

**MACQUARIE UNIVERSITY**



Division of Economic and Financial Studies

**ECON883  
ETHICAL PERSPECTIVES ON ECONOMICS**

**(A READING/DISCUSSION COURSE)**

**UNIT OUTLINE**

**2006**

## COURSE SUMMARY

How should one live? This question, central to the study of moral philosophy, is obviously one that much economic analysis attempts, in part, to answer in terms of evaluating resource allocations and other outcomes. When economists pronounce in favour of particular actions on 'welfare' grounds, they are, in effect, declaring that greater 'goodness' results relative to possible alternatives. As such, economics reflects its origins in ethical thought, broadly conceived despite the assertion, made by many economists, that the subject is 'value-free'.

The aim of this course is to explore the interface between economic theorising and ethical thought. At issue will be the extent to which economic theory and argument reflects, often implicitly, characteristic concerns of the major approaches to moral philosophy, and why an informed and critical appreciation of these effects is important for understanding the sources of success and failure of economic analysis.

Furthermore, the relationship between economics and moral and political philosophy will be examined. Historically, the development of economic thought and that of political thought have been closely related, and modern analyses of distributive justice, especially in the liberal tradition, draw explicitly on the theoretical apparatus of economics in the formulation of their arguments. It is important to see how both political philosophy and economic analysis can shed light on each other; the implicit value premises of economic theory can be pernicious to the aims of political arguments based on it, and the insights of political philosophers can highlight the conceptual shortcomings of economic analyses of justice, fairness, equality, etc.

## STAFF

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## SEMINARS

Philosophy is based on discussion, analysis and argument. As this course is being offered as a reading unit, the set reading material for each week will form the basis of group discussions based on the key themes and their applications to economic theory and policy.

It is expected that all participants in the course will be just that: participants. You are expected to have thoroughly covered the readings set, and to be prepared to offer opinions and take positions. Participation *per se* is not assessable. However, it is hard to imagine how you will succeed if you do not invest the due time and effort in absorbing and Remember: there are no "right" answers in philosophical discourse, only better or worse arguments. Success in the course is in no way dependent on the stances you take on particular issues. All that matters is how well you structure arguments in support of any position you take.

## ASSESSMENT

The course is assessed through written work, as the material is not readily suited to an examination format. There are two types of writing exercise you will undertake in the course – a seminar paper (max 1500 words) and a final essay (max 6000 words). The seminar paper is worth **20%** of the final mark. The remaining **80%** of your mark will come from the final research essay. Electronic submission (by email) is preferred.

## SEMINAR PAPERS

We have 10 weeks of discussing journal articles in class. By week 10, you will hand in a paper which involves a critical analysis that combines the arguments of any two (or more) papers (from different packets).

By ‘combining’ the arguments I mean showing how the arguments in the papers reinforce each other, or how they conflict. Where the arguments reinforce one another, you should provide examples of issues that show the strength of the combined argument. Where you choose arguments that conflict, provide examples or counterexamples that show which of the lines of argument to be preferred.

The seminar paper should be no more than 1500 words in length.

## RESEARCH ESSAY

The topic of your main research essay will be developed in conjunction with me as the course progresses. The essay should be no more than 6000 words in length.

The essay is due on **Wednesday 21 June**. Word limits will be enforced. Late essays will attract a penalty of **5 marks per day**.

The final meeting(s) will be devoted to a presentation of your research essay arguments (20-30 min) with the opportunity for Q&A (which, hopefully, will be constructive!).

Two citation databases that will be useful to you are EconLit and The Philosophers Index. Both are available through the library website:

[\(http://www.lib.mq.edu.au/resources/database/\)](http://www.lib.mq.edu.au/resources/database/)

## **COURSE READINGS (NB: RIGHT TO SUBSTITUTE AT ANY TIME RESERVED BY LIC!)**

N.B: You might find it interesting and/or worthwhile to read items marked with (+) last in each set.

### **Packet 1 – Moral Theory**

- Gaus, G.F. (2001) “What is Deontology? Part One: Orthodox Views”, *Journal of Value Inquiry* vol. 35.
- Hahn, F. (1982) “On Some Difficulties of the Utilitarian Economist”, in Sen & Williams (eds.) *Utilitarianism and Beyond*. (+)
- Smart, J.J.C. (1973) “An Outline of a System of Utilitarian Ethics”, in Smart and Williams *Utilitarianism: For and Against*.

### **Packet 2 – Preferences and Welfare**

- Arneson, R.J. (1990) “Liberalism, Distributive Subjectivism, and Equal Opportunity for Welfare”, *Philosophy and Public Affairs* vol. 19. (+)
- Bowles, S. (1998) “Endogenous Preferences: The Cultural Consequences of Markets and Other Institutions”, *Journal of Economic Literature* vol 36.
- Elster, J. (1982) “Sour Grapes – Utilitarianism and the Genesis of Wants”, in Sen & Williams (eds.) *Utilitarianism and Beyond*.

### **Packet 3 – Norms**

- Cowen, T. (2002) “The Esteem Theory of Norms”, *Public Choice* vol. 113. (+)
- Elster, J. (1989) “Social Norms and Economic Theory”, *Journal of Economic Perspectives* vol. 3.
- Sen, A.K. (1977) “Rational Fools: A Critique of the Behavioral Foundations of Economic Theory”, *Philosophy and Public Affairs* vol. 6.

### **Packet 4 – Choice and Consent**

- Peter, F. (2004) “Choice, Consent and the Legitimacy of Market Transactions”, *Economics and Philosophy* vol. 20.
- Langholm, O. (1998) “The Neoclassical System and its Critics”, from *The Legacy of Scholasticism in Economic Thought: Antecedents of Choice and Power*.
- Rothbard, Murray (1998) “Interpersonal Relations: Voluntary Exchange”, “Interpersonal Relations: Ownership and Aggression”, from *The Ethics of Liberty*. (+)

### **Packet 5 – Distributive Justice I: Philosophical Perspectives**

- Nozick, R (1974) “Distributive Justice”, from *Anarchy, State and Utopia*. (+)
- Rawls, J. (1971) “The Principles of Justice”, from *A Theory of Justice*.

## **Packet 6 – Distributive Justice II: Contributions from Economists**

- Binmore, K (2005) “Utilitarianism”, “Egalitarianism”, from *Natural Justice*.
- Hayek, F.A. (1978) “The Atavism of Social Justice”, from *New Studies in Philosophy, Politics, Economics and the History of Ideas*. (+)
- Posner, R.A. (1981) “Wealth Maximisation as an Ethical Concept”, from *The Economics of Justice*.

## **Packet 7 - State Action and Outcomes I: Income, Wealth and Employment**

- Ackerman, B.A. & Alstott, A. (1999) “Your Stake in America”; “Citizen Stakeholding”, from *The Stakeholder Society*.
- van Parijs, P. (1991) “Why Surfers Should Be Fed: the Liberal Case for an Unconditional Basic Income”, *Philosophy and Public Affairs* vol. 20.
- Watts, M. (2002) “Basic Income versus the Job Guarantee: a review of the issues”, *Journal of Economic and Social Policy*, vol 7. (+)

## **Packet 8 - State Action and Outcomes II: Work Organisation and the Labour Process**

- Bradford, W.D. (2000) “Rawlsian Justice and Preferences over Work”, mimeo (Macquarie University).
- Bruton, H & Fairris, D. (1999) “Work and Development”, *International Labour Review*, vol 138.
- Mayer, R. (2000) “Is There a Moral Right to Workplace Democracy?”, *Social Theory and Practice*, vol 26. (+)

## **Packet 9 - Intergenerational Justice I: General Concepts**

- Ball, T. (1985) “The Incoherence of Intergenerational Justice”, *Inquiry*, vol 28. (+)
- Broome, J. (1994) “Discounting the Future”, *Philosophy and Public Affairs*, vol 23.
- Cowen, T. (2004) “Policy Implications of Zero Discounting: An Exploration in Politics and Morality”, *Social Philosophy and Policy*, vol 21.

## **Packet 10 – Intergenerational Justice II: Environment and Sustainability**

- Beckerman, W. (1992) “Economic Growth and the Environment: Whose Growth? Whose Environment?”, *World Development*, vol 20.
- Hardin, G. (1974) “Lifeboat Ethics: The Case Against Helping the Poor”, *Psychology Today*. (+)
- Hiskes, R.P. (2005) “The Right to a Green Future: Human Rights, Environmentalism, and Intergenerational Justice”, *Human Rights Quarterly* vol 27.

## COURSE CALENDAR

Meeting	Date	Reading	Topic
1	2 March	-	Introduction, reading material distributed
2	9 March	<i>Packet 1</i>	Moral Theory
3	16 March	<i>Packet 2</i>	Preferences & Wellbeing
4	23 March	<i>Packet 3</i>	Norms
5	30 March	<i>Packet 4</i>	Cost-Benefit Analysis
6	5 April	<i>Packet 5</i>	Distributive Justice I – Philosophical Perspectives
7	12 April	<i>Packet 6</i>	Distributive Justice II – Contributions from Economists
8	3 May	<i>Packet 7</i>	State Action and Outcomes I – Income, Wealth and Employment
9	10 May	<i>Packet 8</i>	State Action and Outcomes II – Work Organisation and the Labour Process

<b>10</b>	17 May	<i>Packet 9</i>	Intergenerational Justice
<b>11</b>	24 May	<i>Packet 10</i>	Environment and Sustainability
<b>12</b>	31 May		Essay Presentations
<b>13</b>	7 June	-	Essay Presentations