

out on the future opportunity of happiness. Thus, I conclude: Try your best to make it work. But if you are the only one trying, then it's the shut down point.

Disclaimer: This article assumes that all humans are 'homo economicus' i.e. in all possible situations, given the constraints, they would maximise their benefits. For all those, for whom love is replete with all the Yash Raj Films mushiness, a heartfelt apology, if this article hurt your sentiments.

References:

1. *A Theory of Marriage* by Gary S. Becker
2. *Why Smart women go for jerks.*
<http://www.dailylife.com.au/life-and-love/why-smart-women-go-for-jerks-20120607-1zyh5.html>

High Taxes in the Name of Charity

Ashima Pahwa

**M.A. Economics, II Year
Delhi School of Economics**

According to the Black's Law Dictionary, a tax is "in a general sense, any contribution imposed by Government on individuals, for the use and service of the state, whether under the name of toll, tribute, duty, custom, excise, subsidy, aid, supply, or any other name." Libertarians consider taxes to be a form of organized theft by the state. Socialists, on the other hand, defend the imposition of taxes on the account that they are necessary to reduce inequality in the society. Monarchists call taxes a "necessary evil". They argue that the state should exist only to protect its citizens from theft, aggression, breach of contract and fraud;

therefore they are in favour of minimal taxation imposed by the state on its citizens.

What about those taxes which are imposed on the society in the name of the greater good? Welfare schemes such as universal health care, unemployment benefits, distribution of free laptops to students, financial aid for single mothers, and free education to minorities etc. are all financed by the taxpayer's money. Everybody feels morally obligated to help others but should they also be legally obligated to do that? Should the state have any right to force people to help those who are less fortunate?

Let us consider 3 scenarios. Suppose, a man 'X' has bought 10 apples from the market and he is going back home. On his way he meets a person 'Y'.

SCENARIO 1: Y snatches the bag of apples from X and runs away.

SCENARIO 2: Y tells X: There is an old man who sits outside the temple. He has not eaten anything for 2 days. Can you please give him two or three of your apples? He might be very hungry and has nowhere to go. Everybody in the society is doing their bit to help him. You can donate anything in cash or kind.

SCENARIO 3: Y tells X: There are so many people who need our help. You must give three of your apples to me so that I can help such people who can't afford even two meals a day. If you don't give anything, I have the authority to take away all your apples. You can also be imprisoned for not giving anything.

In SCENARIO 1, X has been robbed. Y is a thief. Y would never come in front of X again for the fear of being handed over to the police.

In SCENARIO 2, X is being persuaded to donate. Y is a social worker. X can believe that Y will genuinely help the old man. Even if he comes to know that whatever he has donated hasn't reached that old man, he can stop donating to Y and can help the old man himself.

In SCENARIO 3, X has been taxed. Y is a tax collector. Y would order everybody in the society to pay a specific amount according to his/her income and would collect taxes from them repeatedly. If X finds out that whatever he has paid has been misused by Y and has not reached the needy, he cannot do anything about it. No matter what, X has to pay taxes or else he would be punished as per the law.

In 'The Theory of Moral Sentiments', Adam Smith wrote: "How-so-ever selfish man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it."

Everybody sympathises with the sufferer though their degree of sympathy may differ. Persuading somebody for help is the only ethical way to receive it. Help cannot be demanded, it can only be asked for. Charity is a voluntary act of giving. If it is taken by force, then we are not donating, we are paying taxes.

Intrinsic motivation refers to the desire of doing something based on the enjoyment of the behaviour itself. Human beings are intrinsically motivated to donate to charity either due to pure altruism or warm glow (Andreoni 1989, 1990). A pure altruist only wants to help people, whereas a "warm-glow giver" donates in order to feel good about himself. He feels that giving charity earns him respect in the society and also

raises his self-esteem. On the other hand, extrinsic motivation refers to the desire to perform so that the outside rewards can be achieved or punishment can be avoided.

Many people donate their blood at the Blood Donation Camps. They are intrinsically motivated to do so. They feel satisfied and there is always a 'feel-good factor' associated with donating blood to others. They only care about the fact that they are helping somebody in some way.

Suppose the Government imposes a law stating that anybody who meets the minimum requirements for blood donation, has to give blood once in every three months; this being done because the state wants to distribute the blood collected in such a way that nobody suffers from anaemia and everybody gets an equal opportunity to live a healthy life. In such a case, blood is being 'taxed' for the greater good of the society.

The state will be extrinsically motivating its citizens to donate blood i.e. if they don't give blood, they can be punished as per law.

Is such a law acceptable? While following this law, will these citizens feel the same as they would have felt if they would have donated blood voluntarily? Would they still be intrinsically motivated to donate blood to others?

The 'over-justification effect' is the effect of giving somebody an extrinsic incentive to do something that they already enjoy doing, thereby decreasing their intrinsic motivation to do it.

If this theory is applied, then it is clear that people who are forced to pay high taxes in the name of charity, do so to save themselves from being penalized by the State and are less concerned about the

morality and significance of the act of giving.

The Game Theorist in the Dark Knight

Kodali Tanmayee
III Year

The Joker's (with reference to the movie "the dark knight") final act as a criminal mastermind involves two ferries filled with people. The first ferry is filled with normal, law-abiding citizens while the second ferry is filled with the inhabitants of Gotham Prison. The Joker, without having prior knowledge of the passengers and city officials in the two ferries, wires the ships with powerful explosives such that their detonation would destroy the ships and everyone who is aboard. No single individual is allowed to escape. Each ship is given a detonator for the other ferry. The use of the detonator saves the ship while killing everyone aboard on the other ship. Thus, if any member of Ship A pushes the detonator, then Ship B is destroyed and Ship A is saved. Additionally, if either ship fails to use the detonator to destroy its opponent (i.e. each other), the joker will destroy both ships. Assuming that the actors must make their decision simultaneously, the following game would result:

Figure 1: Joker's Ferry Game

		Ship B	
		Cooperate	Detonate
Ship A	Cooperate	0,0	0,1
	Detonate	1,0	0,0

Solving this game is pretty straightforward, and (detonation, detonation) becomes the dominant strategy as cooperation is weakly dominated. Thus, passengers on both ships have a very clear strategy to, destroy their opponents without fail and in doing so; both ships will be destroyed.

However, in Gotham City (the fictitious city in the movie), this does not happen - nor would it necessarily happen in a laboratory experiment even if few more complications are introduced into the game. First, the game appears to be pseudo-sequential or, perhaps, a series of simultaneous game with a finite end. The Joker gives both ferries 30 minutes in which they can detonate the other side. Even with this complication, the outcome should be the same and both actors ought to choose detonation at the first node. Using backward deduction, both players recognize that their opponent will choose to detonate in the final iteration even if there are some gains in short-term cooperation. In other words, if they cooperate then both the ships can remain undestroyed for at most 30 minutes, thus mutual detonation is the ultimate result.

Decision Rules—"Social norms"

It appears that the decision making process for both ships is different. In the ship containing prisoners, the decision to detonate is decentralized and any one actor willing to grab the detonator could do so. However there are armed guards in the ship as well which gives the contrary impression of authoritarianism. Decentralization becomes apparent as the clock ticks. Thus, decentralized decision-making should lead to optimal play as any single individual among the 500 has a preference for survival.