

**PPE 101: Ethics and Economics of Wealth Creation**  
**Philosophy, Politics and Economics**  
**Summer 2022 Session I**  
**May 23 – June 29, 5:15 to 7:00PM M-F**  
**University of Pennsylvania**  
**Via Zoom (links forthcoming)**

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 Office Hours: By appointment.

### **Course Description**

This is an introductory interdisciplinary course that provides an overview of how markets work and under what circumstances they create wealth and prosperity. In the first half of the class, we will focus on foundational topics in PPE, such as the micro-foundations of market efficiency, the potential tradeoffs between efficiency and other values such as equality and fairness, the role that formal and informal institutions play in facilitating productive economic exchange, and the various collective action problems associated with market and government failures.

In the second half of class, we will apply some of these concepts and insights to some of the most pressing policy problems of the world today (with a special focus on issues pertaining to the Global South). In particular, we will cover a range of topics related to corruption, such as theoretical foundations of corruption, the structure of the collective action problems associated with specific corrupt practices, the social and political costs generated by widespread vote markets, and the causal mechanisms behind the resource curse. Finally, we will conclude by exploring the normative, theoretical, and empirical issues raised by the existence of other markets that operate primarily in the Global South, such as sweatshop labor markets, child labor markets, and kidnapping and ransom insurance. The goal of this course is to give students a sense of how some fundamental principles in ethics, economics, and political science fit together.

### **Course Requirements**

- Participation: 20%
- Midterm Exam 1: 40% (due 6/6 by midnight)
- Midterm Exam 2: 40% (due 7/1 by midnight)
- Attendance is mandatory

### **Readings**

#### **1. Property**

- John Locke, *Of Property*
- David Hume, *Of Justice and Property*
- David Schmidtz, *The Institution of Property*
- Planet Money podcast: How Private Property Transformed China

#### **2. Markets**

- PPE Video Series: How Markets Work  
*Market Efficiency: Specialization and Exchange*
- Adam Smith, *Of the Division of Labor*

- Friedrich Hayek, *The Use of Knowledge in Society*
- Leonard Read, *I, Pencil*
- TED Talk: Matt Ridley, Specialization and Exchange: When Ideas Have Sex

*Market Failure: externalities and public goods*

- Satz, *Noxious Markets*
- Tyler Cowen, *Public Goods*
- Jonathan Anomaly, *Public Goods and Government Action*
- David Friedman, *Market Failures*
- Douglas North, *Institutions, Transaction Costs, and Economic Growth*

### 3. Government

PPE Video Series: What is Public Choice?

*Government Failure: Public choice theory*

- James Buchanan, *Politics without Romance*
- Anthony Downs, *An Economic Theory of Democracy*
- Michael Huemer, *Why People are Irrational about Politics*
- Michael Munger, *Rent Seek and You Will Find*
- James Buchanan, *How Can Constitutions Be Designed?*
- Planet Money podcast: Why Taxpayers Pay for Farmer's Insurance

### 4. Applications

No videos—focus on discussion.

*PPE and development*

*Corruption in the Global South*

- Marquette and Peiffer, *Grappling with the “real politics” of systemic corruption*
- Hoffman and Patel, *Collective Action on Corruption in Nigeria*
- Hoffman and Patel, *Collective Action on Corruption in Nigeria: The role of religion*
- Hoffman and Patel, *Pass Mark Bribery in Nigerian Schools*
- Maloberti, *Markets in Votes: Alienability, Strict Secrecy, and Political Clientelism*
- Weinar, *Property Rights and the Resource Curse*

*Markets in the Global South*

- Zwolinski, *Sweatshops, Choice, and Exploitation*
- Howard, *Kidnapped: The Ethics of Paying Ransoms*
- Satz, *Child Labor: A Normative Perspective*
- Freiman, *Cosmopolitanism within Borders: On Behalf of Charter Cities*
- Khader, *Adaptive Preferences: Accounting for Deflated Expectations*

### Week 1

#### PROPERTY

5/23 – Overview of class, basic concepts in collective action theory

5/24 – Locke vs. Hume on property

5/25 – Schmidtz on commons tragedies and property

#### MARKETS

5/26 – Smith on specialization and exchange

5/27 – Hayek on prices and planning (+ Read on Pencils)

### Week 2

#### MARKETS (cont.)

5/30 – No class (University holiday)

5/31 – Satz on noxious markets

- 6/1 – Cowen, Anomaly and Friedman on public goods and market failure (+ PPE Video Series)
- 6/2 – Cowen, Anomaly and Friedman on public goods and market failure
- 6/3 – North on institutions, transaction costs, and economic growth

### **Week 3**

#### GOVERNMENT

- 6/6 – Buchanan and Downs on public choice (+ PPE Video Series)
- 6/7 – Downs on rational ignorance, median voter theorem, and tyranny of minority coalitions
- 6/8 – Munger on rent seeking
- 6/9 – Huemer on rational irrationality
- 6/10 – office hours for **FIRST EXAM** (sent out 6/10, **due 6/13 at midnight EST**)

### **Week 4**

#### CORRUPTION

- 6/13 – Marquette and Peiffer on theoretical characterizations of corruption
- 6/14 – Hoffman and Patel on corruption as a collective action problem
- 6/15 – Hoffman and Patel on religious corruption and examination malpractice
- 6/16 – Maloberti on vote markets
- 6/17 – Weiner on the resource curse

### **Week 5**

#### MARKETS IN THE GLOBAL SOUTH

- 6/20 – Holiday (no class)
- 6/21 – Zwolinski on sweatshop labor
- 6/22 – Howard on kidnapping and insurance markets
- 6/24 – Nussbaum on child labor markets

### **Week 6**

#### MARKETS IN THE GLOBAL SOUTH (cont.)

- 6/27 – Freiman on charter cities
- 6/28 – Khader on adaptive preferences
- 6/29 – office hours for **FINAL EXAM** (sent out 6/29, **due 7/2 at midnight EST**)