

Statement of Research

Eric J. Hammer

My research reflects two tendencies in my intellectual pursuits:

- My love of moral philosophy, in the old sense that includes moral psychology, behavioral economics, and political economy itself. My immersion into the discursive realm of moral philosophy has been chiefly by way of the close study of Adam Smith and the history of economic thought. My mentors at George Mason, in this regard have been Professors Daniel Klein, David Levy, and Donald Boudreaux.
- An excitement for analytic methods including agent-based modeling, economic theory, and experiments. Here my chief influence at George Mason has been Professor Robert Axtell, as well as the work of Dr. Thomas Schelling and Dr. Eric Beinhocker. Approaching complex systems by modeling the choices of many independent agents parallels the Smithean sense of society evolving from individual choices and interactions.

These two tendencies represent different ways of approaching topics. My research has treated moral and institutional issues such as how people solve coordination problems and avoid conflict in the absence of third party enforcement, and how our moral judgments drive our responses to political decisions. Such questions have fascinated me and driven my research agenda. I address these questions by combining insights of Adam Smith with modern agent based modeling methods to demonstrate how individual behaviors and decisions drive the complex system of society.

Projects

Professor Bryan Caplan and I have collaborated on a paper in which we suggest that the endowment effect serves to drive the establishment of property rights. We use evidence from black market operations to demonstrate that humans are predisposed to forming networks of exchange, even when the property rights in question are formally repudiated by the state. The seemingly irrational behaviors the endowment effect encourages support these networks of exchange by leading people to pursue self-help strategies even in the face of greater expected loss. The argument parallels the observations of altruistic punishment and shows how a “bug” in human cognition in reality is a feature that aids in social behaviors. This work is currently under revise-and-resubmit at *Constitutional Political Economy*.

I build upon this work in a subsequent project, examining the evolutionary development of possession-regarding norms in an agent-based model. The literature among territoriality and conflict avoidance in animals inspired me to theorize on just how simple a system could be and yet generate behaviors recognizable as property rights. If butterflies seem to respect first possession and have nearly zero cognitive ability, there must be something inherently sustainable in respect for possession prior to reasoned assessments. I developed an agent based model that simulates a society of foraging animals that periodically find themselves in a position to take resources from another by force. By building in an evolutionary process by which successful strategies are able to reproduce, but unsuccessful strategies not, I show how behavior conformant to norms of “mine and thine” emerge, even among agents who are unable to strategize or plan on the level of humans. The model again demonstrates how the endowment effect supports evolution of the population toward behavior resembling strong social norms. This paper was a

finalist for the 2016 Public Choice Society Vincent & Elinor Ostrom Prize, and is currently under revise-and-resubmit at *Journal of Artificial Societies and Social Simulation*.

Collaborating with Professor Fred Foldvary of San Jose State University, I developed case studies along the common theme of emerging private-sector technical solutions to problems such as private provision of bridges and securing property rights for wild animal resources. We examined the ways in which society can adapt around erstwhile market failures, and do so in a sustainable fashion. The work was a Mercatus Center working paper, and published in *Technology and Society* in November 2016.

Dissertation

My current work focuses more heavily on the work of Adam Smith and the role of social approval in political economy, as well as the connection between voter turnout and the number of effective political parties in a democracy.

My dissertation focuses on the moral changes the state provision of charity produces in the polity. The project draws on Adam Smith's *Theory of Moral Sentiments*. In that work Smith develops a touchstone-list of four "sources" of moral approval. I use that framework as a "scorecard" for examining the propriety of an action. Spectators explicate their judgement on the propriety of an actor's motives, their sympathy with the response of the counter party, how well the action comports to the established manner, and the overall affect on society. The scorecard functions as a framework for discussion, allowing the interlocutors to clarify what the action at issue is, who the actor is, and then to explicate their emotive reactions and moral judgments of the action, looked at from each of the four perspectives. With the scorecard, a discussion of the expected levels and changes of moral approbation can be carefully built that examines how moving from the benefactor/beneficiary relationship to a taxpayer/state-actor/recipient relationship changes the moral approval. The changes in approval between the individuals and third-party spectators can thereby be described with greater clarity, and the loss of social cohesion demonstrated. The final chapter argues that the moral approbation that was lost at the individual levels is, if only in a metaphorical sense, transferred to governmental agents, in the course of political processes.

Other research

I have drafted a paper on the role of voter turnout and the effectiveness of rallying a party's base in determining the number of effective political party's present in an elected legislature. I've programmed an agent-based model in which to simulate a multi-district legislative arena, populated with voters with preferences across a single policy dimension. Voting probability and the creation of new political parties is endogenous, based primarily on the ideological distance of voters to their closest political party and the ability of parties to leverage incumbency to encourage voting. The model demonstrates that it is possible to mirror the 20th century experience of the United States moving from many small parties in the national legislature to very few within the relatively short period of time between 1948-1951, yet maintain roughly the same voter turnout rate. Historical evidence of the Fairness Doctrine's effects on broadcast political speech corroborates the model. The paper has been presented at the 2016 Southern Economic Association and the 2017 Public Choice Society Meetings.

Future Research Agenda

I aim to explore irregularities we see in political behavior. Current works in progress investigate how voters affect other voters' preferences around policy options within the party, as well as the role of experts in shaping public opinion through social discourse.

I also plan work in the history of economic thought, examining the role of punishment in Smith's social theory and the proverb of the grain speculator/inland trader used in Grotius and Smith, but with very different moral content.

These projects offer opportunities for collaboration both within the economics department and with other fields such as political science and philosophy. I think the work on the connections between Grotius and Smith in particular offer opportunities for students from various disciplines to engage in the research process.