

444 Lecture 16

O'Connor Chapters 2-3

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Day Plan

- Types
- Resumé Studies
- Handfield Model
- Basins of Attraction
- Two Types of Game Theory

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Types

- Remember that the key thing about types is that they are visible.
- In any interaction, everyone knows who is of which type.
- And everyone knows everyone knows that.
- So part of the theory is that a method of typing will have to go along, socially, with visible markers.
- This is interesting in the context of religious typing - and worth thinking about how religious groups have voluntarily or involuntarily adopted visible markers.

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Resumé Studies

- These are really fascinating, and worth looking up.
- You can find some of them at this UM site: <https://advance.umich.edu/stride-readings/>
- Do be careful about dates.
- Obviously racism/sexism have not gone away in the last 40 years.
- But they have changed some, and results from 40 years ago might not replicate now.

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Handfield Model

This is the model discussed on page 60 of the book, and we spent a bit of time on it last time.

- O'Connor thinks it puts too much weight on rational choice. We'll come back to her alternative to rational choice models in a bit.
- She also thinks it can't explain the stability of gender roles. I'm not really sure why that is true.
- I'm worried that it requires 100% pairing; even with a 90% likelihood of pairing, you'd expect to see non-trivial investment in non-normative skills, as basically insurance. But we often didn't see even that.

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Basins of Attraction

- These are going to be significant, and I encourage you to ask about them if you're not following.
- Here's one thing about them that threw me at first.
- As O'Connor is using them, these are population level models.
- When there is an equilibrium point that is 70% A/30% not-A (or whatever), that doesn't mean each player adopts the mixed strategy 0.7 A, 0.3 not A.
- Rather, it means 70% of the population do A, and 30% do not-A.
- That doesn't amount to much mathematically, but it matters for how we interpret the model.

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Two Types

- (Rational Choice) Game Theory
- Evolutionary Game Theory

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Sociological Question

A lot of economists believe all of the following things.

1. Game theory is useful in economic modelling.
2. Economic actors for the most part (more or less) act rationally.
3. Economic actors that don't act rationally tend to become economically insignificant.
4. Points 2 and 3 complement each other; failures of rationality will become less significant because they are made by people/firms who will become less significant.

I think that picture (which I'm sympathetic to!) looks much stronger if you don't distinguish (rational choice) game theory from evolutionary game theory.

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The Differences

(Rational choice) game theory

- High rationality assumptions
- Comparative statics method

Evolutionary game theory

- Low rationality assumptions
- Dynamic method

Big Picture Worries

- The dynamism of evolutionary views is just good. Who cares if a position is stable if it could never be reached?
- And not requiring full rationality is good too.
- But ... requiring not full rationality is a bit iffry I think.

Two Approaches O'Connor Takes

1. Behavior acquisition is completely arational; it's just copying the successful. That makes more sense evolutionarily than behaviorally. Sure we copy somewhat, but is that all we do?
2. "Bounded rationality" approaches, where people do the best they can assuming that the population structure they've observed in the (immediate) past is the population structure of the present.

Back to Rationality?

- I'm not sure if there is a fully rational dynamical model we ever get.
- But we do get models where these arational/irrational dynamics get to an end state that is rationally stable.
- Is that rationality enough?