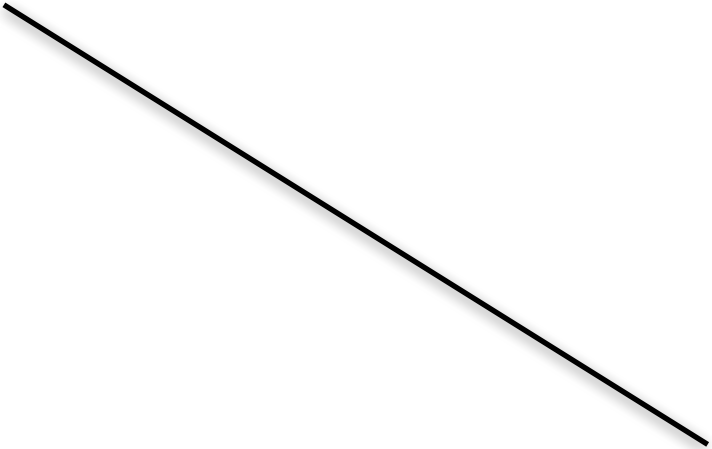


If country A
cooperates

If country B
cooperates



A gets:

\$960

B gets:

\$960

If country B
cheats

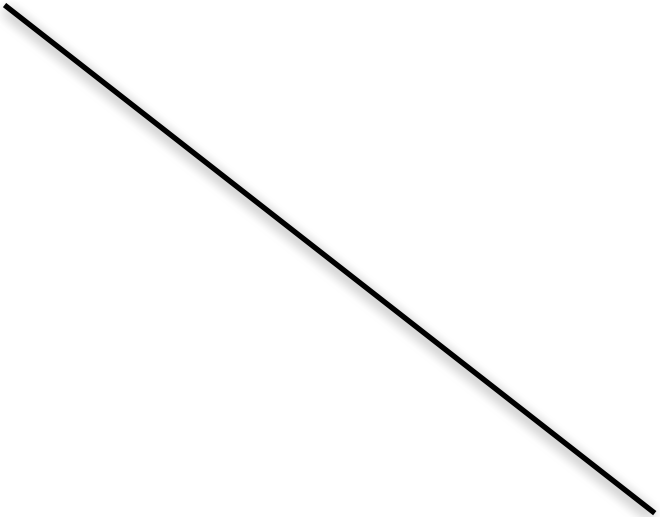
If country A
cheats

A gets:

\$700

B gets:

\$700

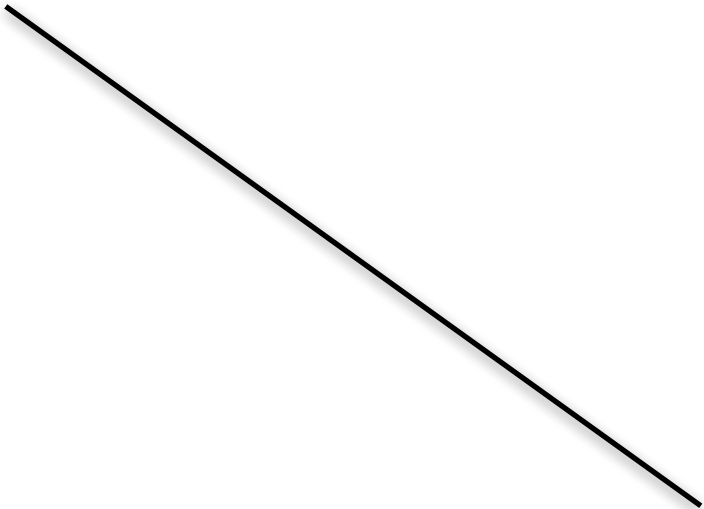


A gets:

\$1,260

B gets:

\$720

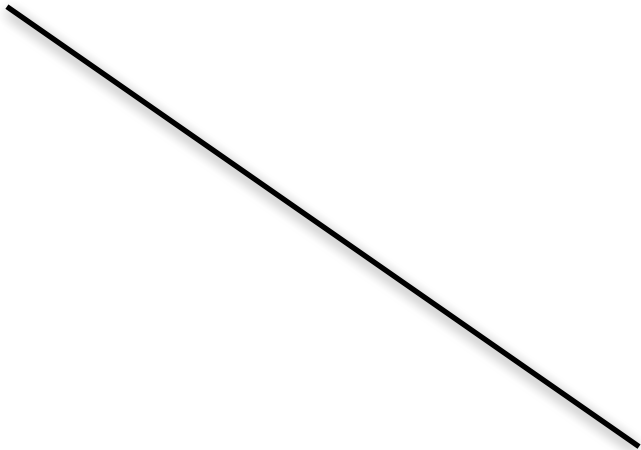


A gets:

\$720

B gets:

\$1,260



If country A
cooperates

If country B
cooperates

If country A
cheats

We ignore this
side of the
matrix

We ignore
country A's
revenues





B







2



S













S



















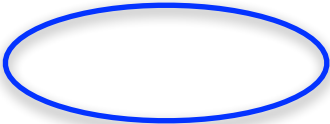


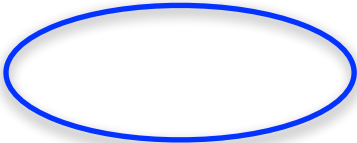


U



If B cooperates, it gets \$720 in revenue









U







Y

B



S

b



S

S





2





9

V













a



S













p





6





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

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



Best:
cooperate





U







V

B



S

b



S

S





2







V



















a





S

W

2

S











6



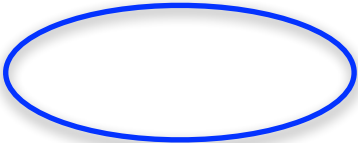


NO
Dominant
Strategy

What to do when there is no Dominant Strategy?



Best:
cheat



If B cheats, it gets \$700 in revenue

Country B's best strategy if A
cheats is to cooperate

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

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

Country B only cares for its own revenue

We ignore
country A's
revenues

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

Country B's best strategy if A
cheats is to cooperate

NO
Dominant
Strategy

	If country B cooperates	If country B cheats
If country A cooperates	B gets: \$960 A gets: \$960	B gets: \$1,260 A gets: \$720
If country A cheats	B gets: \$720	B gets: \$700

Best:
cheat

Best:
cooperate

If B cooperates, it gets \$720 in revenue

If B cheats, it gets \$700 in revenue

What to do when there is no Dominant Strategy?

If there is no Dominant Strategy, choose the least worse...

	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>