

TABLE OF CONTENTS

1. INTRODUCTION	1
2. PRISONERS' DILEMMA AND THE ARMS RACE	2
3. INTRODUCING DETECTION PROBABILITIES	4
4. EQUALIZING THE DETECTION PROBABILITIES	7
5. WHEN IS CONDITIONAL COOPERATION RATIONAL?	11
6. POLICY IMPLICATIONS	14
7. SUMMARY AND CONCLUSION	20
8. REFERENCES	22
9. ANSWERS TO EXERCISES	24