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## **Game theory and global environmental policy**

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**Abstract** Economists interpret global environmental quality to be a pure public good. Each country should contribute to its provision. However, this is hard to achieve because each government is tempted to take a free ride on the other governments' efforts. Not only has this dilemma been analysed with game theoretical methods but game theory has also been used to think about how to make amends. This paper reviews the game theoretical discussion on how international policy frameworks may be designed to improve the chances for international cooperation. It is also shown that the evaluation of alternative environmental policy instruments deviates from the standard environmental economics model if applied to the international arena. For the benefit of an interdisciplinary readership, the evolution of the debate on global environmental policy is related to the recent history of economic thought. This history is taken to be materialised in the writings of economics' Nobel Prize laureates.