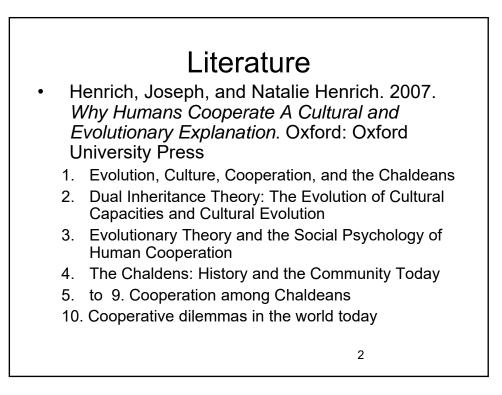
INSTITUTIONS AND INSTITUTIONAL DESIGN

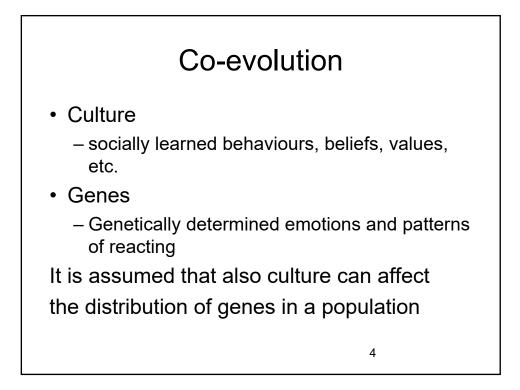
Erling Berge

Henrich and Henrich 2007 Why Humans Cooperate



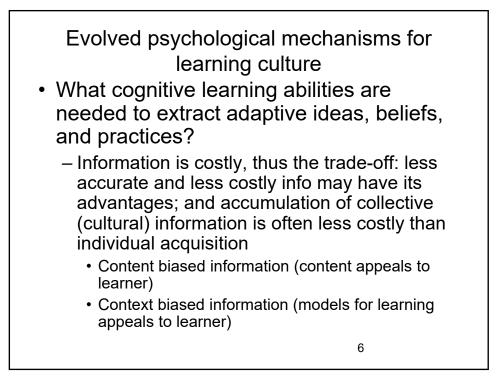
Foci for trust investigation

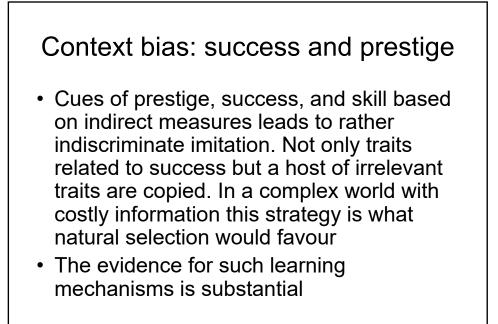
- Kinship
- · Reciprocity and reputation
- Social norms
- Ethnicity
- Theoretical background
 Models based on evolutionary game theory
- Empirical investigation
 - Chaldeans in Detroit, ethnography and experiment

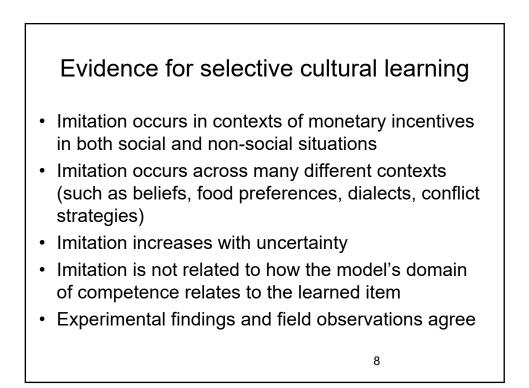


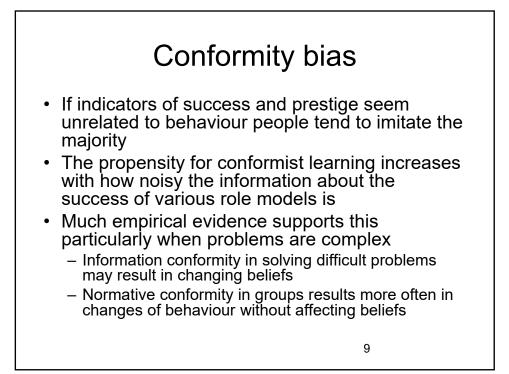
Cultural evolution

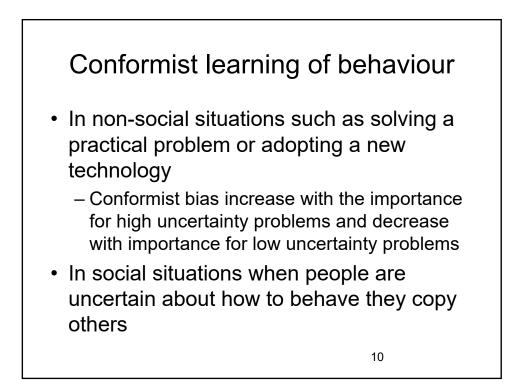
- All cultural traits (learned behaviour, beliefs, preferences, strategies, practices) presuppose the infrastructure of the brain, ear, and vocal apparatus and an ability for complex, highfidelity learning
- Explanations
 - Ultimate: natural selection -> psychology
 - Intermediate: cultural growth -> learned skills
 - Proximate: genetic and cultural traits drive behaviour

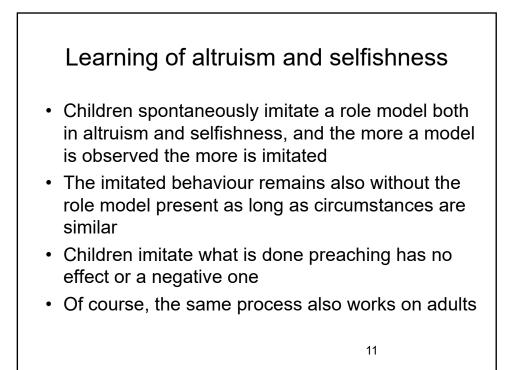


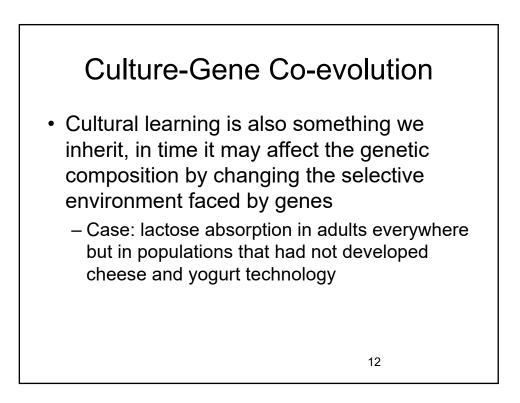


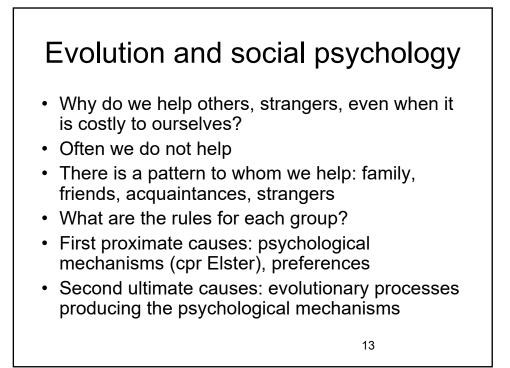


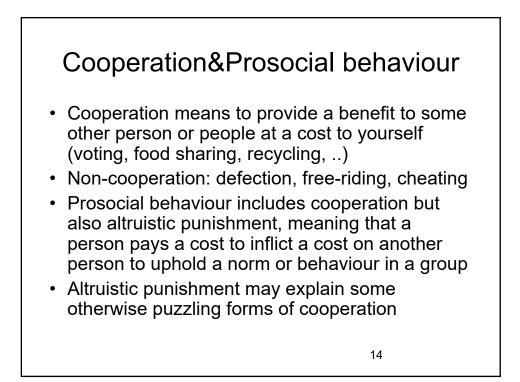


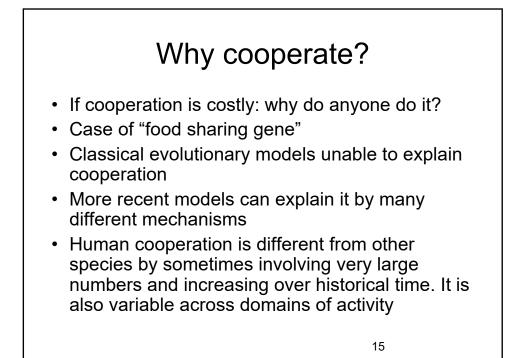


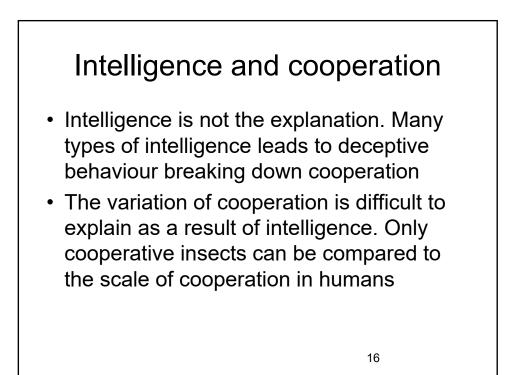






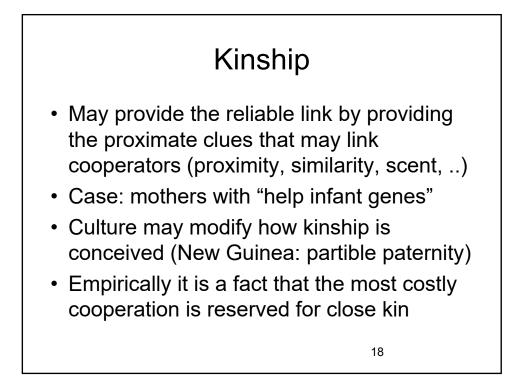






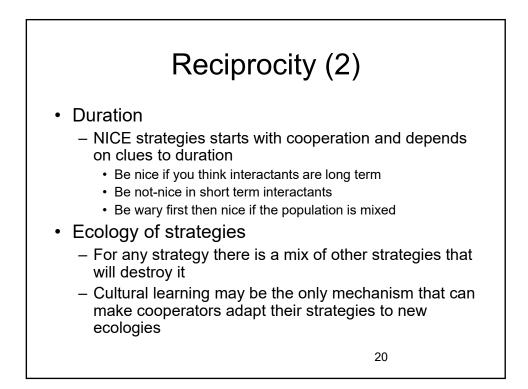
Social psychology of cooperation

- The core dilemma: βb > c where c is cost paid by the cooperator in order to deliver benefit b to another individual or group and β is the propensity for an individual to bestow benefit b.
 If βb > c natural selection may favour the spread of genes that code for the proximate mechanisms of cooperation
- Green bearded cooperators and the stability of $\boldsymbol{\beta}$
- Reliable linking between cooperators is the core dilemma



Reciprocity (1)

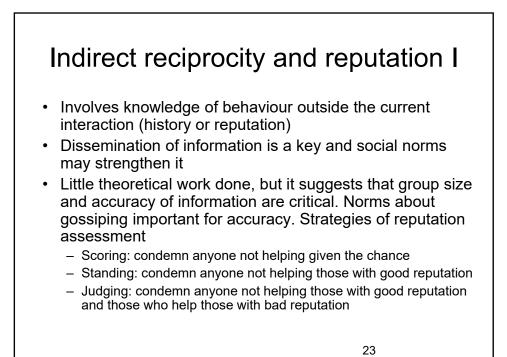
- May sustain cooperation in tit-for-tat exchange strategies
- It seems to rare in other species, but abundant in human societies because of the cultural leaning capacity, but also fragile based on ability to judge past behaviour
- Direct reciprocity as in the prisoner's dilemma
- TFT strategy works well if group is small and number of interactions is sufficiently large
- Other factors: noise, ecology of strategies, networks and partner choice
- Noise may require less provocativeness and more generosity or maybe contrite strategies (susceptible to errors of perception). Good memory is not an advantage.

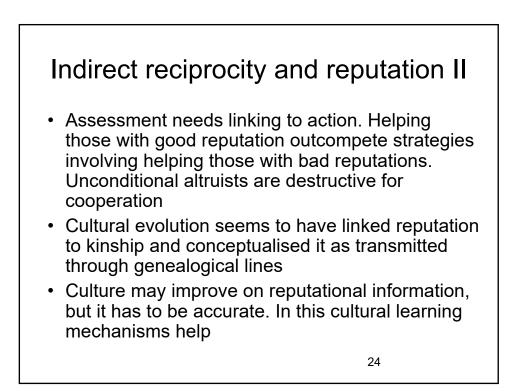


Reciprocity (3)

- · Social networks and partner choice
 - Recent experiences are weighted most in selecting partners and leads to networks wher NICE strategies are used. Outside it is not
- Reciprocity in non-humans is rare
 - Because of shifts in the ecology of strategies, noise in signalling and group size.
 - The all-purpose reciprocity mechanism does not exist
- Humans are different
 - Due to cultural learning on how to adapt to a shifting mix of strategies. Culture changes much faster than genes. Genes provide learning ability, culture provides the learning by imitation and experience the local ways of reciprocating

Table 3.2 Heuristic Categories of Direct Reciprocity		
Categories of partners	Context and ecology	Psychology and behavior
	Substantial noise—exchanges across many domains	Conditionally nice Generous Contrite
Close friends	High <i>b/c</i> Longer memories of important interactions Small # of preferred partners (memory constraints)	
Distant friends,	Low noise-in-kind, 1-for-1 exchanges	LIMITED NICE
and other acquaintances	Medium b/c Short memories of interactions Potentially large # individuals	PROVOKABLE NOT GENEROUS
Others	<i>n</i> -person dilemma (public goods situation) Short time horizon (low ω)	Suspicious
	Low b/c	PROVOKABLE





Indirect reciprocity III

- · Ethnic bias in interaction is part of this process
- Costly cooperative acts may function as signals to future cooperators, this require spectators/ observers
 - If reputation effects are possible it should increase cooperation
 - Interacting with strangers should trigger SUSPICIOUS startegy
 - Individuals are unlikely to cooperate in large groups unless reputation building is involved
 - Dense, bounded networks sustain most reputation based interaction
 - Few public goods problems will be solved by reputation based interaction
 - Culturally transmitted beliefs tie reputations to kin and will promote cooperation and comformity

