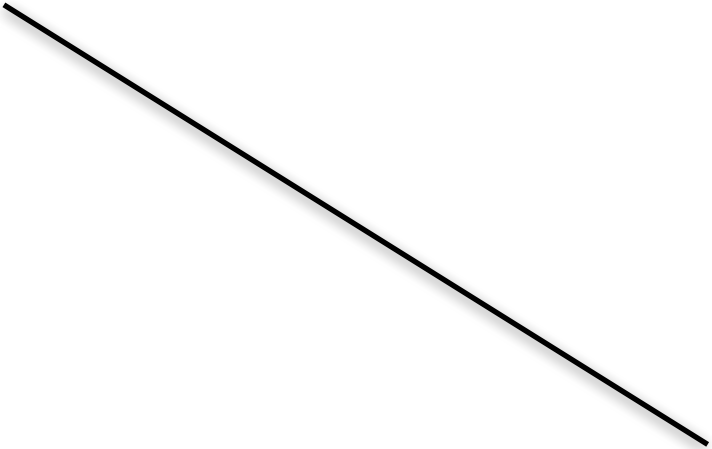





If country A  
cooperates

If country B  
cooperates



A gets:

\$960

B gets:

\$960

If country B  
cheats



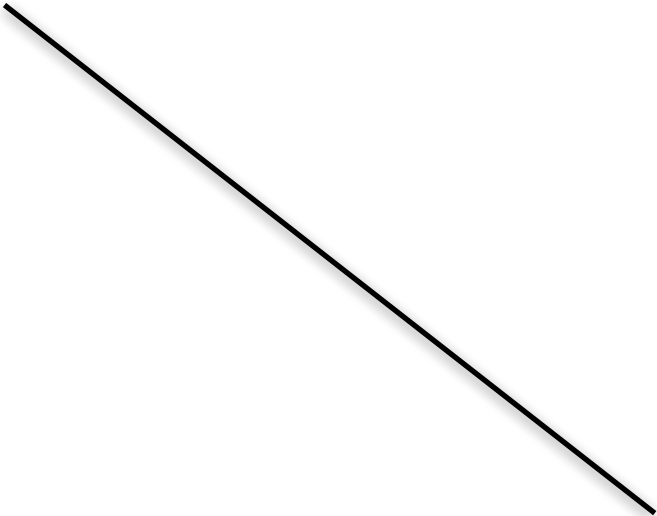
If country A  
cheats

A gets:

\$700

B gets:

\$700

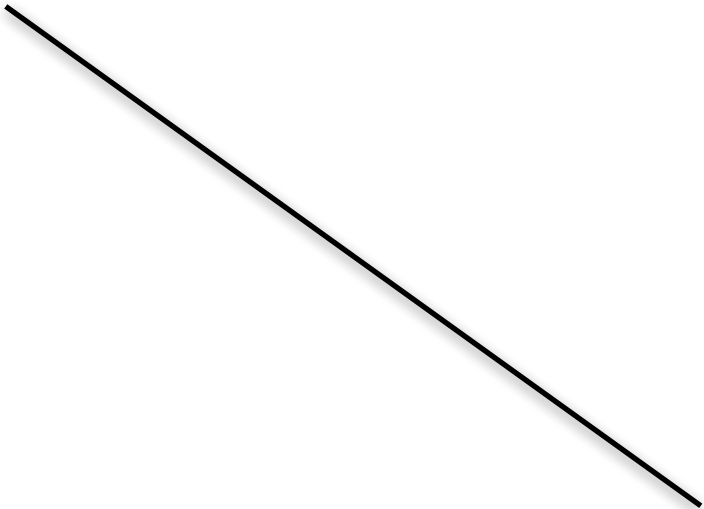


A gets:

\$1,260

B gets:

\$720



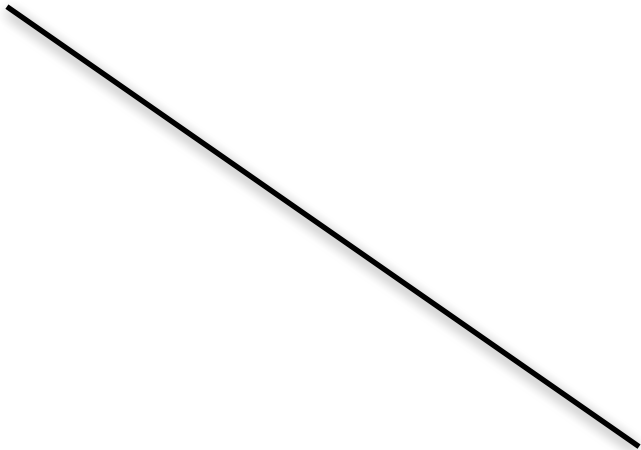
A gets:

\$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























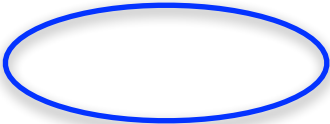


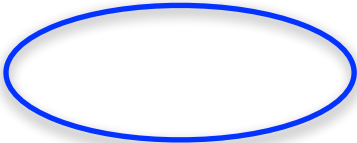


U



If B cooperates, it gets \$720 in revenue











U







**Y**

B







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





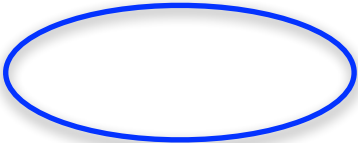


**NO**  
Dominant  
Strategy

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 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>