PROBLEMS AND REVIEW QUESTIONS 1

1. Sandel makes three moral criticisms to markets. Describe and explain them.

2. What moral philosophy do economists usually use? Justify your answer.

3. Give two examples of markets not discussed in class that Sandel would not approve of, even though the exchanges are voluntary and generate no externalities.

4. Bruni and Sugden make the counterpoint to Sandel by directly defending the morality of markets using Sandel’s framework of moral virtues. According to them, what are the virtues of markets? Explain them.

5. True or false? According to Jevensky, Adam Smith thought that as long as the right incentives are implemented, good social outcomes will be generated, regardless of the moral principles that people hold. Justify your answer.

5. What is the difference between a convention and a social norm?

6. What is the difference between a Prisoner’s Dilemma and a Stag Hunt Game?

7. In the repeated versions of the Battle-of-the-Sexes and the Chicken Game, people usually alternate between their preferred strategy and the other player’s preferred strategy. How does this convention emerge, and how does it become a social norm?

8. Why didn’t natural selection favor the spread of altruistic preferences? And why did it favor the spread of reciprocal preferences?

9. How can inefficient social norms emerge by chance?