

| | | |
|--|--|--|
| | | |
| | | |
| | | |

If country A
cooperates

If country B
cooperates



A gets:

\$960

B gets:

\$960

If country B
cheats

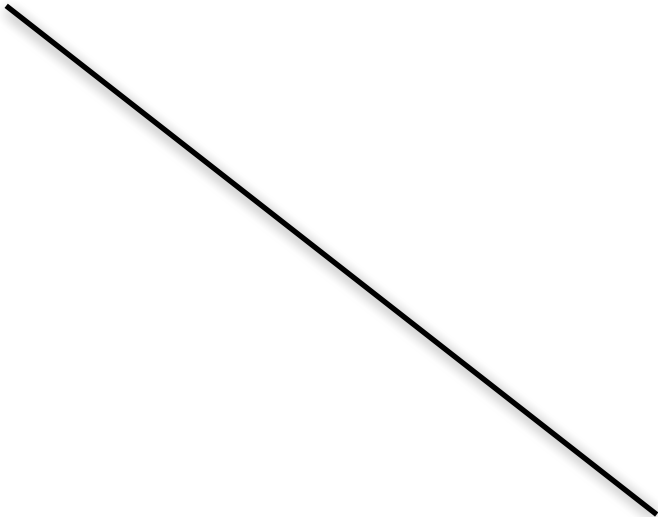
If country A
cheats

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







2



S













S







2

6













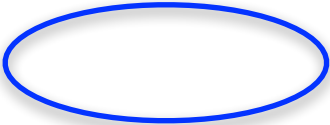


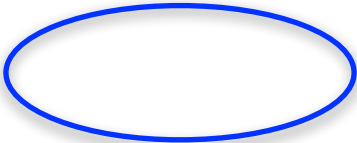


U



If B cooperates, it gets \$960 in revenue









U







Y

B



S

b



S

S





2





g

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

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



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> |