

An illustration of Prisoner's dilemma disastrous equilibrium

In Puccini's opera *Tosca*, the heroine is faced with a terrible dilemma. Her lover Cavaradossi has been condemned to death by Scarpia, the police chief, but Scarpia offered her a deal. If Tosca will sleep with him, he will save her lover's life by telling the firing squad to use blanks. Tosca decides to deceive Scarpia by agreeing to his request, but then stabbing him dead after he has given the order to use blanks. She does so, but too late discovers that Scarpia chose to deceive her too. The firing squad does not use blanks; Cavaradossi dies. Tosca commits suicide, and all three end up dead.

[Citation from: Ridley, Matt, (1996), *The Origins of Virtue: Human Instincts and the Evolution of Cooperation*, Penguin USA.]

This outcome has to be expected to happen in any case of a non-repeated conflict of self-interest and common good.

Economic Examples:

1. Poor Cartel Sustainability

(a tendency to brake) -- just a classic case of prisoners' dilemma

Example: OPEC countries: volumes of crude oil exports

2. Strategic Trade Policy

(Boeing & Airbus -- strategic subsidization)