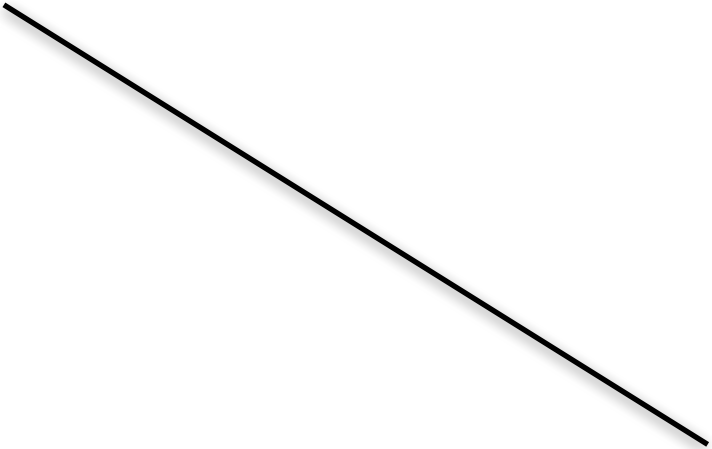


If country A
cooperates

If country B
cooperates



A gets:

\$960

B gets:

\$960

If country B
cheats

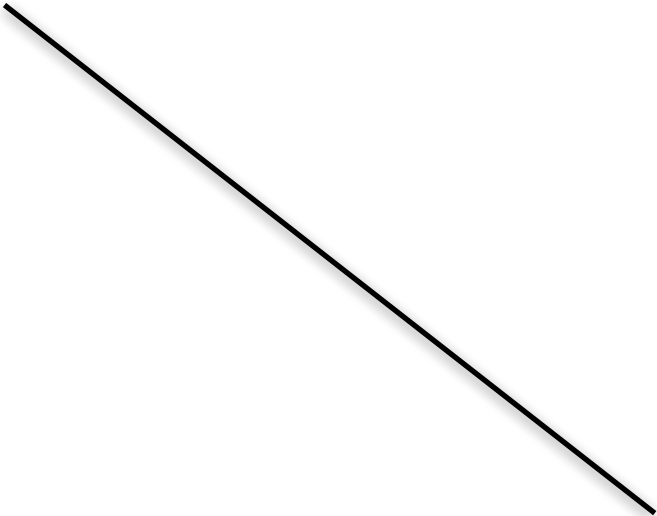
If country A
cheats

A gets:

\$700

B gets:

\$700

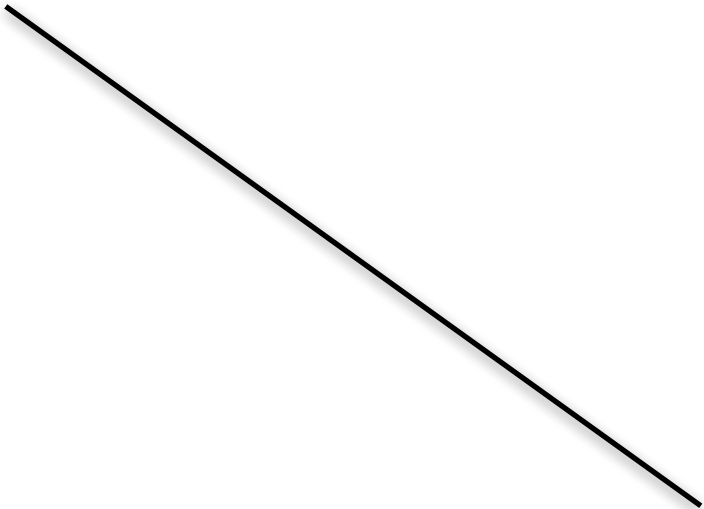


A gets:

\$1,260

B gets:

\$720

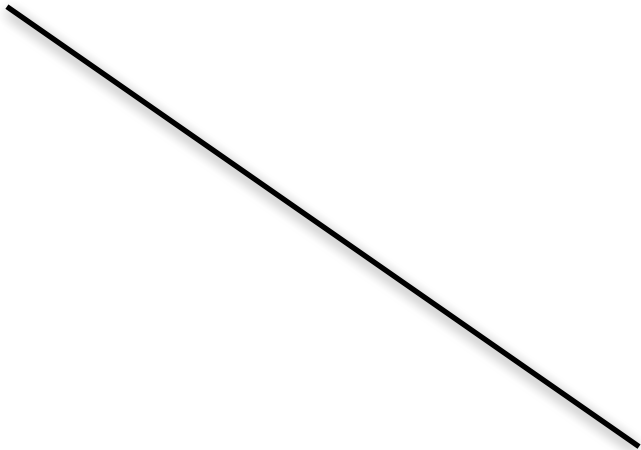


A gets:

\$720

B gets:

\$1,260



If country A
cooperates

If country B
cooperates

If country A
cheats

We ignore this
side of the
matrix





B







a



S







9





S

















V

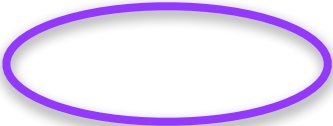


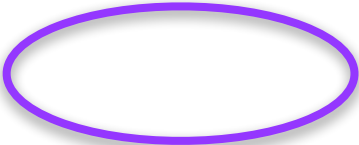


U



If B cooperates, it gets \$720 in revenue









U







Y

B



S

W











U























a



S







U



S

W







B







2



S

What is the worst outcome for Country B if A cheats?

Country **B** only cares for its own revenue





U







Y

B



S

W











U

























e



a





S







U



S

W







B









e



2



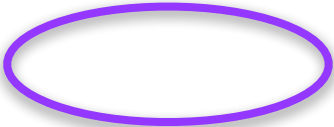
e

S



**Worst
outcome:
cheat**

**Worst
outcome:
Cooperate**



The **Maximin** Criteria: Choose the Strategy with the **maximum** of
the **worst** outcomes

The **maximum** of these two “**worst**”
outcomes is **\$960** when **country B**
cooperates

**Maximin
strategy for B:
Cooperate**

If B cheats, it gets \$700 in revenue

Country B's worst outcome if
A cheats occurs when B cheats

Country B's worst outcome if
A cooperates occurs when B
cooperates

The Maximin Criteria: Choose the Strategy which the maximum of the worst outcomes

Country B's **worst outcome** if A cooperates occurs when B cooperates

Country B's **worst outcome** if A cheats occurs when B cheats

If B cooperates, it gets \$720 in revenue

If B cheats, it gets \$700 in revenue

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

Maximin strategy for B: Cooperate

Worst outcome: Cooperate

Worst outcome: cheat

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

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>