

## Cooperation

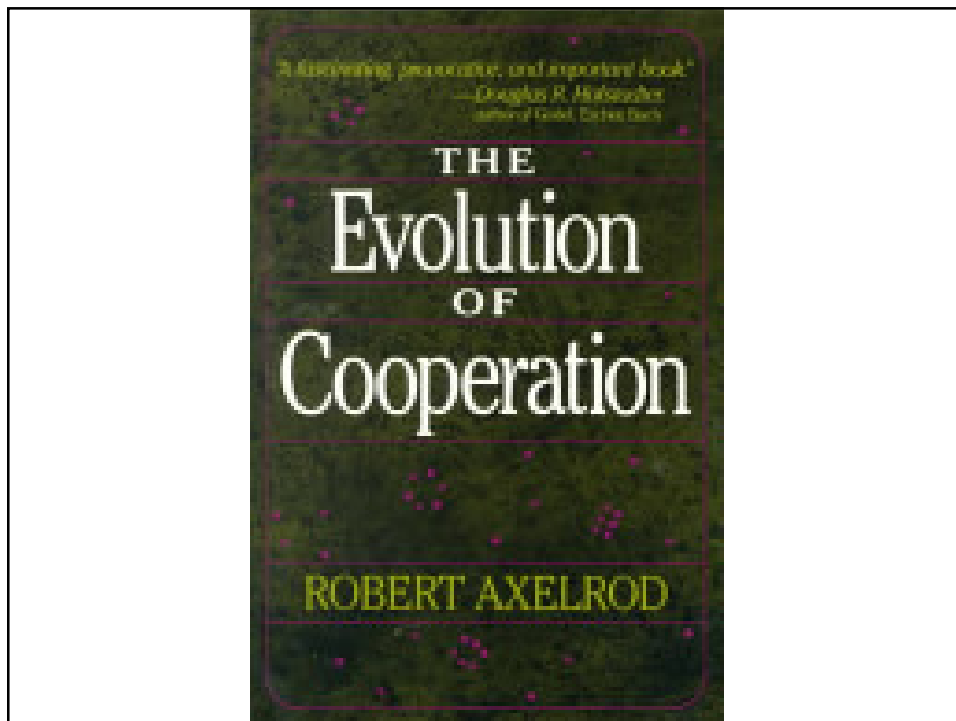
Can we learn anything from a computer game?

## Spontaneous Order

- **“Wealth of Nations” – Adam Smith**
- **“Human Action” – Ludwig von Mises**
- **“Obedience and Individual Responsibility ” – Stanley Milgram**
- **“The Evolution of Cooperation” – Robert Axelrod**

# Human Interactions

- Command
  - Others decide what is fair
- Voluntary Cooperation
  - Trade – swap value for value –
  - Each of us decides what is fair



## Evolution of Cooperation

- Parlor Game – Prisoner’s Dilemma
- International Computer Tournament

		Player A Cooperates	Player A Defects
Player B Cooperates		A gets 3 B gets 3	A gets 5 B gets 0
Player B Defects		A gets 0 B gets 5	A gets 1 B gets 1

- Best Strategy “Tit for Tat”

## Examples of Cooperation

- Portions of the Front Lines during WWI  
Small units of British and German Units facing each other found to be shooting to miss.  
What was different:  
Small units found themselves facing the same enemy over an extended period of time.
- Families, Tribes, Small Towns  
Repeated interactions with same people
- Baseball Umpire – Ron Luciano

## Advice for Participants

- Don't be envious
- Don't be the first to defect
- Reciprocate both cooperation and defection
- Don't be too clever

## How to promote cooperation

- Make the future important
- Reciprocity - a mixture of the "Golden Rule" and "an eye for an eye"
- Improve recognition of good and bad actors - help people remember past behavior
- Increase frequency and certainty of interaction
- Respond to defections quickly
- Be open about your intentions

## Is Cooperation always Good?

- Entrenched politicians – going along to get along
- Cartels and collusion

## How to limit cooperation

- Make the future unimportant
  - term limits
- Decrease frequency and certainty of interaction
  - part time legislature
  - don't allow legislatures to have private meetings