

University of Waterloo
Department of Philosophy
Philosophy 371
Special Topics: Philosophy of Economics
Winter 2014
T Th 10:30 - 11:50, EV3 3408

Instructor: Patricia Marino
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Office Hours: Tuesdays and Thursdays 1:00-2:00 and by appointment
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Course Description

The philosophy of economics is concerned with conceptual, methodological, foundational and ethical issues in economic theory and practice. In this course we'll start by reading some classical texts by David Hume, Adam Smith, and J. S. Mill. We'll then turn to a discussion of economic methodology, considering Milton Friedman's positivism/instrumentalism and approaches influenced by the idea of falsification introduced by Karl Popper; we end this section with discussion of the question of whether economics is properly considered a science. In the middle part of the course is a critical examination of rational choice theory. Is this theory a good idealization of what human reasoning is like? What are the assumptions and challenges of behavioral economics? After a brief discussion of two classic texts on economics and ideology, we finish with an in-depth discussion of the relationship between ethics and economics and the role that values play -- and ought or ought not to play -- in economic reasoning.

Course Requirements

Requirements: Attendance at class meetings, participation in in-class discussions and projects, two papers, one optional rewrite, two in-class tests. There is no final exam; the second paper is due during finals period. The first paper should be 900-1200 words and topics will be handed out. For the first paper, you have the option of handing in a rewrite based on my comments. If you choose to do this your new paper grade will be an average of the original and the rewrite; your grade will not go down if the new draft is worse, but improved grades require significant changes and not just small edits. The second paper should be 1500-1800 words, and is due during the final exam period. Tests will be a mix of quotation identification, quotation explanation, short answer, and short essay.

Paper assignments will ask you to write about your own ideas about a philosophical problem while engaging the texts and ideas we've encountered in class. The focus is on presenting an original argument. Of course this means the ideas in your papers must be your own; we will talk more in class about how to ensure that the ideas you present as your own really are, and how to cite any outside sources you do use appropriately. If you have any questions at any time about academic honesty and what it requires, do not hesitate to ask. Just raise your hand or approach me after class.

All readings are posted on the LEARN course page as pdfs you can download or as links to online sources. Everyone is expected to have read the reading before the date for which it is listed and to be ready to discuss it in class. I will post study questions on LEARN ahead of time for each week's reading and you should come to class having given some thought to these. **YOU MUST BRING THE TEXT WE'RE DISCUSSING TO CLASS** -- you can print it out, bring a laptop, or bring a tablet, but you must have the text with you. Course announcements and information will be on the LEARN page so please check it daily.

Attendance is required and everyone should participate in class discussion. Participation can take several forms: you may pose an informed question, or volunteer an answer to one of the study questions, or offer a response to me or to another student. If you come to class regularly without participating, your attendance and participation grade will be 70 percent (you may miss up to four classes for any reason with no penalty). If you participate regularly that will increase your participation grade; if you attend less frequently that will lower it.

There will be time in each class meeting for clarification questions and discussion questions from the students -- come to class with questions of both kinds. On days you can't make it to class you're responsible for finding out what we covered and talked about.

Philosophy texts are often dense with argumentation and you should expect to read each reading more than once. In class, I will explain some context for the ideas in the readings, raise questions, propose topics for discussion, and answer particular questions you have about the readings. But I won't be summarizing the readings or presenting the ideas in simplified form. The main reason for this is that one thing you are learning in a philosophy course is how to think for yourself about complex ideas, and this means encountering ideas in their original form, so you can form your own opinions. In a course like this, improving your reading, thinking and expression skills is more important than learning any particular set of information.

If you have questions about the syllabus, the course, the requirements, the assignments, or anything else to do with this course, please do not hesitate to ask!

Assessment

Attendance and participation: 10%

Test 1, Feb 6 (week 5), 15%

Paper 1, due Feb 12 (week 6) (via LEARN before class time), 25%

Test 2, Apr 3 (week 12) 15%

Paper 2, due Apr 10 (via LEARN, before 5:00pm), 35%

Late Work

Please submit your papers to LEARN before class on the day they are due. Obviously, you should hand in your papers on time, but if you must be late, I will subtract three percentage points from your paper grade per day of lateness. If you experience unexpected difficulties like illness or personal difficulties, please let me know as soon as possible; if you expect to miss a deadline, let me know by email before the deadline rather than after.

Information on Plagiarism Detection

No formal or technological plagiarism detection mechanisms will be used in this class.

Electronic Device Policy

There is no formal policy against the use of laptops or tablets in class, but there are two rules: 1) you may not use any technology in ways that are distracting to me or to the other students and 2) you must be mentally present for what is going on in the classroom. Apply to class the same norms you would apply to a conversation -- so, for example, using a laptop to take notes or look up something relevant to the discussion is fine, but please no videos, social networking, email, or checking your phone during class. If you must use your phone, please leave the classroom.

Course Outline and Readings

Week 1: Background 1: Introduction and Hume on induction, morals, and free will

Jan 7 Introduction

Jan 9 David Hume, *Enquiry Concerning Principles of Morals*, Section 1, Section 2, and Section 3 part 1 (text available at <http://www.gutenberg.org/ebooks/4320>) and David Hume, *Enquiry Concerning Human Understanding*, Section IV Part 1 and 2, and Section VIII Part 1 (text available at <http://www.gutenberg.org/ebooks/9662>).

Week 2 Background 2

Jan 14 Hausman, "Introduction to Economics" from his edited collection, *Philosophy of Economics: An Anthology 3rd ed.* (Cambridge University Press, 2007) and Adam Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations*, Book 1, Chapter 2 ("Of the Principle which Gives Occasion to the Division of Labor," and Book 4 Chapter 2 ("Of Restraints Upon Importation from Foreign Countries of Such Goods as Can Be Produced at Home") (text available at <http://www.gutenberg.org/ebooks/3300>). (Optional: William Grampp, "What Did Smith Mean by the Invisible Hand?" *Journal of Political Economy*, 108(3) (2000), 441–465.)

Jan 16 John Stuart Mill, "On the Definition of Political Economy and the Method of Investigation Proper to It" (read only from "What is now commonly understood by the term 'Political Economy' is not..." to the end of the essay). This is Essay V of *Essays on Some Unsettled Questions of Political Economy*, text available at <http://www.gutenberg.org/ebooks/12004> and also as a free kindle download)/

Week 3 Methodology and justification 1: Friedman and his critics

Jan 21 Milton Friedman, "The Methodology of Positive Economics," in *Essays in Positive Economics*, University of Chicago Press 1953, 3-43. Available at <http://nw18.american.edu/~dfagel/Class%20Readings/Friedman/Methodology.pdf> and other online sources.

Jan 23 Bruce Caldwell, "Critique of Friedman's Methodological Instrumentalism," *Southern Economic Journal* (1980), 366-374.

Week 4 Methodology and justification 2: Popperian approaches

Jan 28 Karl Popper, Chapter 1 of the *Logic of Scientific Discovery* (Routledge, 2002).

Jan 30 Bruce Caldwell, "Clarifying Popper," *Journal of Economic Literature*, 29(1) (1991), 1-33.

Week 5 Is economics a science?

Feb 4 Alfred Eichner, "Why Economics is Not Yet a Science" and also Chetty http://www.nytimes.com/2013/10/21/opinion/yes-economics-is-a-science.html?hp&_r=3&pagewanted=all&_http://www.newappsblog.com/2013/10/a-sardonic-tweet-by-a-duke-sociologist-about-this-years-nobels-in-economics-generates-anop-ed-response-in-the-new-york-times.htm and other online and blog discussions.

Feb 6 **TEST 1**

Week 6 Feminism, politics, and rational choice theory

Feb 10 Paula England, "A Feminist Critique of Rational-Choice Theories: Implications for Sociology," *The American Sociologist*, 20(1) (1989), 14-28.

Feb 12 Ann Cudd, "Rational Choice Theory and the Lessons of Feminism" in Antony, Witt, and Atherton eds., *A Mind of One's Own: Feminist Essays on Reason and Objectivity* (Westview Press, 2001), 398-417. **FIRST PAPER DUE.**

READING WEEK

Week 7 Rational choice theory and the nature of rationality

Feb 25 Jean Hampton, "Rethinking Reason," *American Philosophical Quarterly*, 29(3) (1992), 219-236.

Feb 27 Class cancelled, but read half of Christine Jolls, Richard Thaler, and Cass Sunstein, "A Behavioral Approach to Law and Economics," *Stanford Law Review* 1998, 1471-1550.

Week 8 Behavioral economics

Mar 4 Christine Jolls, Richard Thaler, and Cass Sunstein, "A Behavioral Approach to Law and Economics," *Stanford Law Review* 1998, 1471-1550.

Mar 6 Richard Posner, "Rational Choice, Behavioral Economics, and the Law" *Stanford Law Review* (1998): 1551-1575.

Week 9 Economics and ideology

Mar 11 Joseph Schumpeter, "Science and Ideology," *The American Economic Review*, Vol. 39, No. 2 (1949), pp. 346-359.

Mar 13 Joan Robinson, selection from *Economic Philosophy* Chapters 2 and 3 (pp. 26-72).

Week 10 Ethics and economics 1

Mar 18 Daniel Hausman, and Michael McPherson, "Taking Ethics Seriously: Economics and Contemporary Moral Philosophy," *Journal of Economic Literature* 31(2) (1993), 671–731 (read up to page 701).

Mar 20 Daniel Hausman, and Michael McPherson, "Taking Ethics Seriously: Economics and Contemporary Moral Philosophy," *Journal of Economic Literature* 31(2) (1993), 671–731 (read the rest).

Week 11 Ethics in economics 2

Mar 25 Martha Nussbaum, "Flawed Foundations: The Philosophical Critique of (A Particular Type of) Economics," *University of Chicago Law Review* 64 (1997), 1197-1214.

Mar 27 Robert Frank, "Why is Cost-Benefit Analysis So Controversial?" *The Journal of Legal Studies*, 29(S2) (2000), 913–930.

Week 12 The role of values in economics

Apr 1 Andrea Scarantino, "On the Role of Values in Economic Science: Robbins and his Critics." *Journal of the History of Economic Thought*, 31(4) (2009), 449-473.

Apr 3 TEST 2

Cross-listed course:

Please note that a cross-listed course will count in all respective averages no matter under which rubric it has been taken. For example, a PHIL/PSCI cross-list will count in a Philosophy major average, even if the course was taken under the Political Science rubric.

Academic Integrity:

Academic Integrity: In order to maintain a culture of academic integrity, members of the University of Waterloo are expected to promote honesty, trust, fairness, respect and responsibility.

Discipline: A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to [Policy 71 - Student Discipline](#).

Grievance: A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read [Policy 70 - Student Petitions and Grievances](#), Section 4.

Appeals: A student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read [Policy 72 - Student Appeals](#).

Other sources of information for students:

[Academic Integrity website \(Arts\)](#) [Academic Integrity Office \(uWaterloo\)](#)

Accommodation for Students with Disabilities:

Note for students with disabilities: The [AccessAbility Services](#) office, located in Needles Hall Room 1132, collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register w