This course builds upon Fundamentals of Decision Theory I (GdEI) with the aim to provide a deeper knowledge of selected conceptual and applied topics that have been covered by the seven main themes of GdEI. The aim of the course is to introduce students to the variety of economic, legal, philosophical, political, and social applications of decision theory and game theory and to examine some of the most prominent critiques and defences of the model of *homo oeconomicus*. No new theoretical material will be introduced.

The course is divided into three main blocks: the first will concentrate on applications of decision theory, the second will concentrate on application of game theory, and the third will examine various critiques of *homo oeconomicus* as a model of human behaviour and agency. The course will comprise of an introductory session followed by 11 seminar sessions in which students will present a seminar topic. Each topic will be based on one or two articles or book sections (many of which are classics) in which presenters will be expected to outline and review the purpose of the article, the method of analysis, and to critically assess how well the purpose is achieved. The readings do not go beyond the level of formal theory that has been taught in GdEI. The course is designed to stimulate and deepen your interest in decision theory and game theory and to develop your powers of critical reasoning; it is not about advancing your formal knowledge or technical skills.

Each seminar session with have 1 presenter (or 2, depending upon the numbers) and a chairperson. In the event that there will be 2 presenters, the reading list may be expanded. Chairs will also be expected to make themselves familiar with the topic so that they can perform the task of guiding and structuring the session. Please consult the guidelines for seminar presentations.
Key

● Denotes main article and substance of the seminar. Essential reading for all students.

● Denotes supplementary material relating to the background or further discussion of the main concepts or model used in the main article. Essential reading for presenters.

● Denotes textbook. To be read if you need to brush up on your knowledge and understanding.

Week 1 (17.4.12)
Course outline and organization.

During this session seminar themes will be allocated. It is advisable to come prepared so you are able to choose a seminar theme of your liking. I will give a 5 minute introduction to each theme.

I. DECISION THEORY

Week 2 (24.4.12)
Seminar 2 Social welfare (Economics/Philosophy)

Are interpersonal comparisons of utility meaningful?


Week 3 (1.5.12)
International Workers' Day – no seminar

Week 4 (8.5.12)
Seminar 3 Collective action (Economy/Politics)

Are common interests sufficient for collective action?


**Week 5 (15.5.12)**

**Seminar 4  Democratic participation (Politics)**

*Why do we vote?*


**Week 6 (22.5.12)**

**Seminar 5  Labour market (Economy)**

*Do we need to be concerned about labour market discrimination?*


**Week 7 (29.5.12)**

Pentecost – no seminar

**Week 8 (8.6.12) ATTENTION!!!! NEW DATE!!!! FRIDAY INSTEAD OF TUESDAY!!!!!!!!!**

**Seminar 6  Crime and punishment I (Law)**

*Should we use fines rather than prison sentences in tackling crime?*


### II. GAME THEORY

**Week 9 (12.6.12)**

**Seminar 7 Crime and punishment II (Law)**

*Are sanctions an effective deterrent?*


or


**Week 10 (19.6.12)**

**Seminar 8 Trust. (Economics/Society)**

*What are trust relations?*


**Week 11 (26.6.12)**
Seminar 9  Signaling

*Why do people follow certain dress codes although norm compliance is time-consuming and costly? Why do banks invest in marble entrance halls?*


Week 12 (3.7.12)

Seminar 10  Social Norms (Society/Philosophy)


III. CRITIQUE OF HOMO OECONOMICUS

Week 13 (10.7.12)

Seminar 11  The limits of rationality

*Why is homo oeconomicus a rational fool?*


Week 14 (17.7.12)

Seminar 12  Incentives and Motivation
What are the psychological and social consequences of pecuniary incentives?


Assessment

- **2 credit points**: A seminar presentation and a 2-page handout related to the presentation of your choice. The handout should summarize the main ideas of the texts given for the presentation and point out possible difficulties.
- **6 credit points**: A seminar presentation and a 10-15page (approx. 3500-5500 words) term paper (*Hausarbeit*) related to a seminar theme of your choice agreed during a personal meeting. General contributions and performance during the seminars will also be taken into account.