

Choice, Commerce, and Conflict: An Introduction to PPE

TTh 10:30-11:50am
Professor Ryan Doody

Course Syllabus

PHIL 0555 Choice, Commerce, and Conflict: An Introduction to PPE

Fall 2021

TTh 10:30-11:50am

Instructor: Ryan Doody

Location: Sayles Hall 204

Office hours: TTh 12-1pm

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Grading Breakdown

Reading Responses	...	15%
Homework & Quizzes	...	15%
Midterm Exam	...	25%
Final Exam	...	35%
Participation	...	10%

Schedule for Choice, Commerce, and Conflict

Fall 2021

Week 1: Introductions and Prisoners Dilemmas

September 9 - First Day of Class

No Reading

Week 2: A Primer on Game Theory, I

September 14 - Hobbes and the State of Nature

Excerpts from Thomas Hobbes' *Leviathan*

September 16 - Thinking Strategically I: Dominance and Common Knowledge
Excerpts from Ken Binmore's *Game Theory: A Very Short Introduction* (p. 17-21, 158-159, 168-170)

Watch [Wi-Phi Video on Prisoner's Dilemma](#) with Geoff Sayre-McCord

Reading Response #1 Due

Week 3: A Primer on Game Theory, II

September 21 - Thinking Strategically II: Nash Equilibria
Osborne, *An Introduction to Game Theory*, 2.1-2.7

September 23 - Thinking Strategically III: Nash Equilibria, Part 2
Cristina Bicchieri, "Rationality and Game Theory" in *The Oxford Handbook of Rationality*

Reading Response #2 Due

Week 4: Property, Part I

September 28 - Property in the State of Nature and Property as Convention
Review excerpt from Thomas Hobbes' *Leviathan*
David Hume's "Of Justice and Property"

September 30 - Property as Natural Right
John Locke's "Of Property"

Reading Response #3 Due

Week 5: Property, Part II

October 5 - Property as a Problem
Karl Marx's "Primitive Accumulation", "The Communist Manifesto"

October 7 - Tragedy of the Commons
David Schmidtz "Institution of Property"
Play [The Evolution of Trust](#) Activity
RECOMMENDED:
Excerpt from Ken Binmore's *Playing for Real* ("Tragedy of the Commons")
Elinor Ostrom "Collective Action and the Evolution of Social Norms"

Reading Response #4 Due

Week 6: Markets, Division of Labor, and Alienation

October 12 - The Division of Labor
Adam Smith's "Of the Division of Labor" (from *The Wealth of Nations*)

October 14 - Alienation and Bullshit Jobs
Excerpts from Marx's Economic and Philosophical Manuscripts (1844)
Excerpt from Smith's *Wealth of Nations*, Book V, Article II
David Graeber's "On the Phenomenon of Bullshit Jobs: A Work Rant"

Reading Response #5 Due

Week 7: Markets, Prices, and Information

October 19 - Price as a Signal & the Invisible Hand
Friedrich Hayek, "The Use of Knowledge in Society"

Play [The Parable of the Polygons](#)

RECOMMENDED:

Edna Ullman-Margalit, "Invisible-Hand Explanations"

October 21 - The Ethics of Price Gouging
Matt Zwolinski, "The Ethics of Price Gouging"
["Price Gouging in Emergencies"](#), *Rationally Speaking* Podcast

Reading Response #6 Due
Midterm Exam is Released

Week 8: Exchange and Efficiency

October 26 - The Fundamental Theorems of Welfare Economics
Allan Gibbard, "What's Morally Special About Free Exchange?"
Debra Satz, "Market and Nonmarket Allocation"

October 28 - Ethical Limits of the Market
Debra Satz, chapter 4, *Why Some Things Should Not Be for Sale: The Moral Limits of the Market*
Jason Brennan and Peter Jaworski, chapters 1-2, *Markets Without Limits*

Reading Response #7 Due
Midterm Exam is Due

Week 9: Market Failures

November 2 - Public Goods and Externalities
Tyler Cowen, "Public Goods"
Excerpts from David Friedman, "Market Failures"

November 4 - Healthcare Economics
Kenneth Arrow, "Uncertainty and the Welfare Economics of Medical Care"
(948-54, 961-2)

Reading Response #8 Due

Week 10: Economic Justice I

November 9 - Piketty and Economic Inequality
Watch *Capital in the Twenty-First Century* - a film by Justin Pemberton
RECOMMENDED:
Thomas Piketty, "Introduction" from *Capital in the Twenty-First Century*

November 11 - Rawls, Justice as Fairness, and Equal Opportunity
Excerpts from John Rawls' *A Theory of Justice*

Reading Response #9 Due

Week 11: Economic Justice II

November 16 - Nozick's Entitlement Theory of Justice
Excerpts from Robert Nozick's *Anarchy, State, and Utopia*
RECOMMENDED:
G.A. Cohen, "Robert Nozick and Wilt Chamberlain: How Patterns Preserve Liberty"

November 18 - Utilitarianism
Excerpt from Jeremy Bentham's *Principles of Morals and Legislation*
Excerpt from J.S. Mill's *Utilitarianism*

Reading Response #10 Due

Week 12: Introduction to Public Choice Theory

November 23 - Politics for Economists
Excerpts from Anthony Downs' *An Economic Theory of Democracy*

THANKSGIVING BREAK

Week 13: Public Choice, II

November 30 - The (Ir)rationality of Politics
Michael Huemer, "Why People Are Irrational about Politics"
C. Thi Nguyen, "[Escape the Echo Chamber](#)"

December 2 - Should You Vote?
Geoffrey Brennan and Loren Lomasky, "Is There a Duty to Vote?"

Reading Response #11 Due

Week 14: Paternalism

December 7 - UBI, Poverty, and Paternalism
Freakonomics "Is the World Ready for a Guaranteed Basic Income?"
Esther Duflo, "Human Values and the Fight Against Poverty"

December 9 - Should Medicine Be Regulated?
Jessica Flanigan, interview on her book *Pharmaceutical Freedom: Why Patients Have a Right to Self Medicate*

Game Theory

Introduction

Grade Game

Your activity grade will be determined in the following way:

You will be paired with one of your classmates at random.

- If you ask for an A and they do too, you will get a B.
- If you ask for an A and they ask for a B, you will get an A+.
- If you ask for a B and they do too, you will get a B+.
- If you ask for a B and they ask for an A, you will get a B-.

[Zoom Poll]

Grade Game

Represent the decision with a table

What should you do?

		Them	
		A	B
You	A	B	A^+
	B	B^-	B^+

Grade Game

How do you value the outcomes?

(What are the game's *payoffs*?)

$$A^+ > B^+ > B > B^-$$

Grade Game

How do you value the outcomes?

(What are the game's *payoffs*?)

$$\begin{array}{cccc} A^+ & B^+ & B & B^- \\ 2 & 1 & 0 & -1 \end{array}$$

Grade Game

Plug your payoffs into the table

		Them	
		A	B
You	A	0	2
	B	-1	1

Grade Game

What if they ask for an **A**? What should you do?

		Them	
		A	B
You	A	0	2
	B	-1	1

Grade Game

What if they ask for an **A**? What should you do?

		Them	
		A	B
You	A	0	2
	B	-1	1

Grade Game

What if they ask for an **B**? What should you do?

		Them	
		A	B
You	A	0	2
	B	-1	1

Grade Game

What if they ask for an **B**? What should you do?

		Them	
		A	B
You	A	0	2
	B	-1	1

Grade Game

So, either way...

		Them	
		A	B
You	→ A	0	2
	B	-1	1

Grade Game

		Them	
		A	B
You	→ A	0	2
	B	-1	1

Conclusion: You should ask for an **A** rather than for a **B**.

Grade Game

Your partner has either asked for an **A** or a **B**.

Conclusion: You should ask for an **A** rather than for a **B**.

Grade Game

Your partner has either asked for an **A** or a **B**.

If they asked for an **A**, then you should too.

Conclusion: You should ask for an **A** rather than for a **B**.

Grade Game

Your partner has either asked for an **A** or a **B**.

If they asked for an **A**, then you should too.

If they asked for a **B**, then you should ask for an **A**.

Conclusion: You should ask for an **A** rather than for a **B**.

Grade Game

Your partner has either asked for an **A** or a **B**.

If they asked for an **A**, then you should too.

If they asked for a **B**, then you should ask for an **A**.

Either way, you should ask for an **A** rather than for a **B**.

Therefore...

Conclusion: You should ask for an **A** rather than for a **B**.

Grade Game

Your partner has either asked for an **A** or a **B**.

If they asked for an **A**, then you should too.

If they asked for a **B**, then you should ask for an **A**.

Either way, you should ask for an **A** rather than for a **B**.

Therefore...

Conclusion: You should ask for an **A** rather than for a **B**.

(Strict) Dominance

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One strategy (e.g., “ask for an **A**”) *strictly dominates* another (e.g., “ask for a **B**”) just in case the payoff from the former is greater than the payoff of the latter no matter what the other players choose.

(Strict) Dominance

One strategy (e.g., “ask for an **A**”) *strictly dominates* another (e.g., “ask for a **B**”) just in case the payoff from the former is greater than the payoff of the latter **no matter what the other players choose.**

(Strict) Dominance

“Ask for an **A**” strictly dominates “ask for a **B**”.

“Ask for a **B**” is *strictly dominated*.

Life Lesson:

Do not play dominated strategies.

Grade Game

(Is this a descriptive or a normative question?)

What should happen?

		Them	
		A	B
You	A	B	A^+
	B	B^-	B^+

Grade Game

What should happen?

		Them	
		A	B
You	A	B, B	A^+, B^-
	B	B^-, A^+	B^+, B^+

Grade Game

What should happen?

		Them	
		A	B
You	A	0, 0	2, -1
	B	-1, 2	1, 1

Grade Game

What should happen?

		Them	
		A ↖	B
You ↗	A	0, 0	2, -1
	B	-1, 2	1, 1

Grade Game

If you each choose rationally, you'll both ask for an A and end up getting Bs (0).

		Them	
		A	B
You	A	0,0	2,-1
	B	-1,2	1,1

Grade Game

Had you each asked for a B instead though, you both would've received a B+ (1).

		Them	
		A	B
You	A	0,0	2,-1
	B	-1,2	1,1

Grade Game

You (both) prefer getting a B+ to getting a B.

		Them	
		A	B
You	A	0,0	2,-1
	B	-1,2	1,1

Grade Game

You (both) prefer getting a B+ to getting a B.

		Them	
		A	B
You	A	0,0	2,-1
	B	-1,2	1,1

The outcome in which you each ask for an A is *Pareto-dominated* by the outcome in which you each ask for a B.

(Strict) Pareto-Dominance

One outcome *strictly Pareto-dominates* another just in case everyone prefers the former to the latter.

(Strict) Pareto-Dominance

One outcome *strictly Pareto-dominates* another just in case everyone prefers the former to the latter.

The outcome $\langle \mathbf{B}, \mathbf{B} \rangle$ strictly Pareto-dominates the outcome $\langle \mathbf{A}, \mathbf{A} \rangle$.

The outcome $\langle \mathbf{A}, \mathbf{A} \rangle$ is *Pareto-dominated*.

Life Lesson:

Sometimes, acting rationally can result in a bad outcome.

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Example: The Prisoner's Dilemma

		Them	
		A	B
You	A	0,0	2,-1
	B	-1,2	1,1

Example: The Prisoner's Dilemma

Can you think of any real-life examples?

		Them	
		A	B
You	A	0,0	2,-1
	B	-1,2	1,1

Example: The Prisoner's Dilemma

Can you think of any real-life examples?

What are some ways we could avoid Prisoner's Dilemmas?

Can you think of any real-life examples?

What are some ways we could avoid Prisoner's Dilemmas?

(...Would we want to?)

What are some ways we could avoid Prisoner's Dilemmas?



Grade Game

Must this be a Prisoner's Dilemma?

		Them	
		A	B
You	A	B, B	A^+, B^-
	B	B^-, A^+	B^+, B^+

How else might you value the outcomes?

Grade Game

Must this be a Prisoner's Dilemma? No.

		Them	
		A	B
You	A	B, B	A^+, B^-
	B	B^-, A^+	B^+, B^+

How else might you value the outcomes?

Grade Game

Must this be a Prisoner's Dilemma? No.

		Them	
		A	B
You	A	B, B	Guilt! ☹️
	B	B^-, A^+	B^+, B^+

How else might you value the outcomes?

Grade Game

Must this be a Prisoner's Dilemma? No.

		Them		
		A	B	
You	A	B, B	Guilt!	
	B	B^-, A^+	B^+, B^+	

How else might you value the outcomes?

Grade Game

Must this be a Prisoner's Dilemma? No.

		Them		
		A	B	
You	A	B, B	Guilt!	
	B	Anger!	B^+, B^+	



How else might you value the outcomes?

Life Lesson:

Often, what it's rational for you to do depends on what you care about.

Life Lesson:

Often, what it's rational for you to do depends on what you care about.

The *payoffs* matter.

Grade Game

Must this be a Prisoner's Dilemma? No.

		Them		
		A	B	
You	A	B, B	Guilt!	
	B	Anger!	B ⁺ , B ⁺	

How else might you value the outcomes? 

Grade Game

Must this be a Prisoner's Dilemma? No.

		Them		
		A	B	
You	A	0, ??	Guilt!	
	B	Anger!	1, ??	

How else might you value the outcomes? 

Grade Game

Must this be a Prisoner's Dilemma? No.

		Them		
		A	B	
You	A	0, ??	-1, ??	
	B	Anger!	1, ??	

How else might you value the outcomes? 

Grade Game

Must this be a Prisoner's Dilemma? No.

		Them		
		A	B	
You	A	0, ??	-1, ??	
	B	-2, ??	1, ??	

How else might you value the outcomes?

Grade Game

What should you do in this case?

		Them	
		A	B
You	A	0, ??	-1, ??
	B	-2, ??	1, ??

Grade Game

What should you do in this case?

		Them	
		A	B
You	A	0, ??	-1, ??
	B	-2, ??	1, ??

Grade Game

What should you do in this case?

Do you have a dominant strategy?

No.

		Them	
		A	B
You	A	0, ??	-1, ??
	B	-2, ??	1, ??

It depends on what your classmate does!

Grade Game

What should you do in this case?

Do you have a dominant strategy?

No.

		Them	
		A	B
You	A	0, ??	-1, ??
	B	-2, ??	1, ??

It depends on what your classmate does!

Grade Game

What will your classmate do?

What should you do in this case?

		Them	
		A	B
You	A	0, ??	-1, ??
	B	-2, ??	1, ??

It depends on what your classmate does!

Life Lesson:

Sometimes, what it's rational for you to do depends on what *others* care about.

Life Lesson:

Sometimes, what it's rational for you to do depends on what *others* care about.

Think: "What might they do?"

Grade Game

What will your classmate do?

What should you do in this case?

		Them	
		A	B
You	A	0, ??	-1, ??
	B	-2, ??	1, ??

It depends on what your classmate does!

Grade Game

Suppose they only care about the grade they will receive.

What should you do in this case?

		Them	
		A	B
You	A	0, ??	-1, ??
	B	-2, ??	1, ??

It depends on what your classmate does!

Grade Game

Suppose they only care about the grade they will receive.

What should you do in this case?

		Them	
		A	B
You	A	0, 0	-1, -1
	B	-2, 2	1, 1

It depends on what your classmate does!

Grade Game

Suppose they only care about the grade they will receive.

What should you do in this case?

		Them	
		A	B
You	A	0, 0	-1, -1
	B	-2, 2	1, 1

Can you figure out what they would choose?

Grade Game

Suppose they only care about the grade they will receive.

What should you do in this case?

		Them	
		A	B
You	A	0	-1
	B	2	1

Can you figure out what they would choose?

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		Them	
		A	B
You	A	0	-1
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Can you figure out what they would choose?

Grade Game

Suppose they only care about the grade they will receive.

What should you do in this case?

		Them	
		A 	B
You	A	0	-1
	B	2	1

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Grade Game

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		Them	
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What should you do in this case?

		Them	
		A 	B
You	A	0	-1
	B	2	1

For them, asking for an A strictly dominates.
So, they will ask for an A.

Grade Game

Suppose they only care about the grade they will receive.

What should **you** do in this case?

		Them	
		A 	B
You	A	0, 0	-1, -1
	B	-2, 2	1, 1

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		Them	
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You	A	0, 0	-1
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Grade Game

Suppose they only care about the grade they will receive.

What should you do in this case?

		Them	
		A 	B
You 	A	0, 0	-1
	B	-2, 2	1

If they ask for an A, you should too.

Grade Game

Suppose they (like you) would feel guilt/anger?

		Them	
		A	B
You	A	0, 0	-1, ??
	B	-2, ??	1, 1

Can you figure out what they would choose?

Grade Game

Suppose they (like you) would feel guilt/anger?

		Them	
		A	B
You	A	0, 0	-1, -2
	B	-2, -1	1, 1

Can you figure out what they would choose?

Grade Game

		Them	
		A	B
You	A	0, 0	-1, -2
	B	-2, -1	1, 1

Think about it.

Grade Game

If you ask for an A, what should they do?

		Them	
		A	B
You	A	0, 0	-1, -2
	B	-2, -1	1, 1

Think about it.

Grade Game

If you ask for an **A**, what should they do?

If you ask for a **B**, what should they do?

		Them	
		A	B
You	A	0, 0	-1, -2
	B	-2, -1	1, 1

Think about it.

Grade Game

(This is now a *coordination* game.)

What they will do depends on what they think you will do.

		Them	
		A	B
You	A	0, 0	-1, -2
	B	-2, -1	1, 1

What you should do depends on what you think they will do.

The Number Game

The Number Game

Choose a number between 1 and 100.

The number that is closest to two-thirds of the average wins the prize.

Good luck!