

LPS/PHIL 144: PHILOSOPHY OF ECONOMICS

SPRING 2013

COURSE INFORMATION

Instructor:

Simon Huttegger (shuttegg@uci.edu)

SST 785 – Office hours: TuTh 1 pm to 2 pm

Course description: Economics has become very influential in our society and is used in many different ways in the heated discussions on the role of government and how society should be organized. Economics is not just important for theorizing about economic policy, but is also associated with a host of philosophically difficult questions such as justice, rights, fairness, the role of efficiency, etc. In this course we will consider some of the ideas and problems in the philosophy of economics. We start by discussing property rights and move on to the role of markets in solving social problems, the basics of microeconomic theory, and the role of welfare economics. The second half of the course will be concerned with how we should interpret economic theories and models. Answers to this question have far-reaching consequences for the application of economics to political problems.

Course objectives: By the end of this course you should have a basic understanding of the debates regarding the nature of economic theories and models. Moreover, you should be able to think critically about the assumptions that underly those theories and models, and understand what it means if those assumptions are not met in the real world. It is not my aim to promote a particular ideological stance towards economic theories. Rather, you should learn yourself whether and why you like or don't like these models and how to justify your position in terms of valid arguments.

Course requirements: Your grade will be determined according to the following scheme:

- 30% class participation
- 30% midterm essay
- 40% final essay

Essays will have to be turned in by a due date that will be announced in class early in advance. If you cannot finish the work in time, please discuss this with me beforehand. I will not accept late work except for very serious reasons.

Required reading: The readings will be provided online via EEE.

Essays: The essays should be on one specific issue that was raised in the readings or in class. You could, for example, take sides in a debate and argue for or against one claim. You may also point out flaws in an arguments that we considered in one of our readings. You could also try to develop a new position yourself. What is important is that your essay consists of a clear and cogent argument that leads to a precisely stated conclusion.

I strongly encourage you to come to my office hours to discuss possible paper topics. Your paper topics must be approved by me at least one week prior to the due date. Besides this, I will gladly help you in sorting through possible topics and thinking through your arguments before you turn in your essay.

Please familiarize yourself with the University's policy on plagiarism and academic misconduct. This is an absolute no-go. Acts of plagiarism will result in failing the course and being reported to central administration. Don't waste your time with this!

COURSE SCHEDULE

April 2: Introduction

April 4: Property Rights – John Locke *The second treatise: an essay concerning the true original, extent, and end of civil government*, Chapter 5

April 9: Property Rights – David Hume *A treatise of human nature, Book 3*, Chapters 2 and 3

April 11: Property rights – G. A. Cohen *Self-ownership, freedom and equality*, Chapter 3

April 16: Markets – Daniel Hausman *The inexact and separate science of economics*, Chapter 2

April 18: Markets – Daniel Hausman *The inexact and separate science of economics*, Chapter 3

April 23: Markets – Frank Ackerman *Still dead after all these years: interpreting the failure of general equilibrium theory*

April 25: Basics of microeconomics – Ken Binmore *Rational decisions*, Chapter 1

April 30: Basics of microeconomics – Ken Binmore *Rational decisions*, Chapter 3

May 2: Welfare economics – Keith Dowding *What is welfare and how can we measure it?*

- May 7:** Welfare economics – Ken Binmore *Interpersonal comparisons of utility*
- May 9:** Freedom and opportunity – Amartya Sen *Markets and freedom*
- May 14:** Freedom and opportunity – Robert Sugden *Opportunity as a space for individuality*
- May 16:** Economics and values – John Broome *Why economics needs ethical theory*
- May 21:** Realism – Uskali Mäki *Realistic realism about unrealistic models*
- May 23:** Idealization – Allen Gibbard and Hal Varian *Economic models*
- May 25:** Instrumentalism – Milton Friedman *The methodology of positive economics*
- May 30:** Positivism – Paul Samuelson *Theory and realism*
- June 4:** Deductivism – Daniel Hausman *Methodology in a nutshell*
- June 6:** Credible worlds – Robert Sugden *Credible worlds: the status of theoretical models in economics*