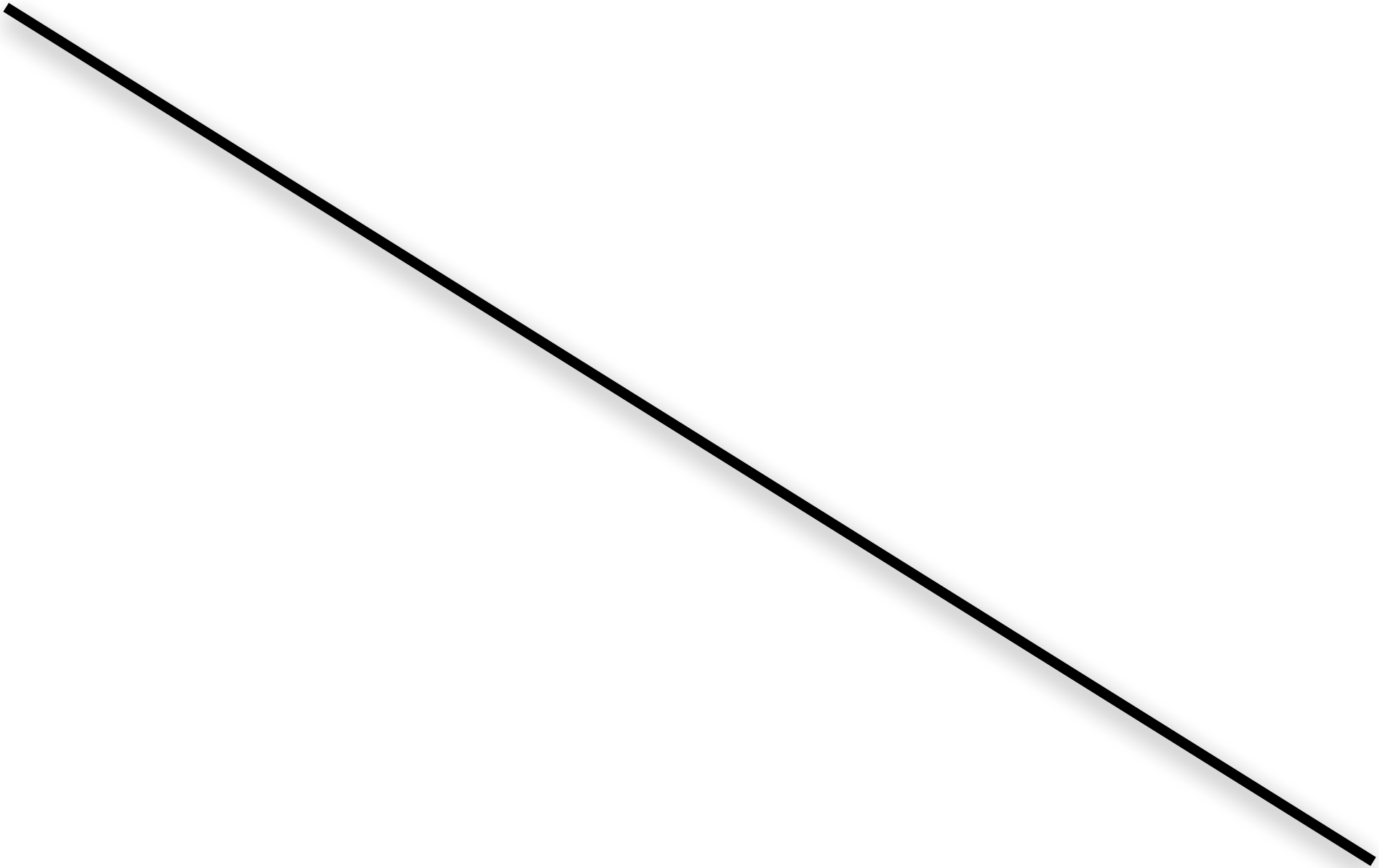
If country A cooperates

If country B cooperates



A gets:

$960

B gets:

$960

# If country B cheats

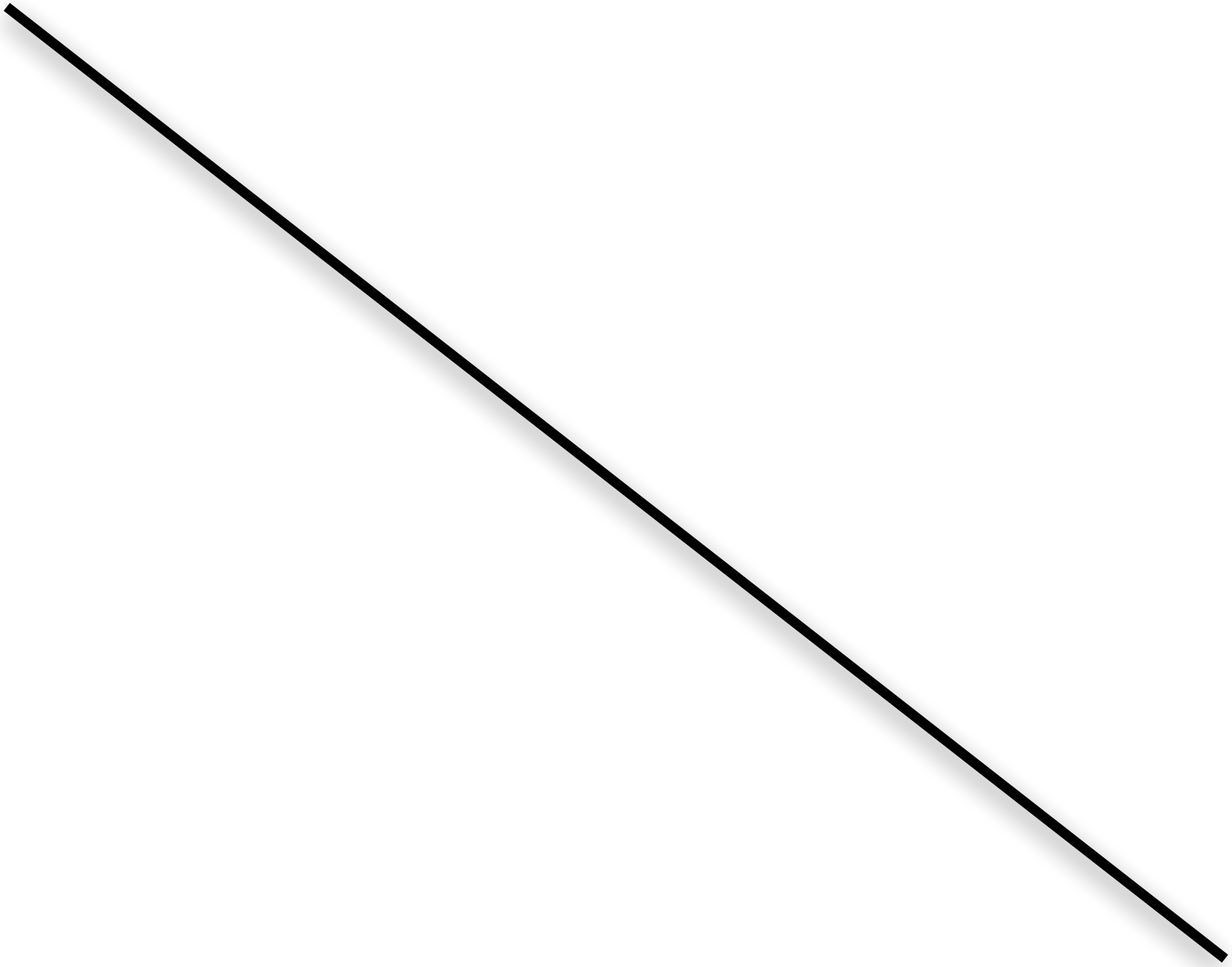
# If country A cheats

A gets:

$840

B gets:

$840

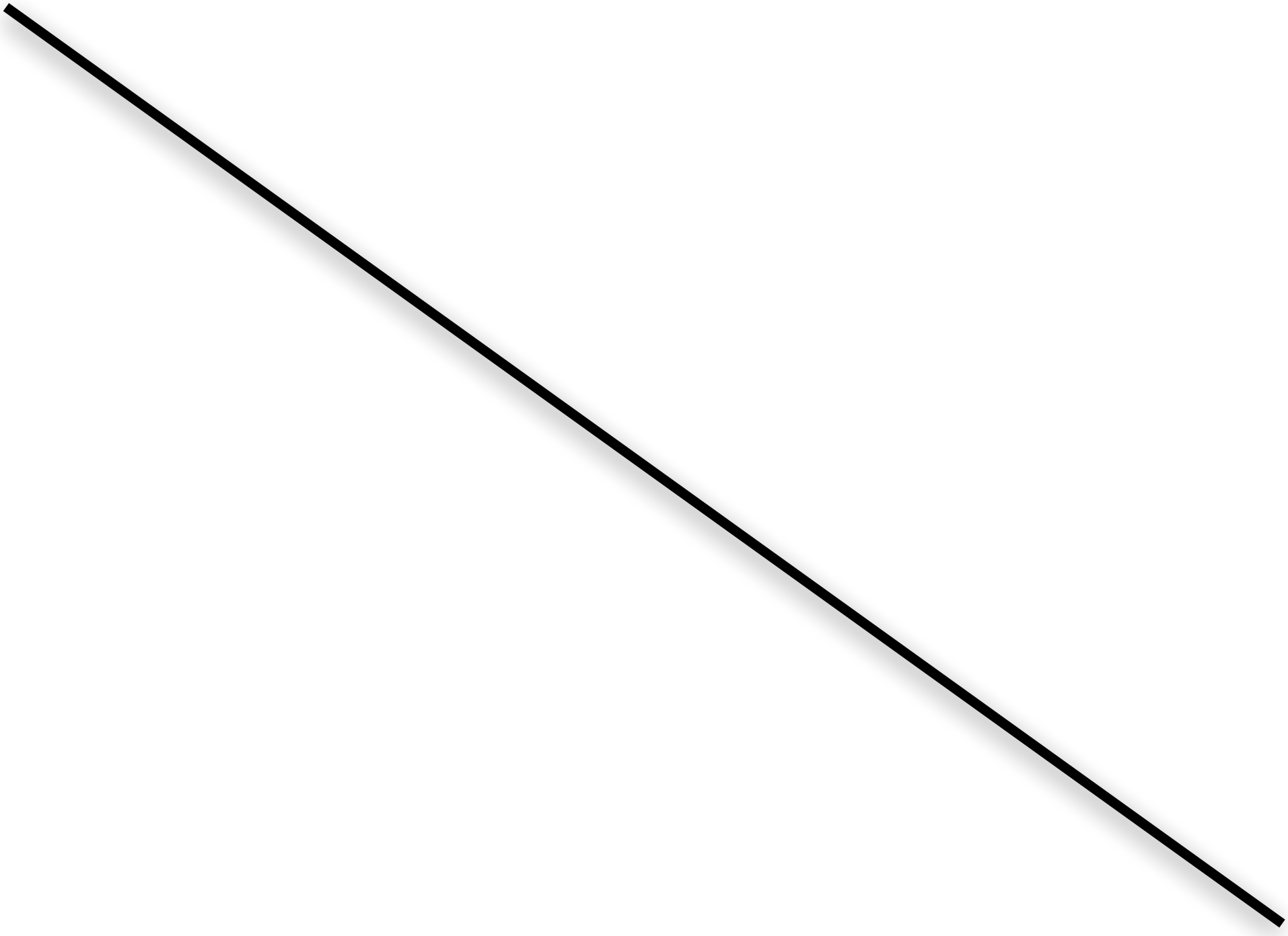


A gets:

$1,260

B gets:

$720

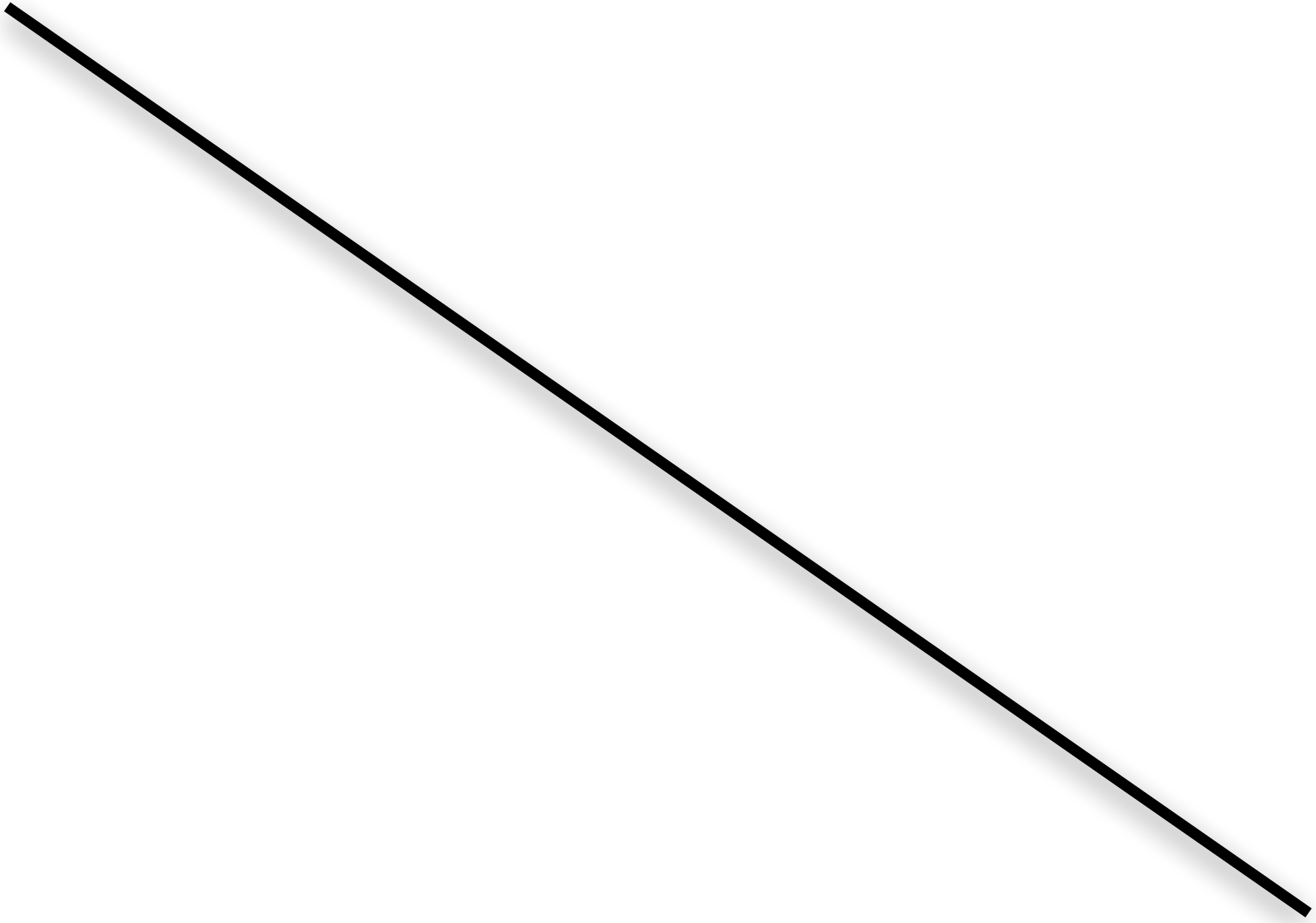


A gets:

$720

B gets:

$1,260

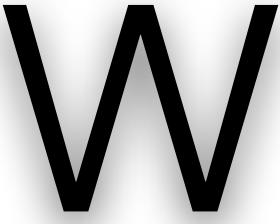


If country A cooperates

If country B cooperates

# If country A cheats

# What should country B do if A cooperates?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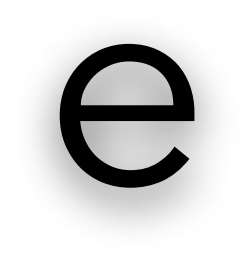

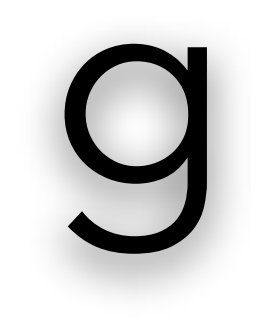

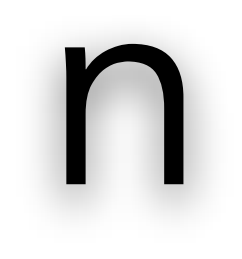

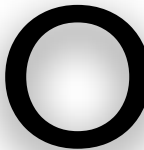

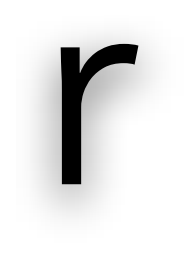
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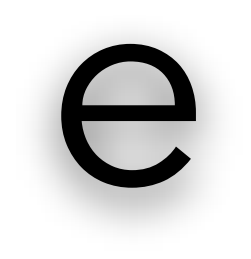

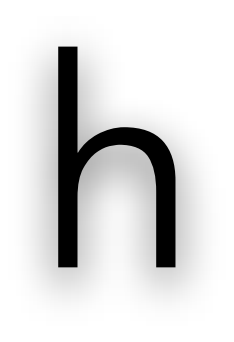

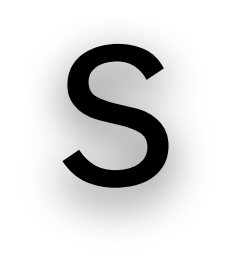
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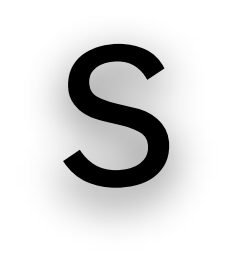

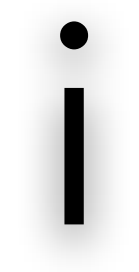

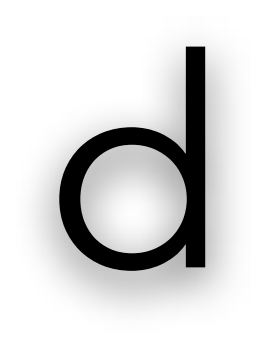

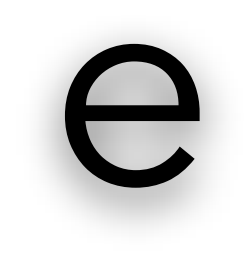

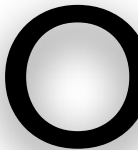

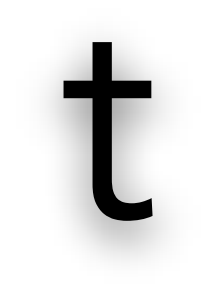

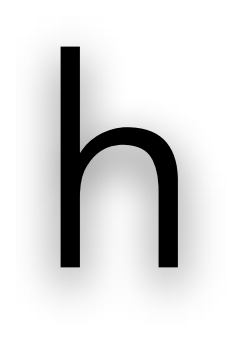
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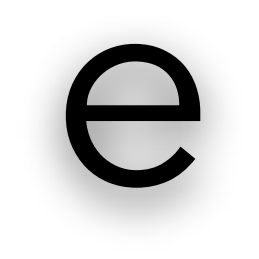

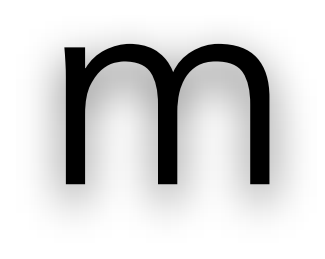

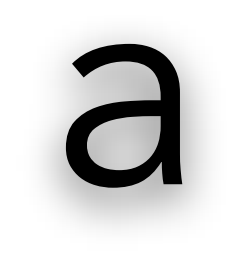
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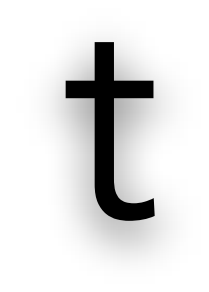

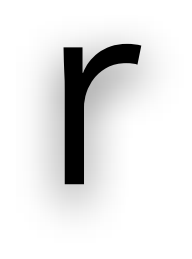


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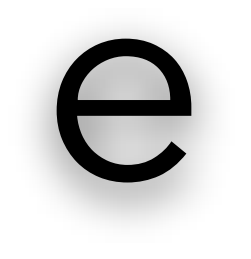

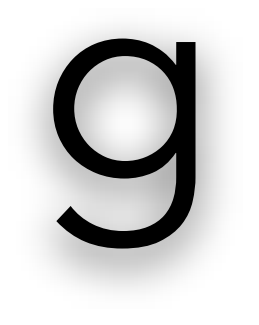

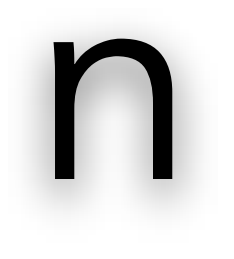
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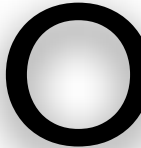

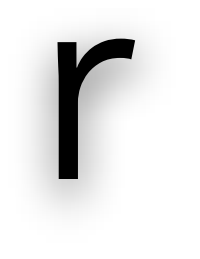
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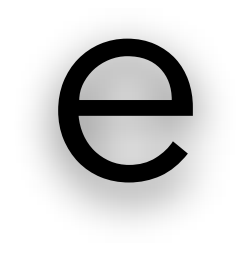

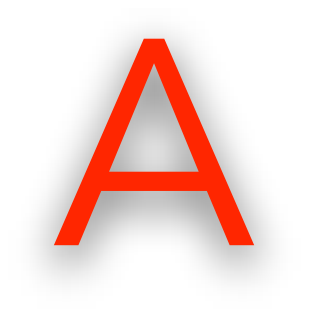

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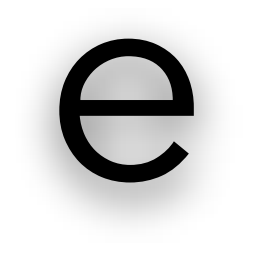

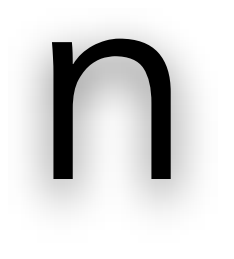
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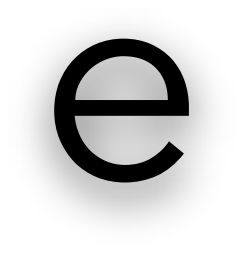

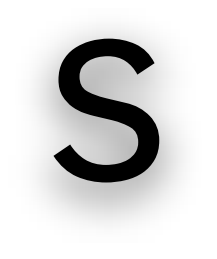
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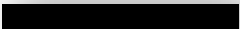

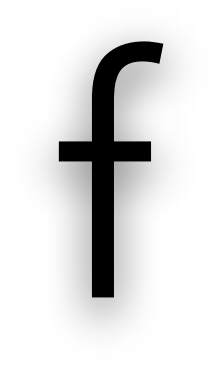

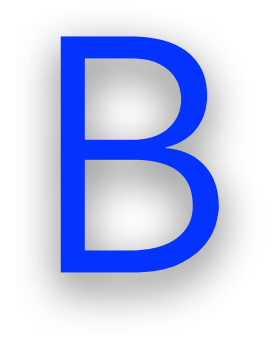
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C


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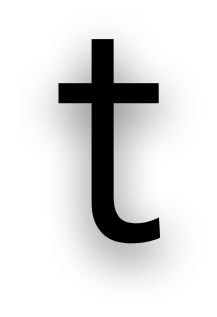

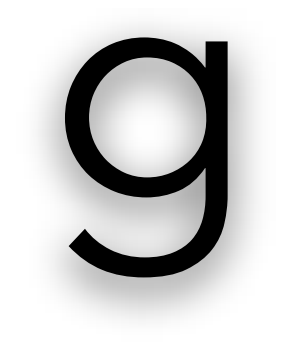
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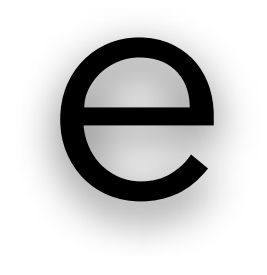

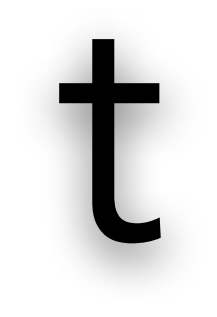

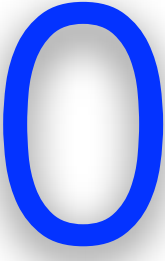

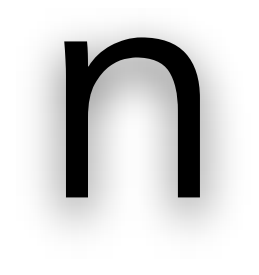
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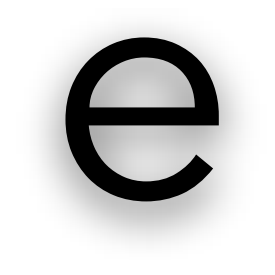

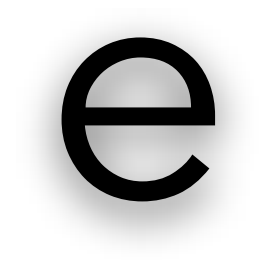

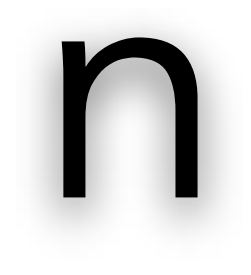
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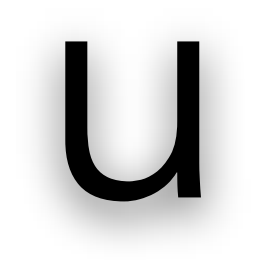
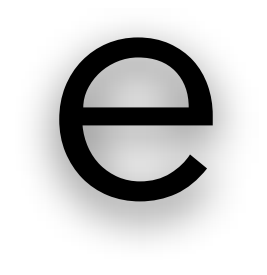
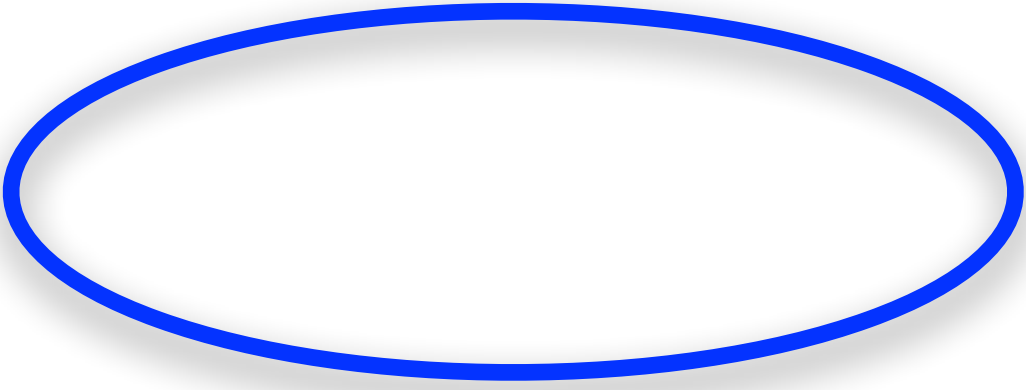
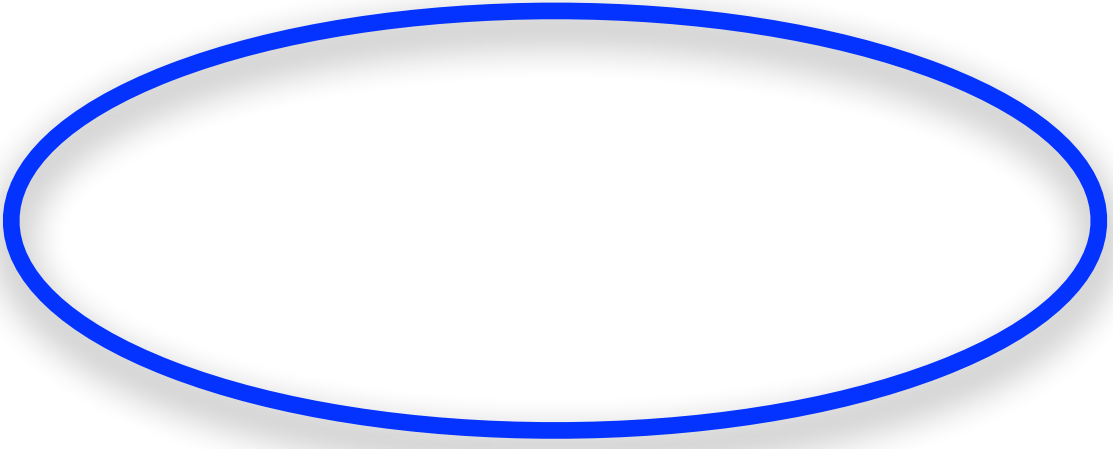
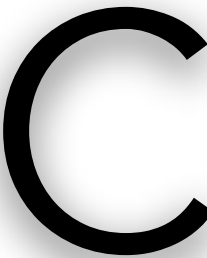


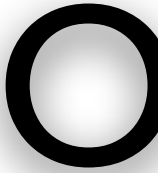


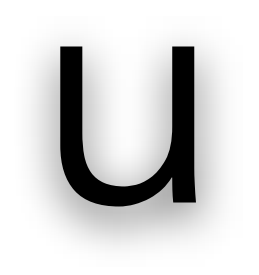
If B cooperates, it gets $960 in revenue

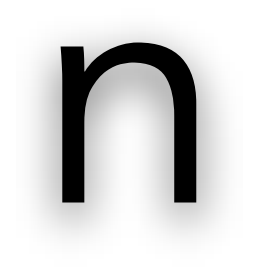


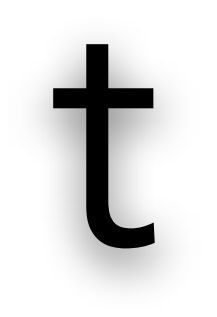


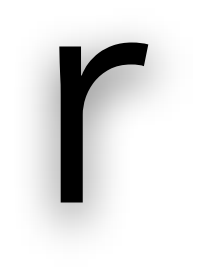


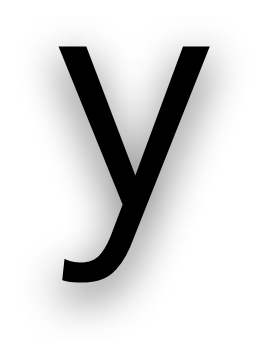








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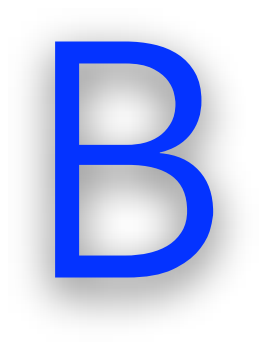
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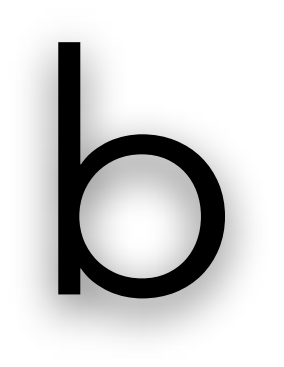

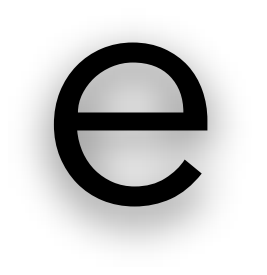

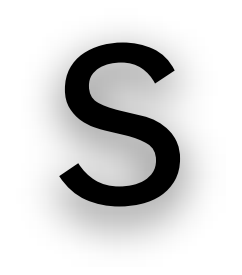

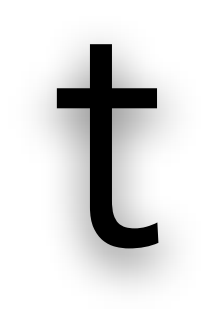

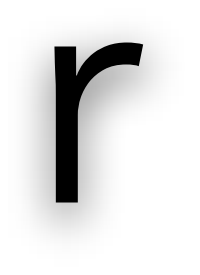


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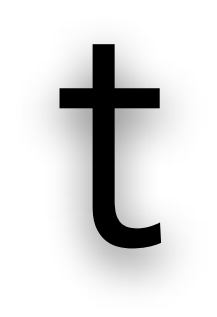

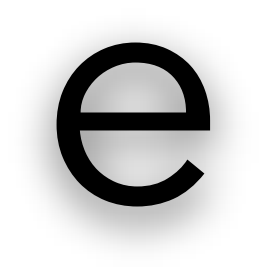


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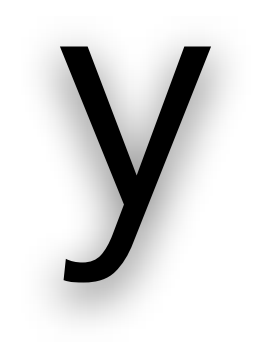
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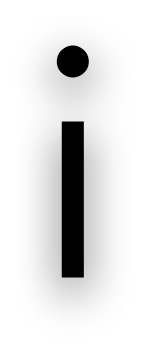

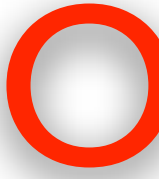

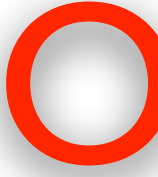


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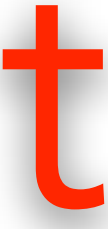

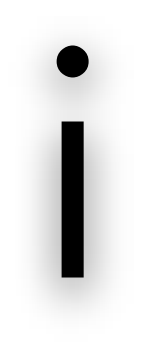

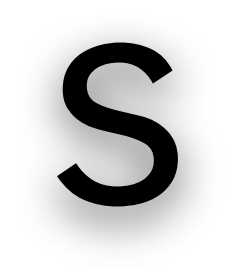

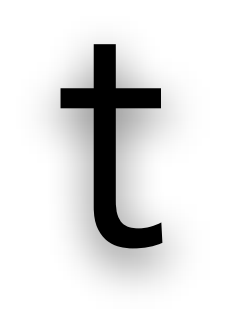

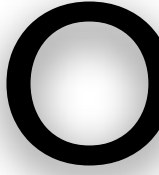


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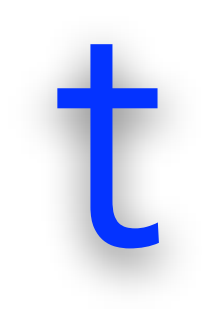

# Let’s find the best strategy for Country B

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

Best: cheat

| | If country B cooperates | If country B cheats |
|---|---|---|
| If country A cooperates | B gets: $960 | B gets: $1,260 |

We ignore this side of the matrix

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

| | If country B cooperates | If country B cheats |
|---|---|---|
| If country A cooperates | B gets: $960<br>A gets: $960 | B gets: $1,260<br>A gets: $720 |
| If country A cheats | B gets: $720<br>A gets: $1,260 | B gets: $700<br>A gets: $700 |