

Toulouse School of Economics

Master 1 2023-2024

The Evolution of Economic Behavior

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First semester, Thursdays 8h-9h30.

Syllabus

Objectives

One of the most fundamental facts about modern societies is that they depend on exchange: almost all of the things we need for our daily lives are produced not by ourselves but by others. Many of these exchanges are conducted between complete strangers. It might seem that a disposition to “truck, barter and exchange” (in Adam Smith’s words) is so natural to human beings that it needs no further explanation, but in fact a careful study of our prehistoric past suggests that it is a profoundly unnatural thing to do, and has become a universal feature of human existence only in the relatively recent past.

This course asks how exchange with strangers has become a near-universal feature of human societies when everything suggests it was a very unnatural thing for our prehistoric ancestors to do. The course is divided into two parts. The first describes what behavioral economics, cognitive and social psychology and neuroscience are in process of telling us about our capacities for conducting economic exchange. The fundamental challenge is to explain how human beings can trust each other when the risks of doing so mistakenly are so high.

The second part of the course seeks to explain how the capacities documented in the first part could plausibly have evolved through natural selection (including in its variants of sexual and cultural selection). Explaining exchange is a much greater challenge than explaining the development of basic economic rationality. The course will outline some basic tools of mathematical biology and economics and will discuss their strengths and limitations.

The course is suitable for anybody who is curious about how human beings have come to be the remarkable social animals that we are. It is particularly recommended for those hoping to do research in behavioral economics or in the trans-disciplinary boundaries between economics and psychology, sociology or biology.

Most weeks’ sessions will contain a short Quiz either at the beginning of the session or at the end. The quiz will be conducted on the website www.kahoot.it, and students may either connect to the website using a smartphone or download the Kahoot application.

Course Outline

The topics covered will be as follows:

Part I: What is there to explain?

Week 1: Natural selection, optimization and economic exchange.

Week 2: What makes human beings unusual in the natural world?

Week 3: What is difficult to explain about cooperation?

Week 4: The cognitive and emotional foundations of cooperation.

Week 5: A comparative approach to human cognitive evolution.

Part II: Models and hypotheses

Week 6: Game theory in economics and biology.

Week 7: Natural, sexual and cultural selection: how do these mechanisms relate to each other?

Week 8: Assortative matching, Hamilton's Rule and the evolution of cooperation.

Week 9: Using two-locus models to endogenize assortativity.

Week 10: Summary, conclusions and new research frontiers.

Requirements

There are no formal requirements for the course, but students are expected to be present and to participate actively in class discussion. The level of mathematics required is no higher than for the core microeconomics and game theory classes. Past experience suggests it is extremely unlikely that any student can pass the exam purely by reading the presentation slides – presence in class is essential.

Logistics

Students with questions about the course material are encouraged to ask them during the lecture or by email.

Examination

The course is examined by a written exam lasting 1h30. Previous year's exams will be made available to the students during the course.

Bibliography

There is no textbook for the course but you will be encouraged to read very widely, in psychology, biology, anthropology, history and current affairs as well as in economics.

Here are a few readings to get you started; these are all books that take a “big picture” approach to their respective topics, and contain many other useful references, including specialized ones. More specialized readings will be suggested as the course proceeds. Within topic the books are listed in alphabetical order:

1) Human psychology as related to economic and social decision making:

Ariely, Dan (2008): *Predictably Irrational*, Harper Collins.

Gilbert, Dan (2006): *Stumbling on Happiness*, Knopf.

Kahneman, Daniel (2012): *Thinking Fast and Slow*, Viking Penguin.

2) The evolution of human cooperative and social capacities:

Bowles, Samuel and Herbert Gintis (2011): *A Cooperative Species*, Princeton University Press.

Churchland, Patricia (2011): *Brain Trust*, Princeton University Press.

Cosmides, Leda and John Toobey (1992): *The Adapted Mind*, Oxford University Press.

Harari, Yuval Noah (2014): *Sapiens: A Brief History of Humankind*, Harvill Secker.

Mithen, Steven (1996): *The Prehistory of the Mind*, Thames and Hudson.

Ridley, Matt (1998): *The Origins of Virtue*, Viking Penguin.

Seabright, Paul (2010): *The Company of Strangers: A Natural History of Economic Life*, Princeton University Press, 2nd edition, especially chapters 1-5.

Wrangham, Richard (2019): *The Goodness Paradox: The Strange Relationship Between Virtue and Violence in Human Evolution*, Random House.

3) Human societies during prehistory

Boehm, Christopher (2001): *Hierarchy in the Forest*, Harvard U.P. 2nd edition.

Boyd, Robert and Joan Silk (2009): *How Humans Evolved*, WW. Norton.

Diamond, Jared (2012): *The World Until Yesterday: What Can We Learn from Traditional Societies?* Viking Press.

Henrich, Joseph (2016): *The Secret of Our Success: How Culture is Driving Human Evolution, Domesticating our Species and Making Us Smarter*, Princeton U.P.

Hrdy, Sarah Blaffer (2011): *Mothers and Others*, Harvard U.P.

Stringer, Chris (2013): *Lone Survivors: How We Came to be the Only Humans on Earth*, St. Martin's Griffin.

4) The history of human violence

Gat, Azar (2006): *War and Human Civilization*, Oxford University Press.

Pinker, Steven (2012): *The Better Angels of Our Nature*, Viking Penguin.

Morris, Ian (2014): *War: What is it Good For?*, Profile Books

5) Signaling and sexual selection

Miller, Geoffrey (2009): *Spent: Sex, Evolution and Consumer Behavior*, Viking Penguin.

Seabright, Paul (2012): *The War of the Sexes: How Conflict and Cooperation Have Shaped Men and Women from Prehistory to the Present*, Princeton University Press.

Websites

A post on my website will contain updated copies of this syllabus as well as of the slides of the lectures, as well as any other handouts.

The URL is here:

<http://paulseabright.com/?p=544>

Timetable: