

ABSTRACT

WHEN IS IT RATIONAL TO BE MAGNANIMOUS IN VICTORY?

There are two contending schools of thought on how a victor should treat a defeated party after a war or other major dispute. While magnanimity may quell the desire of the defeated party for revenge, it may also be instrumental in the defeated party's resurrection. Similarly, the defeated party may face the conflicting choices of whether to cooperate or not cooperate with the victor. These interdependent choices are modeled by a generic "magnanimity game" (MG), which subsumes different strategic situations that may arise in the aftermath of victory.

Two types of victor and six types of the defeated party define twelve specific games. General conditions under which each of the different outcomes in MG is rational, based on nonmyopic calculations in a sequential game, are derived.

Incomplete information about an opponent's preferences may complicate player choices, but sometimes knowing this information is unnecessary and other times a player need rule out relatively few specific games in order to make a rational choice. A defeated party may benefit from "moving power," but its effects may take considerable time to realize if information is incomplete, as illustrated by the 31-year conflict between Israel and Egypt. Historical examples from 19th and 20th-century wars and crises illustrate other outcomes in MG; normative implications of this game are also discussed.