

January 5, 2005, Kjell Hausken

## Societal appropriative conflict and exchange

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Instructor: Kjell Hausken

Room To be announced  
Time Z-day 12.15-16.00  
Credit points: 4  
Admission: To be announced

### Course objectives

The purpose of the course is to expose you to societal appropriative conflict and exchange. The course is organized into 13 weeks. The first two weeks introduce and consider the dark side of the force, where appropriation operates in addition to production and consumption. The third week considers conflict at the societal level, and thereafter come two weeks on crime, corruption, extortion, and one week on historical accounts of conflict. Thereafter come five weeks on exchange, in societal perspective, historic perspective, and models merging exchange and appropriation. The last two weeks consider conflict, morality, and political economy. The course exposes you to a broad range of issues relevant for understanding and appraising societal appropriative conflict and exchange. Each topic is typically presented from different and often diametrically opposite viewpoints prevalent in contemporary research. The course trains you to make consciously intelligent and scientifically justifiable stands within each sub-field, and contributes to your ability to organize these stands into a coherent whole.

### Course requirements

Each student will write a 3 pages double-spaced (say 600 words) essay due in class every week, starting the second week. Write concisely. I do not want to read a superfluity of sesquipedalian obfuscatory prolixity. You can take stands on the issues, but you need to justify them. You will be evaluated on your command of the material, and on the comprehension you reveal of the major factors relevant for each week's topic. Every week 2-4 of you will present your essays in class. Assignments will be arranged on the first week of class ensuring that the major viewpoints of each topic get presented. These essays to be presented are to be provided to me (or someone to be assigned the task) at 11 a.m. the day before every class. They will be copied, and can be picked up by all other students two hours later outside office zzz. With less than 15 students, the course will be run as an informal lecture/discussion course. With more than 20 students, a larger auditorium will be assigned, and the course will be held in a more formal lecturing tone. Each student will write a final paper, due Thursday of exam week at 4 p.m. in my

mailbox in zzz. The paper should be 12-20 pages, double-spaced, and on a topic relevant for the course. Please come and see me if you want to discuss your topic, or if you want me to suggest possible topics for you. You will be evaluated 50% on your essays, 30% on your final paper, and 20% on your oral presentation including how well you withstand critique from the other students and myself. Office hours are Wednesdays 12.15-14.00 in zzz.

## **Course schedule**

### **1. week: Introduction**

A presentation of the course, including a 3-5 minutes description of each of the course's topics. Assignment of students to topics to be presented in class.

### **2. week: Conflict: The dark side of the force**

Carter, J.R. and Anderton, C.H. (2001), "An experimental test of a predator-prey model of appropriation," *Journal of Economic Behavior & Organization*, 45, 1, 83-97.

Hirshleifer, J. (1987), *Economic Behaviour in Adversity*, The University of Chicago Press, Chicago.

Hirshleifer, J. (1994), "The Dark Side of the Force," *Economic Inquiry*, January, 1-10.

Hirshleifer, J. (2000), "The Macrotechnology of Conflict," *Journal of Conflict Resolution* 44, 6, 773-792.

Hirshleifer, J. (2001), *The Dark Side of the Force: Economic Foundations of Conflict Theory*, Cambridge University Press, Cambridge.

Neary, H. (1997), "Equilibrium Structure in an Economic Model of Conflict," *Economic Inquiry*, 480-494.

### **3. week: Conflict at the societal level**

Hausken, K. and Martin, C.W., and Pluemper, T. (2004), "Governmental Spending and Taxation in Democracies and Autocracies," *Constitutional Political Economy* 15, 239-259.

Hausken, K. and Pluemper, T. (1996), "Hegemonic Decline and International Leadership," *Politics and Society* 24, 3, 273-295.

Hausken, K. and Pluemper, T. (1997), "Hegemons, Leaders and Followers: A Game-Theoretic Approach to the Postwar Dynamics of International Political Economy," *Journal of World-Systems Research* 3, 1, 35-93 (1997) <http://csf.colorado.edu/wsystems/jwsr/vol3/v3n1a2.htm>.

Hausken, K. and Pluemper, T. (1999), "The Impact of Actor Heterogeneity on the Provision of International Public Goods," *International Interactions* 25, 1, 1-34.

Hausken, K. and Pluemper, T. (2002), "Containing Contagious Financial Crises: The Political Economy of Joint Intervention into the Asian Crisis," *Public Choice* 111, 3-4, 209-236.

Olson, M. (1993). "Dictatorship, Democracy, and Development," *American Political Science Review*, 567-576.

Malthus, T.R. (1798), *An Essay on Population*, Augustus M. Kelley Publishers, 1988.

McGuire, M.C. (2000), "Provision for Adversity: Managing Supply Uncertainties in an Era of Globalization," *Journal of Conflict Resolution* 44, 6, 730-752.

**4. week: Crime**

- Becker, G (1968), "Crime and Punishment: An Economic Approach," *Journal of Political Economy* 76, 169-217.
- Fiorentini, L. and Peltzman, S. (1995, eds.), *The Economics of Organized Crime*, Cambridge: Cambridge University Press.
- Hausken, K. and Moxnes, J.F. (2001), "The Dynamics of Crime and Punishment," Manuscript.
- Schelling, T.C. (1984), *Choice and Consequences*, Cambridge, Mass.: Harvard University Press.
- Usher, D. (1987), "Theft as a Paradigm for Departures from Efficiency," *Oxford Economic Papers* 39, 235-252.
- Wei, S.-J. and Zeckhauser, R. (1999), "Dark Deals and Dampened Destinies: Corruption and Economic Performance," *Japan and the World Economy* 11, 443-454.

**5. week: Corruption, extortion, and conflict**

- Alexander, B. (1997), "The rational racketeer: Pasta protection in depression era Chicago," *J. of Law and Economics*, 40, 175-202.
- Bierman, H.S. and Fernandez, L. (1993), "Bayesian Equilibrium," Ch. 17 in *Game Theory with Economic Applications*, Addison-Wesley, [NOTE: This deals with litigation.]
- Jain, A.K. (2001), "Corruption: A Review," *Journal of Economic Surveys* 15, 1, 71-121.
- Hirshleifer, J. and Osborne, E. (2001), "Truth, effort, and the legal battle," *Public Choice*, 108, 169- 195.
- Konrad, K.A. and Skaperdas, S. (1997), "Credible Threats in Extortion," *Journal of Economic Behavior and Organization* 33, 23-39.
- Konrad, K.A. and Skaperdas, S. (1998), "Extortion," *Economica* 65, 461-477.
- Tanzi, V. (1998), "Corruption Around the World," *IMF Staff Papers* 45, 4, 559-594.

**6. week: Historical accounts of conflict**

- Baker, K. (2002), "The Shores of Tripoli: Our First Fight Against International Terrorists," *American Heritage*, February/March, 17-18.
- Baker, M.J. (2003), "An Equilibrium Conflict Model of Land Tenure in Hunter-Gatherer Societies," *Journal of Political Economy*, 111, 1, 124-173.
- Grossman, H.I. and Iyigun, M.F. (1997), "Population Increase and the End of Colonialism," *Economica*, 64, 127, 483-93.
- Risso, P. (2001), "Cross-Cultural Perceptions of Piracy: Maritime Violence in the Western Indian Ocean and Persian Gulf Region during a Long Eighteenth Century," *Journal of World History* 12, 2, 293-319.

**7. week: Exchange in societal perspective**

- Bowles, S. and Gintis, H. (1993), "The Revenge of Homo Economicus: Contested Exchange and the Revival of Political Economy," *Journal of Economic Perspectives* 7, 1, 83-102.
- Eckard, E.W. (2005), "Are Autocratic Rulers Also Inside Traders? Cross-Country Evidence," *Economic Inquiry* 2005, 43, 13-23.

- Kranton, R. (1996), "Reciprocal Exchange: A Self-Sustaining System," *American Economic Review*, 830-851.
- Oppen, A. von (1994), *Terms of Trade and Terms of Trust*. Hamburg: Lit Verlag.
- Mansfield, E.D. and Pevehouse, J.C. (2000), "Trade Blocs, Trade Flows, and International Conflict," *International Organization* 54, 4, 775-808.
- McGuire, M. and Olson, M. (1996). "The Economics of Autocracy and Majority Rule: The Invisible Hand and the Use of Force," *Journal of Economic Literature*, 72-96.
- Morrow, J.D. (1999), "How Could Trade Affect Conflict?," *Journal of Peace Research* 36, 4, 481-489.
- Polachek, S.W. (1980), "Conflict and Trade," *Journal of Conflict Resolution* 24, 1, 55-78.
- Reuveny, R. (2001), "Bilateral Import, Export, and Conflict/Cooperation Simultaneity," *International Studies Quarterly* 45, 131-158.

### **8. week: Exchange in historic perspective I**

- Anderson, T. and McChesney, F. (1994), "Trade or Raid? An Economic Model of Indian-White Relations," *Journal of Law and Economics*, 39-74.
- Clay, K. (1997), "Trade without Law: Private Order Institutions in Mexican California," *Journal of Law, Economics and Organization*, 202-231.
- Greif, A., Milgrom, P. and Weingast, B. (1994). "Coordination, Commitment, and Enforcement: The Case of the Merchant Guild," *Journal of Political Economy*, 745-776.
- Mauss, M. (1923), "The Gift: The Form and Reason for Exchange in Archaic Societies," Routledge, New York, 1990.
- Milgrom, P., North, D. and Weingast, B. (1990), "The Role of Institutions in the Revival of Trade: The Medieval Law Merchant, Private Judges, and the Champagne Fairs," *Economics and Politics*, 1-23.
- Zerbe, R. and L. Anderson (2001), "Culture and Fairness in the Development of Institutions in the California Gold Fields," *Journal of Economic History*, 114-143.

### **9. week: Exchange in historic perspective II**

- Alderman, R. (1972), *Rum Slaves and Molasses: The Story of New England's Triangular Trade*. New York: Crowell-Collier Press.
- Bauer, P.T. (1954), *West African Trade*. Cambridge: Cambridge University Press.
- Miller, Joseph (1970). "Cokwe Trade and Conquest in the Nineteenth Century," in Richard Gray and David Birmingham eds. *Pre-Colonial African Trade*. London: Oxford University Press.
- Page, W.P. (1997), *The Dutch Triangle: The Netherlands and the Atlantic Slave Trade, 1621-1664*. *Studies in African American History and Culture*. New York: Garland Publishing.
- Soremekun, Fola (1977), "Trade and Dependency in Central Angola: The Ovimbundu in the Nineteenth Century," in Robin Palmer and Neil Parsons ed. *The Roots of Rural Poverty in Central and Southern Africa*, 82-95. London: Heinemann.
- Tomich, D.W. (1990), *Slavery in the circuit of sugar: Martinique and the world economy 1830-1848*. Baltimore: Johns Hopkins University Press.

**10. week: Models of exchange I**

- Anderton, C.H. (1999), "Appropriation Possibilities in a Simple Exchange Economy," *Economics Letters* 63, 77-83.
- Anderton, C.H., Anderton, R.A., and Carter, J.R. (1999), "Economic Activity in the Shadow of Conflict," *Economic Inquiry* 37, 1, 166-179.
- Hausken, K. (2004), "Mutual Raiding and the Emergence of Exchange." *Economic Inquiry*, 42, 4, 572-586.
- Hausken, K. (2005), "Exchange, Raiding, and the Shadow of the Future." Manuscript.
- Hausken, K. and Moxnes, J.F. (2005a), "The Dynamics of Bilateral Exchange and Division of Labor," *International Journal of Modern Physics C*, forthcoming, Vol. 16, No. 1, January 2005.
- Hausken, K. and Moxnes, J.F. (2005b), "The Dynamics of Multilateral Exchange," *International Journal of Modern Physics C*, forthcoming, Vol. 16. No. 4, April 2005.
- Rider, R. (1999), "Conflict, the Sire of Exchange: Violence is the Sire of All the World's Values," *Journal of Economic Behavior and Organization* 40, 217-232.

**11. week: Models of exchange II**

- Anderson, J.E. and Marcouiller, D. (1997), "Trade and Security I: Anarchy," National Bureau of Economic Research Working Paper 6223.
- Anderton, C.H. and Anderton, R.A. (1997), "The Economics of Conflict, Production and Exchange," in Brauer, J. and Gissy, W. (eds.), *Economics of Conflict and Peace*, Avebury Press, Aldershot, UK, 54-82.
- Anderton, C.H. and Carter, J.R. (1999), "The Impact of War on Trade: An Interrupted Time-Series Study," *Journal of Peace Research* 38, 4, 445-457.
- Rider, R. (1993), "War, Pillage, and Markets," *Public Choice* 75, 149-156.
- Skaperdas, S. (1997), "Insecure Property and the Stability of Exchange," *Irvine Economics Paper* 97, 98-103.
- Skaperdas, S. and Syropoulos, C. (1996), "Competitive Trade with Conflict," in Garfinkel, M.R. and Skaperdas, S. (eds.), *The Political Economy of Conflict and Appropriation*, Cambridge University Press, New York, 73-95.
- Skaperdas, S. and Syropoulos, C. (2001), "Guns, Butter, and Openness: On the Relationship Between Security and Trade," *American Economic Review Papers and Proceedings* 91, 2, 353-357.

**12. week: Conflict and morality**

- Grossman, H.I. and Kim, M. (2002), "Is a moral disposition rewarded?," *Journal of Banking & Finance*, 26, 9, 1811-1820.
- Grossman, H.I. and Kim, M. (2000), "Predators, Moral Decay, and Moral Revivals," *European Journal of Political Economy*, 16, 2, 173-187.
- Grossman, H.I. and Kim, M. (2002), "Predation, Efficiency and Inequality," *Journal of Institutional and Theoretical Economics*, 393-407.
- Grossman, H.I. and Kim, M. (2003), "Educational Policy: Egalitarian or Elitist?," *Economics and Politics*, 15, 3, 225-246.
- Hardin, R. (1989), "Ethics and Stochastic Processes," *Social Philosophy & Policy* 7,1,69-80.

Hausken, K. (1996a), "Ethics and Efficiency in Organizations," *International Journal of Social Economics* 23, 9, 15-40.

Hausken, K. (1996b), "Self-Interest and Sympathy in Economic Behavior," *International Journal of Social Economics* 23, 7, 4-24.

**13. week: Morality and political economy**

Frank, R.H. (1988), *Passions Within Reason*, W.W. Norton & Company.

Gauthier, D.P. (1986), *Morals by Agreement*, Oxf. Univ. Pr.

Hardin, R. (1988), *Morality within the Limits of Reason*, Chicago Univ. Pr., chapter 2, pp. 31-37.

Rawls, J. (1971), *A Theory of Justice*, Cambr., Harv. Univ. Pr. Recommended:

Sen, Amartya (1987), *On Ethics and Economics*, Basil Blackwell.