

If country A
cooperates

If country B
cooperates



A gets:

\$960

B gets:

\$960

If country B
cheats

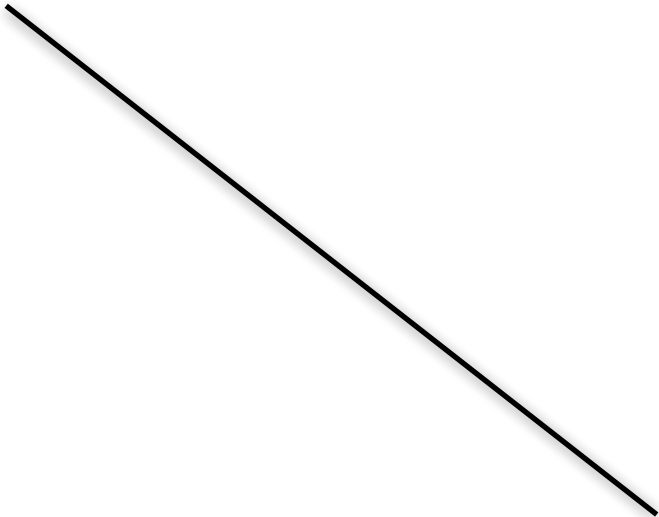
If country A
cheats

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 B do if A cooperates?

W





9















S

S



















2









W





g













S



V















B







a



S













S







2

6













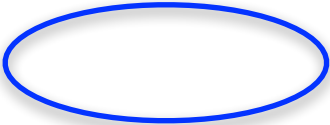


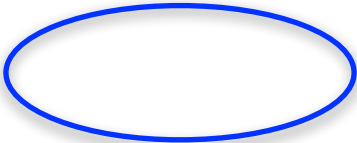


U



If B cooperates, it gets \$960 in revenue









U







Y

B



S

b



S

S





2





9

Y



















a





S



S











2



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

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



Best:
cheat

Games Without a Dominant Strategy

We ignore this
side of the matrix

We ignore A's
revenues

If **B** cheats, it gets \$1,260 in revenue

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

Games Without a Dominant Strategy

Let's find the best strategy for Country B

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

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

If B cooperates, it gets \$960 in revenue

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

We ignore A's revenues

	If country B cooperates	If country B cheats
If country A cooperates	<div>B gets: \$960</div>	<div>B gets: \$1,260</div>
	We ignore this side of the matrix	

Best: cheat

What is the best strategy for Country B if A cheats?

	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: \$700</div> <div>B gets: \$700</div>