Master in International Cooperation and Development (MIC&D)

Thinking strategically: Conflict and Cooperation

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Second theme:
Which solution? The community

Which solution? The community

	Unplanned order	Planned order
Spontaneous order	Market (state of nature)	Contract (constitution)
Contingent order	**Community (tradition)**	Hierarchy (state)

Ontology

- Deliberation: Do people forge a solution?

- Ontology: Are only individuals involved?

Which solution? The community

- *Overcoming self-interest* :

•With the right maximands or, equivalently, with the right **moral rules**, the Cooperator's Dilemma can be always solved.

•People can have different maximands:

- Positive (**and/or** negative) altruism

- If I am an altruistic player, then my utility function is: $U_i = a_i p_i + b_j p_j$ (where i,j=1,2; i different than j)

- When $b_j=0$ and $a_i>0$, then I am a **pure egoistic player**; when $a_i>0$ and $b_j>0$, I am a **positive altruist**; when $a_i>0$ and $b_j<0$, I am a **negative altruist**; when $a_i=0$ and $b_j>$ or <0, I am a **pure (positive or negative) altruist player**; when $a_i<0$ the player's behavior might be called "**masochistic**"

Which solution? The community

Player 2

	Cooperate	Defect
Cooperate	*3,3*	*1,4*
Defect	*4,1*	*2,2*

Player 1

Let's suppose that the starting game is a PD, that is, (D,C)>(C,C)>(D,D)>(C,D). Does the existence of altruistic players affect the final NE?

Which solution? The community

	Cooperate	Defect
Cooperate	*(a+b)3, (a+b)3*	*a1+b4, a4+b1*
Defect	*a4+b1, a1+b4*	*(a+b)2, (a+b)2*

Player 1

Let's assume for sake of simplicity that a=1 and that our players are **positive altruists**. Then our utility function can be written like that: $U_i = p_i + b_j p_j$ (where i,j=1,2; and $0<b_j<1$) . How much should be *b* to produce a NE of mutual cooperation?

Which solution? The community

	Cooperate	Defect
Cooperate	*(a+b)3, (a+b)3*	*a1+b4,a4+b1*
Defect	*a4+b1,a1+b4*	*(a+b)2, (a+b)2*

Player 1

b>1/2. That is, the utility of the other player should weigh more than the half of one's own utility

Which solution? The community

- (right) Moral rules can therefore solve the Cooperator's Dilemma

- **However**…

Which solution? The community

•…an evalutation of the community solution: the risk of **tautology**

> • "*To assume altruism would prevent the construction of theory about how persons come to act on behalf of others or on behalf of a collectivity when it goes against their private interests*" (Coleman 1990): the *Founding Fathers* lesson

Which solution? The community

•…an evalutation of the community solution: the risk of **practical irrelevance**

   •If you are enough lucky to live in a community with «right» moral rules, you have solved your CA problems. But what if you aren't that lucky?

   •Moral rules can be (eventually…) changed just in the medium-short period. In the meantime, what to do in the short-period?

• This is why we will talk here mainly about Market, Hierarchy and Contract assuming that players have a value of b very low (basically 0)