Honors 357/Economics 420 Fall 2010

Foundations of Economic Exchange

Restrictions:
None

Catalog Description:
Prerequisites: None: Classical and neoclassical theory of economic exchange. Philosophical critiques and commendations of market exchange. Human nature as self-regarding in market exchange and other-regarding in social exchange. Property right systems in economic exchange. (Offered fall semester.) 3 credits.

Course Objectives:
From the perspectives of two forms of rational orders, constructivist and ecological, this course will study the foundations of economic and social exchange. We will examine the extent to which (1) reason and the deliberate action of a constructivist order, or (2) the un-designed 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.

Required Texts:

You should purchase a 2-inch three ring binder for the other readings available on electronic reserves. Students are expected to bring copies of the readings with them to class.

Essential Facility:
Access to computer lab

Major Study Units:
  Exchange as the foundation for specialization and markets
  Constructivist and ecological lenses for understanding wealth creation
  Knowledge foundations of market exchange
  Self-interest foundations of market exchange
Other-interest foundations of social exchange
Biological and cultural foundations of social exchange
Property rights as a foundational of social orders
Constructivist and ecological rationality in economic systems

Instructional Methods:
This course uses a combination of hands-on learning in laboratory experiments and Socratic roundtable discussions of readings. In addition to the recent research, the readings range from works by 18th century Scottish philosophers Adam Smith and David Hume to 19th century marginal utilitarian Jevons and 20th century Nobel economist F.A. Hayek. The students will write an original proposal for an experiment to address an unanswered question raised in class and will present the proposal to the class.

Evaluation:
1. Participation in class discussions (15%)
2. Laboratory experiments (15%)
3. Blog posts and comments (30%)
   Minimum one post/comment per week; at least half must be posts.
4. Final paper and presentation (40%)

Additional Requirements for Graduate Courses:
N/A

Students with Disabilities
In compliance with ADA guidelines, students who have any condition, either permanent or temporary, that might affect their ability to perform in this class are encouraged to contact the Disability Services Office. The Disability Services Office will work with the appropriate faculty member who is asked to provide the accommodations for a student based on the documentation and the individual student needs. The granting of any accommodation will not be retroactive and cannot jeopardize the academic standards or integrity of the course.

Chapman University Academic Integrity Policy
Chapman University is a community of scholars, which emphasizes the mutual responsibility of all members to seek knowledge honestly and in good faith. Students are responsible for doing their own work, and academic dishonesty of any kind will not be tolerated anywhere in the university.

Bibliography:


Prepared by: Bart J. Wilson, Fall Term, 2008

Last revised by: Bart J. Wilson, Fall Term, 2010
Tentative Course Schedule and Outline

Monday, 8/30
  Organization
  Experiment

Wednesday, 9/1
  Readings:
  - Barry Cunliffe. *Europe Between the Oceans: 9000 BC—AD 1000*, Chapter 7: Taking to the Sea—Crossing the Peninsula: 2800—1300 BC.

Monday, 9/6
  Holiday

Wednesday, 9/8
  - Adam Smith, *Wealth of Nations*: Book I, Chapters I-III.
  - David Hume, *Essays, Moral, Political and Literary*, *Of the Jealousy of Trade*.
  - Matt Ridley, *The Origins of Virtue*
      - Chapter 2: The Division of Labour (In which self-sufficiency proves to be much overrated)
      - Chapter 10: The Gains from Trade (In which exchange makes two plus two equal five)

Monday, 9/13
  Experiment

Wednesday, 9/15
  Readings:

Monday, 9/20
  Experiment

Wednesday, 9/22
  Readings:

Monday, 9/27
  Readings:
  Experiment
Wednesday, 9/29
Readings:
- Matt Ridley, *The Origins of Virtue*
  - Chapter 3: The Prisoner’s Dilemma (In which computers learn to cooperate)
  - Chapter 4: Telling Hawks from Doves (In which developing a good reputation pays)

Monday, 10/4
Experiment

Wednesday, 10/6
Readings:

Monday, 10/11
Readings:
- Matt Ridley, *The Origins of Virtue*
  - Chapter 11: Ecology as Religion (In which living in harmony with nature proves harder than expected)
  - Chapter 12: The Power of Property (In which governments are found wanting)

Wednesday, 10/13
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*
- Matt Ridley, *The Origins of Virtue*
  - Chapter 7: Theories of Moral Sentiments (In which emotions prevent us being rational fools)

Monday, 10/18
Experiment

Wednesday, 10/20
- Matt Ridley, *The Origins of Virtue*
  - Chapter 13: Trust (In which the author suddenly and rashly draws political lessons)

Monday, 10/25
Readings:
- Adam Smith, *The Theory of Moral Sentiments*:
  - Part VII, Section II, Chapter 4, *Of Licentious Systems*

- Bernard Mandeville, *The Fable of the Bees* (we’ll read this out loud in class)

Wednesday, 10/27
Due dates for Papers and Presentations are Set
Experiment

Monday, 11/1
Readings:

Wednesday, 11/3
Readings:

Monday, 11/8
Readings:

Wednesday, 11/10
Readings:

Monday, 11/15
Experiment

Wednesday, 11/17
Readings:

Monday, 11/22
Experiment

Wednesday, 11/24
Holiday

Monday, 11/29
Readings:
Wednesday, 12/1
Readings:
  - James Surowiecki. The Wisdom of Crowds, Chapters 8-11.

Student presentations and Paper Due Dates (Plan Now; Dates are Set on 10/27)
  Monday, 12/6
  Wednesday, 12/8
  Monday, 12/13 from 10:45am-1:15pm