

If country A
cooperates

If country B
cooperates



A gets:

\$960

B gets:

\$960

If country B
cheats

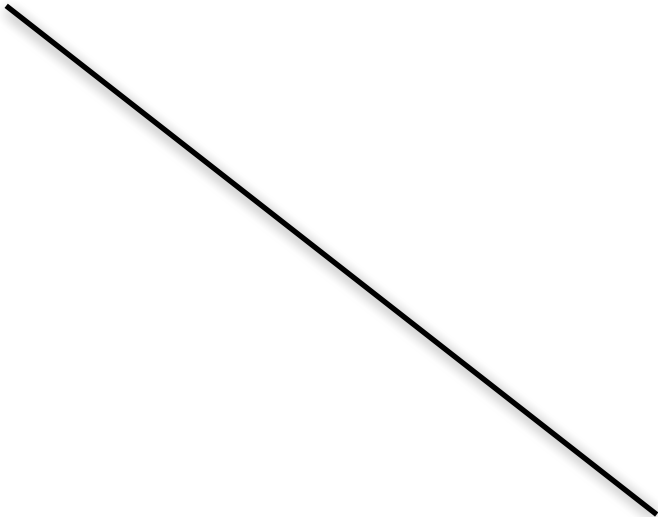
If country A
cheats

A gets:

\$840

B gets:

\$840



A gets:

\$1,260

B gets:

\$720



A gets:

\$720

B gets:

\$1,260



If country A
cooperates

If country B
cooperates

If country A
cheats

What should country **A** do if **B** cooperates?

W































S



















6









W



























U







V

B



S





V























a



S













S







2

6











V





U



If A cooperates, it gets \$960 in revenue









U







V





S

b



S



S





2





g

V





B













2



e

S



S











2



Let's find the best strategy for Country **A**

Country **A** only cares for its own revenue



Best:
cheat

We then ignore
this side of the
matrix

We then ignore
country B's
revenues

If A cheats, it gets \$1,260 in revenue

Country A's best strategy if B
cooperates is to cheat

Let's find the best strategy for Country A

What should country A do if B cooperates?
Country A only cares for its own revenue

Country A's best strategy if B cooperates is to cheat

If A cooperates, it gets \$960 in revenue
If A cheats, it gets \$1,260 in revenue

We then ignore country B's revenues
We then ignore this side of the matrix

	If country B cooperates	
If country A cooperates	A gets: \$960	
If country A cheats	Best: cheat A gets: \$1,260	

Let's find the best strategy for Country **A**

	If country B cooperates	If country B cheats
If country A cooperates	<div>A gets: \$960</div> <div>B gets: \$960</div>	<div>A gets: \$720</div> <div>B gets: \$1,260</div>
If country A cheats	<div>A gets: \$1,260</div> <div>B gets: \$720</div>	<div>A gets: \$840</div> <div>B gets: \$840</div>