

## Prisoner's Dilemma

A classic strategic game, prisoner's dilemma, is illustrated below (in normal form). Row player's expected utility is reported in the upper left of each cell while column player's expected utility is reported in the lower right of each cell.

	C1	C2
R1	0 0	2 -1
R2	-1 2	1 1

If row plays R1 then column plays C1.

If row plays R2 then column plays C1.

If column plays C1 then row plays R1.

If column plays C2 then row plays R1.

Hence, a unique equilibrium is (R1, C1).

Notice they are both better off playing (R2, C2) but this is not an equilibrium strategy.