Choice, Commerce, and Conflict: Introduction to PPE

TTh 10:30-11:50am Professor Ryan Doody

Table of Contents Quick Review Number Game Hobbes & State of Nature

Grade Game

Your activity grade will be determined in the following way:

You will be paired with one of your classmates at random.

- ➤ If you ask for an A and they do too, you will get a B.
- ➤ If you ask for an A and they ask for a B, you will get an A+.
- ➤ If you ask for a B and they do too, you will get a B+.
- ➤ If you ask for a B and they ask for an A, you will get a B-.

Grade Game

What should you do?

You $egin{array}{cccc} & & & & & & & \\ & & & & & & & & & \\ & & & & & & & & & \\ & & & & & & & & & \\ & & & & & & & & & \\ & & & & & & & & & \\ & & & & & & & & & \\ & & & & & & & & \\ & & & & & & & & \\ & & & & & & & & \\ & & & & & & & & \\ & & & & & & & & \\ & & & & & & & & \\ & & & & & & & & \\ & & & & & & & & \\ & & & & & & & & \\ & & & & & & & & \\ & & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & & \\ & & & & & \\ & & & & & & \\ & & & & & \\ & & & & & \\ & & & & & \\ & & & & & \\ & & & & & \\ & & & & & \\ & & & & & \\ & & & & & \\ & & & & \\ & & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & & \\ & & & \\ & & & & \\ & & & & \\ & & & \\ & & & & \\ & & & \\ & & & & \\ & & & \\ & & & & \\ & & & \\ & & & \\ & & & \\ & & & \\ & & & \\ & & & \\ & & & & \\ & & \\ & & & \\ & & & \\ & & \\ & & & \\ & & \\ &$

Them

You $\begin{array}{c|cc} & A & B \\ \hline A & 0,0 & 2,-1 \\ B & -1,2 & 1,1 \end{array}$

Example: The Prisoner's Dilemma

Life Lessons

- 1. Do not play dominated strategies.
- 2. Sometimes, acting rationally can result in a bad outcome.
- 3. Often, what it's rational for you to do depends on **what you** care about.
- 4. Sometimes, what it's rational for you to do depends on **what** *others* care about.

The Number Game

The Number Game

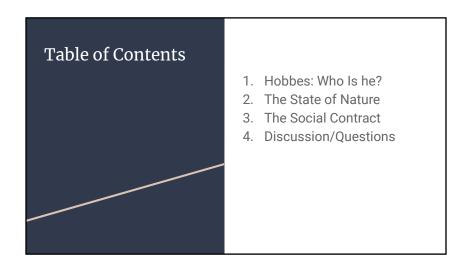
Choose a number between 1 and 100.

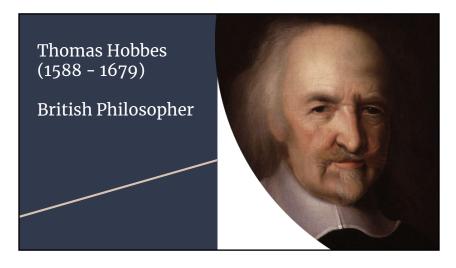
The number that is closest to two-thirds of the average wins the prize.

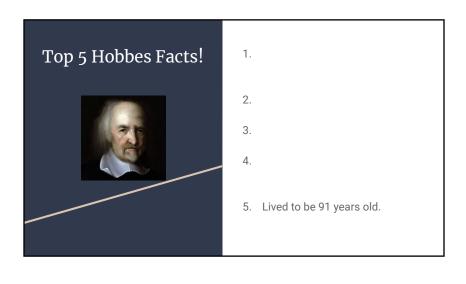
Good luck!

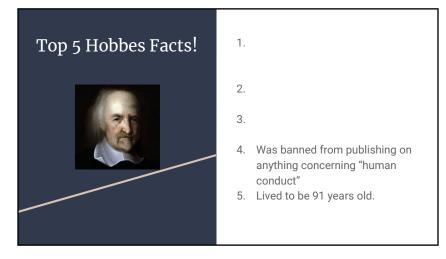


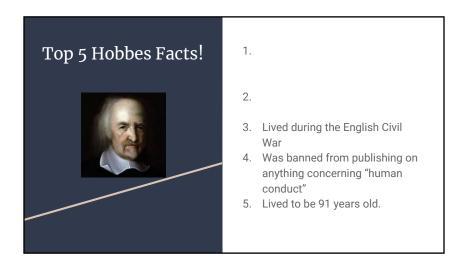


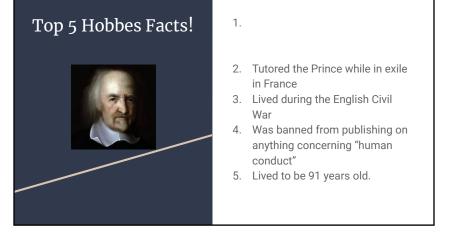


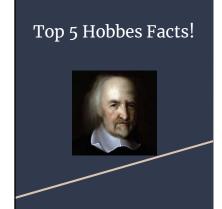




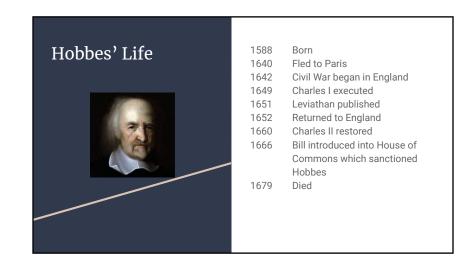


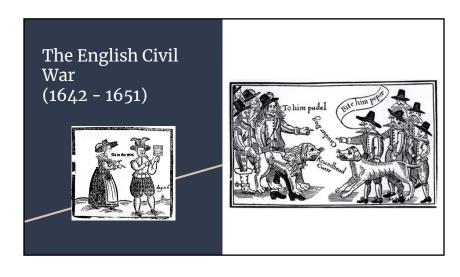


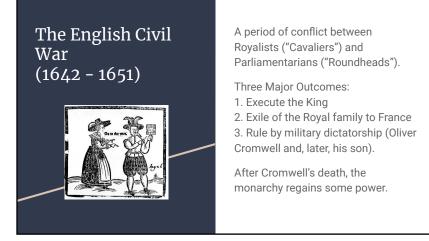




- 1. Born on the eve of the Spanish Armada ("My Mother gave birth to twins: myself & fear.")
- 2. Tutored the Prince while in exile in France
- 3. Lived during the English Civil War
- 4. Was banned from publishing on anything concerning "human conduct"
- 5. Lived to be 91 years old.







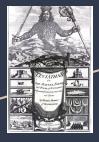
Rough Overview of Hobbes' Argument



- 1. The State of Nature (= no government) is a state of war.
- It's vastly better to live under the stable authority of a Sovereign than in a state of war.

So, in the State of Nature, we'd consent to be governed by the Sovereign.

Rough Overview of Hobbes' Argument



- 1. The State of Nature (= no government) is a state of war.
- It's vastly better to live under the stable authority of a Sovereign than in a state of war.
- 3. If we'd consent to be governed by a Sovereign in the State of Nature, then the Sovereign has legitimate authority.

So, the Sovereign's authority is legitimate





The State of Nature

... is war?

Natural Equality + Scarcity → Competition & Fear

Competition & Fear → War



Natural Equality

NATURE hath made men so equal in the faculties of body and mind as that, though there be found one man sometimes manifestly stronger in body or of quicker mind than another, yet when all is reckoned together the difference between man and man is not so considerable as that one man can thereupon claim to himself any benefit to which another may not pretend as well as he. For as to the strength of body, the weakest has strength enough to kill the strongest, either by secret machination or by confederacy with others that are in the same danger with himself.

Equality + Scarcity

From this equality of ability ariseth equality of hope in the attaining of our ends. And therefore if any two men desire the same thing, which nevertheless they cannot both enjoy, they become enemies; and in the way to their end (which is principally their own conservation, and sometimes their delectation

Fear & Competition

Hereby it is manifest that during the time men live without a common power to keep them all in awe, they are in that condition which is called war; and such a war as is of every man against every man. For war consisteth not in battle only, or the act of fighting, but in a tract of time, wherein the will to contend by battle is sufficiently known: and therefore the notion of time is to be considered in the nature of war, as it is in the nature of weather. For as the nature of foul weather lieth not in a shower or two of rain, but in an inclination thereto of many days together: so the nature of war consisteth not in actual fighting, but in the known disposition thereto during all the time there is no assurance to the contrary. All other time is peace.

The State of Nature is a state of war

Evaluate the argument

Let's explain Hobbes' argument.

Do you think he's right?

What assumptions underlie his thought?

The State of Nature is a state of war

Evaluate the argument

Let's explain Hobbes' argument.

Do you think he's right?

What assumptions underlie his thought?

(Can Game Theory help formalize Hobbes' idea?)

The Social Contract

It is vastly better to live under the authority of a powerful Sovereign than to live in a constant state of war.

Is Hobbes right?

Anarchy vs Authoritarianism





The Social Contract

If we'd consent *in the State of Nature* to the Sovereign, does that give the Sovereign legitimate authority?

Is Hobbes right?

Questions?

