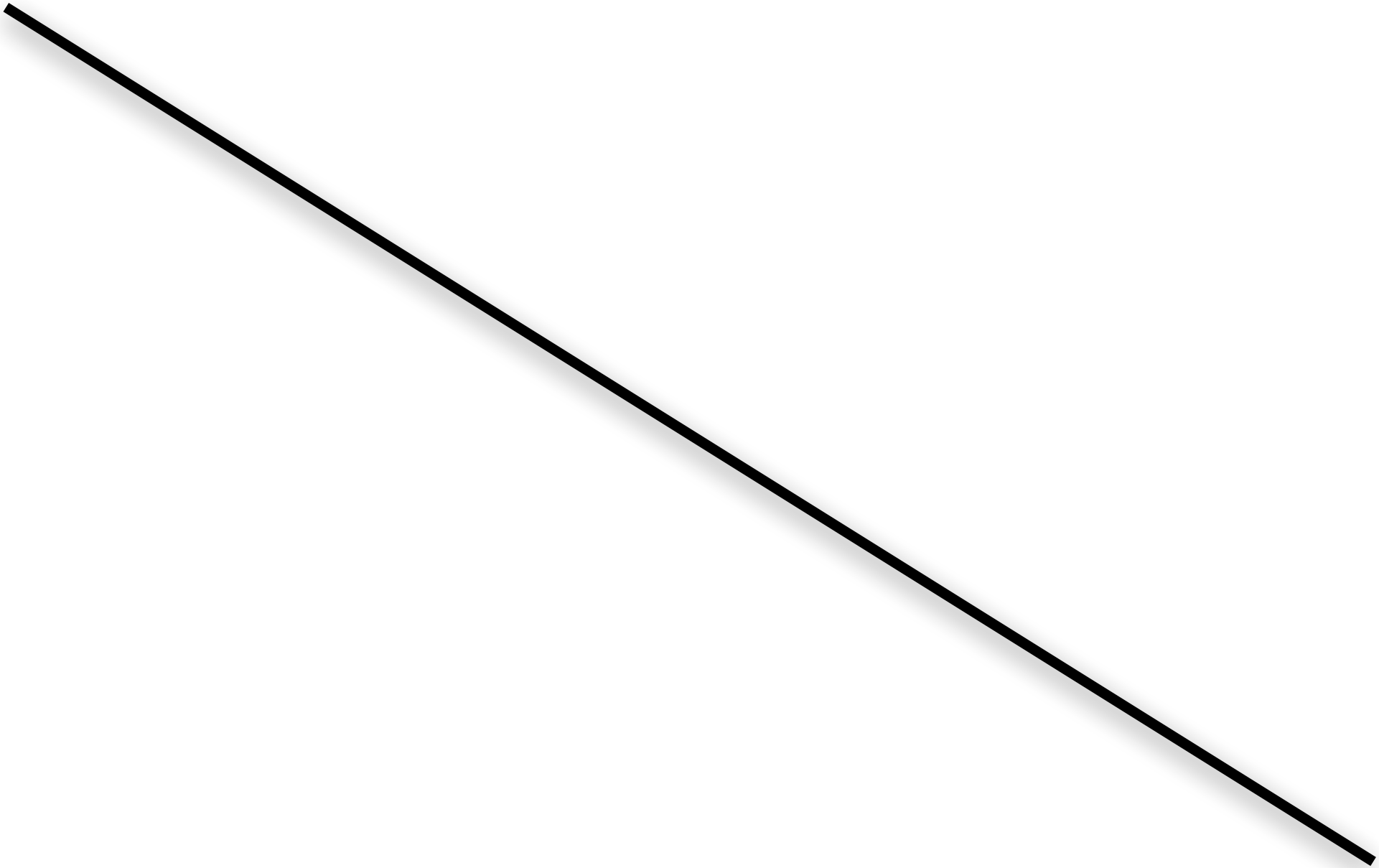
If country A cooperates

If country B cooperates



A gets:

$960

B gets:

$960

If country B cheats

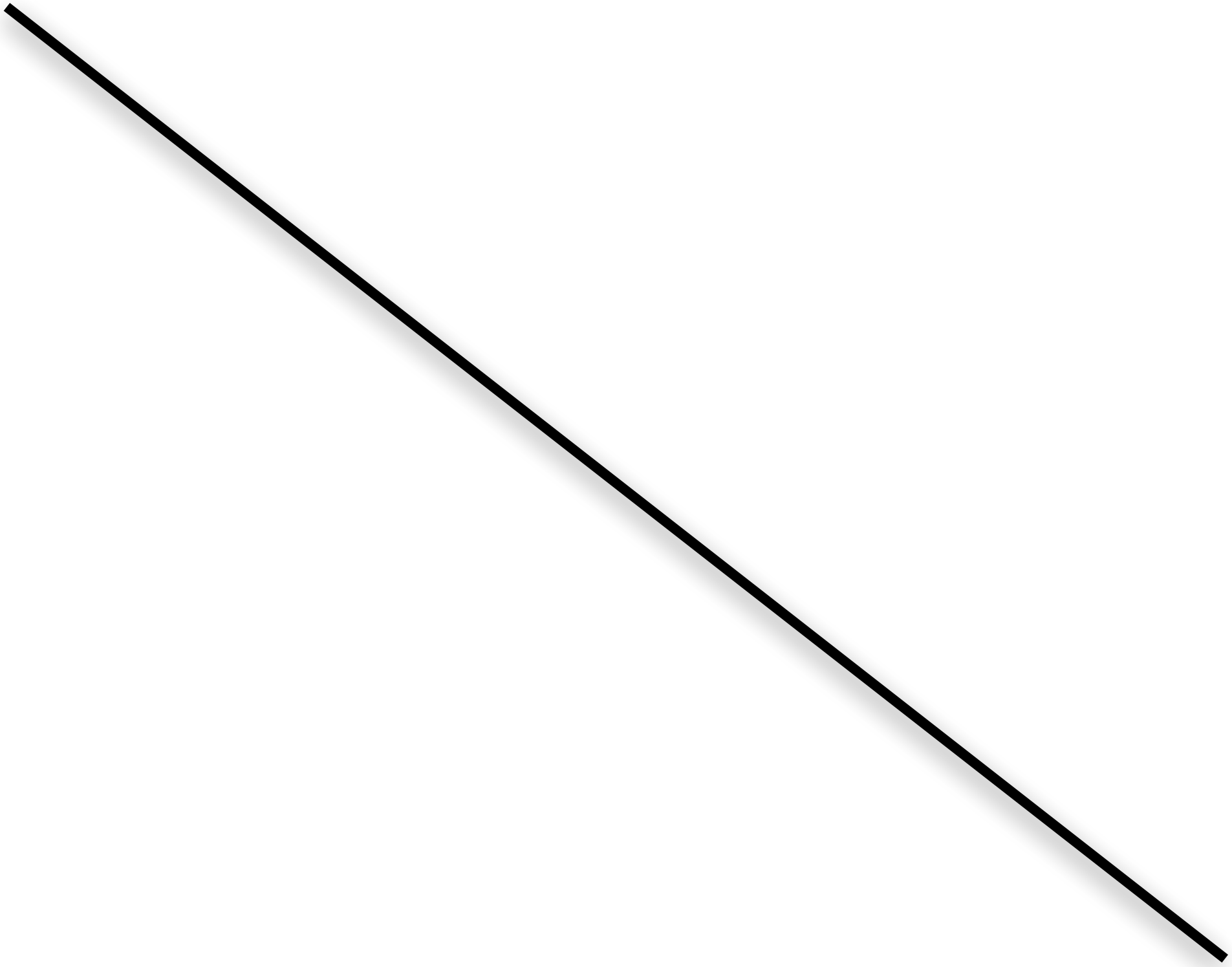
If country A cheats

A gets:

$840

B gets:

$840

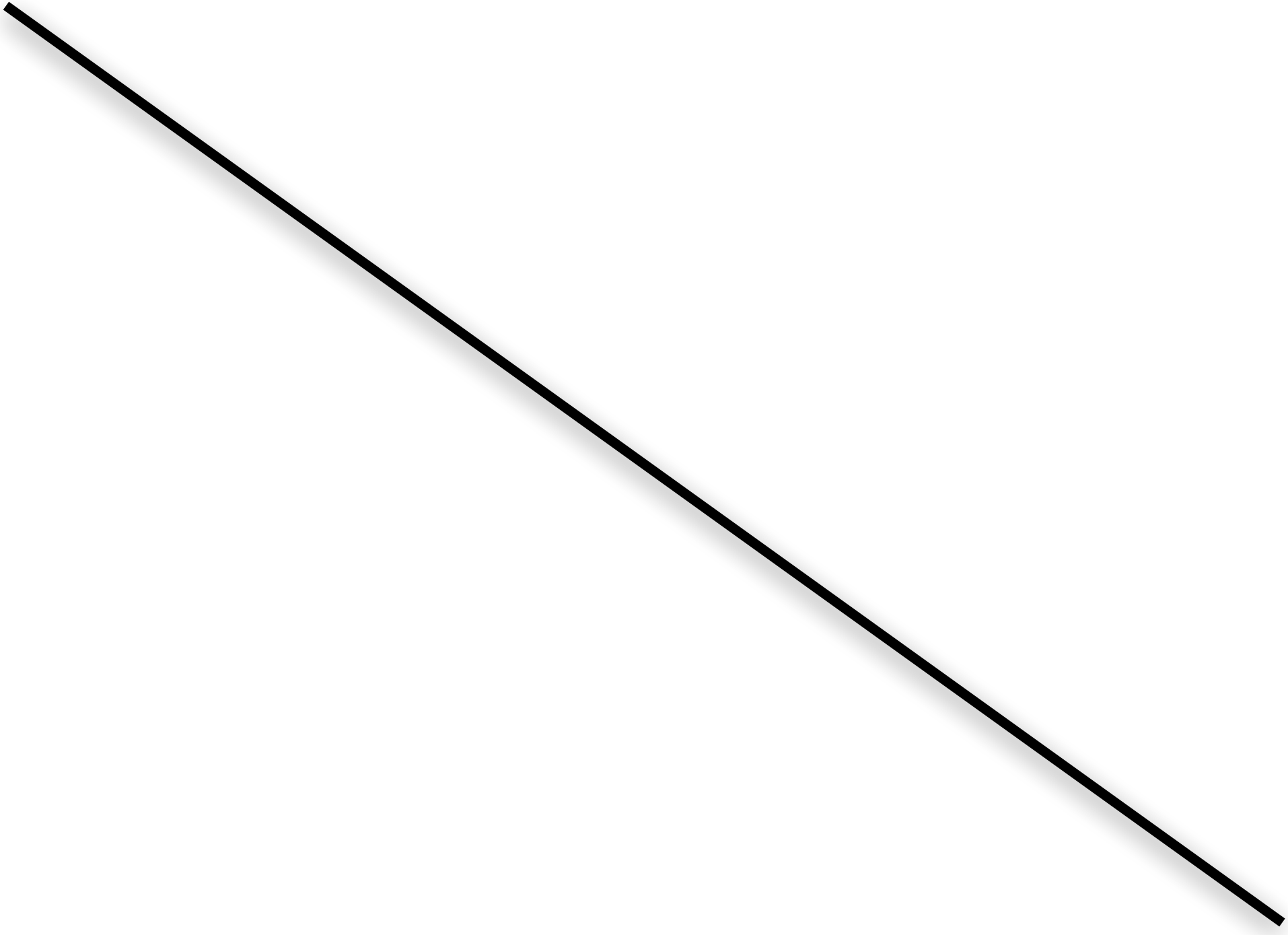


A gets:

$1,260

B gets:

$720

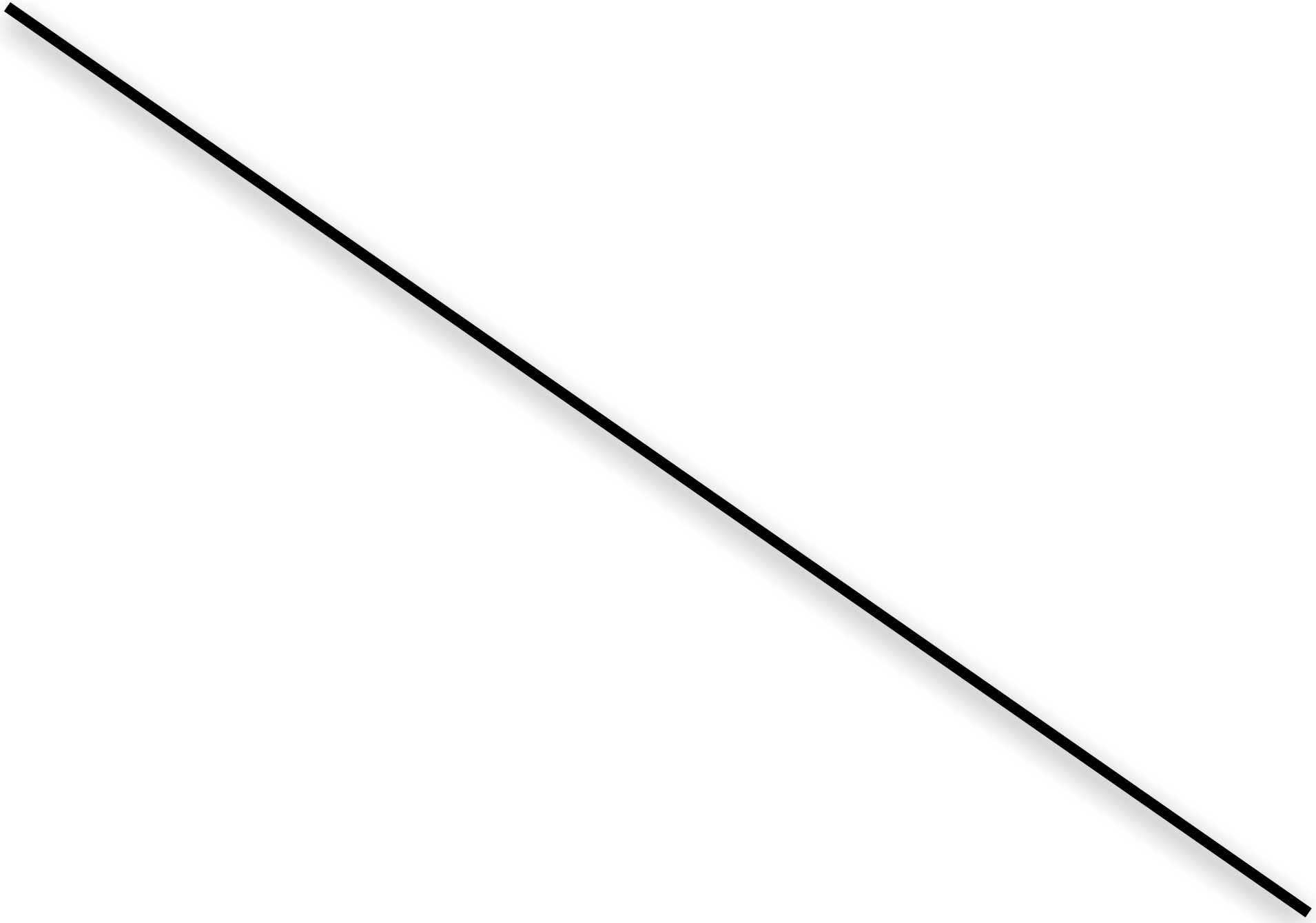


A gets:

$720

B gets:

$1,260

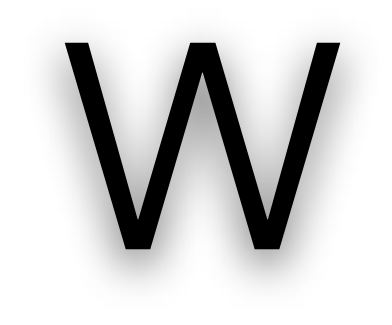


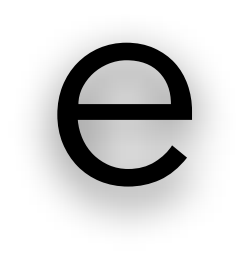
If country A cooperates

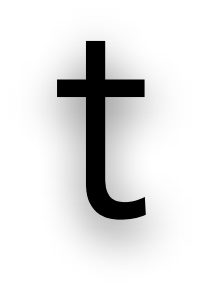
If country B cooperates

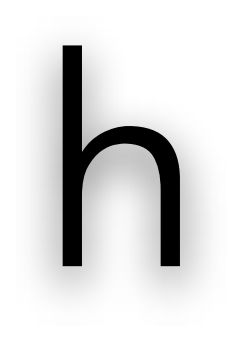
If country A cheats

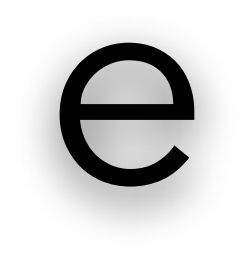
What should country B do if A cheats?









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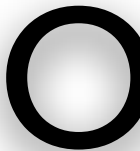

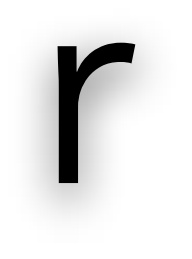

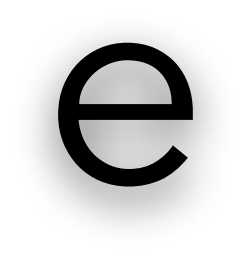

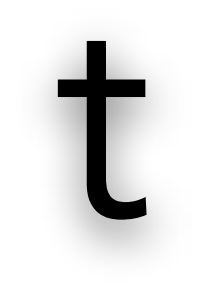

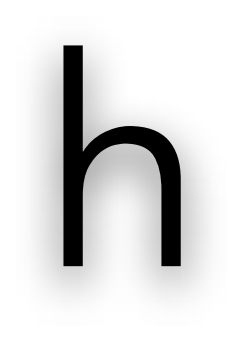

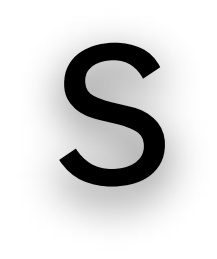
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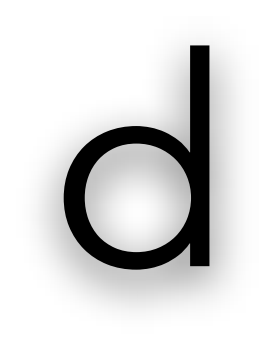

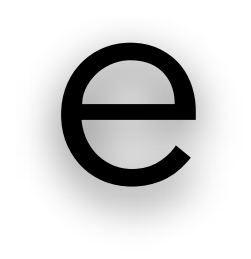

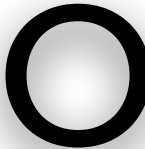

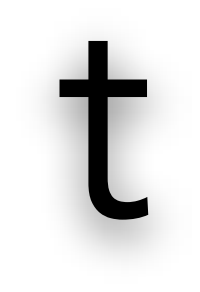

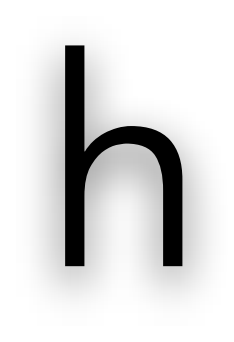

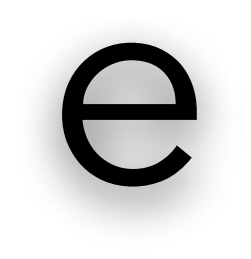

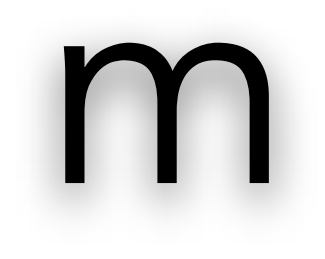


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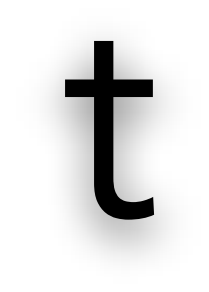

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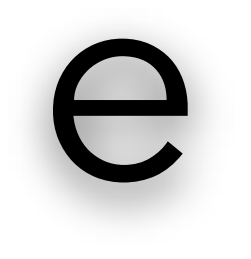

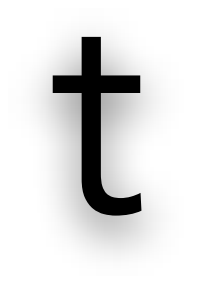
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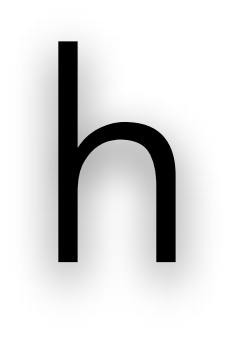

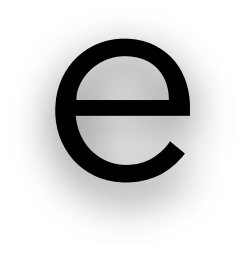

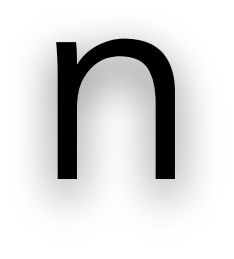
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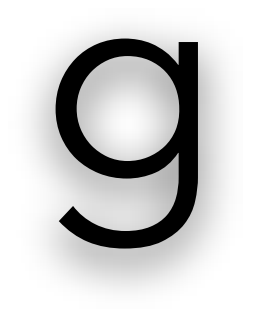
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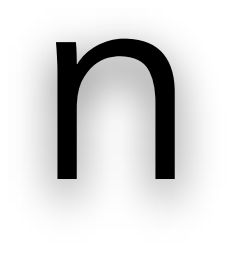
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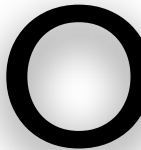

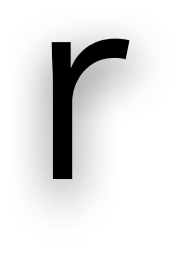
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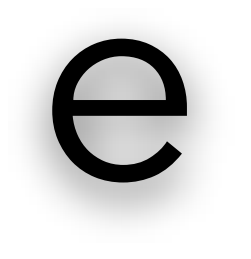

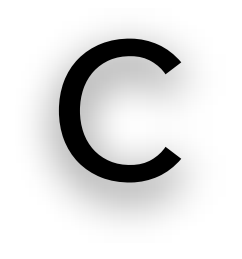
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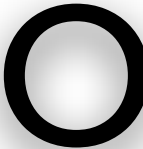

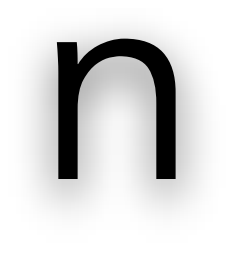
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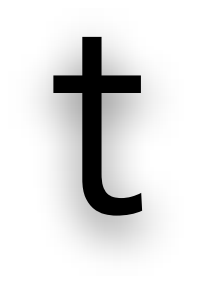
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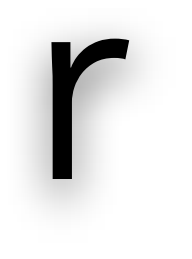

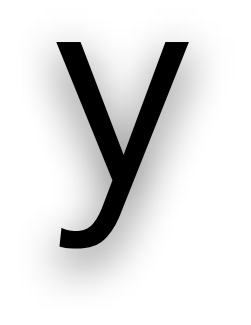
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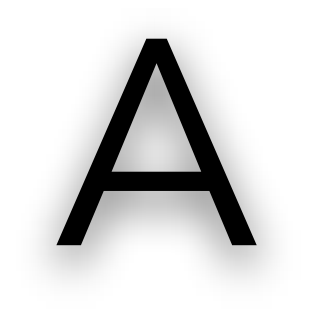
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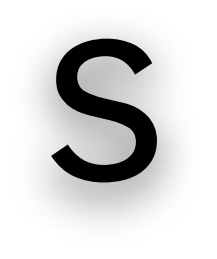
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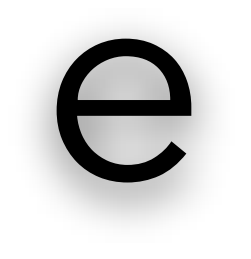

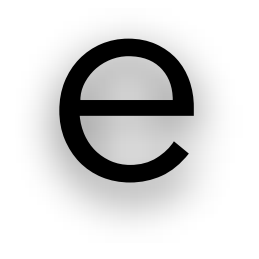

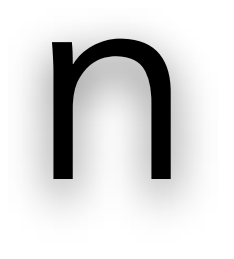
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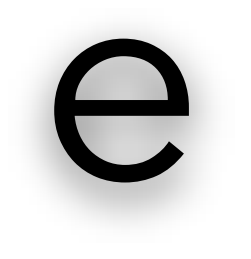

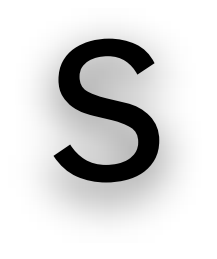
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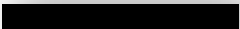
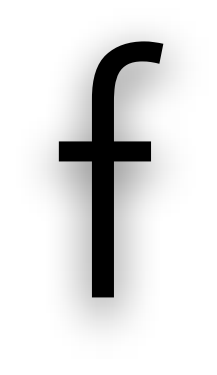
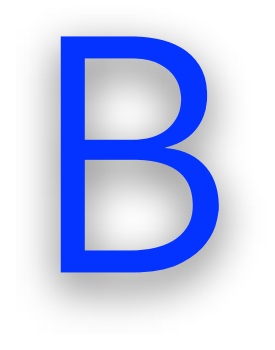
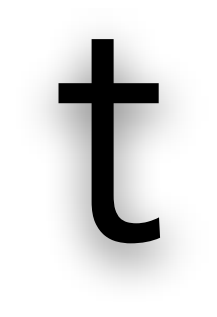


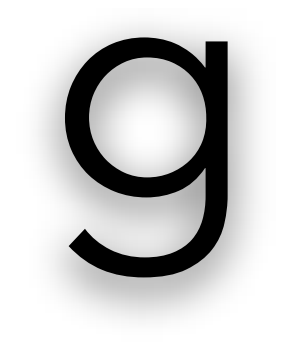



B


C


a

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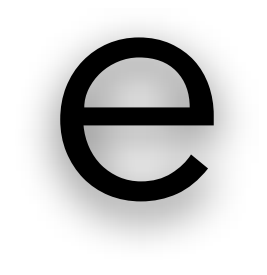

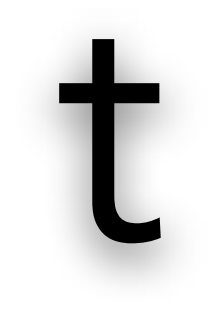

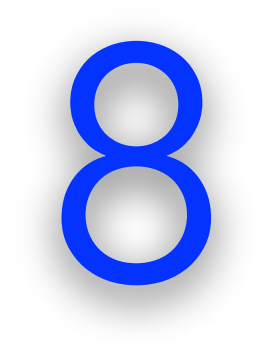


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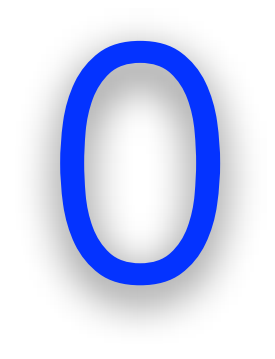

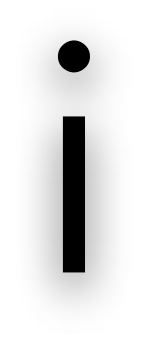

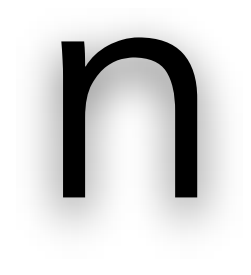
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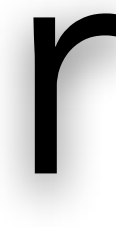
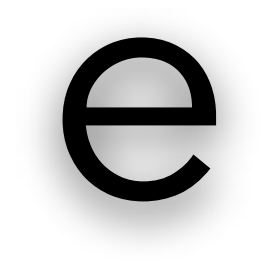
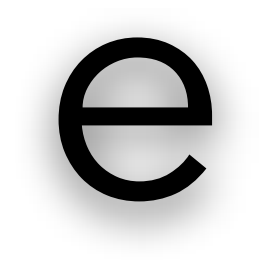
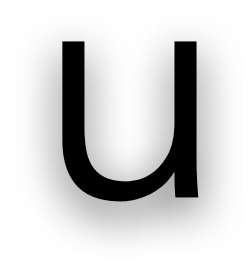
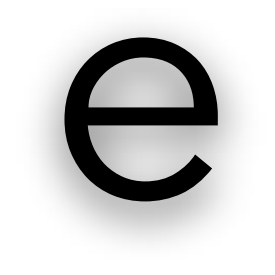


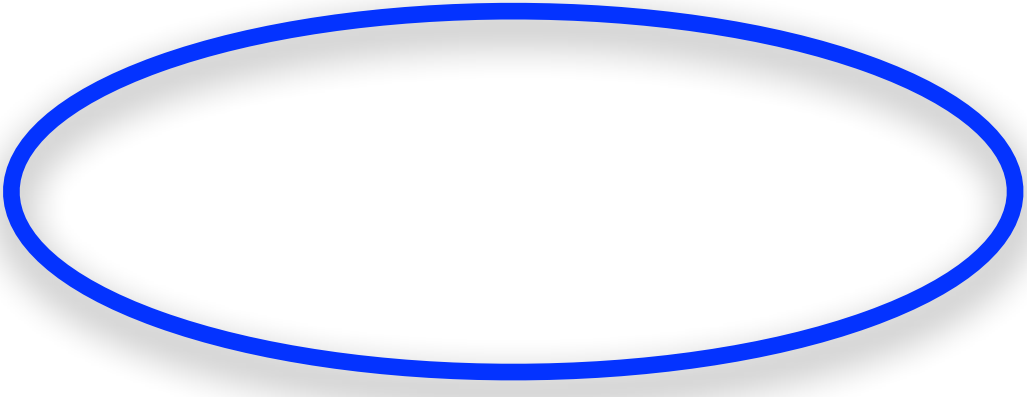


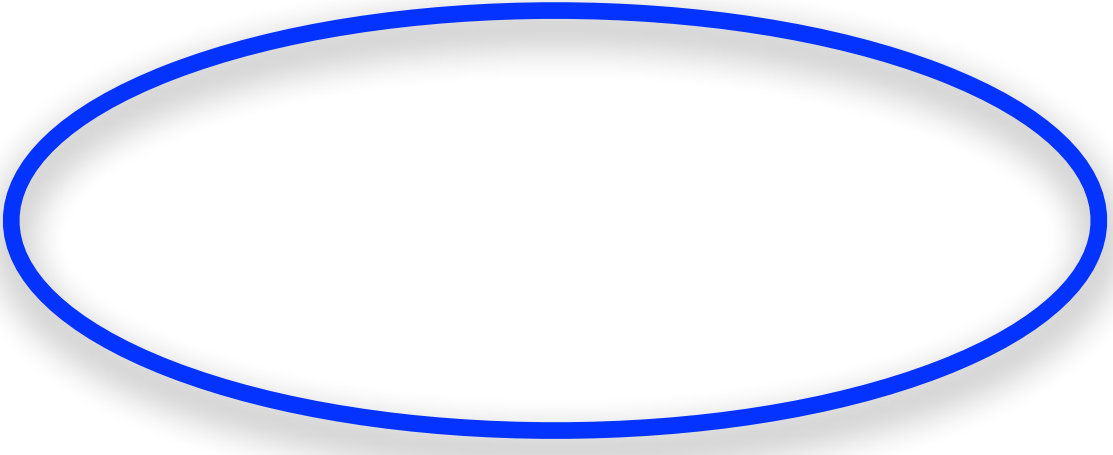


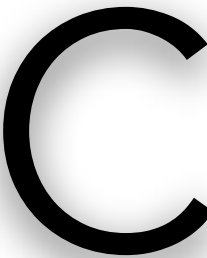


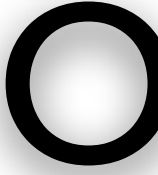


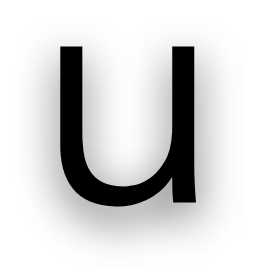
If B cooperates, it gets $720 in revenue

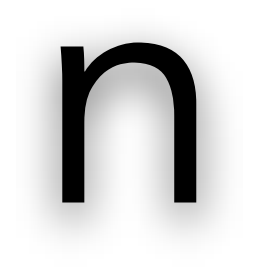


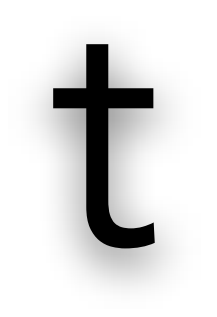


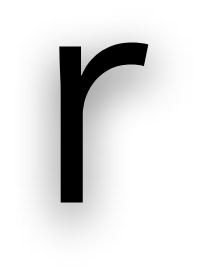


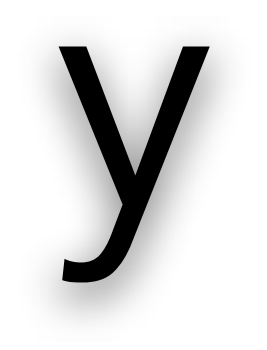








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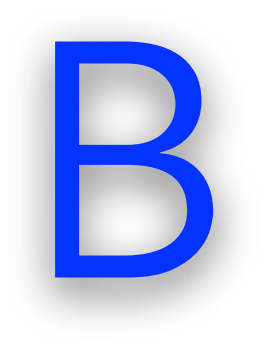
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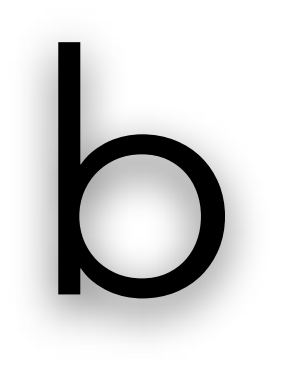

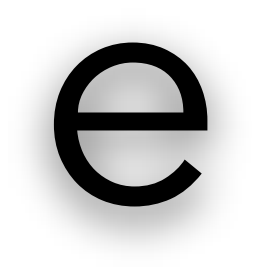

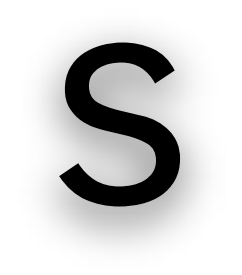

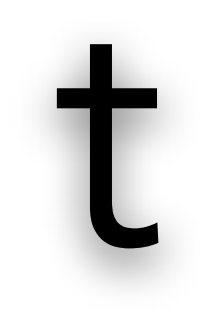

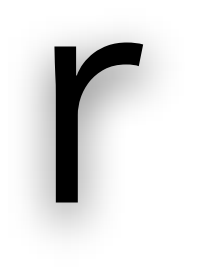


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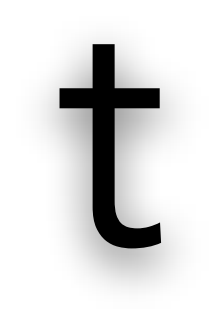

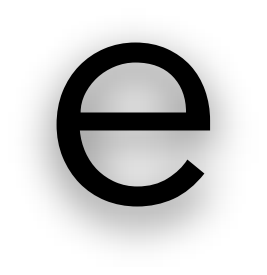


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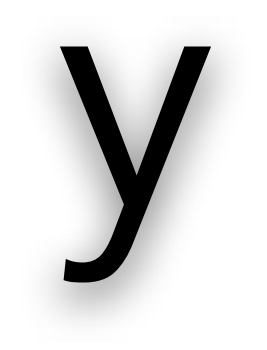
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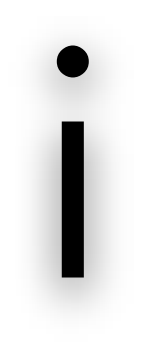


C


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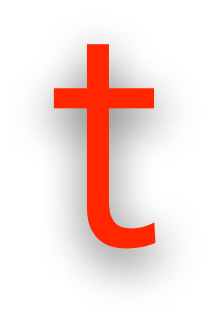

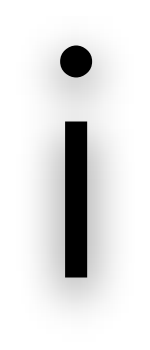

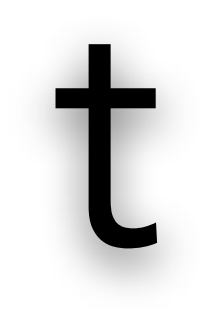

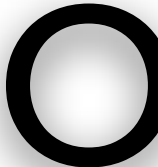


C


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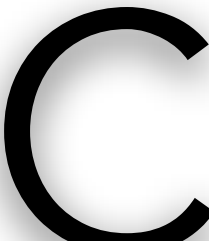
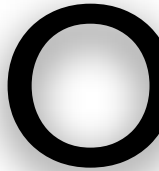
a

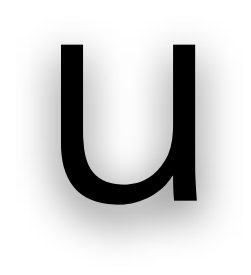
Let’s find the best strategy for Country B

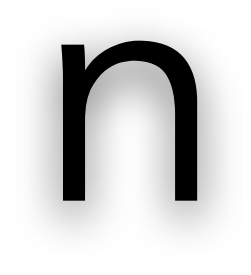
Country B only cares for its own revenue

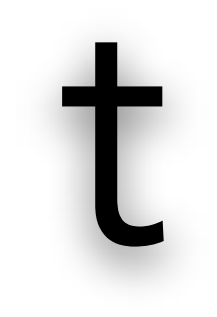

Best:
cheat

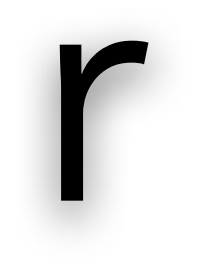


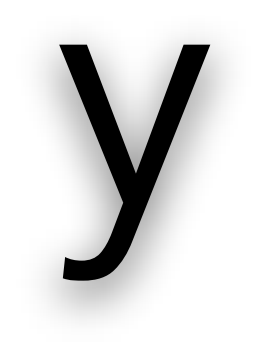








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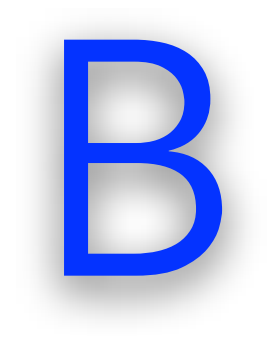
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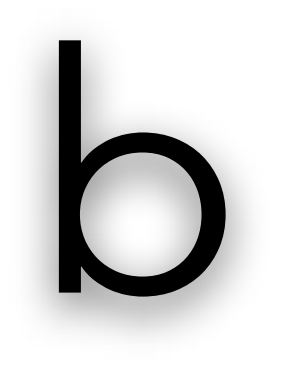

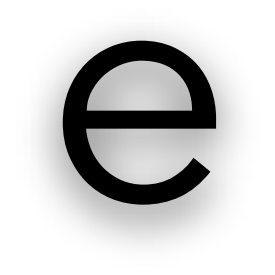

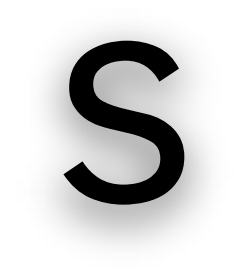

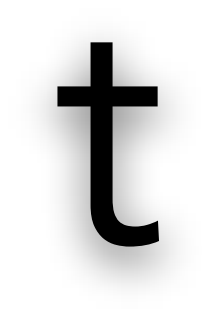

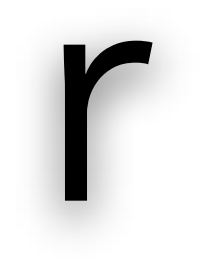

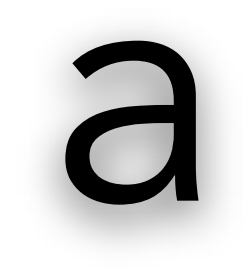
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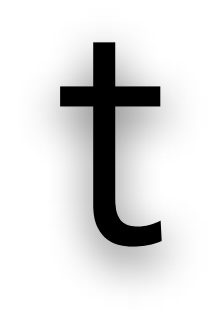

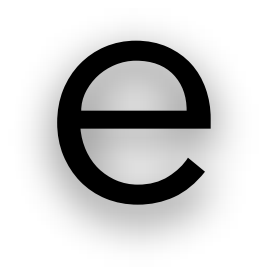

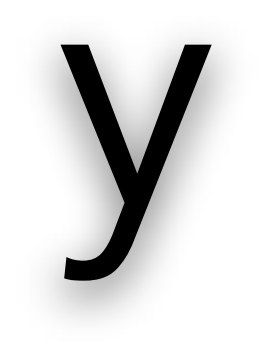
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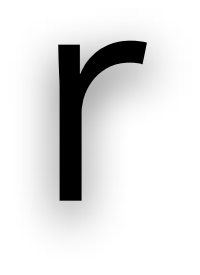

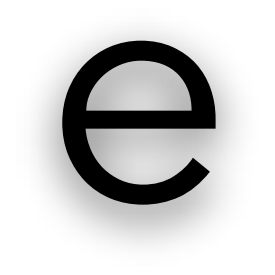


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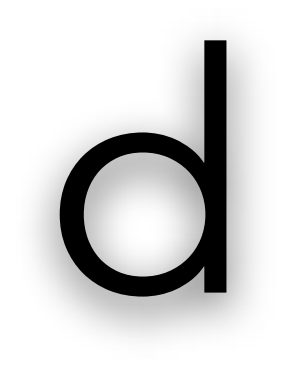

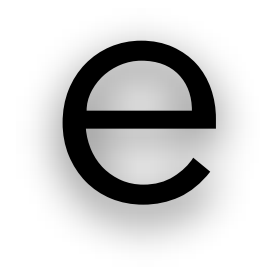

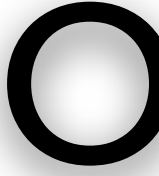

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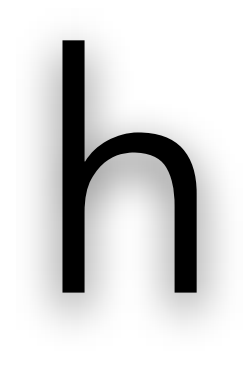

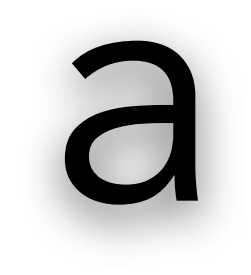
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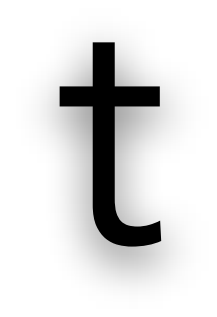

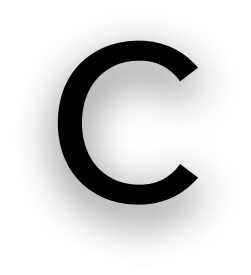
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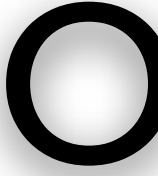

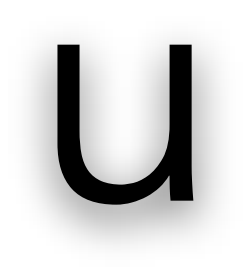

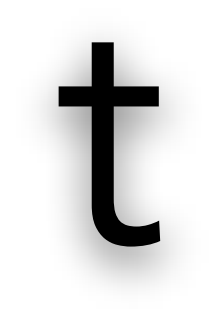

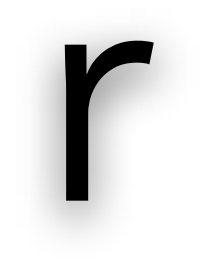
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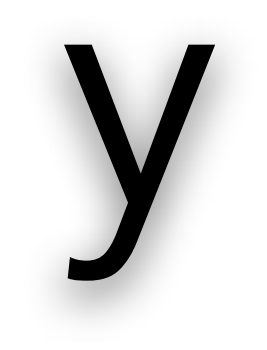
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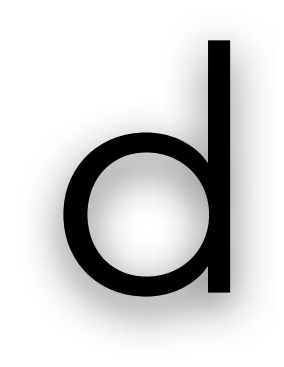

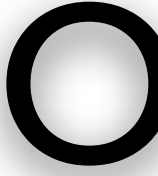

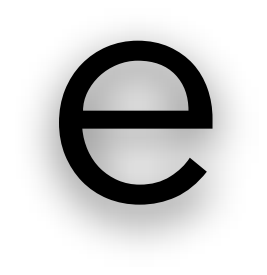

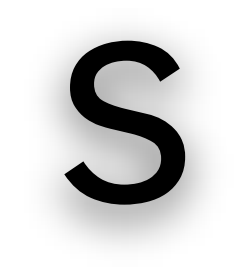

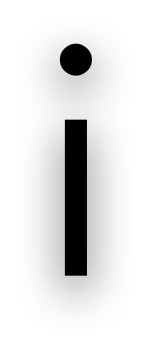

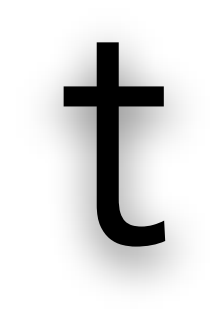

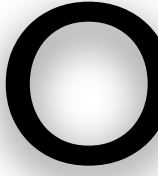


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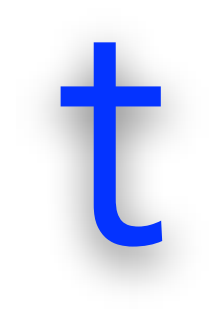



Dominant
Strategy:
cheat!

We then ignore this side of the matrix

We then ignore country A's revenues

If B cheats, it gets $840 in revenue

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

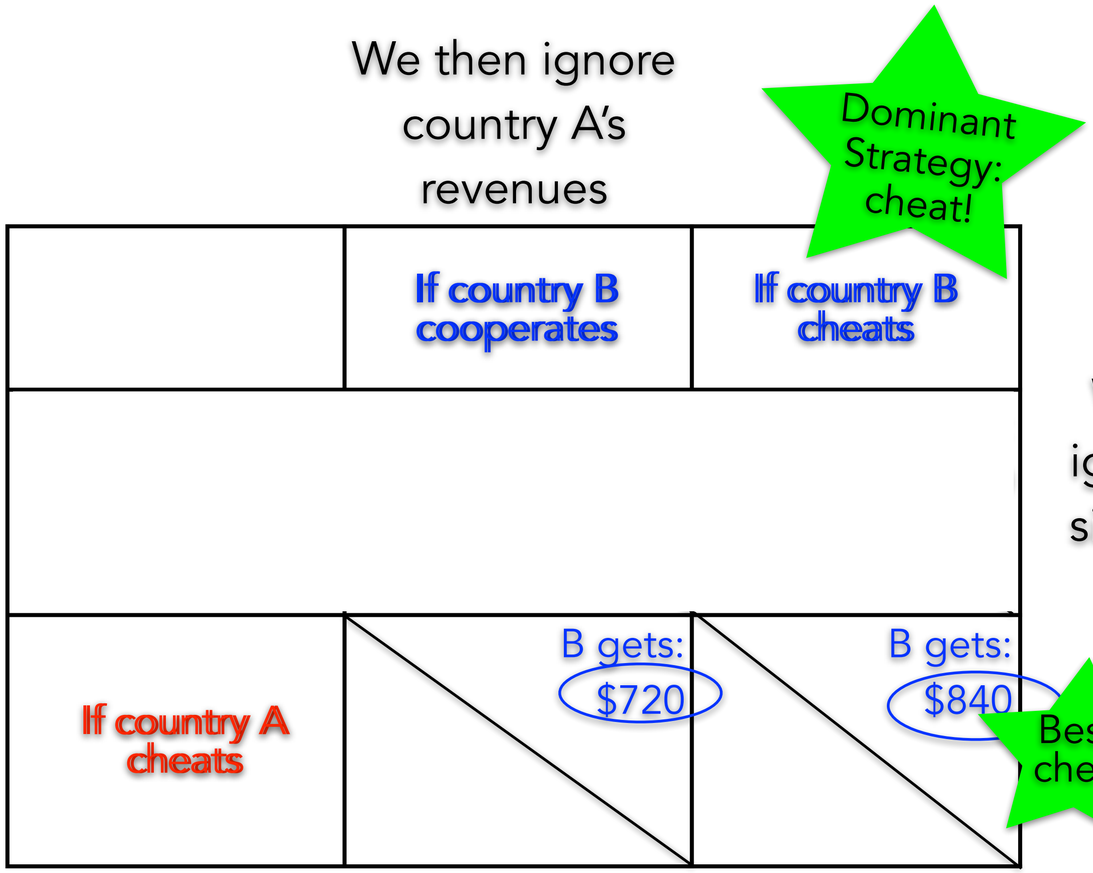
Country B's best strategy regardless of what country A does is to cheat!

Let's find the best strategy for Country B

What should country B do if A cheats?

Country B only cares for its own revenue

We then ignore country A's revenues



We then ignore this side of the matrix

Country B's best strategy regardless of what country A does is to cheat!

If B cooperates, it gets $720 in revenue

If B cheats, it gets $840 in revenue

Revenues

	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 A gets: $1,260	B gets: $840 A gets: $840