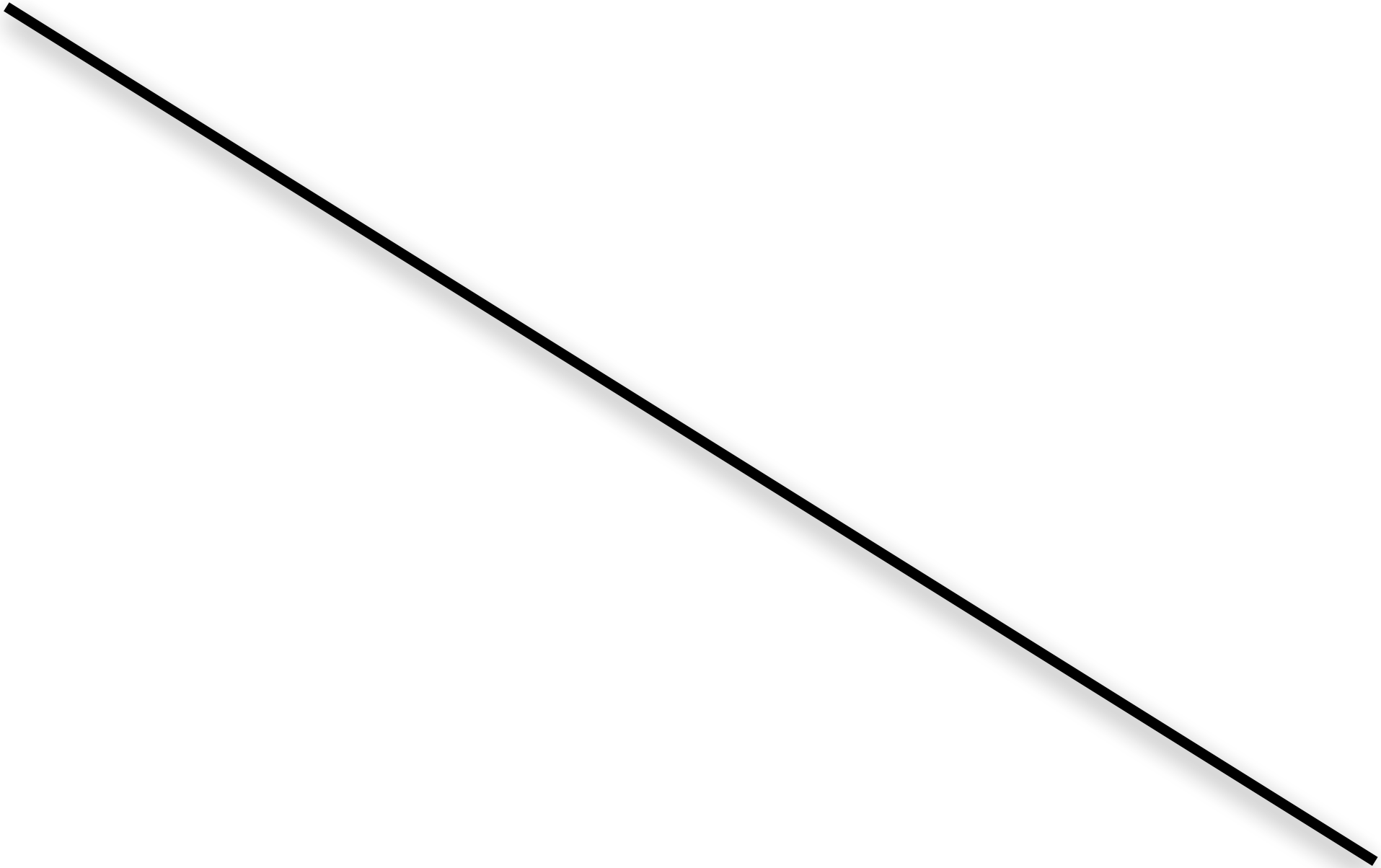
# Revenues

| | | |
|---|---|---|
| | | |
| | | |
| | | |

If country A cooperates



A gets:

$960

B gets:

$960

# If country B cheats

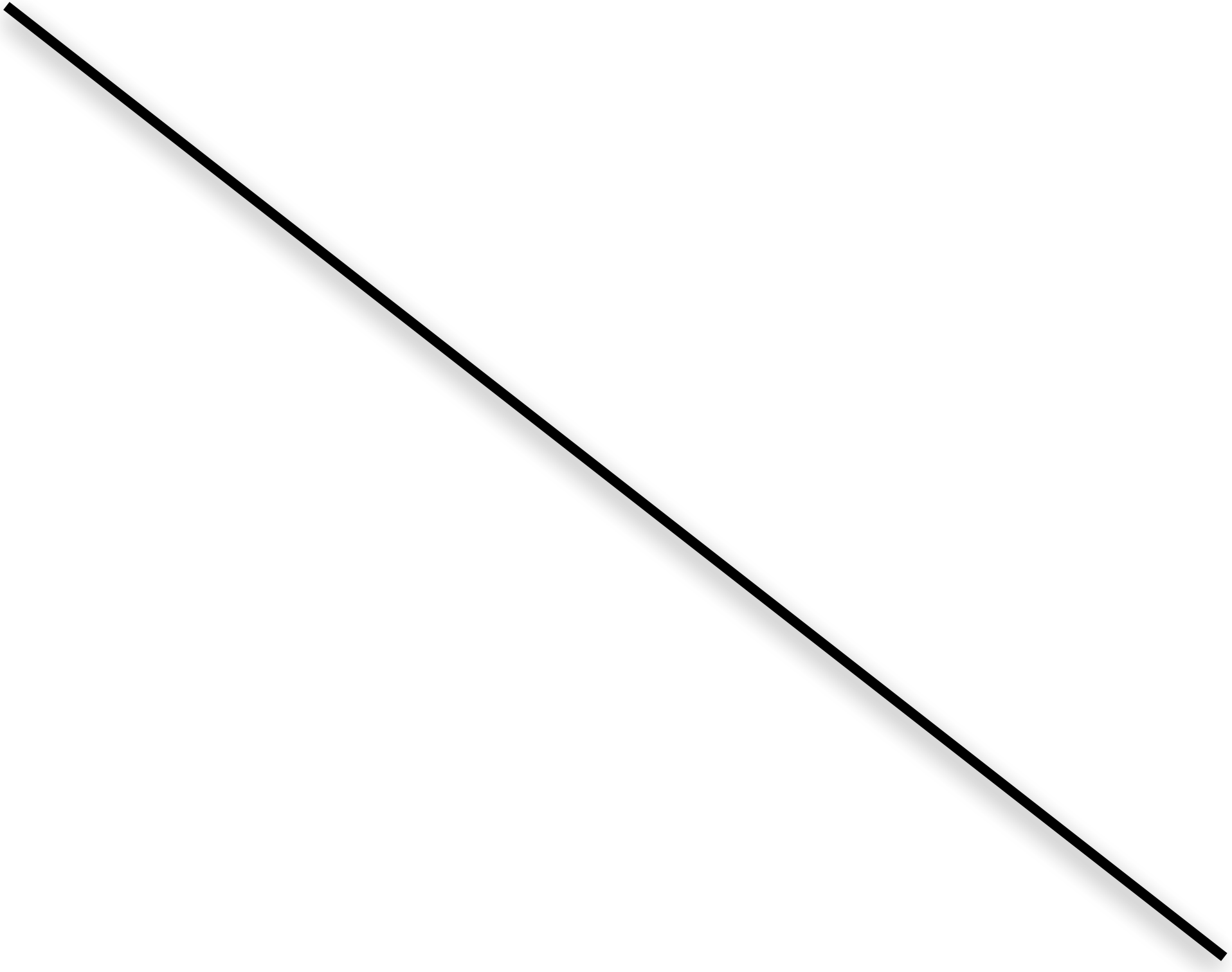
# If country A cheats

A gets:

$700

B gets:

$700

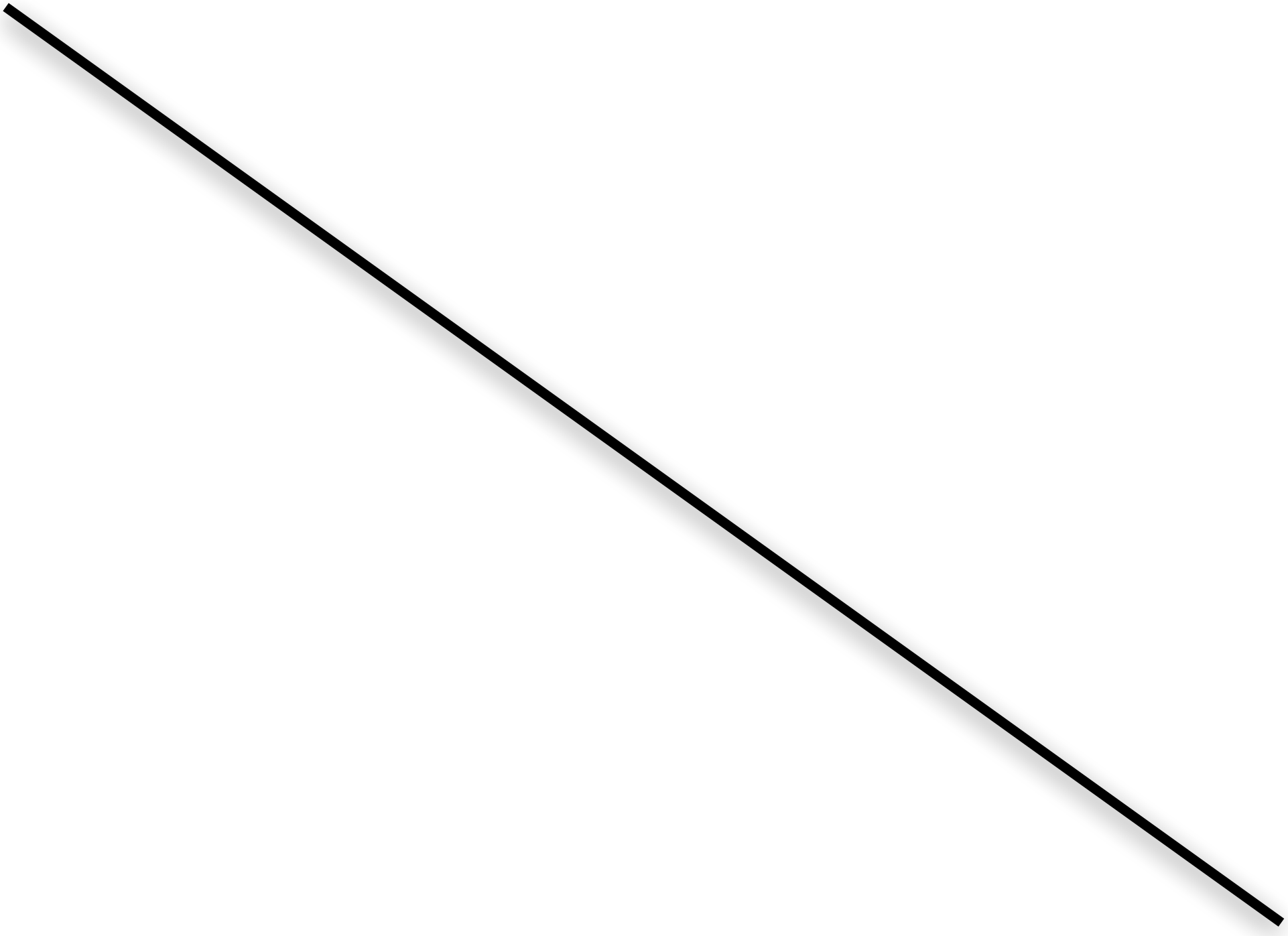


A gets:

$1,260

B gets:

$720

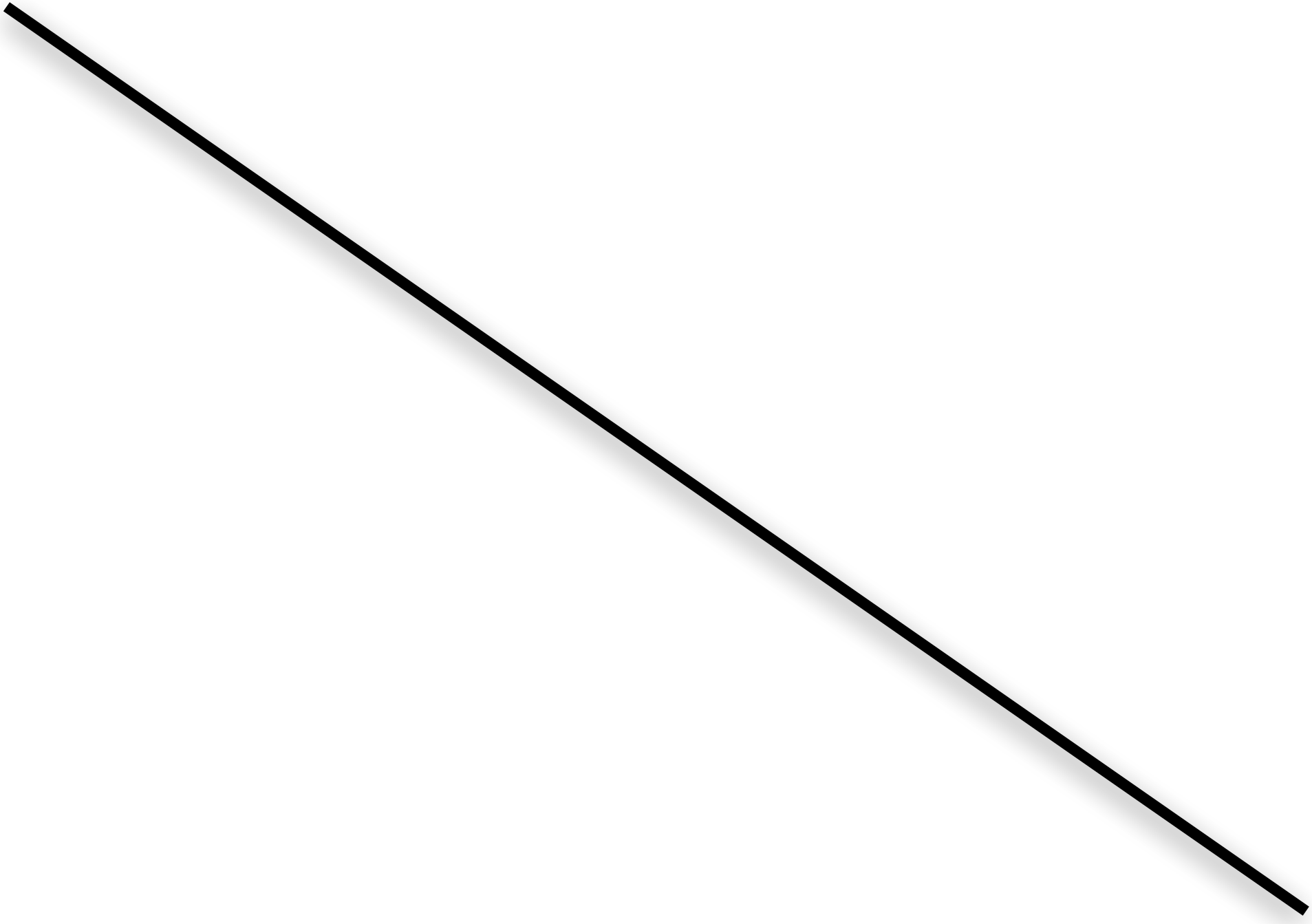


A gets:

$720

B gets:

$1,260



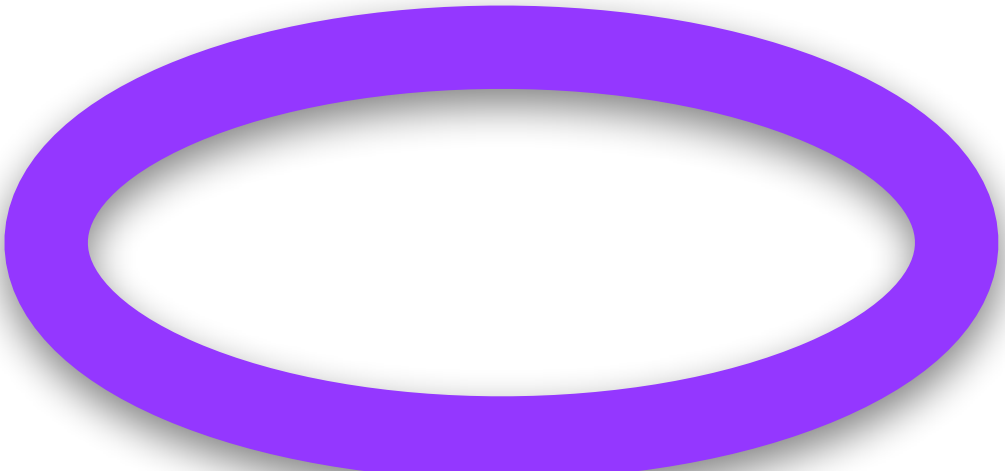
Be a pessimist: Assume the worst will happen and choose the strategy that gives you the highest of the worst outcomes

# The Maximin Criteria

# Maximin strategy for A: Cooperate

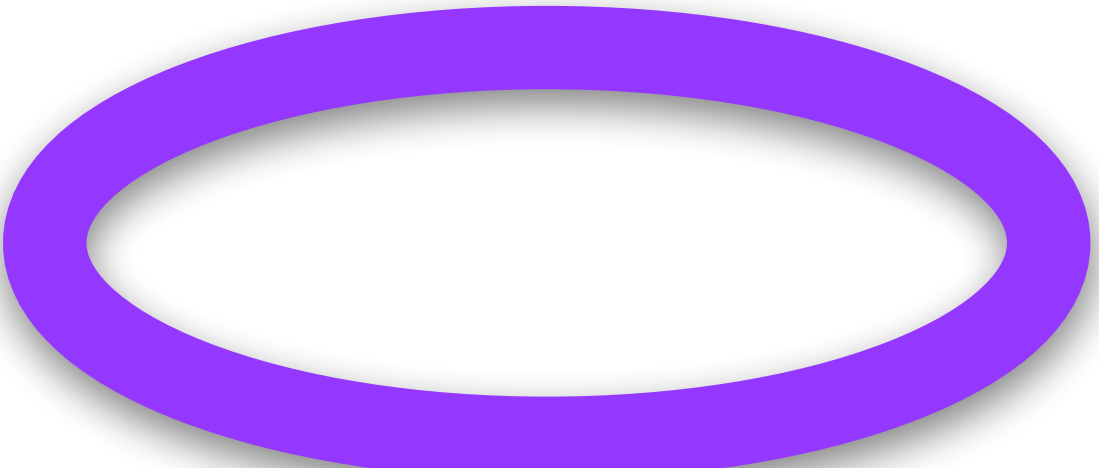
The **maximum** of these two "**worst**" outcomes is **$960 when country A cooperates**

If country B cooperates

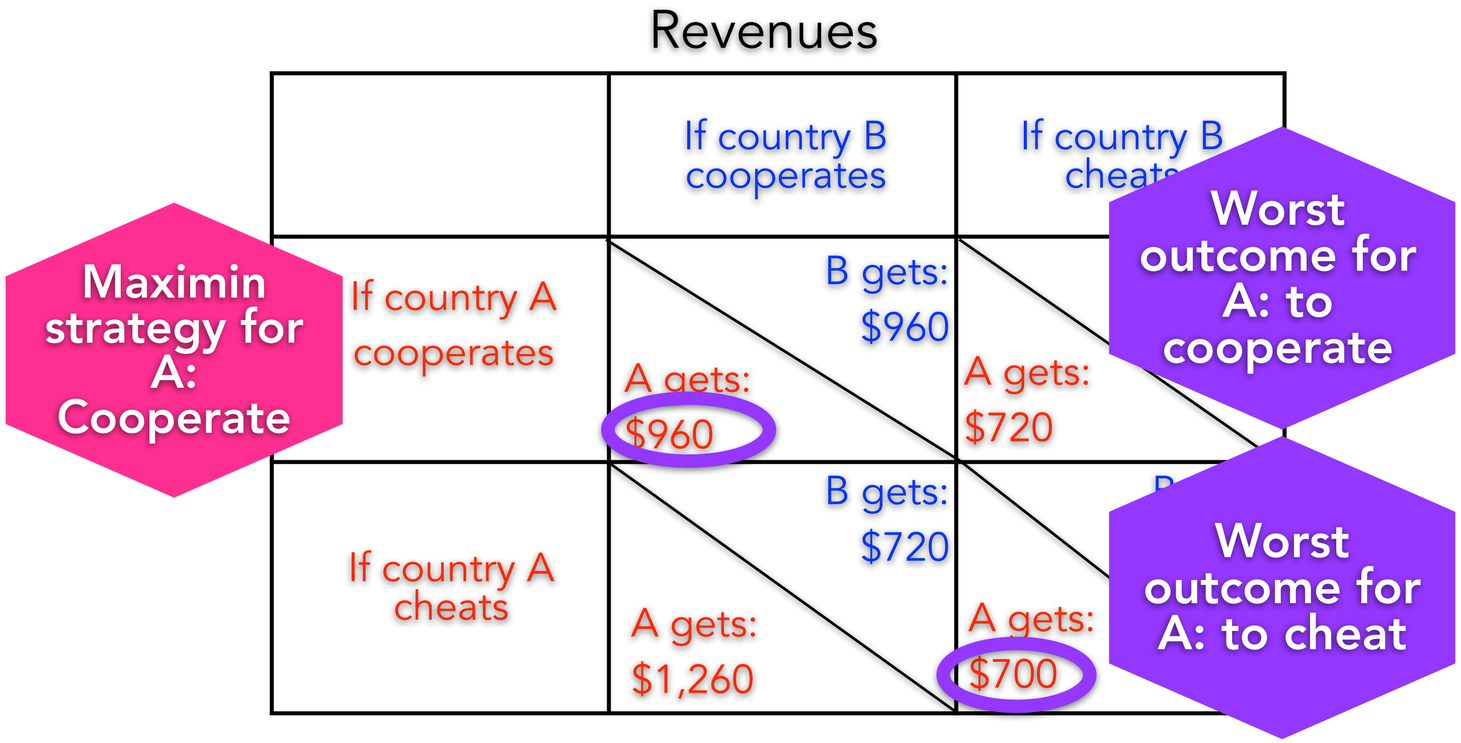


Worst outcome for A: to cheat

Worst outcome for A: to cooperate



# The Maximin Criteria




The **maximum** of these two "**worst**" outcomes is **$960 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

| | | |
|---|---|---|
| If country A cooperates | B gets: $960<br>A gets: $960 | B gets: $1,260<br>A gets: $720 |
| If country A cheats | B gets: $720<br>A gets: $1,260 | B gets: $700<br>A gets: $700 |