

# R. August Hardy

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## Education

Ph.D. Economics, George Mason University, Expected Defense Spring 2019  
Dissertation: *Rationality on the Fringes*  
M.A. Economics, George Mason University, 2015  
B.A. Economics, University of Virginia, 2012

## Research and Teaching Fields

Primary Fields: Applied Microeconomics, Political Economy  
Secondary Fields: Industrial Organization

## Research Experience

Fall 2017-Present Research Assistant to Peter Leeson  
Fall 2014-2017 Research Assistant to David Levy

## Teaching Experience

### Instructor

Summer 2018 Money and Banking, GMU  
Spring 2017 Intermediate Microeconomics, GMU  
Fall 2016 Intermediate Microeconomics, GMU  
Summer 2016 Contemporary Microeconomic Principles, GMU  
Spring 2016 International Economic Policy, GMU  
Fall 2015 International Economic Policy, GMU  
Summer 2015 Public Choice, GMU

## Grants and Fellowships

2018-19 Mercatus PhD Fellowship  
2017-18 Mercatus PhD Fellowship  
2017-18 IHS Humane Studies Fellowship

## Conference Activity/Participation

2015 Presenter, 85<sup>th</sup> Annual Southern Economic Association Annual Meetings  
“The Homeless as Rational Actors”  
2014 Presenter, 84<sup>th</sup> Annual Southern Economic Association Annual Meetings  
“An Evaluation of the Robustness of Spontaneous Order: An Analysis of the Deep Web”

## Professional Memberships

Member, American Economic Association

## Service to the Profession

Reviewer for *Journal of Entrepreneurship and Public Policy*

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Last updated: December 3, 2018

## Job Market Paper

“Hobo Economicus” (with Peter T. Leeson)

Abstract: We collect data on hundreds of panhandlers and the passersby they encounter at Metrorail stations in Washington, DC. Panhandlers solicit more actively when they have more human capital, when passersby are more responsive to solicitation, and when passersby are more numerous. Panhandlers solicit less actively when they compete. Panhandlers are attracted to Metrorail stations where passersby are more responsive to solicitation and to stations where passersby are more numerous. Across stations, potential-profit per panhandler is nearly equal. Most panhandlers use pay-what-you-want pricing. These behaviors are consistent with a simple model of rational, profit-maximizing panhandling.

## Publications

“Shadow Markets and Hierarchies: Comparing and Modeling Networks in the Dark Net.” (with Julia R. Norgaard and Harold J. Walbert), *Journal of Institutional Economics*, 2018, pp. 1-23.

Abstract: Our paper analyzes the determinants of network structure and hierarchy by examining various black-market networks. We examine structures of networks in the Internet Dark Net (virtual) using an agent-based model and compare it to network structures of traditional black markets (ground), also laid out using agent-based modeling. Our agent-based model is based on characteristics of the Dark Net, as laid out by Hardy and Norgaard in *Reputation in the Internet Black Market: An Empirical and Theoretical Analysis on the Dark Web*. The purpose of modeling these two different types of illicit markets is to understand the network structure that emerges from the interactions of the agents in each environment. Traditional black markets are relatively hierarchical, with high degree and high betweenness. We compare the density and average length of shortest path of the simulated ground black market networks with our simulated virtual network. We find that hierarchy in networks is a product of differences in transaction costs and information asymmetries. The Internet is an effective way to lower both of these aspects of network structure. We observe that the network structure surrounding the interactions in the virtual black market is less hierarchical than the network structure of the ground market.

“Reputation in the Internet Black Market: An Empirical and Theoretical Analysis of the Deep Web.” (With Julia R. Norgaard), *Journal of Institutional Economics*, 2015, pp. 1-25.

Abstract: This paper is an analysis of the role reputation plays in the Deep Web using data from the Internet black-market site, The Silk Road. This encrypted online marketplace employed cryptocurrency and functioned over the Tor network. Utilizing a modeling technique, informed by trade auction theory, we investigate the effect of seller reputation. Analysis of the seller’s reputation gives us insights into the factors that determine the prices of goods and services in this black marketplace. Data on cannabis listings is parsed from the Silk Road website and covers an 11-month time period, from November 2013 to October 2014. This data demonstrates that reputation acts as a sufficient self-enforcement mechanism to allow transactions. These findings exemplify the robustness of spontaneous order with respect to the Deep Web as an emergent marketplace.

## Work in Progress

“American Panhandlers” (with Peter T. Leeson)

Abstract: This paper studies American panhandlers and public policy that addresses them. It surveys what we know about panhandlers, what we don't know about them, what we think we know about panhandlers and analyzes how this stock of “knowledge” affects law directed at panhandling. We know about panhandlers' demographics, housing, and sources of income: panhandlers are typically homeless, but they are not the “typical homeless.” We know little about panhandlers' behavior: determinants of the decision to panhandle and of panhandling activities have not been studied. We think we know that many panhandlers abuse substances and are mentally ill: these phenomena are relatively prevalent among the homeless and appear to be still more prevalent among the homeless who panhandle. This stock of “knowledge” about panhandlers leads easily but incorrectly to the supposition that panhandler behavior is “irrational.” Public policy reflects this supposition: it ignores how interventions affect panhandler incentives, undermining its effectiveness.

## References

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