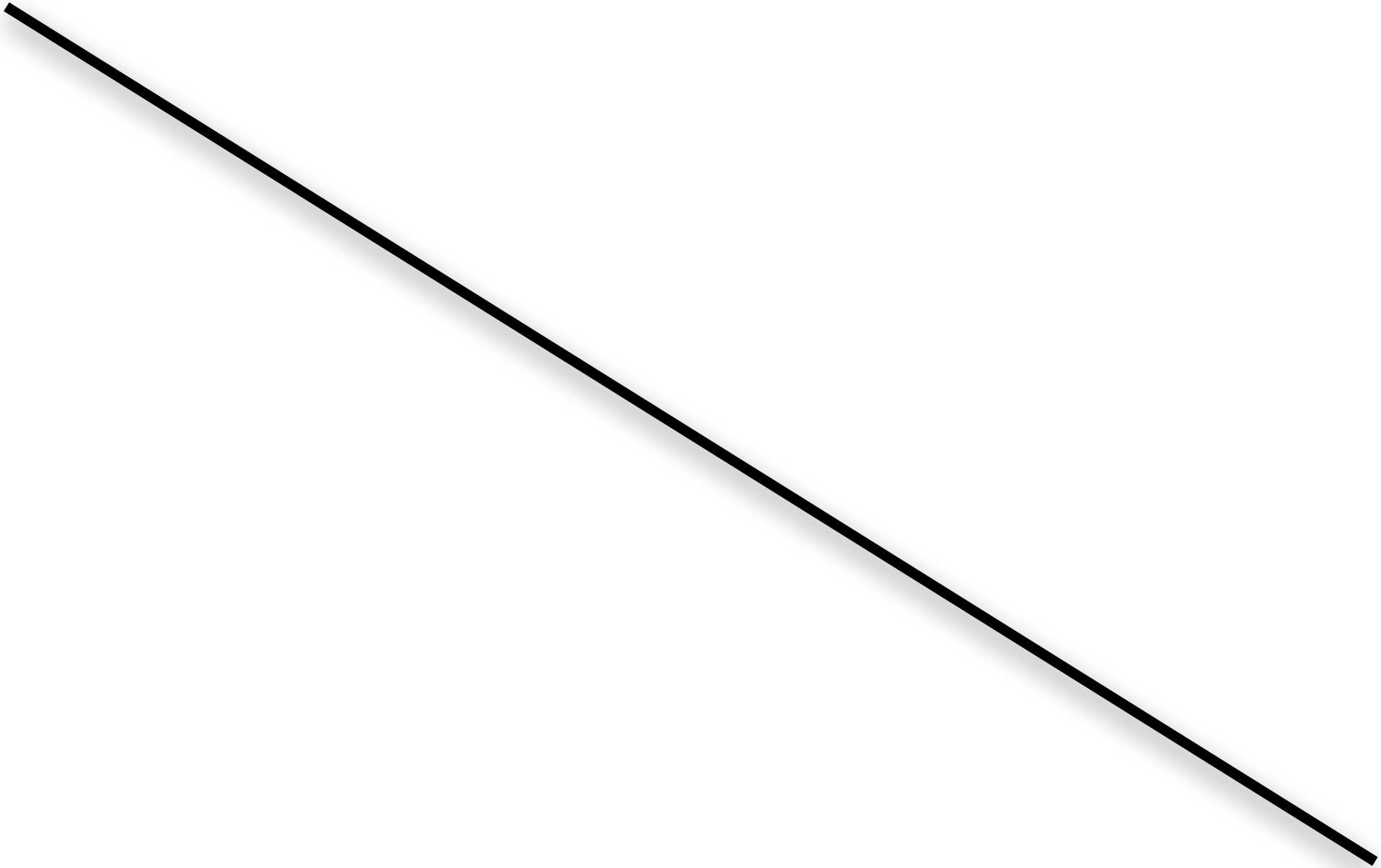
Revenues

If country A cooperates



A gets:

$960

B gets:

$960

If country B cheats

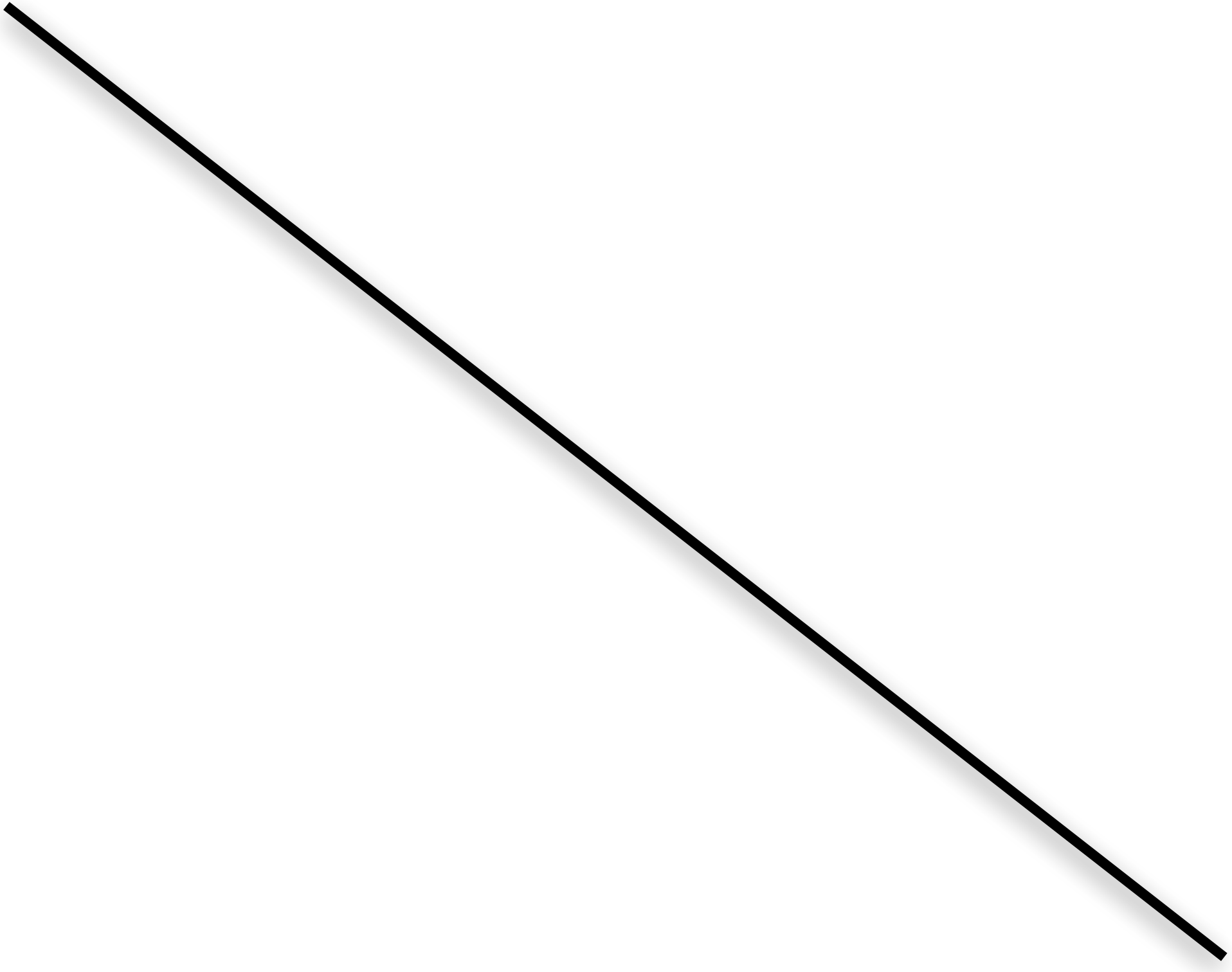
If country A cheats

A gets:

$700

B gets:

$700

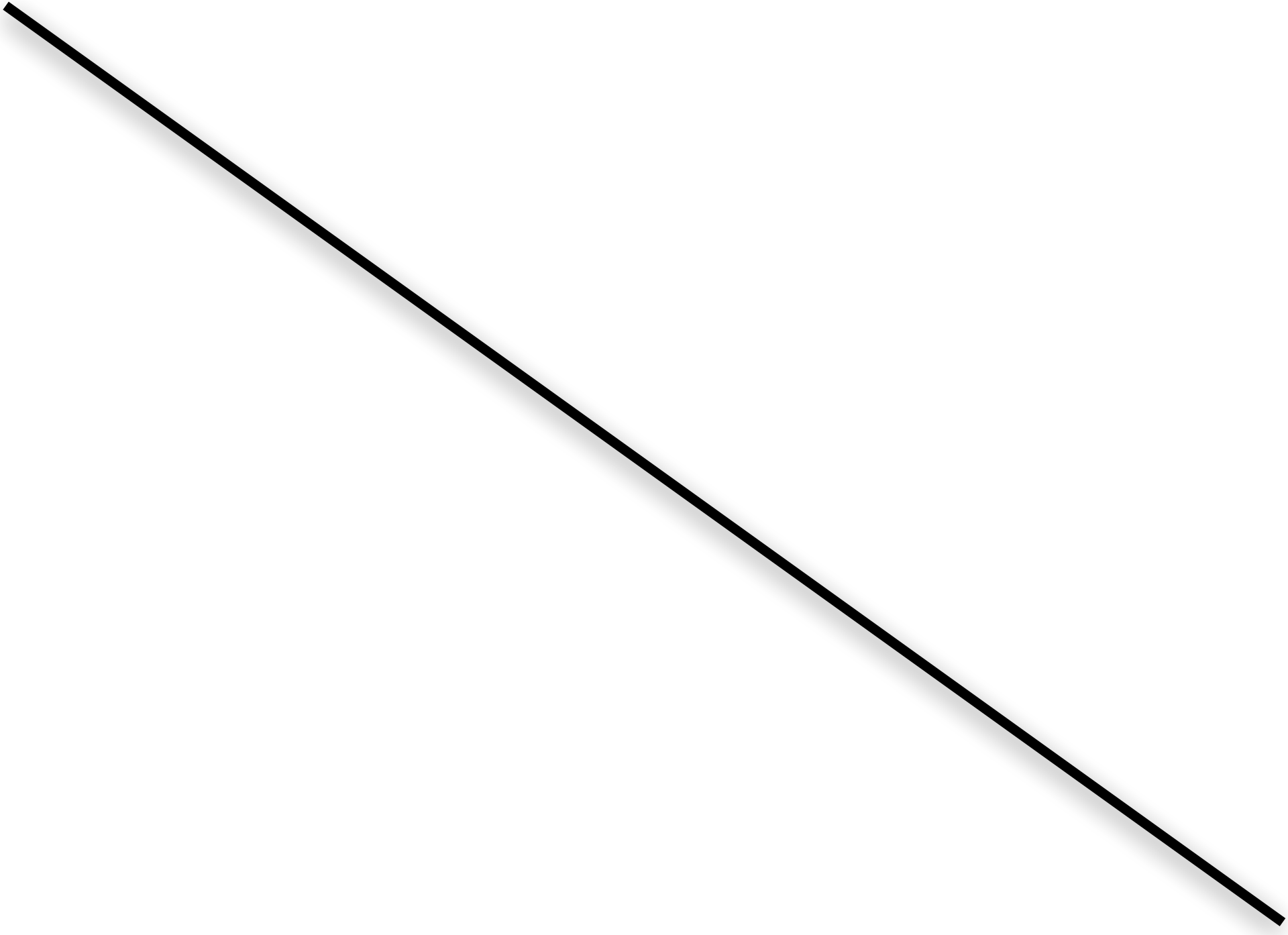


A gets:

$1,260

B gets:

$720

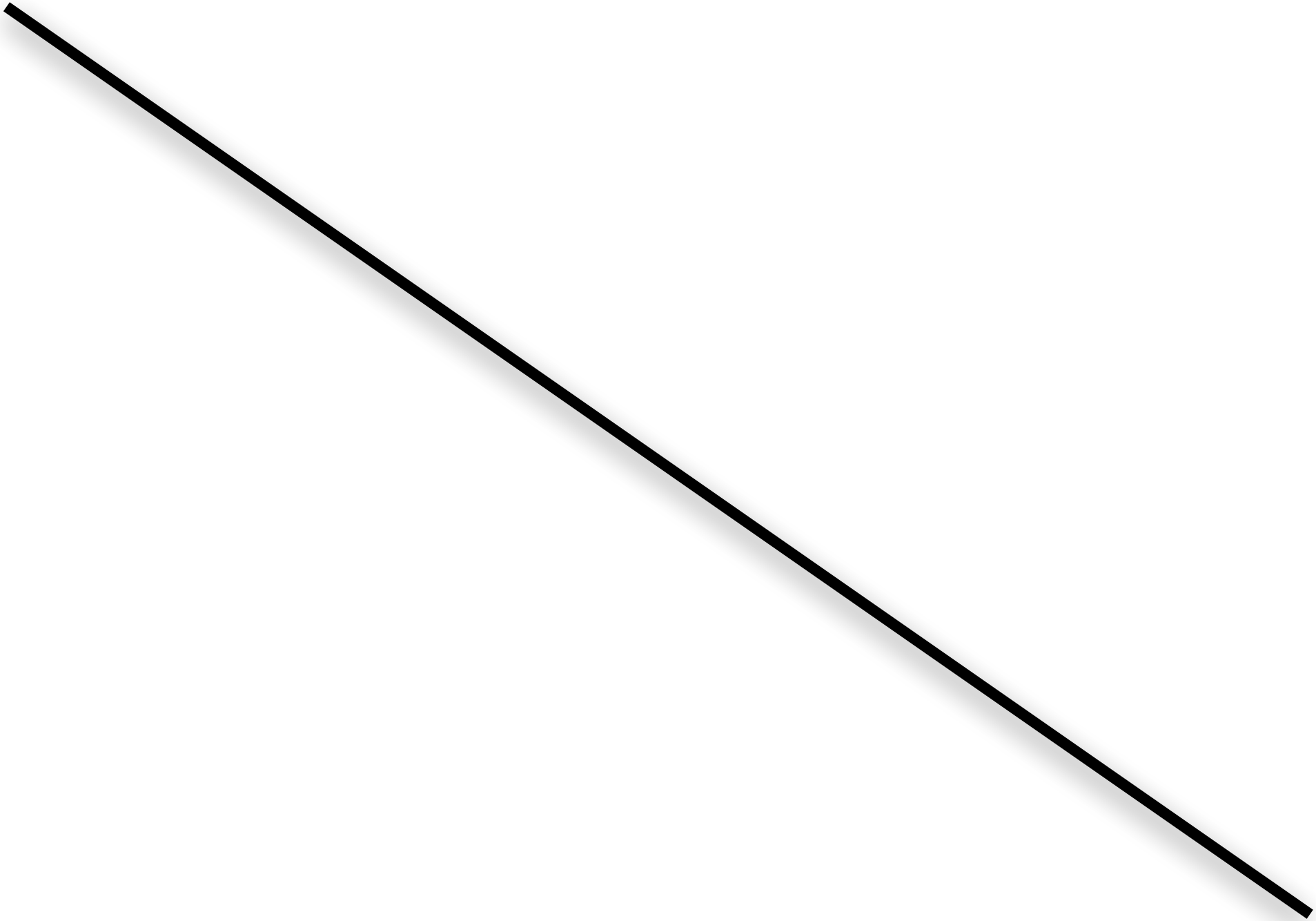


A gets:

$720

B gets:

$1,260



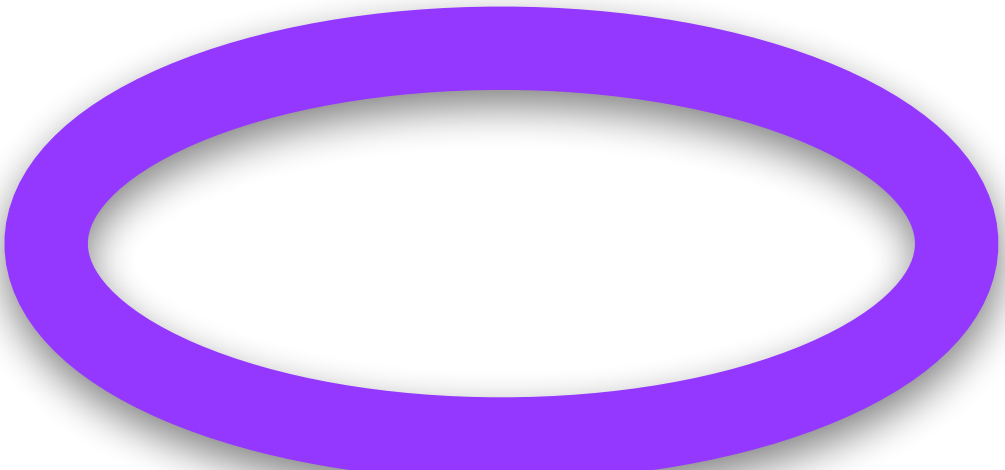
Be a pessimist: Assume the worst will happen and choose the strategy that gives you the highest of the worst outcomes

The Maximin Criteria

Maximin strategy for A: Cooperate

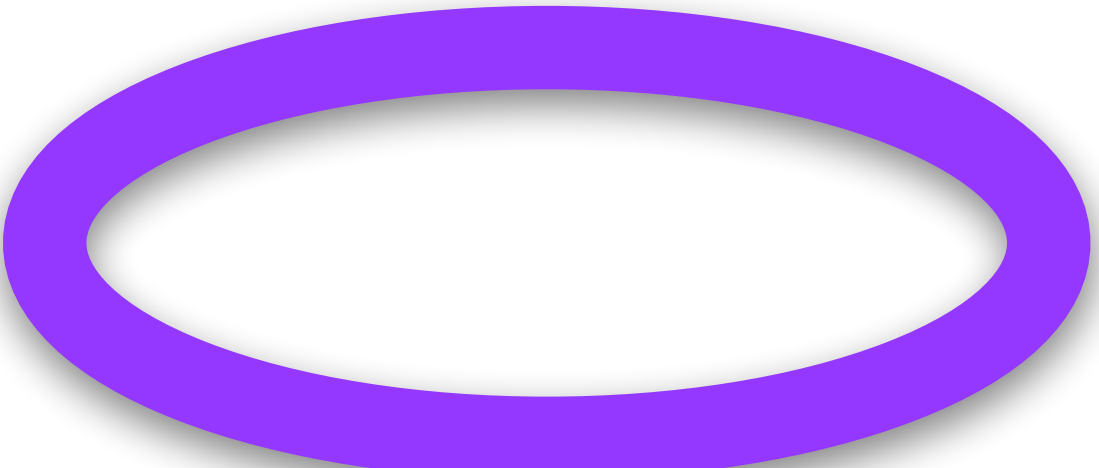
The **maximum** of these two "**worst**" outcomes is **$960 when country A cooperates**

If country B cooperates

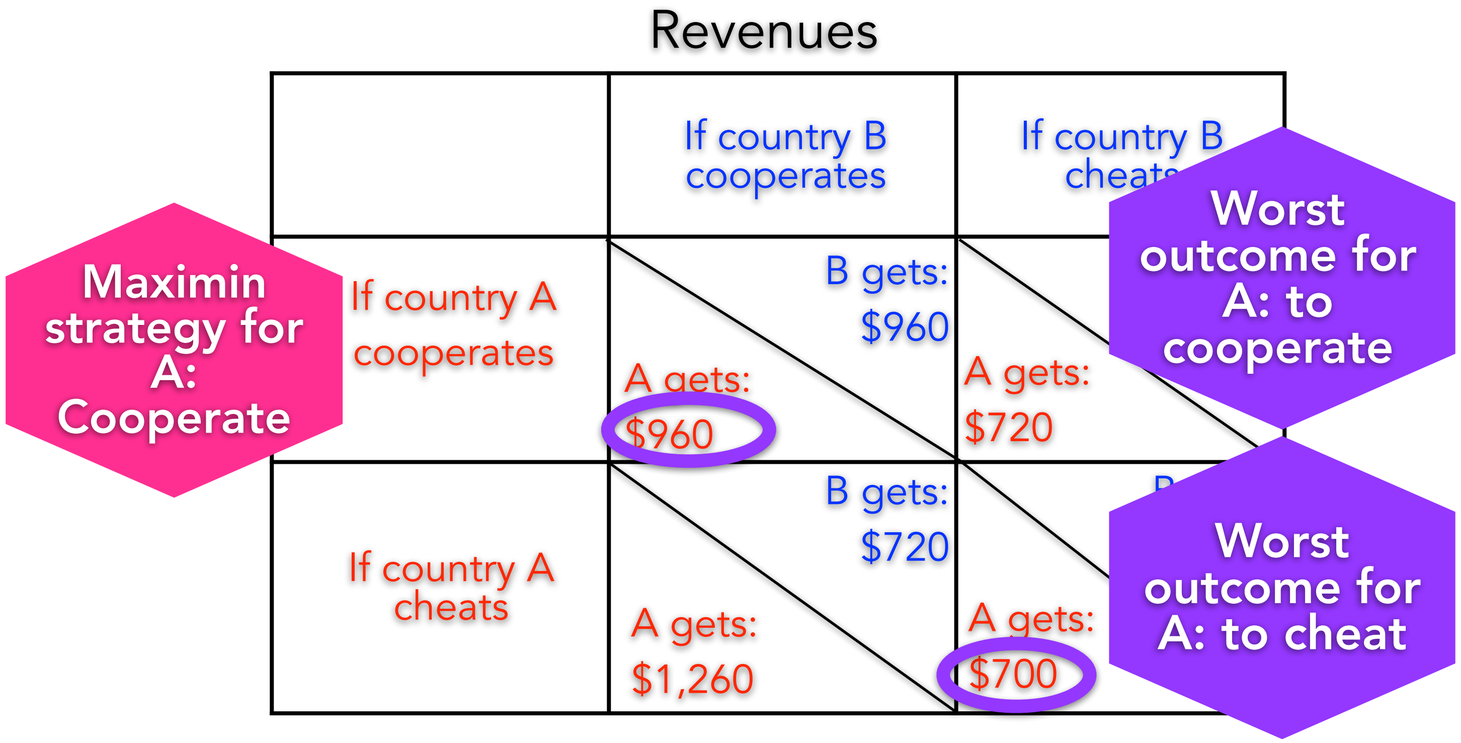


Worst outcome for A: to cheat

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