

Evolutionary-Institutional Economics

Part II: “(Socio-Economic) Institutions”

Core Conceptions II: „Institutions“

1) Starting From Personal Experience (1)

- (a) an example: “order” in the classroom !?
- “a” *coordination*, or an optimal coordination?
- *forecasting* behavior: is knowing the “*motivation*” (e.g. “*maximization*”) required?
- are *power* or *hierarchy* necessary for coordination?
- is a “*market*” working? are *prices* involved?

Core Conceptions II: „Institutions“

1) Starting From Personal Experience (2)

- which *information* is being told us while entering a social situation?
- which future *expectation* is generated?
- (b) rule breaking and *surprise*: what if I just were the janitor?
- and what if your fellow student were a neoclassical individual?
- are you neoclassical/“*rational*”? the classroom reputation “game”. do you *reciprocate*? do you make even *gifts*?
- ... and if “motivation”: “extrinsic” and/or “intrinsic”?

Core Conceptions II: „(Socio-Economic) Institutions“

2) Which “Rationality“? (1)

- which *rationality* do you pursue: *short-run*, *long-run*, “*procedural*”, “*relational*” ...
- (a) Expl.: „relational” rationality: the dating game/“*battle of the sexes*” and “relational contracting”:

		she	
		B	F
he	B	3,2	1,1
	F	0,0	2,3

- (b) “procedural” rationality and norms (“justice”), the ancient version of justice ... a *rational institution/norm*!?
- the *ultimatum game* in the lab ...
- (c) from rules to norms, beliefs, and values, ethics, religion, ...
- from problem-solving to *status- and power-preserving*: from *instrumental* to *ceremonial*.

2) Which “Rationality“? (2)

A Story From a 50,000 Years Ago:

- wandering nomad groups ...**
- getting into exchange at specific common places ...**
- first bargaining, then partying ...**
- the first ‘market’ places, the first fairs, the first common places, the first common institutions ...**
- but that night that guy became a neoclassical hyper-rational individual ... and they were best-off ever during that winter ...**
- ... but in the long-run ... they were dead.**

2) Which “Rationality“? (3)

A Final Story:

Remember the NYT cartoon

„The two hours missing that Saturday night when Frank Hahn saved the world ...“