



Moral Responsibility and The Republic of Beliefs

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Agenda

- Economics appears to be an amoral discipline
- But there are assumptions in the woodwork of economics and most of them have to do with our moral and normative hard-wiring.
- For economics today is a time of major crisis, where we need to evaluate our hidden assumptions and the moral prerogatives
- This lecture will be concerned with our collective moral responsibility and the role of beliefs in our heads.
- Antitrust law, industrial organization, and the ‘ink on paper’ puzzle
- New ways to think about law and economics.

A brush with corruption control

- Prevention of Corruption Act, 1988
- Harassment bribery
- Asymmetric punishment for givers and takers
- Game theory and equilibria
- Policy Implications



The Standard Model of Law and Economics

- An entrepreneur considers a coal mining venture
- Let the net returns from coal mining be B
- The venture is worthwhile if $B > 0$

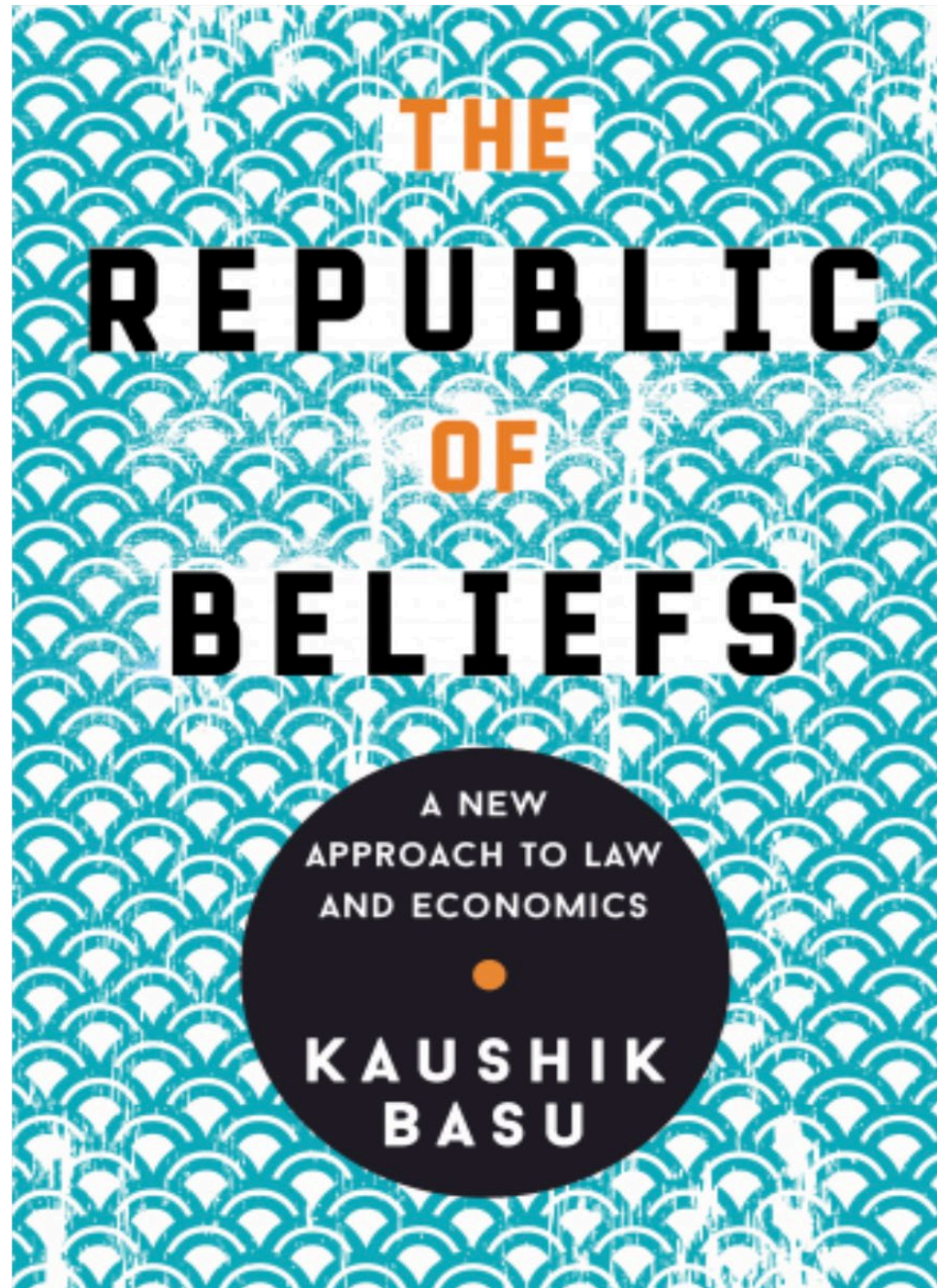


The Standard Model (cont.)

- Now govt. declares mining illegal
- Probability of getting caught = p
- Fine = F
- The venture is worthwhile if $B > pF$
- Or, coal mining will not be worthwhile if $B \leq pF$

In sum

- Once we take account of all people in society—the citizens, the police, the judge, the politicians and the prime minister--the law cannot change the game that is being played

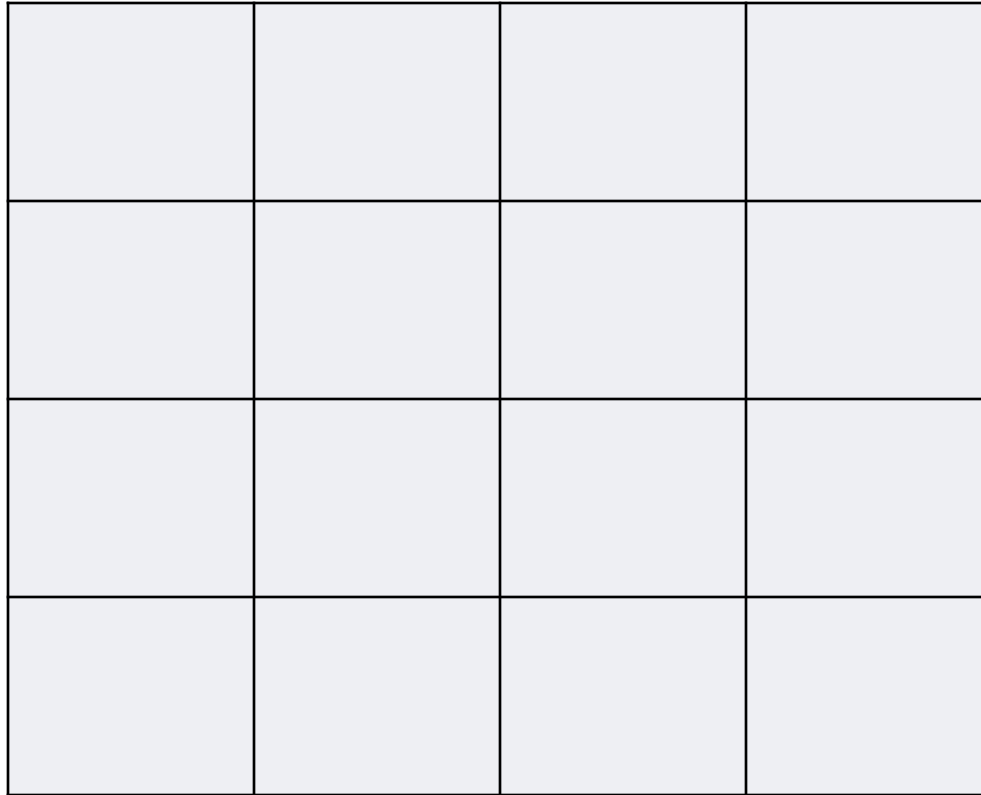


David Hume “Of the First Principles of Government,” 1758

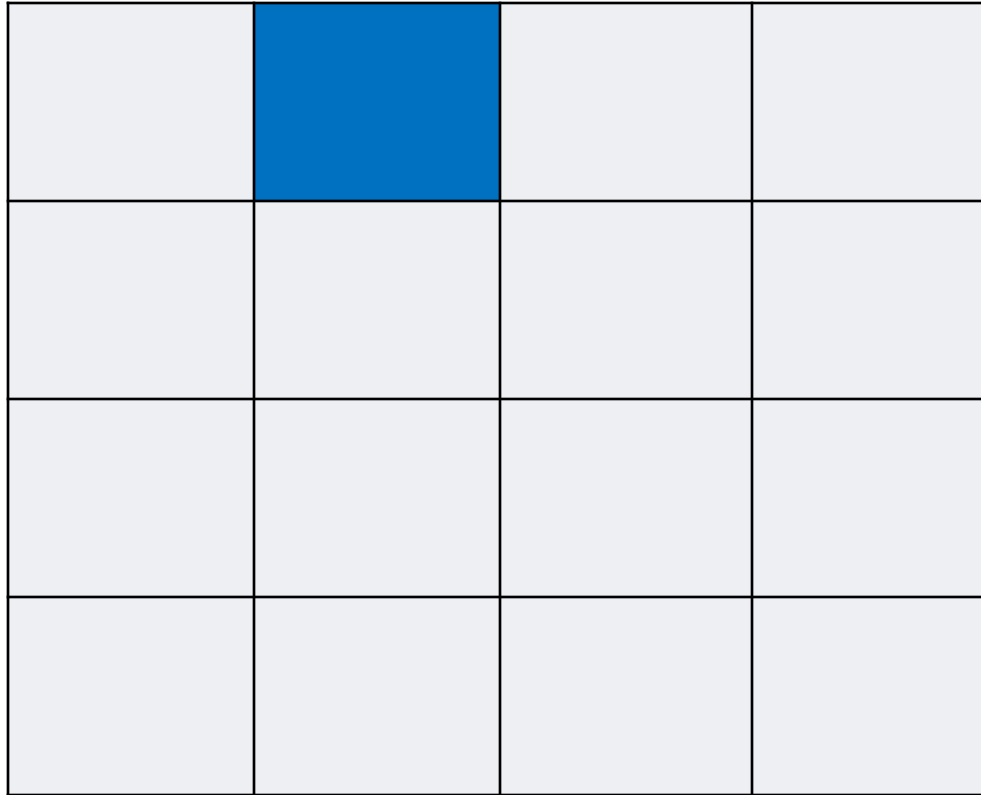
“Nothing appears more surprising to those who consider human affairs with a philosophical eye than the easiness with which the many are governed by the few...”

“It is therefore on opinion only that government is founded; and this maxim extends to the most despotic ... governments, as well as well as to the most free and most popular.”

The Squares Game



The Squares Game



Vaclav Havel: The Power of the Powerless. English translation 1986.

“The manager of a fruit and vegetable shop places in his window, among the onions and carrots, the slogan, “Workers of the World Unite.

“Why does he do it? Is he genuinely enthusiastic about the idea of unity among the workers of the world?

...

“No. ... The poster was delivered to him from the enterprise headquarters along with the onions and the carrots. ... If he were to refuse there could be trouble... Someone might even accuse him of disloyalty.”

Climate change,

Future generations' well-being,

Greta Thunberg's concern

and

Greta's Dilemma Game

Before Greta

	C	D
A	10, 11	10, 10
B	11, 10	11, 11

Future Generation's Payoff

	C	D
A	2	8
B	0	4

Greta's Dilemma Game

	C	D
A	12, 11	18, 10
B	11, 10	15, 11

Future Generation's Payoff

	C	D
A	2	8
B	0	4

‘The Samaritan’s Curse: Moral Individuals and Immoral Groups,’ **Economics & Philosophy**, vol. 37, 2022.

The Basic Game

	A	B	C
A	102, 102	80, 120	108, 108
B	120, 80	104, 104	80, 102
C	108, 108	102, 80	106, 106

Bystander's Payoff

	A	B	C
A	20	4	0
B	4	6	10
C	0	10	4

The Samaritan's Curse

	A	B	C
A	122, 122	84, 124	108, 108
B	124, 84	110, 110	90, 112
C	108, 108	112, 90	110, 110

The Basic Game

	A	B	C
A	102, 102	80, 120	108, 108
B	120, 80	104, 104	80, 102
C	108, 108	102, 80	106, 106

Bystander's Payoff

	A	B	C
A	20	4	0
B	4	6	10
C	0	10	4

The disconnect between individuals and groups is what Nietzsche was drawing attention to, when in **Beyond Good and Evil** he wrote, in his characteristically flamboyant style:

“In individuals, insanity is rare; but in groups, parties, nations and epochs, it is the rule.”