
HOW MONEY, DEBT & TAX MADE THE MODERN ECONOMY in Fall 2018 (EC1091FB12)

Course Code	EC1091FB12	Professor(s)	Maria Bach
Prerequisites	None	Office Number	G205
Class Schedule	MR: 16:55-18:15 in SD-3	Office Hours	Wednesdays 17:00-19:00 (By Appointment) mbach@aup.edu
Credits	4	Email	
Semester	Fall 2018	Office Tel. Ext.	

Course Description

This course is an introduction to key economic concepts and instruments that make up our modern economy. The course will focus on money, debt and tax in an attempt to understand when these things were invented and why. Our exploration will help us understand how our economy works and doesn't work. We examine how money, debt and tax came about through an historical analysis of old and new texts, some well-known, others hardly at all. The kinds of questions you will be able to answer by the end of the course include: why does money, of all things, have the ability to exchange all goods? When was money first invented and how does it help our economy function? How can you just invent a new kind of money like a cryptocurrency? What is debt and what role does it play in society? Is debt good, bad or something else? When and why were taxes invented? Have you ever thought about how taxes can (or doesn't) keep society together?

Course Learning Outcomes

General Education

The general education program at AUP consists of four requirements: Speaking the World, Modeling the World, Mapping the World, and Comparing Worlds Past and Present.

This course can be used to fulfill the Mapping the World requirement and as such has the following learning outcomes:

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- Analyzing how the market system functions from a macroeconomic perspective
 - Analyzing and discussing economic fluctuations and their underlying reasons
 - Placing economic performances and experiences in a comparative perspective

Course Outline

SUBJECT TO CHANGE

All required reading and listening marked with an *

A. What is an economy? What is economics? (~ 2 lectures)

Activities:

1. Division of labour: make your own origami in teams or individually. Which is more efficient?
2. Sign up to the Economy newsletter: <https://www.ecnmy.org/>

Questions:

1. Do the economy and economics mean the same to everybody?
2. How can division of labour be helpful to the economy and to humankind? How can it not?
3. What is a market? What are the limits of the market?
4. What does the economy mean to you?
5. Do you think our society and economy works?
6. Is there a particular perspective on the economy we have discussed that you prefer?
7. What's the link between happiness and economic growth?

Reading:

1. *Economix*, pp. 1-41 *
2. The Economist, "Economists focus too little on what people really care about"
<https://www.economist.com/news/finance-and-economics/21741563-fourth-our-series-professions-shortcomings-economists-focus-too> *

Listening and Watching:

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1. How could economics change to better the world:
<http://freakonomics.com/podcast/earth-2-0-economics-edition-part-1/> *
 2. Adam Smith and the not so invisible hand:
<https://www.npr.org/player/embed/121445635/380279749>
 3. The American Economic Association on what is economics:
<https://www.aeaweb.org/resources/students/what-is-economics>
 4. Simple answer: <https://www.youtube.com/watch?v=2YULdjmg3o0>

Concepts:

1. Economic growth
2. Society
3. Market
4. Economy
5. Economics
6. Gross Domestic Product (GDP)
7. Positive and Negative Externalities

B. Understanding Basic Economics Concepts (~ 2 lectures)

Activities:

1. A Bingo Definition Game
2. Where and how have you heard these terms used in your life?
3. Can you think of any others?
4. Invent your own!

Questions:

1. How can basic economics concepts help us understand our society?
2. What kind of worldview do concepts in economics construct?
3. How important is the definition of a concept? Do we need to care?

Reading:

1. *Economix*, pp. 43-72, 292-294. *
2. Read handout on Blackboard. *
3. 12 most important economics concepts: <https://fee.org/articles/twelve-economic-concepts-everyone-should-know/>
4. The Economist, "Economics Briefs: six big ideas" <https://www.economist.com/sites/default/files/econbriefs.pdf>

Listening and Watching:

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1. Basic Economics Concepts: <https://www.youtube.com/watch?v=Jh6eTPBJODU>

C. **Debt** (~ 4 lectures)

Activities:

1. Role playing a bank's job

Questions:

1. What role does debt play in society?
2. How can debt be helpful?
3. When is debt harmful?
4. Why do we think debt is inherently bad?
5. What is the link between debt, poverty, inequality and justice?

Reading:

1. *Economix*, pp. 73-94*
2. Graeber, David. 2011. *Debt: The First 5,000 Years*. New York: Melville House Publishing. Read "the Myth of Barter" pp. 21-42 * (find scanned copy on Black Board)
3. McClanahan, Annie. 2017. *Dead pledges: debt, crisis, and twenty-first-century culture*, introduction, pp. 1-20 *
<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=cat06138a&AN=AUPL.183550&site=eds-live&scope=site>

Listening:

1. Promises, Promises: A History of Debt by David Graeber:
<https://www.bbc.co.uk/programmes/b054zdp6> *
2. Planet Money and This American Life Role Playing about Banks:
<https://www.thisamericanlife.org/375/bad-bank> *
3. Credit Card: 50 things that made the modern economy
<https://www.bbc.co.uk/programmes/w3csvt0l>

D. **Money** (~ 4 lectures)

Activities:

1. What does money mean to you?
2. Imagine your ideal money

Questions:

1. What is money?
2. Why do we accept money in exchange for goods?
3. What value and use does money have in our economy?
4. What is the link between money and inequality and justice?
5. Is there is a certain amount of money you need? Is it the same amount for everybody?

Reading:

1. *Economix*, pp. 95-130 *
2. Goetzmann, William N. 2016. *Money Changes Everything: How Finance made Civilisation Possible*. Princeton: Princeton University Press, Chapter 9 *
<https://ebookcentral.proquest.com/lib/aup/detail.action?docID=4982435>
3. McLeay, Michael, Amar Radia and Ryland Thomas. 2014. Money Creation in the Modern Economy, *Quarterly Bulletin*, 1: 14-27
<https://www.bankofengland.co.uk/-/media/boe/files/quarterly-bulletin/2014/money-creation-in-the-modern-economy.pdf> *
4. Cryptocurrency: https://www.hoover.org/sites/default/files/bordo-levin_bullets_for_hoover_may2017.pdf
5. What is cryptocurrency, how does it work and why do we use it?
<https://www.telegraph.co.uk/technology/0/cryptocurrency/>

Listening and Watching:

1. What is money: <https://www.npr.org/player/embed/97430139/380149061> *
2. Paper Money by 50 Things that Made the Modern Economy:
<https://www.bbc.co.uk/programmes/p059c7g1> *
3. What is money?: <https://www.youtube.com/watch?v=01lusDeSPE4> *
4. Money among monkeys: <https://www.npr.org/player/embed/114025412/380265846> *
5. Pro-Gold Standard Arguments:
<https://www.npr.org/player/embed/133790581/380410291>
6. Anti-Gold Standard Arguments:
<https://www.npr.org/sections/money/2015/01/16/376967946/episode-253-gold-standard-r-i-p>
7. When money dies – i.e. hyperinflation:
<https://www.npr.org/player/embed/105882613/380238262>
8. How money got weird: <https://www.npr.org/player/embed/140965168/380629236>
9. Defining money: <https://www.npr.org/player/embed/97553474/380149915>
10. Minimum wage: <https://www.npr.org/player/embed/113812072/380264118>

Concepts:

1. Finance
2. The Gold Standard
3. Cryptocurrency

4. Minimum wage

E. Tax (~ 4 lectures)

Activities:

1. Fill out a tax declaration.
2. Figure out what taxes pay for.
3. Inequality: choose winners and losers. Have them make life choices. Discuss how you felt. What were the difficulties? Did you feel unfairly treated?

Questions:

1. How did taxes come about?
2. Why do we have taxes?
3. Do taxes have the same purpose and function as they did when they were first invented?
4. What incentives do taxes produce?
5. What are the top myths about taxes?
6. Are taxes bad or good? Is it that simple?

Reading:

1. *Economix*, pp. 130-196 *
2. The History of Taxation: <http://www.worldtaxation.com/uncategorized/history-of-taxation.html> *
3. A short history of American taxes: <https://www.forbes.com/2010/04/14/tax-history-law-personal-finance-tax-law-changes.html#5b76382b1cf8> *
4. How your government spends your taxes: http://www.bbc.com/capital/story/20150216-my-taxes-go-where?ocid=global_bbccom_email_19022015_capital *
5. Joseph J. Minarik, "Taxation." *The Concise Encyclopaedia of Economics*. 2008. Library of Economics and Liberty <http://www.econlib.org/library/Enc/Taxation.html>
6. Adams, Charles. 1993. *For Good and Evil: The Impact of Taxes on the Course of Civilization*. Madison Books. <https://ebookcentral.proquest.com/lib/aup/detail.action?docID=1022129> *
7. Trump, Reagan and the Laffer Curve: A critique: <https://qz.com/895785/laffer-curve-everything-trump-and-republicans-get-wrong-about-trickle-down-economics-and-reaganomics/> *

Listening:

1. Medieval Economics: the beginnings of tax <https://www.npr.org/player/embed/136067249/380447126> *

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2. Economic incentives: <https://www.npr.org/player/embed/129334793/380348768> *
 3. Tax Breaks, the cold chain by 50 things that made the modern economy: <https://www.bbc.co.uk/programmes/w3csv3gw>
 4. Poverty line: <https://www.npr.org/player/embed/106410735/380241538>

Concepts:

1. Redistribution
2. Income distribution
3. Democracy

F. How do debt, money, tax and other things hold a society together (or not)? (~ 4 lectures)

Activities:

1. Read out loud your answer to how do debt, money and tax and other things hold society together (or not)?

Questions:

1. How does debt, money and tax hold society together?
2. What other components are important to hold society together?
3. What does not hold society together? Is it a question of degree?
4. What is a fair economy?
5. What is hard work? Is hard the only determinant of a materially successful life?
6. Do you think our society and economy works? Is your answer different from your answer at the beginning of the course?
7. Is there a particular perspective on the economy we have discussed that you prefer? Is it different from the one you choose at the beginning of the course?

Reading:

1. *Economix*, pp. 197-291 *
2. *XYZ of Socialism* <https://fee.org/resources/the-xyz-s-of-socialism/>

Listening:

1. The plough by 50 things that made the modern economy: <https://www.bbc.co.uk/programmes/w3csvt0k> *
2. Poverty Series: <https://www.npr.org/series/155932539/poverty-in-america> *
3. The global economy, independence and the government: <http://freakonomics.com/podcast/i-pencil/> *
4. Is income inequality inevitable? <http://freakonomics.com/podcast/earth-2-0-income->

[inequality/](#) *

5. The welfare state by 50 things that made the modern economy:
<https://www.bbc.co.uk/programmes/w3csv3gv> *
6. The public debt and public goods:
<https://www.npr.org/player/embed/131203975/380373427> *
7. Would you rather be rich in 1900 or middle class now?
<https://www.npr.org/player/embed/130524101/380364055> *
8. Varieties of Capitalism: <https://www.npr.org/player/embed/113450137/380261524> *
9. Microfinance: <https://www.npr.org/player/embed/130201055/380359568>

Concepts:

1. Poverty
2. Inequality
3. Different models for the economy: socialism, liberalism, welfare
4. International trade
5. Development Aid

G. Midterm, Final Review and Essay Workshop Lectures (3 lectures)

Exam preparation for Midterm (1 lecture) and for Final (1 lecture). The Midterm review will come about a week before the midterm and the final review will happen in our last class. The essay workshop will take place after the Midterm.

Activities:

1. Key Concept Definition: around the circle game
2. Understanding Key Models
3. Writing a Persuasive Argument in Economics (essay workshop)

Questions:

1. What can get you full marks on the exam?
2. How do you plan your answer out first?
3. What is a good way to manage your time during the exam?
4. Which key pieces of information should you memorise and write down as you soon as the exam starts?

Reading and Resources:

For exam preparation:

1. Exam preparation tips: <https://www.topuniversities.com/student-info/health-and-support/exam-preparation-ten-study-tips>

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2. Exam preparation tips: <https://www.indiatoday.in/education-today/tips-and-tricks/story/9-study-tips-for-exam-preparation-html-1143960-2018-01-12>
 3. Time management tips: <https://www.topuniversities.com/blog/7-time-management-tips-students>
 4. AUP's Health and Wellness Division offers workshops on time management: <https://www.aup.edu/student-life/support/health-wellness/workshops>

For writing:

1. McCloskey, Deidre. 2000. Economical Writing. 2nd edition. Long Grove, IL: Waveland Press.
 - a. Copy exists at library on reserve:
<http://proxy.aup.fr/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=cat06138a&AN=AUPL.184412&site=eds-live&scope=site>
 - b. See executive summary here:
https://www.deirdremccloskey.com/docs/pdf/Article_309.pdf
 - c. See my top take-aways from the book here:
<https://twitter.com/mvsbach/status/993065420352520194>
 - d. Advice on taking notes while you read relevant literature:
<http://advice.writing.utoronto.ca/researching/notes-from-research/>
2. How to write a paragraph: <http://blogs.lse.ac.uk/writingforresearch/2017/07/17/how-to-write-paragraphs-in-research-texts-articles-books-and-phds/>
3. Top Ten Style Checks:
<http://blogs.lse.ac.uk/writingforresearch/2017/07/17/top-ten-style-checks/>
4. The OECD Writing Style Guide: <https://www.oecd.org/about/publishing/OECD-Style-Guide-Third-Edition.pdf>

H. Reflective Seminars

1. Wednesday 12th September

Information literacy and research skills in the library: skills for researching your first philosophy essay

2. Wednesday 26th September

Information literacy and research skills in the library

- a. How to accurately summarize a text
- b. Definition of concepts according to certain authors and within certain texts
- c. How to use sources to answer questions

3. Wednesday 10th October

Public speaking and slide-presentation skills + instructions for development of podcast storyboard

4. Wednesday 24th October

- Presentation of storyboards for podcasts (7-8 minutes)
- Podcast production skills (bring your laptop/tablet)

Activities:

1. Role Play.
2. Pitch your idea.
3. Record.
4. Edit in Audacity.

Reading: Top ten recording tips: <https://www.smartpassiveincome.com/10-podcast-recording-tips/> *

Listening and Watching:

1. How to edit on Audacity: https://www.youtube.com/watch?v=GHe_Og-yEow *
2. How to make a podcast: lessons from an NPR producer: <https://okdork.com/how-to-make-a-podcast/> *
3. Podcast Examples for inspiration:
 - a. 50 things that made the Modern Economy: <https://www.bbc.co.uk/programmes/p04b1g3c/episodes/downloads>
 - b. Planet Money: <https://www.npr.org/sections/money/>
 - c. Freakonomics: <http://freakonomics.com/archive/>
 - d. Hidden Brain: <https://www.npr.org/podcasts/510308/hidden-brain>

5. Wednesday 7th November

Site visit: bring walking shoes (pay attention to the rdv)

6. Wednesday 21st November

Presentation of Podcasts (10 minutes max) and anonymous feedback system

Textbooks

Title	Author	Publisher	ISBN	Required
Economix: how and why our economy works	Goodwin, Michael	Abrams ComicArts	978-0606267304	Yes

(and doesn't work)
in words and
pictures

Attendance Policy

Students studying at The American University of Paris are expected to attend ALL scheduled classes, and in case of absence, should contact their professors to explain the situation. It is the student's responsibility to be aware of any specific attendance policy that a faculty member might have set in the course syllabus. The French Department, for example, has its own attendance policy, and students are responsible for compliance. Academic Affairs will excuse an absence for students' participation in study trips related to their courses.

Attendance at all exams is mandatory.

IN ALL CASES OF MISSED COURSE MEETINGS, THE RESPONSIBILITY FOR COMMUNICATION WITH THE PROFESSOR, AND FOR ARRANGING TO MAKE UP MISSED WORK, RESTS SOLELY WITH THE STUDENT.

Whether an absence is excused or not is ALWAYS up to the discretion of the professor or the department. Unexcused absences can result in a low or failing participation grade. In the case of excessive absences, it is up to the professor or the department to decide if the student will receive an "F" for the course. An instructor may recommend that a student withdraw, if absences have made it impossible to continue in the course at a satisfactory level.

Students must be mindful of this policy when making their travel arrangements, and especially during the Drop/Add and Exam Periods.

Grading Policy

	Description	Percentage of grade	Due date
In class Quizzes	A quiz for each reading and listening assignment	15%	At least once a week/most probably every class.
Midterm exam	Exam on all contents before Spring break	20%	Mid-semester
Final exam	Exam on all course contents	50%	During the exam at the end of the semester.

Podcast Assignment	1. Choose a thing – e.g. the printing press, the credit card. 2. Pitch your idea and story board to the class. 3. Record and edit a 10-minute podcast episode.	15%	21 November
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Other

IMPORTANT DATES:

10 September (Monday) - Classes begin

16 September (Sunday) - Last day to DROP/ADD courses online

24 October (Wednesday) - Mid-semester

26 October (Friday) - Mid-semester grades due

31 October - 4 November (Wednesday to Sunday) - Fall Break (no classes)

9 November (Friday) - Last day to withdraw from a course/no credit option

12 December (Wednesday) - Last day of Classes

13 December - 16 December (Thursday to Sunday) - Reading Days

17 December (Monday) - 21 December (Friday) - Final Exams

3 January (Thursday) - All grades due