

Philosophy of Economics
Carnegie Mellon University
Spring 2013

INSTRUCTOR Dr. Kevin Zollman
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DESCRIPTION The science of economics has come to occupy a central position in contemporary society – no other science gives rise to such heated emotion. Because of its central position in contemporary political rhetoric, economics becomes intertwined with a number of other philosophical issues surrounding justice, rights, and fairness. This course will look at foundational and philosophical questions that arise in the study of economics and application of economic theory to political problems. We will address issues like, the testability of economic claims, the use of “rationality” postulates in economics, the foundation of the right to property, the ability and inability of markets to solve social problems, and measuring the success or failure of an economy.

COURSE OBJECTIVES By the end of this course, I want you to understand the underlying assumptions used by economists when making economic models. I want you to be able to think critically about those assumptions. Whether or not you ultimately decide you like them or hate them is irrelevant to me. I want you to know *why* you like them or hate them.

Along the way, you will also develop general philosophical ability. By the end of the course, you should be better able to inquire about underlying assumptions in contexts outside of economics. In combination with other courses taken at this university, this should leave you better able to judge whether or not you agree with a philosophical position taken by another.

READINGS Provided online via blackboard

GRADING 30 % Class participation
30 % Midterm essay (4-6 pages double spaced) due March 6th
40 % Final essay (8-10 pages double spaced) due May 9th

Class participation will be self-evaluated using blackboard. You must within 48 hours of the class period fill out an online evaluation of your class performance.

You will be allowed three absences throughout the semester. Unless you can excuse *all* your absences with legitimate excuses, no additional absences will be allowed. Plan accordingly.

PAPERS The essays should focus in depth on a single issue raised in the class. Avoid the urge to write a survey or personal reflection essay. Instead, tackle a single issue discussed in one or perhaps two readings. You could take sides in a debate that we read in class, argue against or in favor of claim made by an author, or develop a novel philosophical position of your own. **Your topic must be approved by me at least two weeks before the due date.**

I strongly encourage you to visit the philosophy department writing tutor for help with your writing. The purpose of the writing tutor is not to "correct" papers; rather the purpose is to assist the student at various stages of the writing process. As the tutor is not attached to any specific course, the tutor must begin by discussing the assignment with the student. After this, the tutor can have a more detailed discussion about the paper, depending on whether the student has already written a draft. If so, the tutor can discuss with the student how well the draft addresses the assignment; if not, he or she can discuss the planning and preliminary writing of the draft. It is the policy of the Philosophy Department that if a student wishes to engage the services of the writing tutor, the student must meet with the writing tutor in person.

To make an appointment to visit the writing tutor contact David Zornek at dzornek@andrew.cmu.edu.

MISCONDUCT AND PLAGIARISM Plagiarism and other forms of academic misconduct will not be tolerated. If you commit an act of plagiarism you will fail the course and will be reported to central administration. Are you unsure about what is plagiarism? Look at plagiarism.org.

LATE WORK If you are having trouble finishing the work on time contact me before the due date and we can discuss arrangements and penalties for late work. Unless serious misfortune befell you, I will not accept late work if you don't approach me before hand.

Date	Topic	Reading
Jan 14	What is economics?	
Jan 16	Property rights	David Hume, <i>A Treatise of Human Nature</i> , Book 3, Part 2, Sections 2-4
Jan 21		MLK Day, Class canceled
Jan 23	Property rights	John Locke, <i>The Second Treatise: An Essay Concerning the True Original, Extent, and End of Civil Government</i> , Chapter 5
Jan 28	Property rights	G.A. Cohen, <i>Self-Ownership, Freedom, and Equality</i> , Chapter 3
Jan 30		Class canceled
Feb 4	Basics of microeconomics	Ken Binmore, <i>Rational Decisions</i> , Chapter 1
Feb 6	Basics of microeconomics	Ken Binmore, <i>Rational Decisions</i> , Chapter 3
Feb 11	Basics of microeconomics	Amartya Sen, <i>Rationality and Freedom</i> , Chapter 7
Feb 13	Basics of microeconomics	Daniel Ellsberg, "Classic and Current Notions of 'Measurable Utility'" <i>The Economic Journal</i>
Feb 18	Welfare	Keith Dowding, "What is welfare and how can we measure it" in <i>Oxford Handbook of Philosophy of Economics</i>
Feb 20	Welfare	Ken Binmore, "Interpersonal Comparisons of Utility" in <i>Oxford Handbook of Philosophy of Economics</i>
Feb 25		Class canceled
Feb 27	Pareto optimality DEADLINE FOR MIDTERM TOPIC APPROVAL	Amartya Sen, "The Impossibility of the Paretian Liberal"
Mar 4	Pareto optimality	Allan Gibbard, "A Pareto-Consistent Libertarian Claim"
Mar 6	Wrap up of first half MIDTERM PAPER DUE	Daniel Hausman and Michael McPerson, <i>Economic Analysis, Moral Philosophy, and Public Policy</i> , Chapter 9
Mar 11		SPRING BREAK
Mar 13		SPRING BREAK
Mar 18	Markets	Watch Kahn Academy videos: "Law of supply," "law of demand," "Market equilibrium," and "Changes in market equilibrium"

Date	Topic	Reading
Mar 20	Markets	Daniel Hausman, <i>The Inexact and Separate Science of Economics</i> , Chapter 2
Mar 25	Markets	Daniel Hausman, <i>The Inexact and Separate Science of Economics</i> , Chapter 3
Mar 27	Market failure	Watch Kahn Academy videos: “Perfect competition,” “Monopoly basics,” and “Oligopolies, duopolies and cartels”
Apr 1	Market failure	Coase “The problem of social cost”
Apr 3	Realism	Uskali Maki, “Realism”
Apr 8	Models as idealization	Alan Gibbard and Hal Varian, “Economic models”
Apr 10	Instrumentalism	Friedman, “The Methodology of Positive Economics”
Apr 15	Positivism	Paul Samuelson, “Theory and Realism”
Apr 17	Deductivism	Daniel Hausmann “Methodology in a Nutshell”
Apr 22	Credible worlds	Robert Sugden, “Credible Worlds: The Status of Theoretical Models in Economics”
Apr 24	Markets and Freedom <i>DEADLINE FOR FINAL PAPER TOPIC APPROVAL</i>	Amartya Sen, “Markets and Freedom”
Apr 29	Opportunity	Robert Sugden, “Opportunity as Space for Individuality”
May 1	Spillover	
May 9	<i>FINAL PAPER DUE</i>	