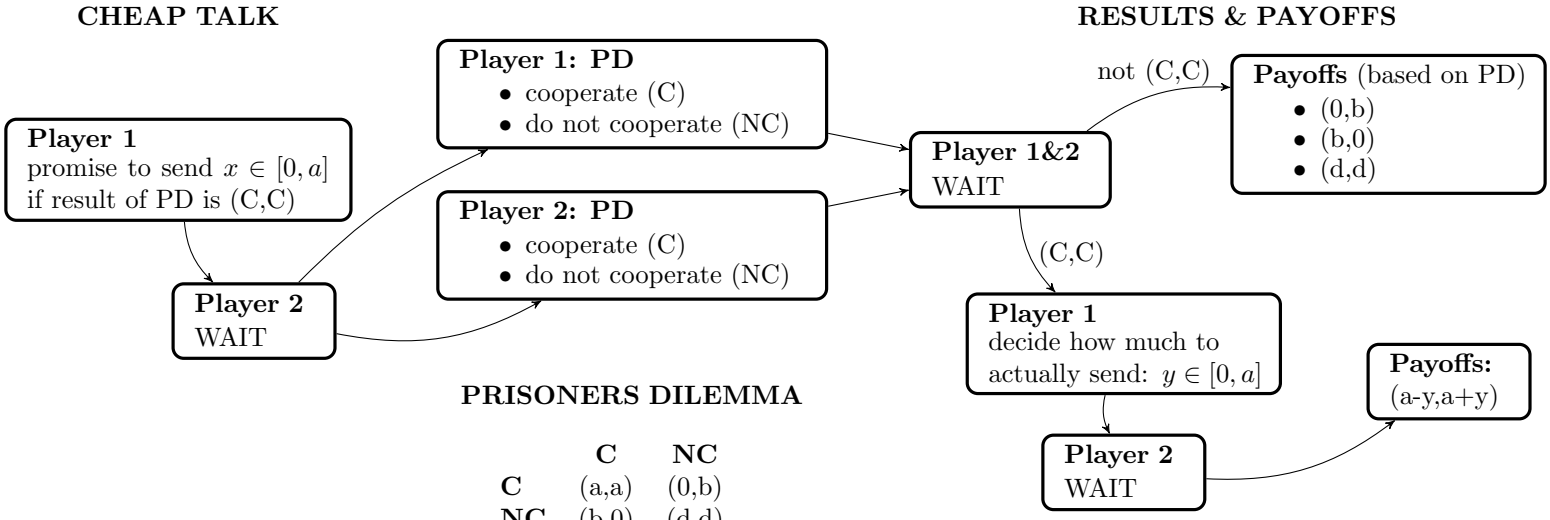
CHEAP TALK
RESULTS & PAYOFFS
Player 1
promise to send $x \in [0, a]$
if result of PD is (C,C)
Player 2
WAIT
Player 1: PD
• cooperate (C)
• do not cooperate (NC)
Player 2: PD
• cooperate (C)
• do not cooperate (NC)
Player 1&2
WAIT
not (C,C)
Payoffs (based on PD)
• (0,b)
• (b,0)
• (d,d)
(C,C)
Player 1
decide how much to
actually send: $y \in [0, a]$
Player 2
WAIT
Payoffs:
(a-y,a+y)
PRISONERS DILEMMA
C NC
C (a,a) (0,b)
NC (b,0) (d,d)