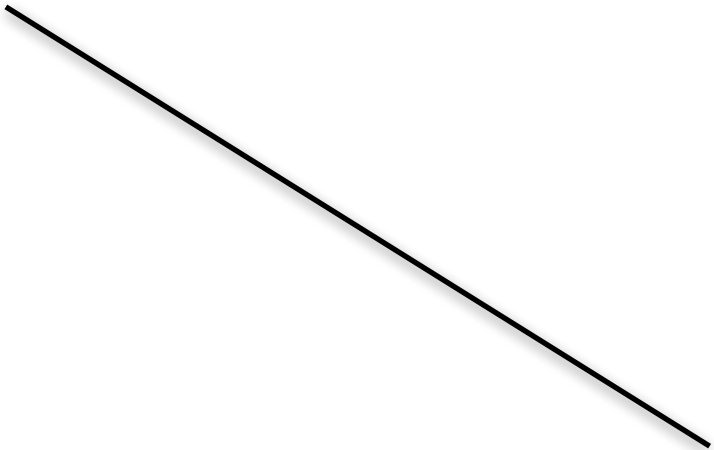




# Revenues


If country A  
cooperates



A gets:

\$960

B gets:

\$960

If country B  
cheats

If country A  
cheats

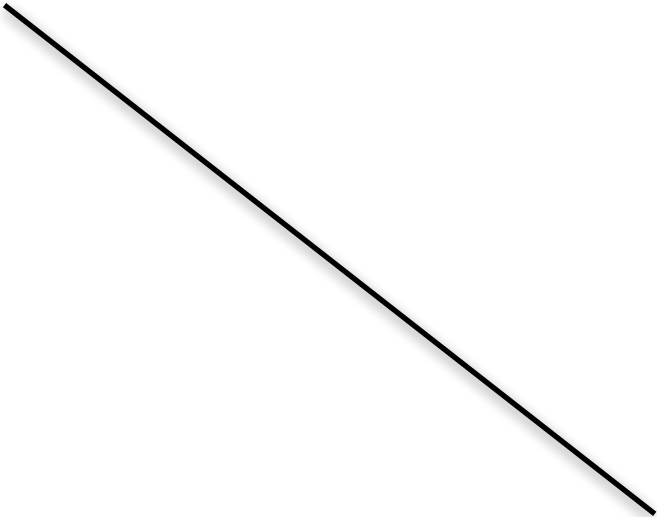


A gets:

\$700

B gets:

\$700

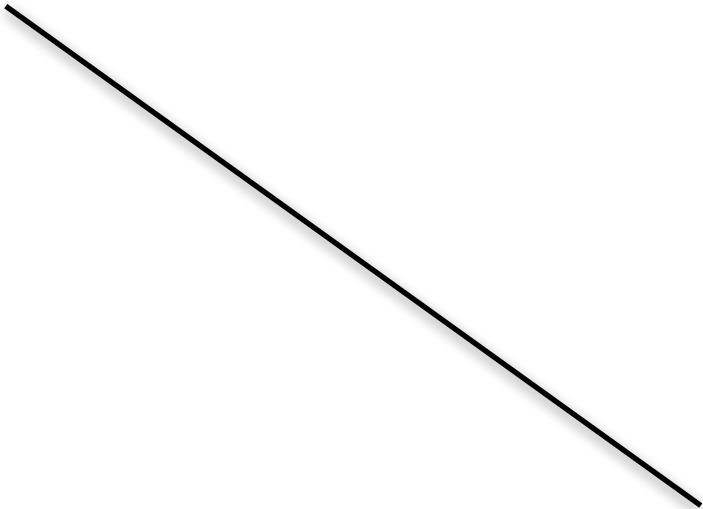


A gets:

\$1,260

B gets:

\$720



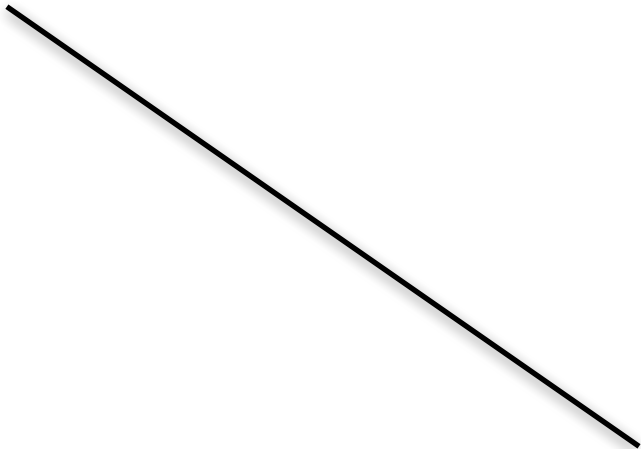
A gets:

\$720

B gets:

\$1,260





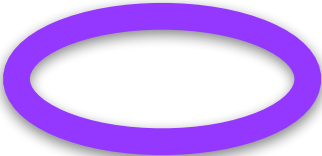
Be a pessimist: Assume the **worst** will happen and choose the strategy that gives you the **highest** of the **worst** outcomes

The Maximin Criteria

**Maximin  
strategy for  
A:  
Cooperate**

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

If country B  
cooperates







# The Maximin Criteria

Maximin  
strategy for  
A:  
Cooperate

Revenues

	If country B cooperates	If country B cheats
If country A cooperates	A gets: \$960 B gets: \$960	A gets: \$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

If country A cooperates	<div>A gets: \$960</div> <div>B gets: \$960</div>	<div>A gets: \$720</div> <div>B gets: \$1,260</div>
If country A cheats	<div>A gets: \$1,260</div> <div>B gets: \$720</div>	<div>A gets: \$700</div> <div>B gets: \$700</div>