Seminar “The wisdom of crowds”

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Date. First meeting on Wednesday, 11.07, 11-12h, BT 1. The seminar will take place as a block seminar in four sessions (after Christmas), dates are yet to be fixed.

Objective. This is a seminar for master students. The objective is to make the participants familiar with the potential of groups to aggregate information on the one hand, and with the risks and deficits of decentralized information processing on the other hand. Participants will practice to write and to discuss about specific topics at different levels of depth. The seminar can be credited as a specialization in the modules Institutional Economics or Economic Policy (6 ECTS).

Methodology. We read James Surowiecki’s “Wisdom of Crowds”, supplemented by a selection of the original research articles on which the ideas presented in the book build. We reflect the ideas in individual presentations followed by discussion.

Session 1

- The wisdom of crowds
- The difference difference makes: waggle dances, the Bay of Pigs, and the value of diversity
- Monkey see, monkey do: Imitation, information cascades and independence

Session 2

- Putting the pieces together: The CIA, Linux, and the art of decentralization
- Shall we dance? Coordination in a complex world
- Society does exist: Taxes, tipping, television and trust
Session 3

- Traffic: What we have here is a failure to coordinate
- Science: Collaboration, competition, and reputation
- Committees, juries, and teams: The Columbia Disaster and how small groups can be made to work

Session 4

- The company: Meet the new boss, same as the old boss?
- Markets: Beauty contests, bowling alleys, and stock prices
- Democracy: Dreams of the common good

Responsibilities of seminar participants. Each participant is supposed to read the entire book, and to (i) write a short essay about the book, (ii) present a topic out of an assigned chapter and contribute to the organization of the corresponding session, (iii) participate actively in discussions, (iv) write a final essay.

(i) The first essay shall be 3-5 pages long and give a short summary of the book. It shall also address the following questions: What are the crucial prerequisites for the efficiency of decentralized information aggregation? What are the main obstacles to group decision making? What is the main message you take away from the book? If you have developed a preference for presenting one particular chapter, please mention. The essay is due on August, 31. Please submit your essay as .tex, .doc or .pdf-file to my e-mail address, elisabeth.schulte@uni-mannheim.de.

(ii) By mid of September, chapters will be assigned to participants. Each seminar participant is responsible for the presentation of one of the original research articles mentioned in the assigned chapter. The presentation of the article shall be about 30 minutes long. The presenters in a session are jointly responsible for organizing the session (under my moderation). The length of the session is 50 minutes times the number of participants assigned to the session. The session program has to be fixed before the Christmas break.

(iii) Each participant is supposed to be prepared for active participation in discussions.

(iv) The final essay shall be 10-12 pages long and focus on the idea that the participant presented, but also point out the role of the idea within the book.
and within the session, and contain a synthesis of the discussion on the topic in the seminar. The essay is due two weeks after the final session.

**Grades.** Accomplishing each of the tasks is necessary for passing. The weights for the final grade are as follows: (i) 10% (ii) 30% (iii) 30% (iv) 30%. The final grade is the number out of the usual set of grades that is closest to the result of the weighting. Ties are resolved in favor of the participant.