




If country A  
cooperates

If country B  
cooperates



A gets:

\$960

B gets:

\$960

If country B  
cheats



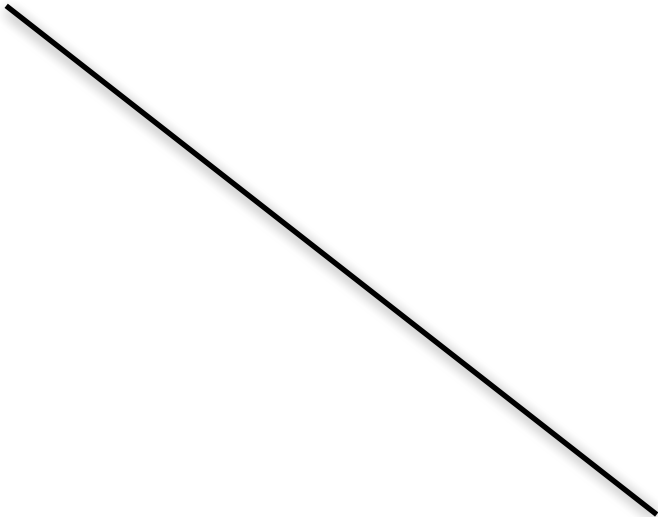
If country A  
cheats

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























6









W































U









**V**











V

















B









a



S















S







2



6











**V**



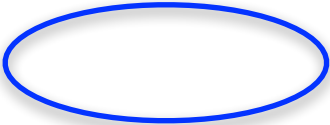


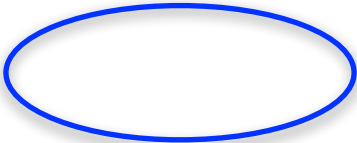


U



If B cooperates, it gets \$960 in revenue











U







**Y**

B



S



**b**



S

S





2







9

**Y**





















2





S





S











2





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

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



Best:  
cheat

We then ignore  
this side of the  
matrix

We then ignore  
country **A's**  
revenues

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

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



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

We then ignore  
country A's  
revenues

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

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



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

We then ignore  
this side of the  
matrix

Let's find the best strategy for Country B

	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>