Resource Management: INSTITUTIONS AND INSTITUTIONAL DESIGN

SOS3508 Erling Berge

Introduction

NTNU, Trondheim Fall 2010

Fall 2010

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First task

- To understand why a solution to some core problems in the world require more than good will and impeccable moral rectitude
- In this class I will argue that the problems called social dilemmas in general and social traps in particular are of this kind
- So, what is a social trap?

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Defining social traps

- A social trap is a situation where the private return to an optimal strategy based on the assumption that all follow their optimal strategy without regard to what others do, is less than a share from the joint product of a cooperative strategy.
- But if you are the only one following the optimal individual strategy your return is substantially larger than a share of the joint product of a cooperative strategy.

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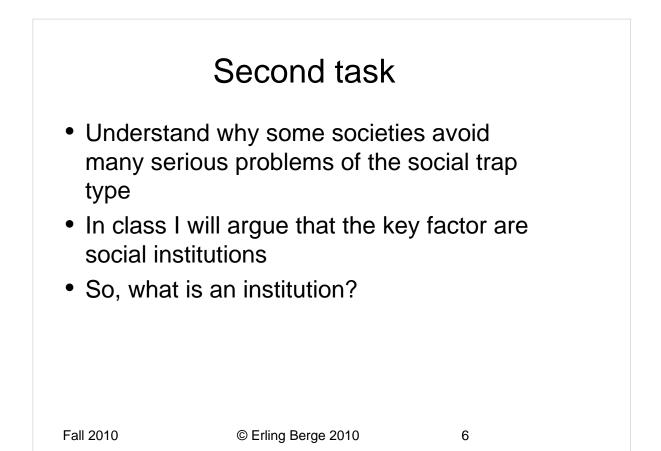
Social dilemmas

- Are a slightly broader class of collective action situations. They are similar to dilemmas in that
 - A social dilemma is a situation where the private return to an optimal strategy based on the assumption that all follow their optimal strategy without regard to what others do, is less than a share from the joint product of a cooperative strategy.
- But without the temptation of a large private gain from non-cooperative actions

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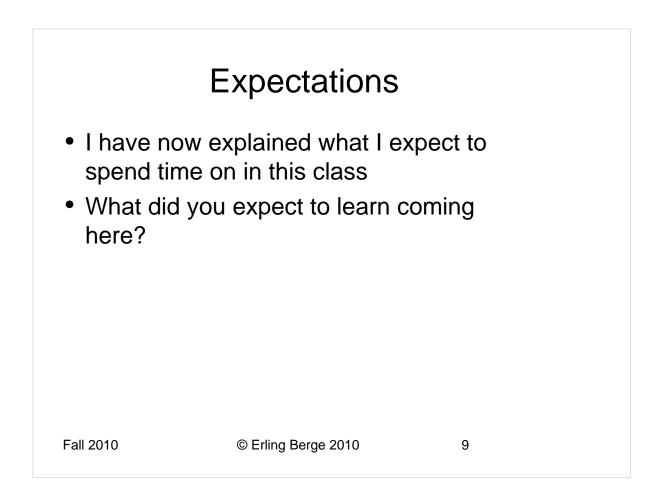
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Ele	ments of institu	itions
 A system A group substant A group in the int An institut 	s comprise <u>ntive area</u> of operation of <u>legitimate</u> rules of <u>actors</u> pursuing their goals ve area constrained by the of <u>enforcers</u> (persons) with le erpretation and application of ion is in principle of relev of the social system	system of rules egitimate interest of the rules
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Third task

- Understand why societies have difficulty improving their institutions
- In this class I will argue that at the core of this problem lies the self serving interests of those who profit from the current institutional structure.
- This is also called "path dependence"



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 Last time Seminar dia based on a Scheduled Writing Book revie Deadline Term pape 	and 14/16 Sept not finalise	e presentation 18-26
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	Required readir	ng
 Nuts and Bo Cambridge I Henrich, Jos Humans Co Explanation. North, Doug Economic C Press. Ostrom, Elin Diversity. Pr Rothstein, B 	2007. Explaining Social Beh olts for the Social Sciences. Jniversity Press. Seph, and Natalie Henrich. 2 operate A Cultural and Evolu Oxford: Oxford University F lass C. 2005. Understanding hange. Princeton: Princeton or. 2005. Understanding Inst inceton: Princeton University o. 2005. Social Traps and the oridge: Cambridge University	Cambridge: 007. <i>Why</i> utionary Press. g the Process of University stitutional y Press. he Problem of
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Advice on reading (1350 pages)

- 1. Henrich & Henrich Ch 10, Ostrom Ch 1-4
- 2. Elster Ch 1-14, Rothstein Ch 1-3
- 3. Elster Ch 18-26, Rothstein Ch 4-9
- 4. Henrich & Henrich Ch 1-3, Elster Ch 15-17
- 5. Henrich & Henrich Ch 4-9
- 6. Ostrom Ch 5-9
- 7. North Ch 1-13