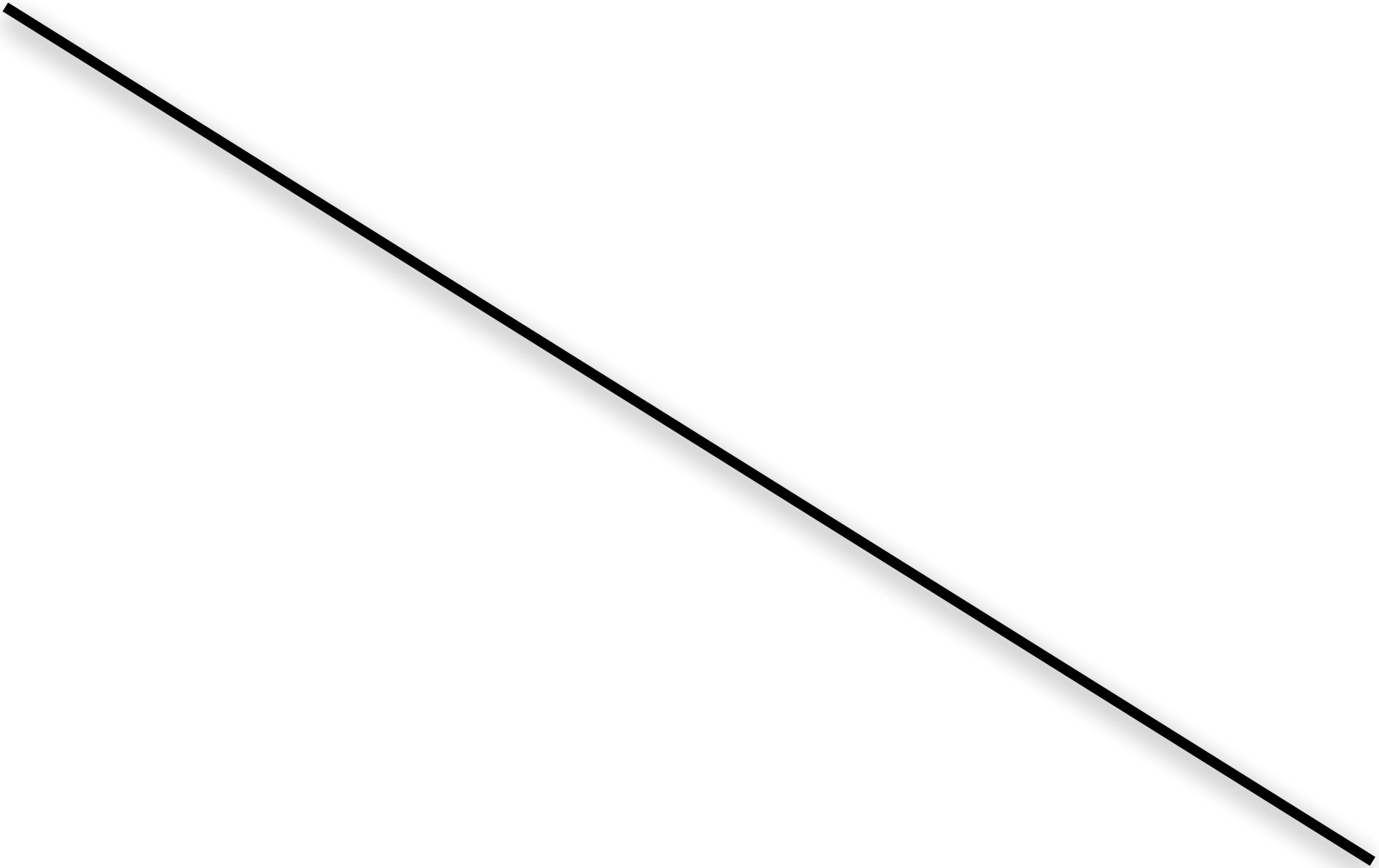
Revenues

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:

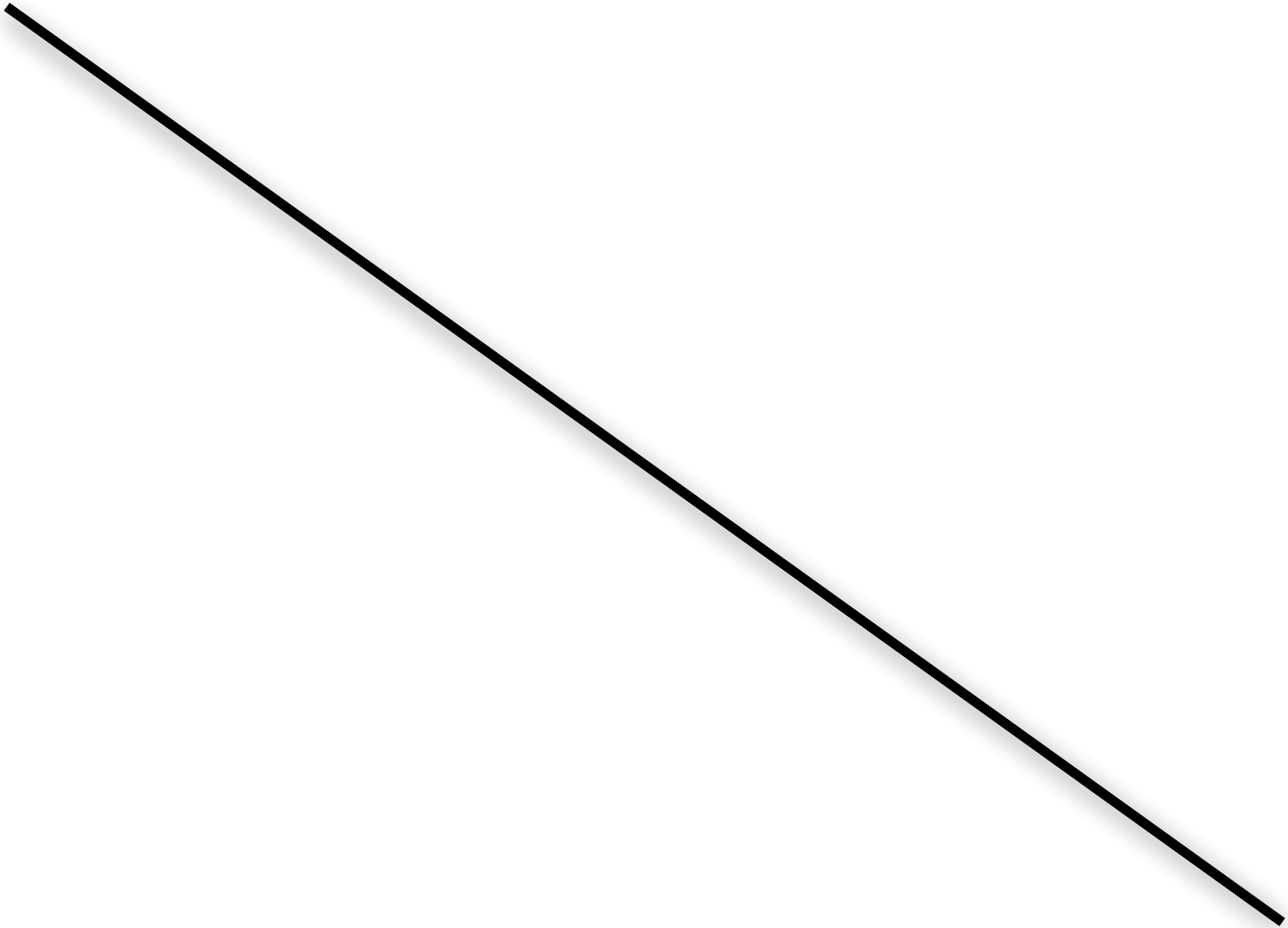
$700

A gets:

$1,260

B gets:

$720

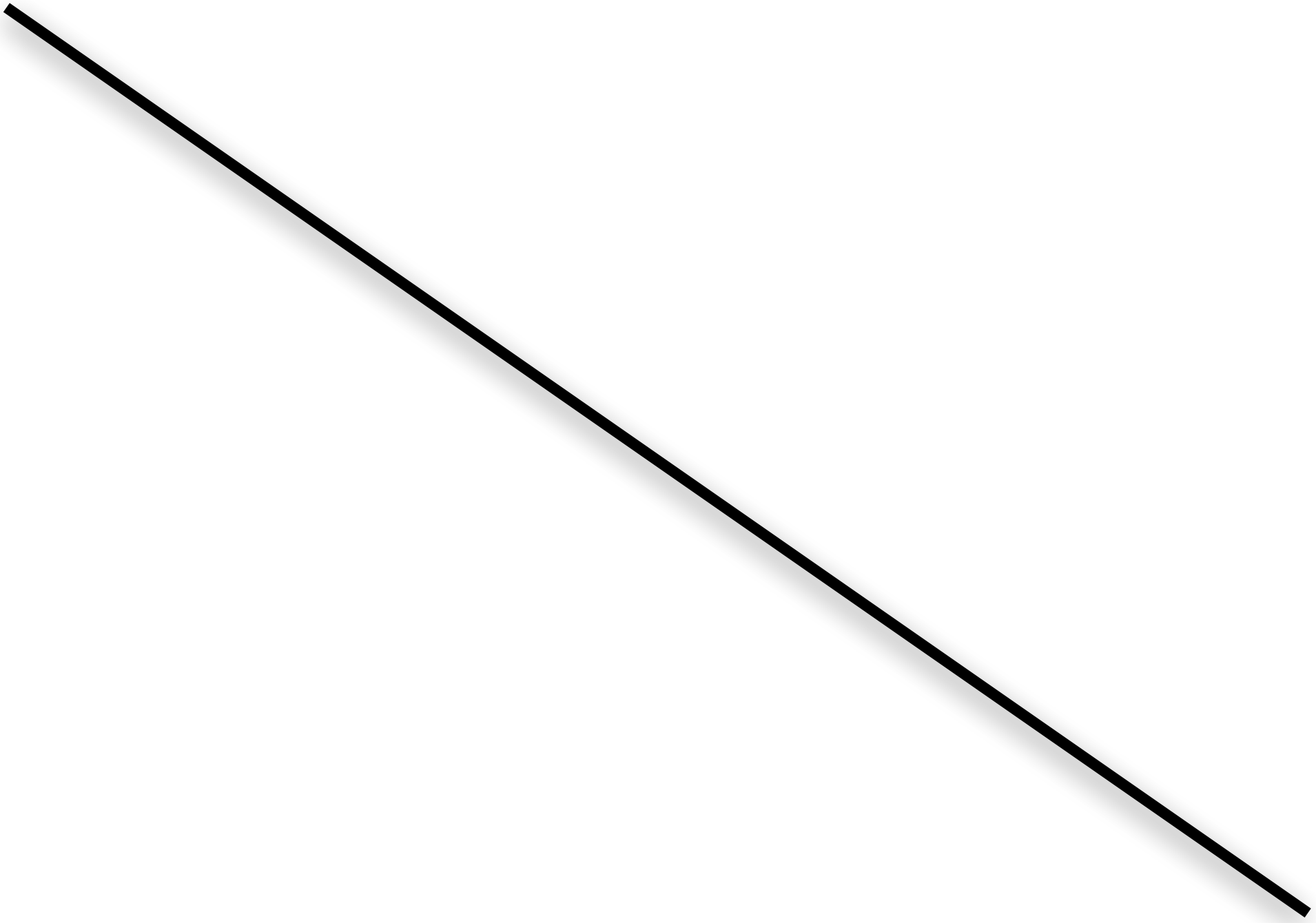


A gets:

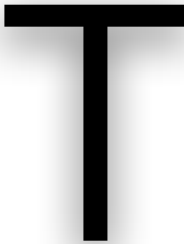
$720

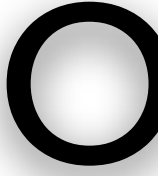
B gets:

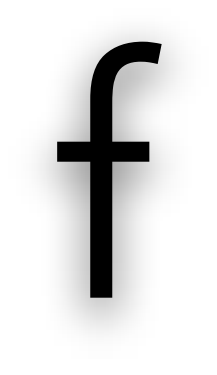
$1,260

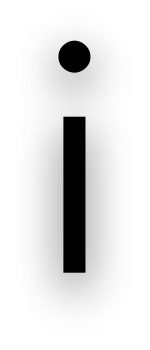


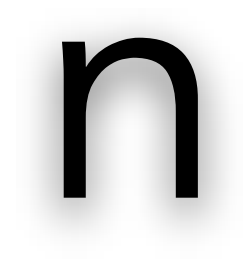
Nash Equilibrium







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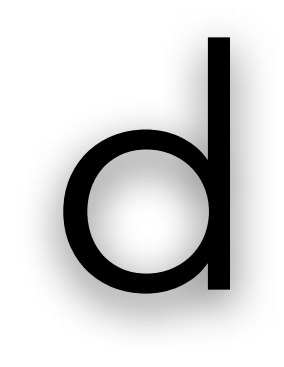


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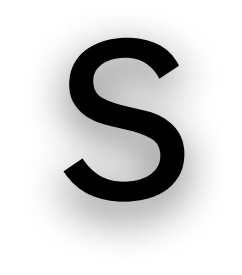
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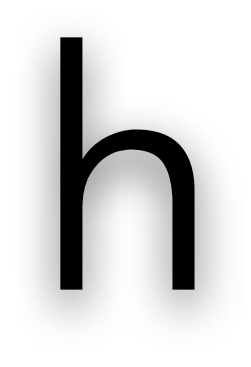

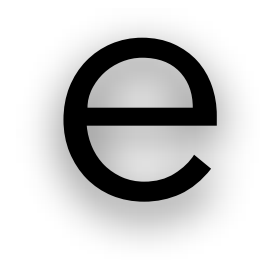

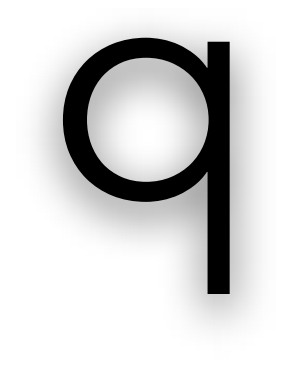

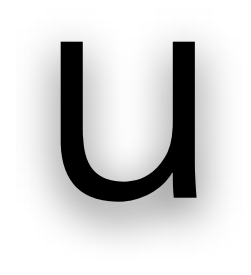

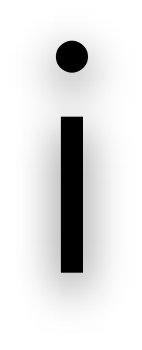

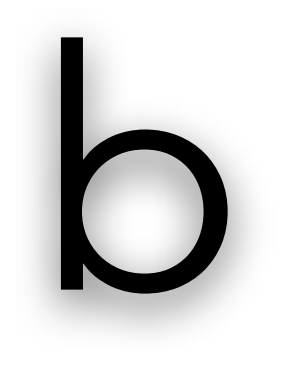

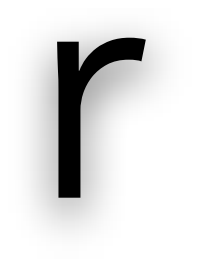
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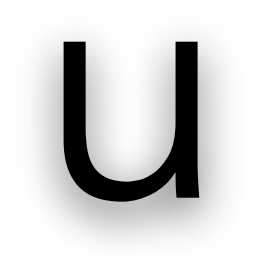

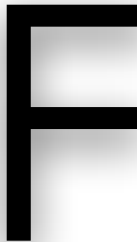

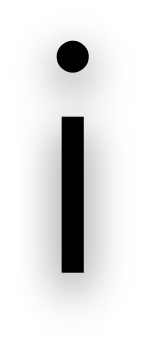

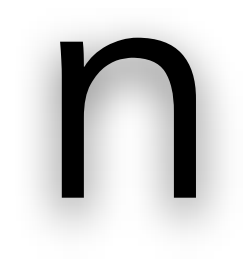

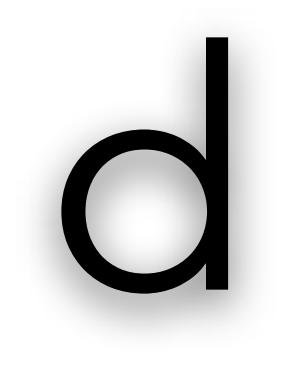

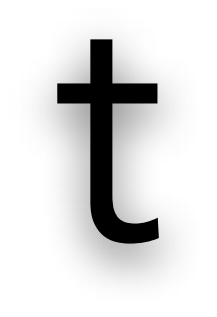

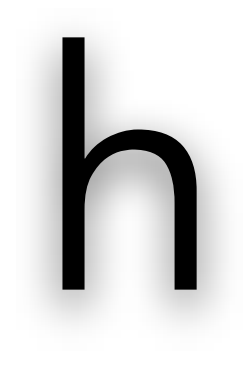

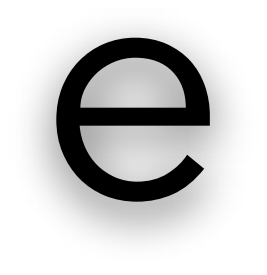


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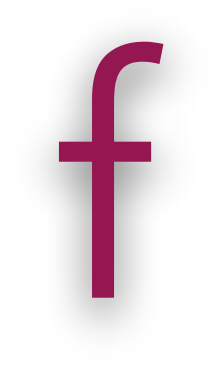


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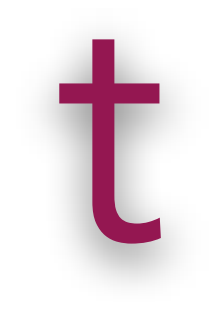

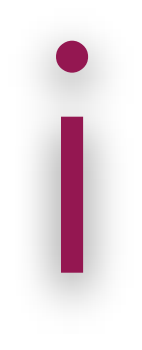

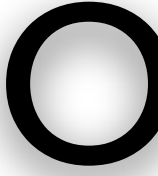

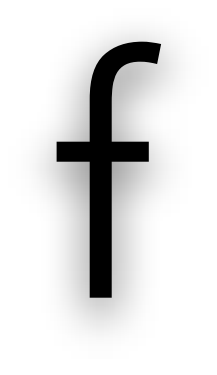

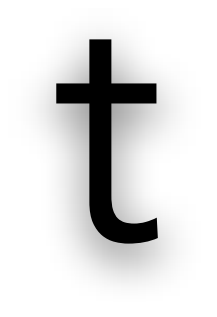

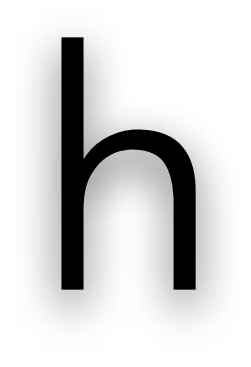

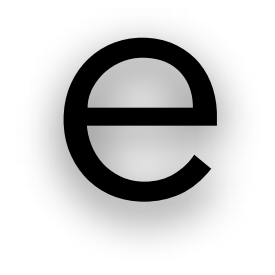

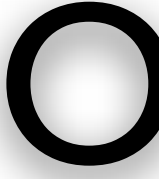

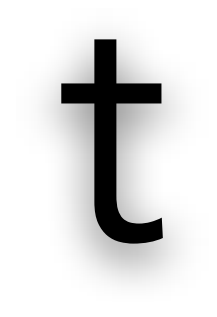

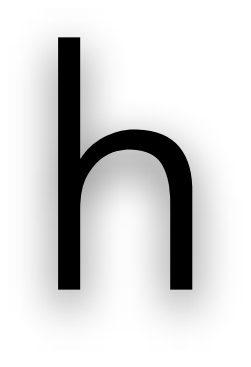

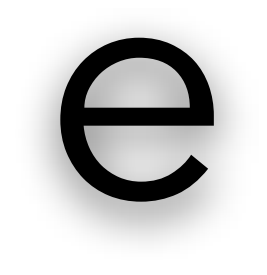

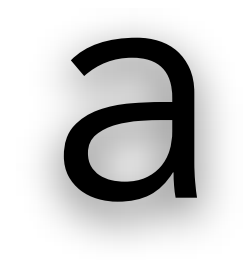
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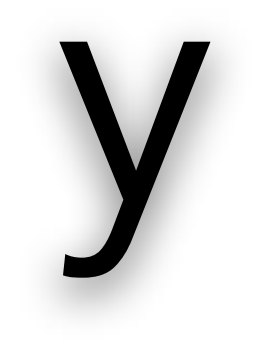
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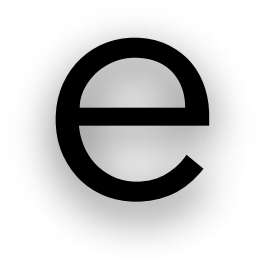
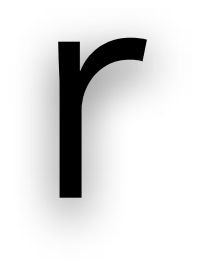
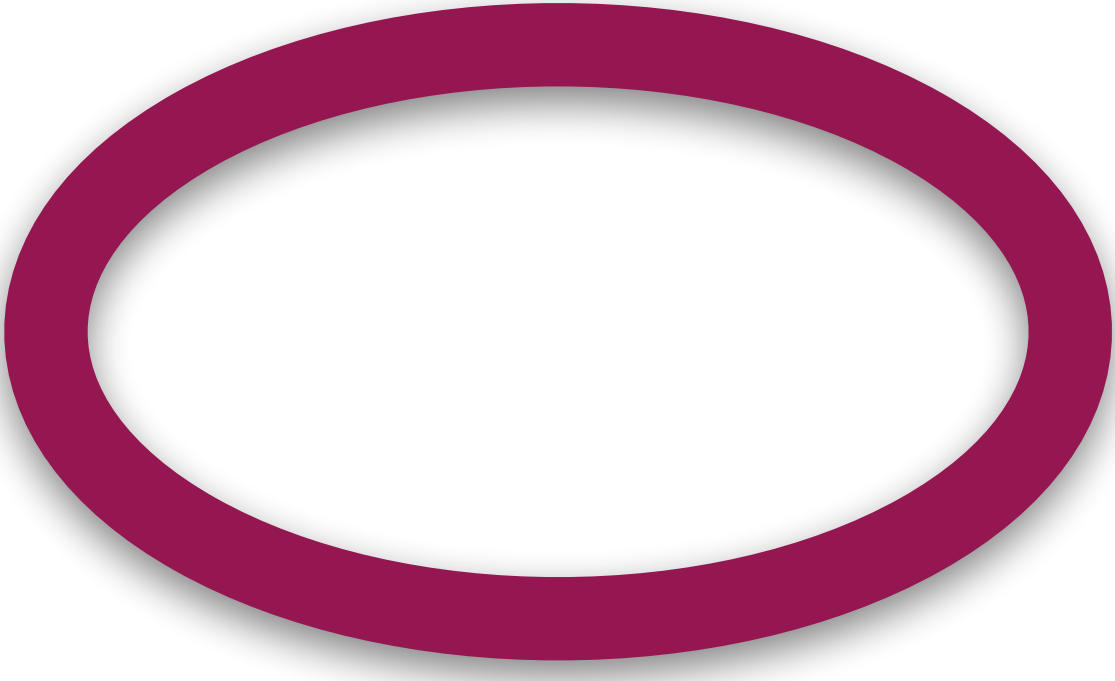
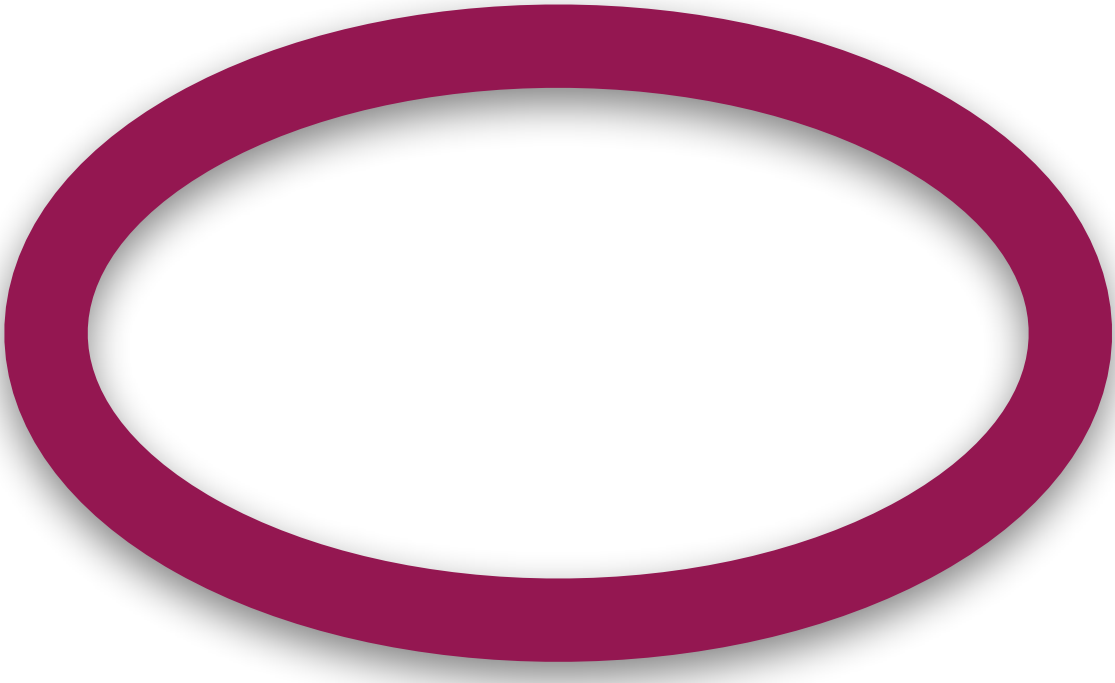




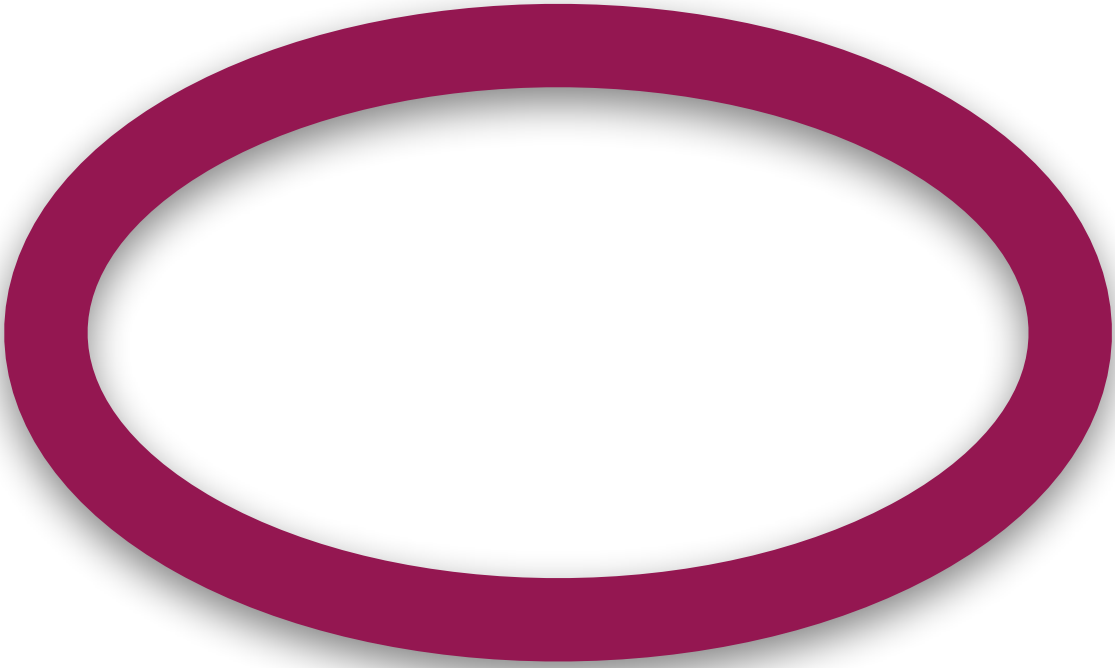


If B cooperates, the best payoff for A (the highest between $960 and $1,260) is $1,260

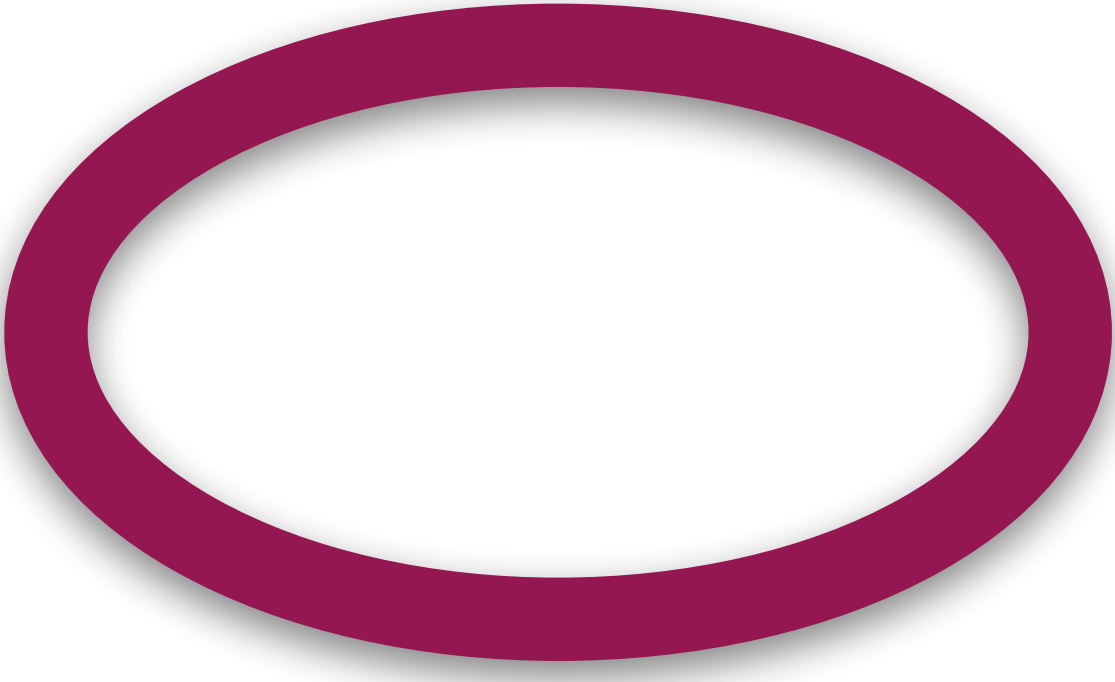
If B cheats, the best payoff for A (the highest between $720 and $700) is $720



If A cooperates, the best payoff for B (the highest between $960 and $1,260) is $1,260



If A cheats, the best payoff for B (the highest between $720 and $700) is $720



To find a Nash equilibrium:

Find the best payoff for each alternative move of the other player

Nash Equilibrium

To find a Nash equilibrium:
Find the best payoff for each alternative move of the other player

If B cheats, the best payoff for A (the highest between $720 and $700) is $720

If B cooperates, the best payoff for A (the highest between $960 and $1,260) is $1,260

Revenues

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

If A cheats, the best payoff for B (the highest between $720 and $700) is $720

If A cooperates, the best payoff for B (the highest between $960 and $1,260) is $1,260

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: $700 A gets: $700

Nash Equilibrium