

HOMO OECONOMICUS LUDENS

Author: Larissa Margareta Batrancea, Teaching Assistant, Faculty of Business,
Babes-Bolyai University, 7 Horea Str., 3400, Cluj-Napoca, Romania,
Tel: (004) 0744-771197, (004) 0264-412215
e-mail: larissabatrancea1707@yahoo.com

In the XVIIIth century Adam Smith, the author of the Theory of Moral Sentiments and Wealth of Nations, gave birth to the fundamental concept of his whole theoretical thinking system: Homo Oeconomicus. Since then, during two centuries, this concept has represented the prototype of the classical and neoclassical economic agent.

In 1944 John von Neumann and Oskar Morgenstern published their “Theory of Games and Economic Behaviour”. Since then Game Theory has revolutionized not only the economic field but also other fields like: military, philosophy, sociology, biology, anthropology, law etc.

This is what Game Theory brings new: while from the point of view of the classical and neoclassical economic theory each participant’s outcome is a result only of its own property rights, money and the competitive market’s features, from the point of view of the Game Theory each decision maker’s outcome depends not only on its own strategies and on the market conditions but, *fundamentally*, on the strategies chosen by the other decision makers.

This is what this article is about: the new and original concept of **Homo Oeconomicus Ludens**. Because in the new conditions of a game theoretical thinking the old Homo Oeconomicus can not represent any more the prototype of the economic agent, it is more appropriate to call the prototype of the economic agent of the half XXth century and of nowadays **Homo Oeconomicus Ludens**. In order to create this concept I put together the Adam Smith’s concept Homo Oeconomicus with the Latin word *Ludens* which means *who plays (gamble)* or *player* or more adequate *who builds itself strategies of game*.

The game that illustrates the most major contribution of Game Theory in economics is Prisoner’s Dilemma. Recognized as one of the most known games it derives from an anecdote which says that a husband and a wife, Jack and Dorothy, after spending a lifetime together discover each other a common passion: to commit crimes. One of the days they are caught, put in different cells and, because the policeman does not have enough proves to accuse only one or both of them, he addresses each of them the following offer: “If you confess, while your wife does not confess, you will go free because you cooperated with police, while your wife will spend 10 years in prison. If you both confess and implicate the other, each of you will get a 6 year prison punishment. If neither confesses, each of you will get only a 1 year prison punishment, because of the weak proof against you.” We can now easily observe that freedom is the most wanted solution for both of them, then that 1 year of prison is preferred to 6 years of prison punishment and that 6 years of prison punishment are preferred to 10 years of prison punishment.

Let us remind here that while the classical and neoclassical economic theory suppose that each economic entity must take into account *only* its own economic features and actions, the Theory of Games supposes that each economic entity must take into

account *both* its actions and the others' responses to its actions. In other words, before you make any move you must first anticipate which will be the others' moves. This distinction between the two kinds of theories is the most relevant reflected, as I mentioned before, through this game – Prisoner's Dilemma. How come?

Suppose for instance the same game played in terms of classical or neoclassical economic conditions: the same husband and wife, Mike and Dorothy, the same crime(s), similarly caught and put in the same different cells. So far, nothing new. But here comes the difference. While in the Game Theory's conception each of the two suspects is addressing **4 alternatives** – 1) “If you confess and your wife/husband does not (...)”, 2) “If you don't confess and your wife/husband confesses (...)”, 3) “If you both confess (...)”, 4) “If neither of you confesses (...)” -, in the classical and neoclassical economics' conception each of the two suspects is addressing **only 2 alternatives** as follows: 1) “If you confess you will...” and 2) “If you don't confess you will...”.

Which are the features of Homo Oeconomicus Ludens? In order to answer this question I will show in a parallel manner the features of the two - old (Smithian) and new (Game Theory's) – Homo Oeconomicus. Hence:

Homo Oeconomicus (H.O.)	Homo Oeconomicus Ludens (H.O.L.)
1. Perfectly Rational – H.O. knows that his aim in the real economic life is to maximize his outcome and also to minimize the efforts (costs); Choosing rationally means maximizing H.O.'s rewards;	1. Perfectly Rational – H.O.L. acts tactfully not instinctually, tries to maximize his outcomes, calculates every time and takes cautious risks (the word derives from the Latin etymology <i>ratio</i> , meaning calculation), orders his preferences and aims, taking into account not only his own strategies but also the other players' strategies and moves; Choosing rationally means maximizing the rewards of all interconnected H.O.L.;
2. Perfectly Egocentric – H.O. acts exclusively in his own benefit and interest, knowing that this way he will contribute to the general interest;	2. Egocentric and Altruist – H.O.L. is egocentric in the way that he follows his own interest but H.O.L. is also altruist when he is engaged in cooperative games;
3. Perfectly Free – the fundament of his freedom of action is the inviolability of the private property; H.O. can do anything except the things which affect the others' freedom;	3. Perfectly Free and Predictable – In order to “enlarge” the range of its free actions, H.O.L. calculates before any action is made which could be the possible steps (moves, strategies) of his own and also of the other H.O.L.;
4. Perfectly Competitional – H.O. compete continuously and perfectly with all H.O.;	4. Even if H.O.L. actions in competitive environments, he interact with other H.O.L. directly, rather than through the market; H.O.L.'s actions are not restricted of the market conditions, but of what the other H.O.L. do;

<p>5. Perfectly Social – H.O. accomplishes his goals through the labor division, so in an interconnected environment.</p>	<p>5. Perfectly Social or I would better say Perfectly Interdependent – H.O.L. not only that actions in an interconnected environment, but also every thing he does, every outcome he obtains depends both on what he and the other H.O.L. do.</p>
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Game Theory is the theory and practice of the last part of the XXth century and at least of the beginning of this XXIth century. **Homo Oeconomicus Ludens** is the prototype of its economic agents.