

Coordination Games

When two players share a common goal and benefit from coordinating their actions they are playing a coordination game. An example is when two drivers are traveling too fast on a narrow road and must make an immediate decision on which way to swerve to avoid a collision. Their common goal is to avoid a collision. They must decide which way to turn independently and simultaneously. If each driver swerves to their right, then a collision is avoided. Likewise, if both drivers swerve to the left, they avoid a collision. But if they swerve in opposite directions they will collide. The two Nash equilibria are when both swerve right, and when both swerve left.