Abstract

This paper presents a game-theoretic rationale for the beneficial effect of a common enemy on cooperation. In a defence game against a common natural threat, the value of the public good of defence is equal to the sum of the players' defensive efforts. The game therefore takes the form of a prisoner's dilemma, leading to free-riding. When the same defence game is played against a common enemy, the value of the public good of defence is equal to the smallest defensive effort. The game now takes the form of a stag hunt, so that a cooperative equilibrium becomes possible. For this reason, an informed and benevolent government may not want to inform the public that it is facing a common natural threat rather than a common enemy. At the same time, the common enemy has an incentive to mimic nature, and perform only random rather than targeted attacks.