

Contemporary Society in Multiple Perspectives
HNRS 131-005
Fall, 2005
Office Hours: By appointment

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Required texts:

F.A. Hayek, The Fatal Conceit, University of Chicago Press, 1991.
J. Surowiecki, The Wisdom of Crowds, DOUBLEDAY, 2004.

You should purchase a three ring binder for the readings.

Description and Objective:

From the perspectives of two forms of rational orders, constructivist and ecological, this course will study economic exchange and its implications for economic policy. We will examine the extent to which reason and the deliberate action of a constructivist order and the undesigned principles of norms and traditions in an ecological order can inform our understanding of impersonal exchange in markets and personal social exchange with friends, neighbors, and family. On the topic of impersonal exchange, the course will cover such issues as international trade, the California energy crisis, and policy proposals for gasoline markets. In juxtaposition to the observed self-interested behavior in markets, we will also study the pervasive cooperation that people simultaneously exhibit in social settings and how it is supported by the biological and cultural evolution of the mind.

Evaluation:

Your course grade will be determined by your performance in accord with the following point distribution:

Laboratory Experiments and Class Participation	40%
Blog Posts (10 total: 5 original and 5 comments)	30%
<u>Paper (including presentation)</u>	<u>30%</u>
Total	100%

There will be no final exam.

Important Dates:

Last day to drop with no tuition liability:	13 September 2005
Last day to add:	13 September 2005
Last day to drop:	30 September 2005

It is the responsibility of the student to maintain enrollment in the class.

Miscellaneous:

Excuses for missing an assignment due date must be pre-approved by me except when this is not possible in an emergency situation. Only emergency situations accompanied by the Dean's signature will be considered to be excused. An unexcused late assignment will result in a grade of zero.

Students who wish to appeal their grade on an assignment must do so within one week of the date the assignment is returned.

Reasonable Accommodations: Students with Faculty Contact Sheets for this class need to present them to the professor soon as possible. Other students requiring reasonable accommodations, as covered under the Americans with Disabilities Act, should contact the Disability Resource Center (DRC) to open up a DRC file and discuss needed accommodations. Questions and requests for reasonable accommodations should be directed to DRC, 234 SUB I, phone 703.993.2474 or e-mail dwyne@gmu.edu.

Honor Code: George Mason University is an honor code university. Students pledge not to cheat, lie, plagiarize or steal in academic matters.

Tentative Course Schedule and Outline

Monday, 8/29

Organization

Monday, 9/12

Readings:

- Adam Smith, Wealth of Nations: Book I, Chapters I-III.
- David Hume, *Essays, Moral, Political and Literary*, *Of the Jealousy of Trade*.
- Leon Walras, Elements of Pure Economics, Lesson 3.
- "The New Face of the Silicon Age," *Wired*, February, 2004.
- Matt Ridley, The Origins of Virtue, Chapter 10: The Gains from Trade (In which exchange makes two plus two equal five)

Monday, 9/19

Readings:

- Karl Marx, Capital: A Critique of Political Economy, Vol. I, Part I, Chapter I, Section IV, *The Fetishism of Commodities and the Secret Thereof*
- Karl Marx, Capital: A Critique of Political Economy, Vol. III, Part III, Chapter XV, Paragraphs 45-49.
- Vernon Smith, "Markets as Economizers of Information: Experimental Examination of the 'Hayek Hypothesis,'" *Economic Inquiry*, April 1982.
- Vernon Smith, "Markets, Institutions, and Experiments," in the *Encyclopedia of Cognitive Science*, L. Nadel (ed.), Macmillan Publishers (Nature Publishing Group): 2003.

Monday, 9/26

Readings:

- W. Stanley Jevons, The Theory of Political Economy, Chapter 1 & Chapter 4 (Definition of a Market).
- F.A. Hayek, "The Use of Knowledge in Society," *American Economic Review*, September, 1945.
- F.A. Hayek, "Competition as a Discovery Procedure." Originally, "Der Wettbewerb als Entdeckungsverfahren," a 1968 lecture sponsored by the Institut für Weltwirtschaft at the University of Kiel, Sections I, III-VI.
- James Surowiecki, The Wisdom of Crowds, Chapter 4.

Monday, 10/3

Readings:

- David Hume, A Treatise of Human Nature: Book III, *Of Morals*, Part II, *Of Justice and Injustice*, Sections III-V.
- David Hume, *Essays, Moral, Political and Literary*, Part II, Section II, *Of the Original Contract*, Sections 33-39.
- Robert Ellickson, Order Without Law, Chapter 3: The Resolution of Cattle-Trespass Disputes.
- Elizabeth Hoffman et al., "Preferences, Property Rights and Anonymity in Bargaining Games," *Games and Economic Behavior*, 1994. *Note*: Read the appendix of the experiment instructions first and then read to understand the results in terms of the different treatments (sets of instructions).

Tuesday, 10/11

Readings:

- Adam Smith, The Theory of Moral Sentiments:
 - Part I, Section I, Chapter I, *Of Sympathy*.
 - Part III, Chapter I, *Of the Principles of Self-approbation and of Self-disapprobation*
 - Part VI, Section II, Introduction and Chapter I, *Of the Order in which Individuals are Recommended by Nature to Our Care and Attention*
- Berg et al., "Trust, Reciprocity, and Social History," *Games and Economic Behavior*, 1995, Sections 1-3.
- Kevin McCabe et al. "Positive Reciprocity and Intentions in Trust Games," *Journal of Economic Behavior and Organization*, October, 2003.

Monday, 10/17

Readings:

- Elizabeth Hoffman et al., "Behavioral Foundations of Reciprocity: Experimental Economics and Evolutionary Psychology," *Economic Inquiry*, 1998.
- Frans B. M. de Waal, "How Animals Do Business," *Scientific American*, April 2005.
- Matt Ridley, The Agile Gene, Chapter 8, "Conundrums of Culture".

Monday, 10/24

Readings:

- Vernon Smith, "The Two Faces of Adam Smith," *Southern Economic Journal*, 1998.
- Vernon Smith, "Human Nature: An Economic Perspective," *Daedalus*, 133(4), Fall, 2004.
- Vernon Smith, Prepared Remarks on "Constructivist and Ecological Rationality in Economics," *American Economic Review*, June 2003.

Monday, 10/31

Reading:

- James Surowiecki, The Wisdom of Crowds, Chapters 5, 6 (sections I-IV), 10 (section V), & 11.

Monday, 11/7

Readings:

- F.A. Hayek, The Fatal Conceit, Chapters 1-3.

Monday, 11/14

- Cary Deck and Bart Wilson, "Economics at the Pump," *Regulation*, Spring, 2004.

Monday, 11/21

Readings:

- Stephen Rassenti et al. "Using Experiments to Inform the Privatization/Deregulation Movement in Electricity," *CATO Journal*, 2002.
- Stephen Rassenti et al., "Turning Off the Lights," *Regulation*, Fall, 2001.
- Stephen Rassenti et al. "Discriminatory Price Auctions in Electricity Markets: Low Volatility at the Expense of High Price Levels," *Journal of Regulatory Economics*, 2003.

Monday, 11/28 & Monday, 12/5

Student presentations