Will the European game remain cooperative?

Article by Denis Kessler

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Ever since their relationship was sanctioned by the Elysée Treaty fifty years ago, the Franco-German couple have been living under the same European roof, but do not seem to have shared any real passion under the covers. In practice, France and Germany are called upon to resolve numerous communal problems, like two co owners in an apartment building who dominate the owners’ association because they own so much of the building and have been there for ages. Without their approval, the other co-owners cannot make any firm resolutions on what work should be carried out or what funds they need to raise. The British co-owner spends his time contesting the budget and wants to do his own thing. The other co-owners in the association, which has meanwhile expanded from 6 to 27 members, feel resentful towards the couple. The co-owners’ meetings, which are becoming increasingly frequent, are also becoming increasingly rowdy, and the resolutions difficult to adopt. Will the Franco-German couple continue to call the shots? Nothing could be less certain.

Game theory teaches us that games with a large number of players are far more unstable than games played by just two people. Once there are several players, multiple coalitions are inevitably formed – often circumstantial, occasionally based on more solid foundations, frequently short-lived and sometimes permanent. Whether they wanted to or not, the Franco-German couple have had to learn to play new games as the Union has expanded. For the two major players, a game with 27 participants is very different to a game with just six! The complexity of the game has grown geometrically rather than in a linear fashion. We are achieving partial rather than global equilibrium, and it is becoming difficult to achieve first-rate, optimum conditions. Throughout the crisis, we have seen how the Franco-German couple have constantly had to compromise faced with the demands of the other playing countries. It seems significantly more difficult than in the past to unite European preferences, and the other countries appear less inclined, at the end of their European noviciate, to fall into line with the founding fathers.

Game theory is also useful in terms of explaining repeated games: by playing frequently with the same adversary or partner, we learn his strategy and tactics, which we can then integrate into our own strategy. The quarrels and rows between old couples are very different from those of young lovebirds. In this respect, the Franco-German couple are starting to age; they are celebrating fifty years of living together, which is a pretty long time. In repeated games, we know that we can’t win every time, and that ultimately, if the game is honest and the dice are not loaded, the winnings will even out. Now let’s not be naïve: at the gaming table, the winnings that have piled up in front of the German player seem far more substantial than those of the other players. The German player may claim that he has played a better game by strengthening his competitiveness, thereby maximising his trading gains: his trade surplus looks like the piles of chips accumulated by good or lucky players. But this imbalance, if it increases, may degenerate, in which case we could consider the game to be unfair...
For decades, Germany has been playing a cooperative game - expanding Europe and saving the euro – as opposed to a selfish game where its own winnings are all that matters. It has managed to play the European game intelligently at each stage of its development, and consequently has systematically won back more than its stake. However, the imbalance between the economic strength of Germany and the relative decline of its main partner, France – and of its other partners -, could undermine the European game as it has been played until now. Faced with this imbalance, some may conclude that, overall, the European game has become a zero-sum game, and therefore a negative-sum game for them. Some, like France, may be tempted to accuse Europe and the Eurozone of favouring the German model from a structural point of view, or Germany of “not playing the game”, of striking out alone, of lacking a spirit of solidarity. Others, like Germany, may be tempted to condemn the mediocre game played by their partners, who are not taking the steps necessary to overcome the crisis. Because when all is said and done, the most crucial lesson taught by game theory is that a game can change very quickly – prompted by one or more players – from a cooperative, positive-sum game to an uncooperative game in which everyone has to share the losses, amid conflict and drama! Fortunately, however, the good news is that the likelihood of one or more players completely overturning the table, sixty years after the game began, appears virtually non-existent.