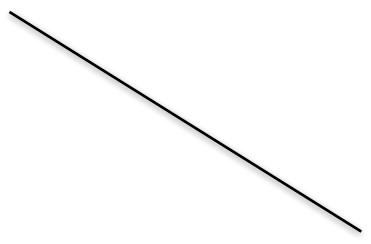
Revenues

If country A cooperates



е

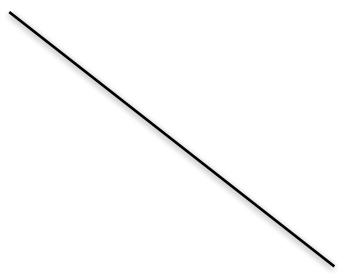
B gets: \$960

If country B cheats

If country A cheats

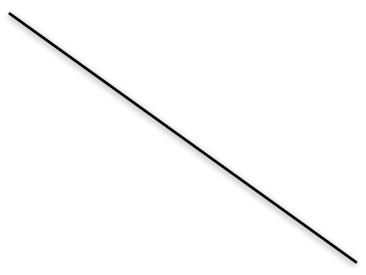
H

B gets: \$700



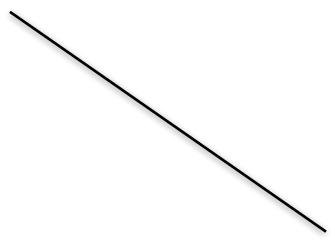
et 4

B gets: 720



\mathbf{e}

B gets: 1.260



Be a pessimist: Assume the worst will happen and choose the strategy that gives you the highest of the worst outcomes

The Maximin Criteria

Maximin strategy for Cooperate

The maximum of these two "worst" outcomes is \$720 when country A cooperates

If country B cooperates







The Maximin Criteria

Revenues

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

The maximum of these two "worst" outcomes is \$720 when country A cooperates

Be a pessimist: Assume the worst will happen and choose the strategy that gives you the highest of the worst outcomes

Nash Equilibrium

Revenues

