



THE ROBERT DAY SCHOOL
CLAREMONT MCKENNA COLLEGE

**PPE 110A & B – PPE Economics Seminar and Tutorial
Spring 2020 Syllabus**

Prof. David Bjerk

Bauer 313

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Course	Meeting Times	Classroom
PPE 110A & B	Mon/Tue–tutorial signup Weds - 1:15 – 4:00	Mon/Tue – 313 Bauer North Wednesday – BC 2

Course Description

The goal of this course is to help you understand the “economics way of thinking.” In particular, I hope to help you build on your previous PPE courses by helping you see how the economics way of thinking both complements and sometimes complicates what you learned in the Philosophy and Politics portions of the major. We will particularly focus on how the economics way of thinking highlights issues and complexities that arise in policy-making.

Policies, Expectations, Assignments, and Grading

Seminars: First and foremost, I expect you to come to every seminar and to have done assigned readings prior to class and contribute to the discussion. I will sometimes start class by asking students to summarize a reading and/or describe an aspect of the reading they found illuminating, troubling, or didn’t fully understand. Be prepared to answer.

Your *Seminar* grade will be determined as follows. There are writing prompts associated with the seminar readings for 14 of the seminars. Over the course of the semester, you must provide short answers to **6** of these prompts of your choice (~500 words, or 2 double spaced pages). However, in order to ensure at least a couple people respond to each prompt, only 6 people may respond to any given prompt (there will be one exception to this). I will post a Google sign-up sheet for you to indicate which prompts you will write on, first come first serve. These seminar papers must be emailed to me (david.bjerk@cmc.edu) by **8AM the morning of the seminar corresponding to that prompt**. Each of these response papers are worth up to 15 points.

There will also be two small assignments, one worth 15 points, the other worth 20 points. The final project will be worth up to 100 points. Participation will be worth 75 points---40 determined by me, 35 by your classmates. Attendance is part of this grade. If you miss a class for any reason, you will be directly penalized unless you do a make-up assignment

(talk to me about details should need arise). However, since participation is measured as quality of your cumulative contributions to class discussion, missing substantial class time for even excused reasons may impact your grade.

Tutorials: There will be 7 tutorial sessions. Of these, 5 will require written essays. Each essay will be roughly 1500 words (~6 double spaced pages). Tutorials for written essays will be held Monday and Tuesday afternoons. These tutorials will be somewhat different from your previous PPE classes, as there will be no “response” papers. Rather, for tutorials that require written essays, be prepared to discuss your paper as well as the paper written by a paired class member. You must email your paper to me and the other person in your pair by **8AM on Mondays of Tutorial sessions**. For these tutorial sessions on your written work, I will provide a Google sign-up sheet to pick a slot (choose a time in consultation with your listed partner for that week). The remaining two tutorials will have alternative structures that I will discuss below.

Each tutorial assignment will be worth up to 50 points. You must do all of them, but your *lowest scoring tutorial grade will be dropped*.

For both Seminar and Tutorial, total points will translate to grades as follows:

282-300	A
270-282	A-
260-270	B+
250-260	B
240-250	B-
225-240	C+
210-240	C
< 210	F

Given the flexibility with respect to timing of seminar response papers and the fact that one tutorial paper grade will be dropped, there will be no make-up assignments or extensions (even if you have a good reason). Late assignments will be docked 2 percent of the total value for each 10 minutes past the deadline.

A final note on grading. I believe grades should be meaningful. In this vein, turning in a “well-done” assignment will generally translate to the equivalent of a B+/A-. I try to retain A grades for exceptional work. Exceptional papers are not only extremely well-written, organized, and logical, but also genuinely insightful, creative, and revelatory with respect to the prompt.

A note on phones and computers in class. Please use your devices wisely. There should be little reason to check your phone during class. While you are welcome to take notes on your computer, please do not check email or social media (or shop!). It is quite easy for me to see if such behavior is occurring and it is distracting and disrespectful to me and your classmates. If it becomes an issue, I will warn you once. Second time I will ask you not to bring the device in question to class for the remainder of the semester.

Readings and Assignments

Readings and assignments for both the seminars and the tutorials will be posted in folders under “Resources” on the PPE 110 Sakai site. However, I will also ask you to purchase the following books (all but one should be at the bookstore).

- Cohen, Tyler. 2007. *Discovering Your Inner Economist*. Dutton: New York, NY.
- Appelbaum, Binyamin. 2019. *The Economists’ Hour*. Little Brown: New York, NY.
- ~~Surowieki, James. 2004. *The Wisdom of Crowds*. Anchor Books: New York NY.~~
- **Caplan, Bryan. 2019. *Open Borders: The Science and Ethics of Immigration*. First Second: NY New York.**
- Caplan, Bryan. 2007. *The Myth of the Rational Voter*. Princeton University Press: Princeton NJ.
- Friedman, David. 2000. *Law’s Order*. Princeton University Press: Princeton NJ.
- Posner, Eric. 2000. *Law and Social Norms*. Harvard University Press: Cambridge MA.
- Desmond, Matthew. 2016. *Evicted*. Crown: New York NY.

Course Outline (SUBJECT TO CHANGE)

1 - Markets, Efficiency, and the Fundamental Theorems of Welfare Economics

Jan 22: Seminar

- Seminar Assignment 1: Problem Set assigned.

Jan 27: Seminar

- Seminar Assignment 1 due.
- Radford, R.A. 1945. “The Economic Organization of a P.O.W. Camp.” *Economica* 12(48): 189-201.
- Mankiw. 2016. “I Paid \$2,500 for a ‘Hamilton’ Ticket. I am Happy About It.” *New York Times*.

2 - Markets for everything?

Jan 29: Seminar

- Becker, Gary and George Stigler. 1974. “Law Enforcement, Malfeasance, and Compensation of Enforcers.” *Journal of Legal Studies* 3(1): 1-18. (You can skip section IIIA).
- Cohen, Tyler. 2007. *Discovering Your Inner Economist*. Dutton: New York, NY. (Chapters 1-3).
- Gneezy, Uri and Aldo Rustichini. 2000. “A Fine is a Price.” *Journal of Legal Studies* 29(1): 1-17.
- Response Question 1: Provide one novel defense or critique of the proposal made by Becker and Stigler Section IIIB of their paper.

Feb 3-4: Tutorial

- Yanklowitz, Shmuly. 2015. "Why the World Would be Better Off With an Organ Market." *The Atlantic*: Oct 27, 2015.
- Satel, Sally. 2015. "Generosity Won't Fix Our Shortage of Organs for Transplants." *Washington Post*, December 28, 2015.
- Delmonico, Francis and Alexander Capron. 2015. "Our Body Parts Shouldn't be For Sale." *Washington Post*: December 29, 2015.
- Scheper-Hughes, Nancy. 2016. "The Market for Human Organs is Destroying Lives." *Washington Post*: January 5, 2016.

- Prompt: Consider the issues discussed in the assigned readings. Could allowing legal markets to exist in these contexts lead to a Pareto Improvement for society? If so, would there be restrictions and/or regulations necessary to help facilitate this? If not, why not?

Feb 5: Seminar

- Gertler, Paul, Manisha Shah, and Stefano Bertozzi. 2005. "Risky Business: The Market for Unprotected Commercial Sex." *Journal of Political Economy* 113(3): 518-550.
- Elliot, Carl. 2008. "Guinea Pigging." *New Yorker*: Jan 7, 2008;

- Response Question 2: What complicates assessing whether sex workers are paid a compensating wage differential for riskier sex? In intuitive terms, describe what is revealed in the last column in Table 4? How does this overcome the complication discussed above?

Feb 10 – No Class, but there is assigned reading

- Appelbaum, Binyamin. 2019. *The Economists' Hour*. Little Brown: New York, NY. Part I: Chapter 1 - Chapter 4 (pp. 21- 128).

- Response Question 3: Pick an excerpt from the above reading that you found particularly insightful, problematic, or otherwise interesting. Discuss why you choose this excerpt and provide a novel response to it (*no limit on the number of people who may write on this topic*).

3 - Behavior of the Firm

Feb 12: Seminar

- Friedman, Milton. 1970. "The Social Responsibility of Business is to Increase its Profits." *New York Times Magazine*: September 13, 1970.
- Sorkin, Aaron Ross. 2019. "Dear CEO: Before You Give to Charity, Look at Your Own Workplace." *New York Times*, December 24, 2019.
- Schumer, Chuck, and Bernie Sanders. 2019. "Limit Corporate Stock Buybacks." *New York Times*. February 3, 2019.
- Schwartz, Nelson. 2017. "Route to Air Travel Discomfort Starts on Wall Street." *New York Times*: May 28, 2017.

- Evans, Will, and Alyssa Jeong Perry. 2018. “Tesla Says its Factor is Safter. But it Left Injuries Off the Books.” Reveal (Center for Investigative Journalism).
- Maheshwari, Sapna and Emily Flitter. 2019. “As Wayfair Workers Protest Migrant Detention, the Specter of a Consumer Boycott Rises.” New York Times: June 26, 2019.
- Carus, Felicity. 2012. “Patagonia: A Values-led Business from the Start.” The Guardian: July 17, 2012.
- Response Question 4: Do you think Friedman would say Patagonia is acting in a socially irresponsible way? How about Tesla? Describe why you give the answers that you do.

4 – Technology and Trade

Feb 17: Seminar

- Autor, David. 2015. “Why Are There Still So Many Jobs? The History and Future of Workplace Automation.” Journal of Economic Perspectives 29(3): 3-30.
- Krugman, Paul. 1994. “Does Third World Growth Hurt First World Prosperity?” Harvard Business Review July/Aug 1994: 113-121.
- Dubner, Steven 2017. “How Safe is Your Job?” Freakonomics Podcast (with David Autor). <http://freakonomics.com/podcast/safe-job-rebroadcast/>
- Dubner, Steven. 2017. “Did China Eat America’s Jobs?” Freakonomics Podcast (with David Autor). <http://freakonomics.com/podcast/china-eat-americas-jobs/>

Feb 19: Tutorial - Debate (1:15 to 4:00 in regular classroom, note this is Wed!)

- You will be placed in a group of two. As a duo, you will provide me a rank of over the debate topic options below later than **midnight Sunday February 16**. No more than two groups will be allowed to debate any particular option, so getting your ranking in early has advantages. If I don’t hear from you by the deadline, I will assign your topic. In class on Monday Feb 17 I will inform you of which option your group will debate and randomly assign one person to be the “affirmative”, the other to be the “negative.” In debate, each side gets to make a 5 minute opening statement, and each side gets to make a 2 minute rebuttal (time will be strictly enforced). Order will be randomly determined. Class will vote (anonymously) on who wins each debate.

Topic 1

- Ortiz-Ospina, Esteban. 2018. “Does Trade Cause Growth?” Our World In Data. (<https://ourworldindata.org/grapher/growth-of-income-and-trade>)
- Uchitelle, Louis. 2007. “Is there (Middle Class) Life After Maytag?” New York Times: August 26, 2007.
- Krugman, Paul. 2018. “Globalization: What Did We Miss?”
- Prompt: The federal government should require U.S. companies to pay significant fines when they close down large domestic manufacturing plants.

Topic 2

- Lee, Kau-Fu. 2017. "The Real Threat of Artificial Intelligence." New York Times: June 24, 2017.
- Sharma, Ruchir. 2017. "No, That Robot Will Not Steal Your Job." New York Times: October 7, 2017.
- Roose, Kevin. 2019. "A Machine May Not Take Your Job, but One Could Become Your Boss." New York Times: June 24, 2019
- Prompt: Advances in AI are a threat to the middle-class.

Topic 3

- Fitzsimmons, Emma. 2018. "Taxi Drivers in New York are Struggling. So are Uber Drivers." New York Times, June 17, 2018.
- Bellafante, Ginia. 2018. "Uber and the False Hopes of the Sharing Economy." New York Times, August 9, 2018.
- Gaskell, Adi. 2017. "Study Explores the Impact of Uber on the Taxi Industry." Forbes, January 26 2017.
- Prompt: When it comes to ride hailing companies such as Uber and Lyft, society as a whole would be better off if we regulate the number of people driving for such companies, the fares they can charge, and/or the money the drivers receive.

5 - Economics of Laws and Regulation

Feb 24: Seminar

- Appelbaum, Binyamin. 2019. *The Economists' Hour*. Little Brown: New York, NY. Part II: Chapter 5 – Chapter 7 (pp. 131-214).
- Response Question 5: Pick an excerpt from the above reading that you found particularly insightful, problematic, or otherwise interesting. Discuss why you choose this excerpt provide a novel response to it.

Feb 26: Seminar

- Friedman, David. 2000. *Law's Order*. Princeton NJ: Princeton University Press. (Chapters 1-4).
- WNYC Studios. 2014. "Worth." Radiolab: December 22, 2014. (<https://www.wnycstudios.org/story/worth>)
- Response Question 6: Pick an excerpt from the above reading or podcast that you found particularly insightful, problematic, or otherwise interesting. Discuss why you choose this excerpt and provide a novel response to it.

March 2-3: Tutorial

- Davenport, Coral. 2018. "After Nobel in Economics, William Nordhaus Talks About Who's Getting His Pollution-tax Ideas Right." New York Times: October 13, 2018.

- Jarvis, Brooke. 2019. “Climate Change Could Destroy His Home In Peru. So He Sued and Energy Company in Germany.” New York Times: April 29, 2019.
- Leonhardt, David. 2019. “The Problem With Putting a Price on the End of the World.” New York Times Magazine: April 9, 2019.
- Prompt: Do carbon emissions present a wholly different kind of issue than other forms of externalities? What does your answer suggest about policy with respect to carbon emissions?

6 - Social Choice

March 4: Seminar

- ~~Surowieki, James. 2004. The Wisdom of Crowds. Anchor Books: New York NY. (Chapters 1, 4, 5)~~
- Caplan, Bryan. 2007. The Myth of The Rational Voter. Princeton University Press: Princeton NJ. (Introduction, Chapter 1, Chapter 2).
- Caplan, Bryan. 2019. Open Borders: The Science and Ethics of Immigration. First Second: New York, NY.
- Response Question 7: Pick an excerpt from the above readings that you found particularly insightful, problematic, or otherwise interesting. Discuss why you choose this excerpt and provide a novel response to it.

March 9: Tutorial 6 - Group Tutorial (1:15 – 4:00 regular classroom)

- Prompt: Can it ever be Pareto Improving for a society to ban certain behaviors among its members? In other words, given a population with a fixed set of endowments, preferences, and technologies, can banning certain behaviors make at least one person better off without making anyone else worse off? Along with an assigned partner, plan a presentation to answer this question in less than 10 minutes (time strictly enforced). You can make whatever assumptions you feel are reasonable to prove your point, but be clear what assumptions you make. One assumption that you can make is that the ban can be enforced costlessly (in other words, in your discussion, don't worry about how ban will be enforced). Feel free to use a simple mathematical model to make your point, though you can make your argument in other ways as well.

7 - Game Theory

March 11: Seminar

- Goolsbee, Austan, Steven Levitt, and Chad Syverson. 2013. “Chapter 12: Game Theory” in Microeconomics, Worth Publishers: New York, NY.
- WNYC Studios. 2014. “Tit for Tat.” Radiolab: September 17, 2019. (<https://www.wnycstudios.org/podcasts/radiolab/segments/104010-one-good-deed-deserves-another>)

March 16 and 18: Spring Break

- Ellsberg, Daniel. 2017. *The Doomsday Machine*. New York: NY: Bloomsbury. (Excerpts)
- Seminar Assignment 2: Ellsberg reveals that far more Americans than just the U.S. president had the authority to employ nuclear weapons against the Soviets during the cold war, but publicly the U.S. has always maintained that such authority solely lies with the President. Discuss whether you think this was a good or bad policy on the whole, and how could the policy have been improved upon (or why it could not). *Due March 23* (~1000 words).

8 –Social Norms and Institutions

March 23: Seminar

- Ostrom, Elinor. 2000. “Collective Action and the Evolution of Social Norms.” *Journal of Economic Perspectives* 14(3): 137-158.
- Acemoglu, Daron, Simon Johnson, James A Robinson. 2001. “The Colonial Origins of Comparative Development: An Empirical Investigation.” *American Economic Review* 91(5): 1369-1401.
- Response Question 8: Discuss one way you think Ostrom’s view of behavioral norms is complementary to, or in opposition to, Acemoglu, Johnson, and Robinson’s view regarding why some societies are more prosperous than others.
- Seminar Assignment 2 due.

March 25: Seminar

- Goolsbee, Austan, Steven Levitt, and Chad Syverson. 2013. “Chapter 15: Signaling to Solve Asymmetric Information Problems” pp. 630-635, in *Microeconomics*. New York, NY: Worth Publishers.
- Posner, Eric. 2000. *Law and Social Norms*. Harvard University Press: Cambridge MA. Part 1: Introduction – Chapter 3.

March 30-31: Tutorial

- *(Optional)* Posner, Eric. 2000. *Law and Social Norms*. (Part Two and Part Three)
- Prompt (choose one of the following): (i) Discuss a novel example of what is arguably a signaling equilibrium in the real world. Discuss the way this signaling equilibrium works and what it tells us about the environment in which it arises? (ii) Discuss an example of behavior or a norm that some might argue is the result of a signaling equilibrium and describe why that is an incorrect way to view this behavior.

9 – Economics of Uncertainty, Asymmetric Information and Insurance

April 1: Seminar

- Goolsbee, Austan, Steven Levitt, and Chad Syverson. 2013. “Chapter 13: Uncertainty, Risk, and Insurance” pp. 549-553 in *Microeconomics*. New York, NY: Worth Publishers.
- Goolsbee, Austan, Steven Levitt, and Chad Syverson. 2013. “Chapter 15: Asymmetric Information” pp. 606-623 in *Microeconomics*. New York, NY: Worth Publishers.
- Mankiw, N. Gregory. 2017. “Why Health Care Policy is So Hard.” *New York Times*, July 28, 2017.
- Rosenthal, Elizabeth. 2019. “Where the Frauds Are All Legal.” *New York Times*, December 7, 2019.
- Response Question 9: Suppose the government offered a free “bare bones” health insurance policy to all citizens, which covered one check-up each year, and covered 85% of any healthcare costs in excess of \$20,000 per year. Do you think this would make things better or worse for people with chronic medical conditions than our current system? Discuss why you give the answer you do.

April 6-7: Tutorial

- Bjerk, David. 2016. “In Front of and Behind the Veil of Ignorance: An Analysis of Motivations for Redistribution.” *Social Choice and Welfare* 47: 791-824.
- Prompt: In the context of the assigned paper, is the redistribution mechanism essentially a Universal Basic Income (UBI) policy or not? What important real world complications are missing from the laboratory experiment? More broadly, describe some of the important pros and cons of implementing a UBI and argue whether trying to implement a UBI is a good or bad policy.

10 –Poverty Policy

April 8: Seminar

- Badger, Emily and Margot Sanger-Katz. 2018. “Who’s Able-Bodied Anyway?” *New York Times*: February 4, 2018.
- Shipler, David. *The Working Poor*. New York, NY: Vintage Books. (Selections)
- Rycroft, Robert. 2018. *The Economics of Inequality, Discrimination, Poverty, and Mobility* (Second Ed). New York, NY: Routledge. (Selections)
- Response Question 10: What should a society do about someone like Camellia Woodruff? Are our current policies sufficient, too much, or not enough?

April 13-14: Tutorial

- Friedman, David. 2000. *Law’s Order*. Princeton University Press: Princeton NJ. (Chapter 1).

- Desmond, Matthew. 2016. *Evicted*. New York NY: Crown. (Chapters 1-4 & 6).
- Sullivan, Laura. (2017). "How the Affordable Housing Crisis is Playing out in One Dallas Neighborhood." *All Things Considered*: National Public Radio <http://www.npr.org/2017/10/23/559618396/how-the-affordable-housing-crisis-is-playing-out-in-one-dallas-neighborhood>
- Prompt: Should rental apartments be required to have certain features and meet specific codes of "habitability"? If not, why not? If so, what features and/or codes should be required and why?

11 - Discrimination

April 15: Seminar

- Lang, Kevin. 2007. *Poverty and Discrimination*. Princeton NJ: Princeton University Press. (Chapter 10).
- Bertrand, Marianne, Claudia Goldin, and Lawrence F. Katz. 2010. "Dynamics of the Gender Gap for Young Professionals in the Financial and Corporate Sectors." *American Economic Journal: Applied Economics* 2: 228-255.
- Bjerk, David. (2007). "The Differing Nature of Black-White Wage Inequality Across Occupational Sectors" *Journal of Human Resources* 42(2): 398-434.
- Response Question 11: How does "statistical" based discrimination differ from "preference" or "prejudiced" based discrimination? Why would statistical discrimination potentially arise? Does statistical discrimination arise because of or in spite of competitive market forces?

12 - Criminal Justice

April 20: Lunch, Film Showing and Seminar (Athenaeum from 12:30-3:30)

- Friedman, David. 2000. *Law's Order*. Princeton University Press: Princeton NJ. (Chapter 15).
- Green, Jonathan. 2018. *Sex, Money, Murder*. New York NY: WW Norton. (selections)
- Stevenson, Bryan. 2014. "Chapter 14: Cruel and Unusual." *Just Mercy*. New York, NY: Spiegel & Grau.
- Alexander, Michelle. 2019. "Reckoning With Violence." *New York Times*. March 3, 2019.
- Response Question 12: What does Friedman think is the most efficient form of punishment and why? Do you agree or disagree?

April 22: Seminar

- Pager, Devah. 2003. "The Mark of a Criminal Record." *American Journal of Sociology* 108(5): 937-75.

- Karlamangla, Soumya. 2014. "LA leaders ask employers not to reject people with criminal records." Los Angeles Times: June 6, 2104.
- Agan, Amanda and Sonja Starr. 2018. "Ban The Box, Criminal Records, and Racial Discrimination: A Field Experiment." Quarterly Journal of Economics 133(1): 191-235.
- Vongkiatkajorn, Kanyakrit. 2016. Prison Labor is Unseen and Utterly Exploitative." Mother Jones. October 6, 2016.
- Bozelko, Chandra. 2017. "Think Prison Labor is a Form of Slavery? Think Again." Los Angeles Times. October 20, 2017.
- Response Question 13: Consider Ban-the-Box and Prison Labor polices. If you had to support one or the other, or neither, what would you choose and why?

April 27 – No class. Thesis due date.

13 - Education

April 29: Seminar

- Jencks, Christopher. 1988. "Whom Must We Treat Equally for Educational Opportunity to be Equal?" Ethics 98(3): 518-533.
- Schanzenbach, Diana Whitmore, David Boddy, Megan Mumford, and Greg Nantz. 2016. "Fourteen Economic Facts on Education and Economic Opportunity." Hamilton Project: Brookings Institution.
- Cohodes, Sarah and Susan Dynarski. 2016. "Massachusetts Charter Cap Holds Back Disadvantaged Students." Economic Studies at Brookings. Evidence Speaks Reports 2(1).
- Russakoff, Dale. 2014. "Schooled: Cory Booker, Chris Christie, and Mark Zuckerberg had a Plan to reform Newark's schools. They got an education." The New Yorker: May 19, 2014.
- "Class Struggle." The Economist. May 18th 2019: 20-23.
- Response Question 14: What do you think is the most difficult factor to overcome in schooling policy and why?

May 4 – No class (unless we need a make-up).

14 – Policy Making

May 6: Seminar Project 4

- Referencing concepts explored throughout the semester, and throughout your time as a PPE major, develop and present a proposal on some policy of national, state, or local interest. Potential topics include healthcare, poverty, inequality, taxation, defense, immigration, education, the environment, prisons, or regulation (just to name a few). In your paper you must highlight and discuss what you think is problematic regarding current policy (or lack thereof) and why, as well as propose an alternative policy that helps mitigate these problems. This proposed policy

could either take the form of an adjustment to current policy, a complete reform or eradication of a current policy, or a brand new policy in a place where there was no relevant policy before. You must describe why you think your proposed policy is a good solution to the issues at hand, as well as how it would be implemented, any difficulties that may be encountered therein, and how you think best to overcome them.

You will do a 10 minute presentation of your proposal to the class (time will be enforced), followed by about 5 minutes for questions. *I encourage you to work on this in a team of two, though you are not obligated to.* You will be graded on the strength of the proposal, the clarity of the presentation (including time management), and how you answer questions.