INTRODUCTION TO POLITICAL ECONOMY
Prof. Michael Munger, Gross Hall 217 (munger@duke.edu)

Econ 119 / Poli 145  Fall 2020

Days & Times: There are TWO weekly class meetings, and ONE section meeting
Class Meets T/Th 3:30 to 4:20 pm  Location: BIOSCI 111 and ONLINE
Virtual Section meets F 8:30 to 9:20
In-Person Section meets F 3:30 to 4:20  Location: GROSS 107
Instructor Web Site: michaelmunger.com
Online Office Hours: 4:30 to 5:30 pm, T and Th  Also by appointment, just send an email….
ZOOM meeting Link for Office Hours: https://duke.zoom.us/j/9530251155

Teaching Assistants:
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Overview: This course serves three distinct purposes.

• It introduces economics to non-economics majors, with a self-contained and non-technical
  overview of the intellectual history of political economy, the logic of microeconomics, and the
  key concepts of macroeconomics. Consequently, it counts as a stand-alone Social Science credit.
  If you’re considering law school, consulting, a Public Policy major, or a STEM major, it’s an
  excellent choice. However, this course does not count as part of an Economics major; if you’re
  sure you want to be an Economics major, this class is a waste of your time (instead, get the math
  prerequisites for Economics out of the way and then take Econ 101).

• It introduces the notion of a political economy, emphasizing the moral and ethical problems that
  markets solve, or fail to solve. Consequently, it carries an Ethical Inquiry (EI) credit. It is also an
  excellent introduction to the science of politics and good start for a Political Science major.

• It provides a bridge to more advanced courses in political philosophy, politics, and economics for
  the student who wants to sample these disciplines without committing themselves to several
  semesters of specialized coursework. The course counts toward, and leads well into, the material
  for the PPE Certificate (https://sites.duke.edu/dukeppe/).

Prerequisites: There are no prerequisites for this course except for high school civics and
mathematics. On the other hand, the reading and studying commitments are extensive. The student
will need to master both a large quantity of historical and philosophical material, and several books,
as well as the basic micro theory and macro concepts. The exams and reaction papers are quite

(Skip Down to “Schedule of Meetings & Assignments”)
(Skip Down to “Course Schedule at a Glance”)

Syllabus version: 8-21-20
Subject to change without notice. Make sure you always check the on-line version (Sakai) rather than relying on any particular prior version.
demanding. The weekly quizzes require that you keep up with the work constantly. In short, while this is an introductory course, it is by no means an easy one.

Community Standard:
- As a voluntary member of the Duke community, you consent and pledge to adhere to the Duke Community Standard by your presence in this class (see http://www.integrity.duke.edu/faq/faq1.html).
- You must cite sources and avoid plagiarism (see http://library.duke.edu/research/plagiarism/index.html).

Resources:
Please spend 20 minutes familiarizing yourself with these links, before class starts…
Absences, Illness: https://trinity.duke.edu/undergraduate/academic-policies/class-attendance-and-missed-work
Glossary of Political Economy Terms: http://www.auburn.edu/~johnspm/gloss/
Stanford Encyclopedia of Philosophy https://plato.stanford.edu/
Duke PPE Program: https://sites.duke.edu/dukeppe/
Citations Practices: http://library.duke.edu/research/citing/
Duke's Community Standard: http://integrity.duke.edu/new.html
Plagiarism Defined (and Avoided): https://plagiarism.duke.edu/
Psychological Counselling: http://www.studentaffairs.duke.edu/caps
Trinity Rules (“T-Reqs”): https://trinity.duke.edu/undergraduate/academic-policies
Writing Help: https://twp.duke.edu/twp-writing-studio

Grading: based on:
- Five 3-minute reaction videos, 6% each (=30%)
- Stock market simulation (=10%)
- Midterm Evaluations I-IV (Each 10%) (=40%)
- Final Exam (=20%)

5 Reaction Videos: Five podcasts/Videos will be assigned. Your assignment is to provide a “reaction video.” Each student is expected to create a 3 minute “reaction video” for each talk. The video should include text and music at the introduction. You can use whatever editor you want. But the Youtube editor is free and universally available: https://www.youtube.com/watch?v=Qa0OI3g2FUM. The videos must be produced in either MP4, MOV/Quicktime or WMV format.

Each reaction video will count 6% of the course grade, for a total of 30%. They must be turned in to the Online Sakai Dropbox, https://oit.duke.edu/what-we-do/applications/sakai
- Do NOT email your video to us, please.
- LATE assignments lose one letter grade per day, or fraction of a day. 5 minutes late is a day. Videos that are garbled or unreadable will be treated as one day late, unless you can show cause for why they are unreadable. There is no reason that MP4, Quicktime, or WMV should be garbled. It is YOUR responsibility to check to see the video works and can be viewed.

The videos must accomplish three things (total of 6 points per video):
(a) summarize the main argument(s) of the outside speaker (1 point)
(b) tie those arguments analytically and critically to themes of the course (2 points)
(c) present a coherent and well-thought-out argument either agreeing or disagreeing with the speaker, and giving reasons why. In other words, to satisfy (c), react to (a) by using (b) (3 points)

Stock Market Simulation:
(NOTE: YOUR USER NAME MUST TAKE THE FOLLOWING FORM!!! FIRST FOUR LETTERS OF LAST NAME-FIRST FOUR LETTERS OF FIRST NAME-YOUR GRADUATION YEAR. SO, IF YOU ARE A JUNIOR NAMED JANE CHEUNG, YOUR USER NAME IS CHEU-JANE-22) 10% of your final grade will be calculated based on your performance in choosing a stock portfolio, which will be compared to the performance of a randomly selected portfolio of stocks from the NYSE. If you out-perform the “random doom portfolio” (RDP), you get full credit, 100%; if instead you under-perform the random portfolio, your grade will equal the fraction (your portfolio value/RDP value).


To set up YOUR account, click this link:  https://www.howthemarketworks.com/register/190788

• You’ll need to create a user name and password. DO NOT LOSE THESE. They are yours; I have no way of restoring them for you. Record them on your phone, take a picture of them as you enter, or something.

(NOTE: YOUR USER NAME MUST TAKE THE FOLLOWING FORM!!! FIRST FOUR LETTERS OF LAST NAME-FIRST FOUR LETTERS OF FIRST NAME-YOUR GRADUATION YEAR. SO, IF YOU ARE A JUNIOR NAMED JANE CHEUNG, YOUR USER NAME IS CHEU-JANE-22)

• The name of the “contest” for our class is IntPE Duke 2020 Munger

• The password for our class is:  IPE2020f (note last “f” is lower case)

• You can EITHER go to the following link:  
  https://www.howthemarketworks.com/register/190788


Let me know if you have trouble logging in. Instructions will be given in lecture about how to set up and start trading. Signing up is a little clunky; you may have to create an account, log out, and THEN click on the “join” link:

For reference, and entirely optionally (I do not subscribe, or get a free subscription; this is just info for you!) you can get the Wall Street Journal – discounted subscriptions available here:  

Midterm Evaluations
Evaluations are four short mid-term exams, to distribute the work more evenly over the semester. Each will be administered at the date and time listed, on Tuesdays. If you can’t take the midterm on this
date, alert the instructor before class on the PREVIOUS THURSDAY. For example, for the first Evaluation on September 1, you must inform the instructor of scheduling problems by Thursday, August 27. No non-medical excuses will be accepted after that date.

**Evaluation I (Tuesday, September 1, in class):** 10 multiple choice questions worth 9 points each (=90 points) and a short essay question worth 10 points.

**Evaluation II (Tuesday, September 29, in class):** 10 multiple choice questions worth 9 points each (=90 points) and a short essay question worth 10 points.

**Evaluation III (Tuesday, October 27, in class):** 10 short answer questions worth 10 points each.

**Evaluation IV (Tuesday, November 17, in class):** 10 short answer questions worth 10 points each.

**Final Exam (TBA):** 3 essay questions chosen at random from 12 questions. The 12 questions will be given to the class two weeks before the date of the final exam. 3 hours. Given in the regular exam period as determined by the Office of the Registrar. If you can’t attend the normally-scheduled exam alert the instructor and obtain information about the date and time of the make-up final exam.

**Textbooks:** The following books are available at Duke Bookstore. ISBNs included so you can see if you can find used versions cheaper on-line

- **M.C. Munger, Platforms: Perils and Promise, Institute for Economic Affairs, 1st edition. (Available as PDF on Sakai, in “Resources”)**

**Schedule of Meetings and Assignments:**
(Skip Down to “Course Schedule at a Glance”)

**SECTION I: INTRODUCTION**

**Tuesday, August 18:** Class introduction/overview; readings, grades, sections, expectations

**READINGS:**
- **Smith, Adam.** *Wealth of Nations*, Book I, Chapters 1-3. (LINK: [https://www.gutenberg.org/files/3300/3300-h/3300-h.htm](https://www.gutenberg.org/files/3300/3300-h/3300-h.htm))

**REACTION VIDEO ASSIGNMENT #1:**
**Do Rules Matter? (DUE DATE: Thursday Sept 10)**
Question: Is the Magna Carta still relevant today? What is the significance of the Magna Carta, or is it just an historical curiosity?
Podcast: [https://www.econtalk.org/nicholas-vincent-on-the-magna-carta/](https://www.econtalk.org/nicholas-vincent-on-the-magna-carta/)

SECTION II: KEY CONCEPTS IN POLITICAL ECONOMY

**Thursday, August 20:** A Brief Economic History of the World

**READINGS:**
- **Harari, Y. Sapiens.** Chapters 1, 2, and 5. (Sakai reading…)
- **Munger, M.C. Tomorrow 3.0, Chapter 2.** (Sakai)

**Tuesday, August 25:** Three Accounts of Property

**READINGS:**
- **Hume, David.** 1793. *A Treatise of Human Nature*. Book III, part 2, Section II: Of the Origin of Justice and Property. ([https://www.gutenberg.org/files/4705/4705-h/4705-h.htm#link2H_4_0089](https://www.gutenberg.org/files/4705/4705-h/4705-h.htm#link2H_4_0089))
- **Waldron, J.** “Property Law.” Patterson (ed.) - *A Companion to Philosophy of Law and Legal Theory*, 2nd ed. (Sakai)

**THREE LAW CASES TO READ AND UNDERSTAND (REQUIRED!)**

**Thursday, August 27:** Exchange

**READINGS:**
- **Marx, K.** *Kapital*. Chapter 1: Commodities. [https://www.marxists.org/archive/marx/works/1867-c1/ch01.htm](https://www.marxists.org/archive/marx/works/1867-c1/ch01.htm)
• *Munger, M.C. 2011. “Euvoluntary or Not, Exchange is Just.” Social Philosophy and Policy. (Sakai)

Tuesday, September 1: Evaluation I
In-class evaluation exercise

Thursday, September 3: Division of Labor
READINGS:
• *Durkheim, Emile. 1993. Division of Labor in Society, Intro and Chapter 1. (Sakai)

Tuesday, September 8: Wealth
READINGS:
• Rousseau, JJ. 1755. “Discourse on Inequality,” Part II. (LINK: https://constitution.org/2-Authors/jjr/ineq.htm)

Thursday, September 10: Opportunity Cost and Comparative Advantage
(First Response Video Due by 5 pm EDT US, in Dropbox)
READINGS:

REACTIONVIDEO ASSIGNMENT #2:
Organ Markets (DUE DATE: Thurs September 24)
Question: Race and Inequality—Did Markets Do It?

Tuesday, September 15: Prices as a Discovery Process
READINGS:
• Munger, M.C. 2018. “Your Ticket to Capitalism is Free.” AIER. https://www.aier.org/article/your-ticket-capitalism-free

Thursday, September 17: Market Exchange and Morality
• Locke, J. 1666. “Venditio.” (Sakai) (ALSO: Handwritten Version, MS_860, Sakai)
• *Guzman, R., and M.C. Munger. “Euvoluntariness and just market exchange: moral dilemmas from Locke’s Venditio.” Public Choice. 158: 39–49. (Sakai)

Tuesday, September 22: Profit
READINGS:
• Munger, M.C. 2018. “Your Ticket to Capitalism is Free.” AIER. https://www.aier.org/article/your-ticket-capitalism-free

Thursday, September 24: Entrepreneurship
(Second Response Video Due by 5 pm EDT US, in Dropbox)
READINGS:

- Munger, MC, and Villareal-Diaz, “The Road to Cronyism?” Independent Review. (Sakai)

REACTION VIDEO ASSIGNMENT #3:

**Violence (DUE DATE: Thurs October 15)**

Question: Violence has declined more than 90% since 1350 AD. Did the growth of commerce cause this, would the decline have been even MORE without capitalism, or these just separate phenomena?

Podcast/Video: https://www.pbs.org/wgbh/nova/video/the-violence-paradox/

*Tuesday, September 29: Evaluation II*

In-class evaluation exercise

*Thursday, October 1: The Three Mechanisms of Group Decision*

READINGS:


*Tuesday, October 6: Market Failures I—Externalities and Public Goods*

READINGS:


*Thursday, October 8: Market Failures I—Example: the Environment*

READINGS:

  (Bonus: A painfully earnest woman interviewing Dr. Hardin, video)

*Tuesday, October 13: Market Failures II—Information and Antitrust*

READINGS:


• Warren, E. 2019. “Here’s how we can break up Big Tech.” Mar 8, 2019. https://medium.com/@teamwarren/heres-how-we-can-break-up-big-tech-9ad9e0da324c

**Thursday, October 15:** Government Failure  
(Third Response Video Due by 5 pm EDT US, in Dropbox)

**READINGS:**


**REACTION VIDEO ASSIGNMENT #4:**  
Information Asymmetries / Intellectual Property (DUE DATE: Thurs Nov 5)  
Question: Are Drug Companies Playing the FDA for Profits?  

**Tuesday, October 20:** Choosing in Groups

**READINGS:**

• Munger, M.C., and K.M. Munger. 2015. *Choosing in Groups: Analytical Politics Revisited*  
  Chapters 1-3 (pp. 1-57).

**Thursday, October 22:** Collective Choice and Collective Action  

**READINGS:**

• Munger, M.C., and K.M. Munger. 2015. *Choosing in Groups: Analytical Politics Revisited*  
  Chapters 5, 7, and 9.

**Evaluation III (Tuesday, October 27, in class):** 10 short answer questions worth 10 points each.

**Thursday, October 29:** Collective Choice and Collective Action  

**READINGS:**

• Munger, M.C., and K.M. Munger. 2015. *Choosing in Groups: Analytical Politics Revisited*  
  Chapters 5, 7, and 9.

**Tuesday, November 3:** Platforms I  

**READINGS:**

• Munger, M.C. 2020. *Platforms: Perils and Promise*  
  Chapters 1-3  

https://www.dropbox.com/s/o9hyv8v05obg6ps/IOPC%20-%20Innov,%20Openness,%20Platform%20Control%20MS%202018.pdf?dl=0

**REACTION VIDEO ASSIGNMENT #5:**
Impact of the Sharing Economy (DUE DATE: Thurs Nov 19)

Question: Should We Establish Universal Basic Income?

Podcast: [https://www.youtube.com/watch?v=OxdRtQZFpww](https://www.youtube.com/watch?v=OxdRtQZFpww)

**Thursday, November 5:** Platforms II

READINGS:
  Chapters 4–7

**Tuesday, November 10:** Cryptocurrency and blockchain

RESOURCES:

**Thursday, November 12:** Smart Contracts and the Future of Public Goods

READINGS:
- Munger, M.C. “Smart Contracts are All Around You.” [https://www.aier.org/article/smart-contracts-are-all-around-you/](https://www.aier.org/article/smart-contracts-are-all-around-you/)
- Munger, M.C. “We Can Build the Roads.” [https://www.aier.org/article/we-can-build-the-roads-and-other-things-too/](https://www.aier.org/article/we-can-build-the-roads-and-other-things-too/)

**Evaluation IV (Tuesday, November 17, in class):** 10 short answer questions worth 10 points each

**Thursday, November 19:** Class overview and Review for Final

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**FINAL EXAM (SCHEDULED BY REGISTRAR): TBA**

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**Course Schedule at a Glance:**

I. Important Dates:
- **First Day of Class:** Tuesday, August 18
- **Evaluation I (Tuesday, September 1, in class):** 10 multiple choice questions worth 9 points each (=90 points) and a short essay question worth 10 points.
• Evaluation II (Tuesday, September 29, in class): 10 multiple choice questions worth 9 points each (=90 points) and a short essay question worth 10 points.
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• Final Exam (TBA): 3 essay questions chosen at random from 12 questions. The 12 questions will be given to the class two weeks before the date of the final exam. 3 hours. Given in the regular exam period as determined by the Office of the Registrar. If you can’t attend the normally-scheduled exam alert the instructor and obtain information about the date and time of the make-up final exam.

II. Due Dates for Reaction Videos

REACTION VIDEO ASSIGNMENT #1:
Do Rules Matter? (DUE DATE: Thursday Sept 10)
Question: Is the Magna Carta still relevant today? What is the significance of the Magna Carta, or is it just an historical curiosity?

REACTION VIDEO ASSIGNMENT #2:
Organ Markets (DUE DATE: Thurs September 24)
Question: Race and Inequality—Did Markets Do It?

REACTION VIDEO ASSIGNMENT #3:
Organ Markets (DUE DATE: Thurs October 15)
Question: Should Living People Be Paid to Donate Their Kidneys?

REACTION VIDEO ASSIGNMENT #4:
Information Asymmetries / Intellectual Property (DUE DATE: Thurs Nov 5)
Question: Are Drug Companies Playing the FDA for Profits?

REACTION VIDEO ASSIGNMENT #5:
Impact of the Sharing Economy (DUE DATE: Thurs Nov 19)
Question: Should We Establish Universal Basic Income?

(Return to “Schedule of Meetings & Assignments”)