

# Introduction to **POLS 270** Political Economy

AN ALL-STAR CAST  
OF READINGS  
INCLUDING...

- harold WINTER
- friedrich HAYEK
- peter LEESON
- paul HEYNE
- russel ROBERTS
- elinor OSTROM
- terry ANDERSON
- p.j. HILL
- albert HIRSCHMAN
- and  
anthony GILL  
as the puppet.



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anthony  
GILL

PRODUCTION ASSOCIATES  
sandra inhwan  
AHMADI KO

nicolas  
WITTSTOCK

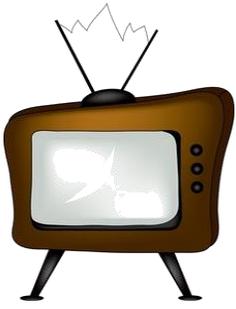
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PG-13 PARENTS STRONGLY CAUTIONED  
Some material may be inappropriate for children under 13



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UNIVERSITY of WASHINGTON





# Introduction to Political Economy

Political Science 270  
University of Washington  
Autumn Term 2020

**Prof. Anthony Gill**

Office Hours:

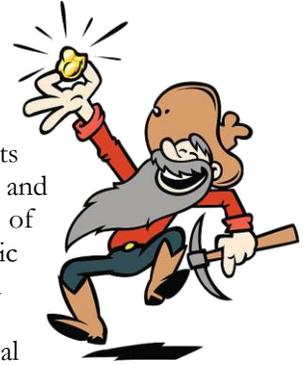
Mondays 11:30 am – 1:30 pm via Zoom<sup>1</sup>

**Gowen 144**

tgill@uw.edu

## Statement of Purpose

Political economy is a rapidly expanding and increasingly diverse field of inquiry in political science. This class has two purposes. First, it is designed to introduce students to the *analytical* side of political economy – i.e., the use of economic assumptions and analysis to understand political and social phenomena. We will explore a school of thought commonly known as “rational choice” and its derivatives – decision theory, public choice, and game theory. “Rational choice” analysis is contrasted frequently with cultural and psychological perspectives on human behavior, though they are not necessarily incompatible. Second, we will also tackle a fundamental question underlying all political economy inquiries: How do humans allocate resources in society? We will compare and contrast decentralized (market) and centralized (hierarchy/government) methods of allocation, spending a fair amount of time on market approaches to social issues (as that aspect of society is often overlooked by political scientists).



Being an introductory course, this class necessarily emphasizes breadth over depth. However, the professor intends for students to gain familiarity with a number of key political economy concepts and develop a number of basic analytical tools that will allow them to pursue the study of political economy more effectively in other classes. Furthermore, it is the professor’s hope that students acquire a new way of looking at the world around them, one that will be helpful beyond the classroom environment.

Granted, this is not the only way to look at the world and it has its limitations (as do all theoretical perspectives), but for many scholars and students the analytical methods associated with political economy provide invaluable insights into social behavior. It also provides a good starting point from which to explore other theoretical (namely, psychological and cultural) perspectives. A further goal of the class is to prompt you to develop an *intuitive sense* of the concepts used in the class, rather than learning concepts based upon rote memorization. To that end, we will use multiple examples that are often pulled from everyday life to illustrate how these various concepts operate in familiar surroundings (including pirate ships). Homework assignments are

designed to help you understand key concepts in an “everyday manner.” You will be surprised to find out that the way you solve problems on a daily basis is similar to how “big time” economic actors (e.g., world bankers, national politicians) also behave, not to mention buccaneers and wranglers. We are all human beings, after all.



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<sup>1</sup> Note that office hours will be conducted over Zoom. These office hours will be open and conducted as if in an “open space” (e.g., a cafeteria) and multiple students will be welcomed into the Zoom Room at one time. If you are seeking a private appointment to discuss specific issues, please send an email to Prof. Gill. Office hours may be modified. Due notice will be given.

# Course Requirements



Grades are based upon a quiz, three at-home essay exams, homework assignments, and class/discussion section engagement. All of these evaluative methods will be conducted online. **Exams and essays submitted past the deadline will be assessed grade penalties as stated in the exam instructions unless the student can prove “extreme hardship.”** Start the essays early, anticipate problems (e.g., computer crashes), and have backup plans. Late homework assignments will not be accepted without authorization of Prof. Gill. (“Extreme hardship” constitutes events outside of one’s control; this does *not* include starting the project hours before the deadline, sleeping late, forgetting the due date, etc. Determining what cases qualify as “extreme hardship” will be left to the discretion of the professor and will require proof on the part of the student. Students who have demonstrated consistent performance throughout the quarter with respect to watching the lectures as scheduled and participating in discussion will tend to receive benefit of the doubt.) If you anticipate a scheduling conflict, you must contact the professor at least one week prior to the exam/essay deadline to make alternative arrangements. The professor reserves the right to determine whether an early alternative deadline will be scheduled or not. Given the online nature of the essay exams, students are encouraged to start early, write drafts, and then rewrite the draft at least once.

**Section & Board Participation.** Because of online realities and the asynchronous nature of our meetings, we will not be able to grade section participation as would be the case for in-class participation. Realize that learning the material requires active engagement, though. To incentivize such engagement, participation will be graded as follows:

- All students will begin with a score of 75 points (out of 100), equivalent to a C+.
- Each week, students can earn 5 additional points by verbally participating in discussion section with a substantive question or comment, or writing a substantive question or comment on the course discussion board. Active and substantive engagement can occur during office hours.
- You can earn a maximum of 100 points (A+) for participation.
- A minimum of fifteen (15) of these points must come in the first six weeks of class (by November 6). You can only score a maximum of 10 points in the remaining five weeks. This is done to prevent people from delaying participation and trying to gain all the points in the last weeks.
- Students are advised to obtain participation early in the quarter in the anticipation that some unforeseen event might arise later.
- A substantive comment/question is not merely vocalizing agreement. The comment needs to indicate some logical thinking process or provide a probing question that challenges the reading. Merely saying “Yeah, I agree” or “I don’t get it” will not earn points. “Substantive” will be left up to the discretion of the TA and/or instructor.

Final grades will be determined accordingly (please note date of exams):

		<i>Date</i>
Syllabus Quiz	5%	Friday, October 9 by 5:00 PDT
Mid-Term Essay Exam	20%	Monday, November 2 by 5:00 pm PST
Free-Form Essay	25%	Friday, November 20 by 5:00 pm PST
Final Essay Exam	25%	Tuesday, December 15 by 5:00 pm PST
Homework assignments	15%	Due on Thursdays by 5:00 pm. Ongoing
Section & Board Participation	10%	Ongoing

**All deadlines are stated in Pacific Time Zone (Seattle).**

**Students in different time zones must make the proper adjustments in order to meet those deadlines.**

**Note that Daylight Savings Time in the US ends on November 1 at 2:00 a.m.**



# The Chasse Partie

(course policies)

The autumn 2020 term requires this course to meet remotely. Prerecorded lectures will be available on the course website using Panopto. Discussion sections and office hours will take place via Zoom meetings. An online discussion board also will be available for students to participate in discussions of the course material.

It is strongly recommended that students watch the lectures during the time the course is scheduled (Mondays and Wednesdays 8:30 am - 9:50 pm Pacific Time) as if you were actually meeting in the physical classroom. This provides a means of self-discipline that is necessary for completing an online course. You will be tempted to sleep in late or put off watching a lecture or two until “later.” However, “later” is often put off until “much later” and you may find yourself trying to “cram” several hours of lectures into one day. This is a bad idea, particularly in a ten-week quarter system. Set a schedule and stick to it. Block out all distractions (e.g., social media, phone calls) when viewing the lectures. Students who are able to do this will be more successful than those who approach the class haphazardly, *ceteris paribus*. If you are taking this course remotely from a different time zone, you may adjust your viewing habits when watching the lectures, but it is highly recommended that you keep a regular schedule. **Please note that all deadlines for homework and essay exams are in the Pacific Time Zone (Seattle). Students in different time zones will need to make the proper adjustments so as to meet those deadlines.** We will not accept “Oh, I thought you meant Tokyo time” as an excuse. You will need to make the adjustments accordingly, including the change from daylight savings time to standard time on November 1.

## **DO NOT SAVE THE PRE-RECORDED LECTURES ON OTHER DEVICES/SERVERS.**

As all lectures are pre-recorded and available on the course website, there will be temptation to download these and save them in “file folders” for other students (possibly those taking the course in future terms). These lectures are only to be viewed by students officially enrolled in this course. If the professor becomes aware of students storing these lectures on the servers of fraternities, sororities, other organizations, or on the Internet, he will take appropriate action.

**Policy on grading appeals.** Appeals will be accepted if a student considers that an obvious error has been made in the grading of an exam or essay. All appeals must be typewritten and are due one week following the date the exams/essays are returned to the entire section or class, not to the individual. **As grade appeals impose a time cost on the professor, there will be a “five percent fee” assessed on any grade appeal (5% based upon the total points possible on the exam). If any part of the appeal is accepted, the “fee” will be refunded. If the appeal is not accepted, the 5% “fee” will be deducted from the exam.** For final exams or papers, appeals will be accepted two weeks into the following academic quarter, which includes summer term. The typewritten appeal must address the substantive reasons why the student believes the grade to be inappropriate. Prof. Gill reserves the right to reject the appeal and has the option of reducing the grade as the situation warrants.

## **IMPORTANT NOTICE:**

**You may NOT save, share, or distribute the recorded lectures and assignments associated with this class.**

# Textbooks

## Required Texts

The following required texts are on sale at the University Bookstore:

**Winter, H. 2005. *Trade-Offs: An Introduction to Economic Reasoning and Social Issues*. 2<sup>nd</sup> Edition. Chicago: University of Chicago Press.** Winter provides a very accessible text that deals with policy issues from a cost-benefit perspective. There are no solutions, only trade-offs. Be sure it has the orange cover (second edition), not the blue cover (first edition).

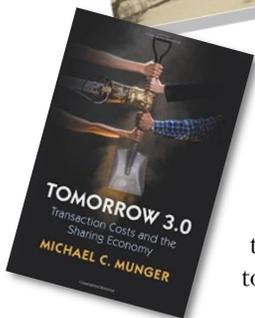
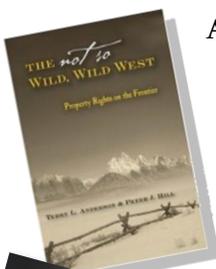
**Leeson, P. 2009. *The Invisible Hook: The Hidden Economics of Pirates*. Princeton: Princeton University Press.** Aaargh! What could be more fun than reading about pirates? This is really a book about public choice theory!

**Anderson, T.L. & P.J. Hill. 2004. *The Not So Wild, Wild West: Property Rights on the Frontier*. Stanford: Stanford University Press.** Yes, this book is about cowboys. But it is also about miners, farmers, settlers and people in general. Anderson & Hill address how groups of people solve some of the most basic problems of political economy and governance (kind of like pirates).

**Hirschman, A.O. 1970. *Exit, Voice and Loyalty: Responses to Declines in Firms, Organizations and States*. Cambridge: Harvard University Press.** A classic work from an economist who had a major impact on contemporary political economy. Hirschman passed away in late 2012 without ever earning a Nobel Prize, which is a major shame.

**Munger, M.C. 2018. *Tomorrow 3.0: Transaction Costs and the Sharing Economy*. Cambridge: Cambridge University Press.** This book is a late edition to the reading as the course has undergone a major overhaul. However, there is an option to do a “audio version” of this book free of charge. See the course schedule under Week XI.

Please note: All readings are on reserve at the Odegaard Library (four-hour reserve). If you find these readings interesting, consult Prof. Gill for a list of similar books!





## Course Plan and Reading & Listening Assignments

Lectures and discussion sections are meant to complement the readings, not substitute for them. Important themes and concepts found in the readings may not necessarily be covered in lecture, and vice versa. Nonetheless, students are responsible for the content of the weekly reading assignments. Questions pertaining to the readings always are welcome in office hours and discussion sections. Remember, exam questions will be drawn from readings, lectures, required podcasts, and discussion sections, thus careful study of the readings and regular viewing of the lectures is strongly advised.

You will also be assigned several podcasts to listen to and a few short videos to watch, mostly at the beginning of the course. The podcasts can be found at the EconTalk website and are designed to supplement the lectures with different voices. EconTalk has become one of the most popular economic podcasts on the web and pitches discussions of economic theories in a manner accessible to a lay (non-academic) audience, yet retains a high degree of intellectual rigor. You can find direct links to the assigned podcasts in the syllabus, on the course website, or by going directly to [www.econtalk.org](http://www.econtalk.org). Videos will also be “hot-linked” in this syllabus and on the course website.



The goal for the readings is to have the **readings completed by the last day noted in the segment listed on the syllabus below**. (This is not an invitation to do all the readings late the night before; pace yourself and be sure to have some of the readings done by the first section meeting in that segment.)

Note: **Readings may be subject to change at the professor’s discretion**. I typically set ambitious goals and often do not have sufficient time in a 10-week quarter to finish all that I assign. My philosophy is to set the bar high with the expectation that this will push us to our academic limits, as opposed to setting the bar too low and getting bored and/or overconfident. Due notice will be given if there are modifications to the reading assignments.

The homework assignments are meant to provide you with some “practical experience” with the theoretical concepts being introduced in this class. Many of the assignments ask you to think through problems before you read about them in the assigned books and articles. The vast majority of your “homework experience” to date probably has been to read something in a text and then mimic it. Our approach here is different. We want you to work through problems without us telling you how to solve them. That is how you practice thinking. There is a benefit to doing the hard work of thinking through a problem before you read about a similar application. Cowboys in the 1880s didn’t have the advantage of studying the political economy of property rights before they had to move a cattle herd several hundred miles. These folks did political economy on a “day-to-day” basis without textbooks, and they managed quite well. In part, these exercises are intended to show you how lay people (non-economists) have *intuitive knowledge* about basic economic principles. You have it too; this course is designed to make you aware of the “political economy” that you do.

Finally, several weeks have **optional** readings, videos or podcasts assigned. This material is for those interested in taking their education in political economy a little deeper. The professor may post additional suggestions on the course website.

# A Note on Discussion Sections & Homework Schedule



Thanks to a little germ that has been making the rounds, POL S 270 will be delivered remotely in the fall of 2020. This will make it more difficult for us to discuss the material in person, thus there will be **more emphasis put on student responsibility when it comes to comprehending the readings**. As noted, the professor will not lecture directly from the assigned readings, though he may touch upon some of the more important aspects of them at points. Use the professor and teaching assistants' office hours judiciously if you have questions on the reading. Note that there will likely be a rush for the professor/teaching assistants' time in the day or two leading up to the deadlines for the mid-term or final exam essays. Thus, it would be wise to bring any questions you may have to the instructors **as early as possible** instead of waiting for the last minute. Emails sent 24 hours before the deadline of exam asking for clarification of course content will not be answered. **The time to ask questions is sooner rather than later.**

Sections will largely be devoted to discussing the homework assignments that are due throughout the term and answer your questions about the reading. The TAs will not be lecturing on the reading assignments, but rather answering your questions and/or asking students to respond to questions about the reading. Homework assignments are designed to give you some relatively common and real-life examples of the political economy concepts that we are learning at the time. (Note that some of the later assignments still involve concepts introduced early in the term, and this is particularly true for "Cattle Drive.") Your assignments must be turned in by the Thursday evening deadline (see schedule below), and must be typewritten with normal margins and font. Professional presentation is essential. You are strongly encouraged to finish the assignment early, set it aside for at least several hours, and then **proofread the assignment** and make corrections. **Everybody improves with a rewrite.** Everybody!



**Homework assignments are graded on a check-plus, check, check-minus, and zero (not turned in) basis.** There are several advantages to not using a numerical system (100-point or 4-point) scale for these assignments. First, students become less obsessed with each marginal grade point (e.g., the difference between a 3.5 and 3.6), which then frees them to be a bit more risk-taking and creative in the homework assignments. It also takes a bit of the stress off the student. Second, this makes the grading a bit easier for the teaching assistants as they need not fret over those marginal grade point differences either, and instead have three broad categories with which to assess the effort, comprehension, and creativity of students. At the end of the term, the entire body of homework assignments will be taken into account, including consistently high performance and improvement over time. In general, homework assignments tend to help your final grade unless you perform at a consistently low level without improvement and/or fail to complete the assignments by the deadlines. If you anticipate a conflict with one of the due dates, work ahead and make arrangements to turn the assignment in early.

The due dates for the homework assignments are as follows:

Making the Grade	Thursday, October 8 by 5:00 pm PDT
Seat Assignment	Thursday, October 15 by 5:00 pm PDT
Trade-Off Winds	Thursday, October 22 by 5:00 pm PDT
Cattle Drive	Thursday, November 5 by 5:00 PST
Trash Talk	Thursday, December 3 by 5:00 PST

# Course Schedule



The following is a breakdown of the course readings for the eleven weeks of the term (which includes the first “half week”). Lectures will be listed on the course webpage and should be viewed prior to the Friday discussion section meeting each week. Note that some of the readings will not perfectly correspond to the lecture material. In part, this is because the professor does not like to “read the books to you.” Given that you are at a world-class institution, you should be able to pull and intellectually digest information from different sources and piece together the Big Picture. This schedule also represents a remodeling of how this course was previously taught, and as such is evolving.

IF YOU WERE  
STRANDED  
ON A DESERT  
ISLAND...



## What Is "Political Economy"?

*What is political economy? For that matter, what is politics? What is economics? Why is it important to study the two fields together? What are the large debates that occupy the minds of political economists? This introductory section frames the issues and concepts of central concern to the study of political economy.*

### I. A Deserted Island Introduction

(9/30 – 10/2)

- An introduction to the online learning environment.
- You are stranded on a deserted island, alone ... and then with others.
- The problem of Miraclonium.
- The two main substantive questions of political economy.
- Contrasting approaches: rationality, culture and psychology.

#### Readings (~50 pp):

- Heyne, P. “Are Economists Basically Immoral?” in *Are Economists Basically Immoral and Other Essays on Economics, Ethics, & Religion*. On course website.<sup>2</sup>
- Brauer, J. & H. van Tuyl. 2008. *Castles, Battles, & Bombs: How Economics Explains Military History*. Chicago: University of Chicago Press. Pp. 1-39. On course website.

Both of these readings provide a nice understanding what economics is (and is not). Contrary to notions that economics is just about making money in the stock market, in reality it is a system for understanding human behavior based on a set of simple principles. The Brauer & van Tuyl book is great for students in interested in military history and/or international relations; you may want to consider picking it up for free reading.



<sup>2</sup> Paul Heyne was a lecturer in the Department of Economics at the University of Washington until his death in 2000. His style of teaching inspired this course as he sought to make economics accessible to a broad audience and demonstrate that it was as much of a “way of thinking” as it was a topic of inquiry. The UW Economics Department has named a lecture series after this esteemed scholar. Prof. Gill was one of the guest speakers for this series in 2018.

# Rational Choice:

## The Economics of Human (& Pirate) Behavior



*What can economists teach political scientists, if anything? Is it possible to explain human behavior and complex political phenomena based on a few simple assumptions about how people calculate costs and benefits? This section examines how the tools of microeconomics have informed our understanding of politics and society at large. You might be surprised where economics is showing up these days!*

### II. The Assumptions & Limitations of Rational Choice

(10/5 – 10/9)

- The five assumptions of rational choice.
- The limitations of rational choosing.
- Ultimatums and frames.
- Exploding pintos and not-so-cutthroat pirates

#### Readings (~90 pp):

- Winter, H. *Trade-Offs*, Preface to First Edition, Chapters 1 - 4 (pp. xiii – 62).
- Leeson, P. *Invisible Hook*, Preface and Chapter 1. (pp. xiii – 22).
- Gill, A. 2017. "[Why Do Donuts \(Almost\) Disappear at Faculty Meetings?](#)" FEE.org.

The readings here will not necessarily correspond to the lecture material. There are few accessible textbooks at the intro level that dive as deeply into rational choices assumptions as we will. Nonetheless, these assumptions are lurking below the readings.

#### HOMEWORK ASSIGNMENT:

- Making the Grade (due Thursday, October 8 by 5:00 pm PDT online drop box).

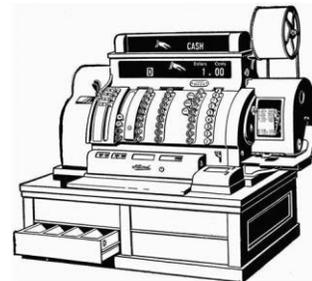
### III. Rational Applications & Intro to Markets

(10/12 – 10/16)

- Odd pricing and getting tipsy (Tipping Part I).
- Making choices: markets, community, government.
- Ugly cat sweaters and the production possibility frontier.

#### Readings (~128 pp):

- Winter, H. *Trade-Offs*, Chapter 5 (pp. 63-102).
- Leeson, P. *Invisible Hook*, Chapters 3 - 5 (pp. 45-134).



#### HOMEWORK ASSIGNMENTS:

- Seat Assignment (due Thursday, October 15 by 5:00 pm PDT online drop box).

# Markets and States:

## Where Economics Meets Politics and Vice Versa



*When it comes to the big question of how do societies allocate resources, there are two main responses – markets and governments. We take an extended look at markets as most political scientists (and even a fair number of economic students) aren't fully aware of what a market is and how it operates. We also talk market "failures" and how government might come to the rescue. Beware, however, of government failure!*

### IV. Markets: What They Are, What They Do, What They Don't

(10/19 – 10/23)

- The price mechanism.
- Emergent order.
- Market failure – externalities and public goods.
- Popcorn, price discrimination and why Munger couldn't keep his cool.

#### Readings (~68 pp):

- Hayek, F.A. "The Use of Knowledge in Society." On course website.
- Winter, H. *Trade-Offs*, Chapter 6-7 (pp. 103-60).

This may seem to be a "light" reading week, but the Hayek article is dense with information. I strongly urge students to read this article twice. Your own instructor has read it probably a dozen times and still learns things each and every read (but he might just be a slow learner). Also, note that you have a "listening" and "viewing" assignment below, which will take up about an hour of your time. And next week will be a heavier reading load, so you might want to read ahead. For those interested in understanding markets better, there are some additional readings below.

#### Podcast & Video Assignment (ctrl-click link to connect):

- Munger on [Price Gouging](#) (listen after reading Hayek article).
- [I, Pencil: The Movie](#) (about 6 ½ mins) or read the [original article](#).
- Munger's 4-minute [video on externalities and potato chips](#).<sup>3</sup>

#### HOMEWORK ASSIGNMENTS:

- Trade-Off Winds (due Thursday, October 22 by 5:00 pm PDT online drop box).

#### Optional Material:

- Hayek, F.A. ["The Pretense of Knowledge."](#) On course website.
- Roberts, R. "How Markets Use Knowledge." Unpublished paper. On course website.
- D. Boudreaux on [Reading Hayek](#) (Econtalk podcast).
- Munger on [John Locke, Prices, and Hurricane Sandy](#).
- [Is Price Gouging Immoral? Should It Be Illegal?](#) (movie of about 5 mins)



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<sup>3</sup> There are an increasing number of very good, short videos that explain a variety of economic concepts available on the interwebs. As of the current date, most of them tend to deal with concepts that we use early on in the course. I am only requiring a very small handful of these delicious video chips, but visit the course website for suggestions for other ones.

V. **Governments: What They Are, What They Do, What They Don't** (10/26 – 10/30)

- Creating order, defining property rights.
- The PPF in constitutional political economy.
- The pirate life for me: unanimous and egalitarian.
- Government failure: rent seeking, moral hazard, and unintended consequences.
- Popcorn, price discrimination and why Munger couldn't keep his cool.



**Readings (~90 pp):**

- Leeson, P. *Invisible Hook*, Chapters 1 and 7-8 (pp. 23-44 and 156-93).
- Winter, H. *Trade-Offs*, Chapter 8 (pp. 161-69).
- Henderson, D. "Rent-Seeking." *Concise Encyclopedia of Economics*. Link on course website.
- Roberts, R. 2010. "Gambling with Other People's Money." Working paper. Mercatus Center: George Mason University. (pp. 1-21, remaining pages are optional).<sup>4</sup>

**Optional Material:**

- Liebowitz, S. 2008. "Anatomy of a Train Wreck: Causes of the Mortgage Meltdown." *Independent Policy Report*. Oakland, CA: The Independent Institute. (A discussion of the background of the 1998 financial crisis.) On course website.
- Barofsky on [Bailouts](#). (A Washington DC regulator talks about the 2008 financial crisis.)
- Zingales on [Capitalism and Crony Capitalism](#). (What's the difference?)
- Munger on [Crony Capitalism](#). (Munger asks if it is inevitable?)

**MIDTERM ESSAY EXAM:**

- Midterm essay exam due on Monday, November 2 at 5:00 pm PDT (online drop box)**  
DO NOT BE LATE.  
DO NOT WAIT UNTIL THE LAST MINUTE TO ACCESS THE DROP BOX.  
PENALTIES WILL BE ASSESSED FOR LATE EXAMS. NO "MY COMPUTER CRASHED" EXCUSES!



**Midterm Essay Due  
Monday, November 2 by 5:00 pm PST**

**Daylight Savings Time ends on Sunday, November 1 at 2:00 a.m.  
in Washington State. Set your clocks back. Adjust deadlines.**

<sup>4</sup> This paper became [a short book now available at Amazon](#).



# Join Together:

## The Economics of Collective Action

*This section deals with one of the central themes in political economy: collective action. How do people come together to make group decisions regarding rules and regulations within society? By studying the creation of property rights in the anarchic West of the 1800s, we will get a better understanding of the solutions to collective action problems. Related issues will include the dilemma of the commons (a sub-species of collective action problems), principal-agent theory and the importance of transaction costs.*

### VI. Rational Riddles & Intro to Collective Action

(11/2 – 11/6)

- Why leave a tip at a restaurant you won't return to? Why give gifts?
- A brief note on that third of two ways to allocate: community.
- The West ... not so Wild, Wild after all!

#### Readings (~60 pp):

- Gill, A. "An Economic & Pedagogical Defense of Tipping." On course website.
- Gill, A., and M. Thomas. "[Gift Giving Is Better than Economists Think](#)." AIER (Dec. 20, 2109)
- Anderson, T. & P.J. Hill. *The Not So Wild, Wild West*. Chpts. 1-2 (pp. 1-33).

As we transition from an exam, this week will be a bit lighter and we will have some fun with economic concepts. The discussion on gifting and tipping (arguably a subset of gifting) get to the issue of community governance (a concept you might recall from the pirate book). Tipping and gifting would be fun topics to discuss during discussion section or office hours.

#### Optional Material:

- [Munger on Milk](#). (Just a fun podcast that helps us understand incentives.)
- [Munger on Sports, Norms, Rules, and the Code](#).<sup>5</sup> (When we used to play sports.)
- Gill, A. 2019. "An Exchange Theory of Social Justice." *Independent Review*. On course website. (Using the simple concept of "gains from trade," your fluffy course instructor builds a theory of social justice.)



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<sup>5</sup> Prof. Gill has become increasingly interested in the political economy of culture, in large part inspired by this podcast. He has an undergraduate seminar planned on that topic for Winter 2021. Humans are remarkably capable of organizing social life in the absence of government, and this is an "everyday" example of how this occurs.

## VII. Join Together: The Logic of Collective Action.

(11/9 – 11/13)

- Public goods, public bads, common pools, and exclusive clubs.
- Stampede: The dilemma of the commons.

### Readings (~65 pp):

- Anderson, T. & P.J. Hill. *The Not So Wild, Wild West*. Chpts. 5-6 and 10 (pp. 77-119 and 177-200).

### HOMEWORK ASSIGNMENT:

- Cattle Drive (due Thursday, November 5 by 5:00 pm PST in the course drop box).



**Free-Form Essay Due**  
**Friday, November 20 by 5:00 pm PST**

## VIII. Join Together Again: Tragedy, Comedy, and Games.

(11/16 – 11/20)

- Convicts, coffee and cowboys.
- Solving the CA problem in the Wild, Wild West.
- Dirty rental cars and “goatkeepers.”

### Readings (~95 pp):

- Anderson, T. & P.J. Hill. *The Not So Wild, Wild West*. Chpts. 7-8. (pp. 120-58).
- Anderson, T. & L. Huggins. *Greener than Thou*. Chpts. 4 (pp. 59-73). On course website (chapter 5 of that book is also included but has been cut for this year).
- Ostrom, E. 1990. *Governing the Commons: The Evolution of Institutions for Collective Action*. (pp. 1-38 and 58-65). On course website.



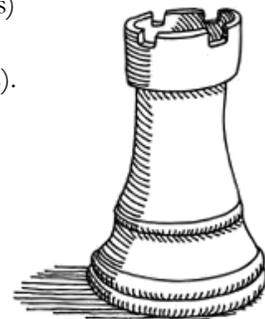
**IMPORTANT**

### FREE-FORM ESSAY DUE:

- Free-Form Essay (due Friday, Nov. 20 by 5:00 pm PST in online drop box).

### Optional Material:

- Munger on [Shortages, Prices, & Competition](#) (health care economics)
- Anderson on the [Environment and Property Rights](#).
- Anderson on [Native American Economics](#) (more on property rights).
- Munger on [Recycling and Peak Oil](#) (environmental economics).



### Optional Material:

- Boettke on [The Ostrows and the Bloomington School](#). (Political scientists!)<sup>6</sup>
- Yandle, B. 1999. "Bootleggers & Baptists in Retrospect." *Regulation*. On course website (or listen to [the podcast](#)).
- Movie Time: *Shane* (1953) or *Pale Rider* (1985).<sup>7</sup> Find these great films on your own.

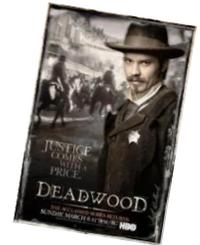


## IX. Join Together One More Time: Games, Property Rights, & Institutions. (11/23 – 11/25)

- Institutions.
- Stamped: The dilemma of the commons.

### Readings (~42 pp):

- Anderson, T. & P.J. Hill. *The Not So Wild, Wild West*. Chpts. 3-4 (pp. 34-76).<sup>8</sup>



### HOMEWORK ASSIGNMENT:

- Enjoy the Thanksgiving break. Take time to give thanks for something, even the littlest thing, as it is good for your mental and emotional health.

## Should I Stay or Should I Go?

### The Economics of Discontent & Remediation

*What do you do when you receive consistently bad service at a local restaurant? What can your actions (or options) in this situation tell us about the quality of public schools? What about immigration and social protest? Who is more likely to raise a fuss about something they dislike? If you stick around and are loyal to this class to this point, you just might find out!*



<sup>6</sup> One of the political science department's professors – Aseem Prakash – trained under Nobel Laureate Elinor Ostrom. Ostrom is technically the first political scientist to receive the Nobel Prize in Economics, although others such as Hayek and Hurwicz held degrees in political science and law.

<sup>7</sup> Both films deal with conflict that surrounds the definition of property rights on the western frontier. *Shane* was actually based upon the Johnson County War between farmers and ranchers in Wyoming. *Pale Rider* is essentially a remake of *Shane*, but with miners. A number of other great Westerns (including the HBO series *Deadwood*) actually deal with the definition of property rights in an anarchic environment. !

<sup>8</sup> While this chapter may use some outdated terminology, the concepts they discuss, and the historical shift between "trading and raiding," still remain important to understand.

## X. Love It, Leave It, or Yell at It!

(11/30 – 12/4)

- Why did the Redcoats wear red coats?
- How do good people react to bad situations?
- Loyalty test.
- Choosing ice cream, choosing schools.

### Readings (~91 pp):

- Hirschman, A. *Exit, Voice and Loyalty*. Chpts. 1-4, 7, and 9.

This book celebrates its 50<sup>th</sup> anniversary and is one of Prof. Gill's favorite, having read it back in graduate school in the 1980s. It is a shame that Hirschman never received a Nobel.

### HOMEWORK ASSIGNMENT:

- Trash Talk (due Thursday, December 3 by 5:00 pm PST in online drop box).

## Conclusion: Tomorrow

*Without doubt, this has been a difficult academic term. The world is filled with a great deal of uncertainty and changes to the structure of university education had to be made, often on a moment's notice. If you get to these words, it means you made it this far, which is good news. We leave off with a few closing notes about the world you will inherit.*

## XI. Tomorrow, Tomorrow, There's Always Tomorrow!

(12/7 – 12/11)

- An uber economy.
- The answer is always transaction costs.
- Making others happy enriches you!



### Readings (~93 pp.):

- Munger, M. *Tomorrow 3.0: Transaction Costs and the Sharing Economy*. (Chpts. 1-3 and 6). ...OR...
- Listen to Michael Munger's EconTalk podcast on Tomorrow 3.0.

**Final Essay Exam Due  
Tuesday, December 15 by 5:00 pm PST**

## An Important Pedagogical\* Note about this Class



POL S 270 is considered an upper division course. As such, I expect that students have adjusted to the more rigorous intellectual demands of university life. In general, I prefer not to teach directly from the text as I assume that students will keep up with the readings and will make a faithful effort to comprehend what is in the readings. Questions about difficult concepts or passages in the readings are always welcomed in lecture, section and/or office hours.

**Do not expect that I will lecture on everything in the readings.** You should expect that I will present the material in the text in a different way, or with my specific interpretation of the material. Hearing my interpretation of the reading material will allow you to view the readings in a slightly different light and provide you with a more robust understanding of the topic under discussion.

There is a high likelihood that the professor's lectures will run a bit behind the syllabus. Nonetheless, it is important that you keep to the reading schedule listed above. While the class may get "out of sync" a bit, it doesn't hurt to read something early, hear a different take in lecture, and then discuss it in section. This is how learning progresses, via continual re-visitation.

I expect students in my course to take the class seriously. I enjoy playing games in class, pressing students about their thoughts on a subject, and generally being playful with ideas. You may incorrectly interpret this as a lack of seriousness on my part. Nothing could be further from the truth. I have developed a deep passion for the subjects that I teach and want to share that passion with you.

Sometimes I will tell a student that he or she is wrong. Sometimes students will point out that I am incorrect. **Making mistakes and being corrected is a crucial part of the learning process.** If you are afraid of being corrected or challenged in class, you should reconsider what you are doing in college. That sounds harsh, but it is the truth. A university agenda that caters exclusively to the self-esteem of students and avoids ideas that challenge them does a great disservice to the intellectual development of those students. I will not partake in this watered-down pedagogy. You should demand no less.

Who is paying attention? The first person who reads this and posts a picture of an adorable Siberian Husky dog on the course website under the message entitled "Contest" on the Announcement page will get a cool prize. If you are not first, still post a picture of a dog, preferably a Husky or Malamute, to see how many people actually read the syllabus. And the first person to post a picture of them with Dubs or Dubs II will also receive a prize. Do not tell anybody else about this competition.

Sincerely,

**Prof. Gill**



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\* Pedagogy is a fancy schmancy way of saying "method or philosophy of teaching."

# An Important Note about Student Responsibility

You will learn many things in college, from anthropology to zoology and all things in between. However, the most important thing that any student should take away from college is the ability to set goals, develop the self-discipline to achieve them, and overcome obstacles along the way. College is an ideal environment to cultivate the fundamental skills that will be important to you in your future career, whether that be working for a law firm, being a manager in a large corporation, running your own small business, or working at a gas station. These fundamental skills include showing up on time, being able to learn from your mistakes, accepting corrective advice, and being able to overcome obstacles that temporarily divert you from your goals.

I often advise students to behave as if taking a course in political economy was their job. Would you expect to advance in your career, or earn a raise, if you consistently showed up late to meetings? Would you expect to gain favor with your employer if you blamed him or her for an error you made? How long would your employment last if you continually asked for special exemptions on exams and papers because you didn't get an early start on the assignment and you have other classes that have exams?

Given that personal responsibility and self-discipline are critical skills that need to be developed, I am going to challenge the students in this course to do the following:

- **Show up** for all lectures and discussion sections on time. You (and others) are paying substantial resources for your education; make the most of it by attending class with a professional attitude.
- **Plan ahead** for exams and assignments. Start studying earlier than the night before for an exam. Have your homework assignments printed out the night before they are due, not the morning of, and remember to turn them in on time.
- A **midterm and final exam** is not just a snapshot of what you happen to know on a specific date. Rather, it is an indication of how well you have been organizing your thoughts over time. As such, I frequently tell students that the exams begin not on the date and time listed in the syllabus, but they **really start on the first day of class**.
- **Participate** in section discussion and the online forum in a respectful manner and one that engages the material meaningfully. Be prepared when people debate your assertions.
- **Do NOT schedule early winter/spring break** airline reservations and expect the professor to give you a personalized exam so that you don't have to pay a rebooking fee. (This course is about trade-offs and you will need to weigh whether missing the final exam is less important than getting an extra few days of beach time. It may be for some people, and that is fine.)
- **Do NOT consistently miss lecture/section**, fail to turn in assignments, and then expect that the professor will give you a "passing" grade because you need to graduate and/or it affects your financial aid status.
- **Do NOT expect private tutoring sessions**. I teach a large number of students, as well as having other professional duties. As such, I do not have the time to review an entire lecture or three weeks of lectures during office hours. Office hours are to be used for directed, clarifying questions or specific comments. Prof. Gill also uses his office hours for group discussions where students are encouraged to engage with one another.
- **Do NOT ask for the professor's lecture notes or PowerPoint slides**. I won't give those out and they are not posted online. Period. Don't ask for them. Seriously.
- **I do NOT offer "extra credit"** to students who miss homework assignments or do poorly on exams. It is important to master the "regular credit" before asking for anything "extra." Do not ask for extra credit.

- **Only use your UW NetID email for communicating with faculty.** FERPA regulations restrict what the faculty can discuss with students over email, and in order for us to ensure we are talking to an enrolled student it is imperative that you only use your official UW email when interacting with faculty, teaching assistants, and administrators. In the professional world, your employer will often require you to only use your corporate email address for business use and separate your personal from professional email. Start practicing this now. The professor and TAs will not answer emails from private accounts even if they are “emergencies” the morning before an exam.
- **Communicate effectively** with your teaching assistants and professor. Proper grammar and spelling are always appreciated, as are informative “subject lines” in email communication. (True story: A student became upset with me for not being responsive after emailing me a problem with the subject line “hey.”)
- **It is unwise to opt out of the course email list.** This is a major means of communication between the professor and students. *It is wise* to do a regular check of your university email account in the evening in the event of any announcements (e.g., class cancellations because of snow). The professor will try to post important notices no later than 9:00 pm.
- **Plan ahead.** Anticipate potential roadblocks to the best of your ability and have a “Plan B.” This means that you shouldn’t wait until five minutes before an assignment is due to print it out at the library. Printers always break right before an assignment is due. Get your work done early. Keep backup files of your work. Catch an earlier bus on the day of an important exam.
- **If a problem arises** – and there are always surprises and emergencies in life – bring it to the attention of your teaching assistant and/or professor early in the process. Also, try to suggest a couple possible solutions to any problems that you might see arising. (Hint: A person who brings problems to an employer’s attention is typical employee; a person who identifies a problem and offers several solutions is a valuable employee.)
- **Use common sense** in all other areas of this class to cover anything that might have been missed on this list. Always ask yourself, “If I did this on the job, how would it affect my career?”
- **Playing computer games, texting, or surfing the Internet is distracting to those around you.** Don’t do it. Students often claim they are concerned about various negative externalities in society (e.g., air pollution), but often neglect to understand how their own personal actions affect those around them. Quiet attentiveness to lectures, when you are not asking questions or offering comments, will be considered the default option. If you must play video games during the regularly scheduled class period, do so elsewhere (recognizing that this means missing class).
- **Do NOT monopolize the professor’s time.** Your learning is important, but this is true for all other students in the class. Individuals who feel it necessary to ask questions every five minutes during lecture will be asked to cease and desist. I have had students who insisted class be taught a different way and in one that they designed themselves. While such creativity is admirable, there are students who enrolled in this class for the content and material designed by the current professor. Respect their choices.
- **Do NOT cheat.** We are on the lookout for plagiarized papers and papers contracted out to other individuals. There are several means that we have for detecting cheating and all cases of academic misconduct will be reported to the administration for action. You are paying a great deal of money (and time) to have your abilities tested here at the university. You want an honest assessment of those skills so that you can discover your weaknesses and improve yourself. Denying yourself that information will only hurt you in the long-run.

The above advice may sound patronizing to some students who are well-prepared for class. However, you should know that a significant portion of students in a large lecture class will not have even looked at the syllabus by the third or fourth week of the term and then expect me to give them a special dispensation for their inaction. Managing these issues takes time and affects my ability to prepare for class, work with other students who are keeping up with assignments, or affects my other professional duties. In other words, an individual student can impose a negative externality on other students via their actions. Each of the pointers on student responsibility listed above derives from some previous student behavior over the past two decades, often involving multiple students at different times. I put in a great deal of effort into this course, more than I am required to. I do this because I have a passion for the class and education. However, students looking for a quick grade or who seek to manipulate the rules to avoid doing the requisite coursework diminish that passion.



With sincere concern for your academic and professional future,

**Prof. Gill**

# The Legal & Other Stuff

## DISABILITY ACCOMMODATIONS

If you would like to request academic accommodations due to a disability, please contact Disability Resources for Student, 011 Mary Gates Hall, 206-543-8924 (V/TDD). If you have a letter from DRS indicating you have a disability that requires academic accommodations, please notify the professor within the first week of class so that adequate time can be devoted to meeting your accommodations

## RELIGIOUS ACCOMMODATIONS

Washington state law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities. The UW's policy, including more information about how to request an accommodation, is available at [Religious Accommodations Policy](#). Accommodations *must be requested within the first two weeks* of this course using the [Religious Accommodations Request Form](#).

## INCOMPLETE GRADES

**Incomplete grades may only be awarded if you are doing satisfactory work up until the last two weeks of the quarter.** Undergraduate students must not register for courses in which they have received an "incomplete," since a grade earned in a repeat course will not be recorded as an "incomplete" conversion grade. To obtain credit for the course, an undergraduate student must convert an Incomplete into a passing grade no later than the last day of the next quarter. An "incomplete" not made up by the end of the next quarter (summer excluded) will be converted to the grade of 0.0 by the Registrar unless the instructor has indicated, when assigning the "incomplete" grade, that a grade other than 0.0 should be recorded if the incomplete work is not completed. **The original "incomplete" grade is not removed from the transcript.** Students are responsible for knowing important registration and financial aid deadlines when scheduling make-up work for the incomplete. The professor will need at least one week's time to schedule make-up exams or assignments for incompletes, and an additional week to grade the completed assignments.

## RESOURCES FOR MENTAL HEALTH

Questions on mental health resources should be directed to the [UW Counseling Center](#). This website contains a list of helpful resources.

## GRADE APPEALS

All grade appeals are to be made directly to the professor and within one week of when assignments or exams are returned to the entire class/section, *not* one week after you access your grade. The appeal must be typewritten and submitted to the professor via email. It must address specific points that were critiqued in the graded assignment. Extraneous points of appeal (e.g., "I need this class to graduate," "My friends said this was a great essay," or "The TA doesn't like me") will not be evaluated as part of the appeal. **A 5-point "fee" (on a 100-point scale) will be assessed on all appeals.** If the appeal is accepted, this fee will be refunded and the grade appropriately changed. If the appeal is not accepted, the five points will be deducted from the current grade of the assignment. Be judicious in your appeal.