

EC311 Ethics & Economics

Seminar Leader: Martin Binder

Course Times: Tue 13:30-15:00, Thu 13:30-15:00

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Course Description

This course aims at highlighting how economics and ethics intersect in various ways: Is it legitimate to dump our trash in lesser-developed countries because it is economically speaking 'efficient'? Are high salaries for managers or movie stars justified? Should a company be allowed to bribe officials in foreign countries in order to do business there? Should we encourage markets for organs or blood if they are efficiently allocating 'resources'? This seminar deals with these aspects of the economy, where different value judgments may be in conflict. While it is often useful to analyze various aspects of human life in economic terms, there may be spheres where economic calculation might seriously distort our judgments of goodness and rightness and hence might be in need of correction by other forms of measurement. The module balances the positive aspects of economics (such as alleviation of poverty and development of nations) with its negative sides (such as corruption of values and neglect of fairness issues). It elaborates on the value judgments underlying economics and its often utilitarian or libertarian commitments. The module seeks to help students critically assess the potential and the pitfalls of economic reasoning and equip them with the necessary knowledge to differentiate between market logic and market ideology. Time permitting, a section of the course will also deal with the more applied side of business ethics, i.e. how ethical behavior plays a role in companies and organizations, ranging from the ethical obligations of employees (e.g. whistle-blowing) to those of managers, investors or entrepreneurs.

Learning Outcomes

- Understanding of the value commitments underlying economics
- Critical assessment of the benefits and drawbacks of market exchange and market economies
- Knowledge of theories pertaining to the relationship between economics and ethics
- Ability to connect ethical value judgments to economic theorizing and to critically assess the role of different value judgments in economics

Requirements

Textbook

For this course, we will not use a textbook but a series of relevant book chapters and articles that are provided in the form of a course reader. Additional readings will be provided as necessary as the course progresses. At the end of the syllabus, you'll also find an assortment of further readings and background literature to the topics covered in class (the background literature is not mandatory but can help you writing your essays and in general provides a deeper understanding of the topics covered).

Attendance

Attendance at ALL classes is expected. More than two absences (that is absences from two sessions of 90 minutes) in a semester will significantly affect the grade for the course.

Assessment

Assessment will be based on attendance, preparation for classes, regular and active participation, professionalism (see below), a short outline for the final essay and its presentation in class (1 page, 5 minutes), a short midterm essay (1500 words), peer-grading of another student's midterm essay, presentation in class of one's final essay, and the longer final essay, which is a revised and significantly expanded version of the midterm essay (an additional 3500 words, i.e. ca. 5000 words in total).

Policy on Late Submission of Essays

As per student handbook, essays that are up to 24 hours late will be downgraded one full grade (from B+ to C+, for example). After that, I will accept late submissions only until the end of the week in which they were due (Sun, 23:59), but these cannot receive a grade of higher than C (the extension for the final paper is four weeks). Thereafter, the student will receive a failing grade for the assignment.

Grade Breakdown

Seminar preparation, professionalism and participation 30%
Presentation of ideas/topic for final essay (Outline, due Mar 09, & Presentation) 10%
Midterm essay (ca. 1500 words, due Apr 06) 10%
Peer-grading of midterm essay (due Apr 27) 10%
Final presentation (last week of class) 10%
Final essay (ca. 5000 words, including midterm, due May 19) 30%

(Quizzes will be administered regularly **only if** the instructor deems the preparatory reading morale of the class to be insufficient. There will be no quizzes if everybody comes to class prepared.)

Schedule

Classes start on Monday, January 30 and run until Friday, May 19, with spring break planned for April 10-17. Completion week is from May 15-19. Attendance is mandatory during completion week.

Scheduled class times are available online under the relevant course heading:

<http://www.berlin.bard.edu/academics/courses/spring-2017/>

The schedule provided is provisional in order to allow for flexibility. It is the students' responsibility to keep themselves informed of any changes to the schedule provided here. An up-to-date schedule will be maintained by the course management on the internet in Google classroom. The password to join google classroom will be handed out in class.

We start the course by looking into some of the more recent critiques of the darker sides of markets and consumerist capitalism. Based on this motivation about the necessity to explore the normative and ethical commitments of economics, we analyse the relationship between economics as positive social science and (ethical) value judgements. Such a discussion necessitates knowledge of different ethical theories, where we will put special emphasis on utilitarianism, which still forms much of the value basis of contemporary economics. We then analyse how the drive to make economics a value-free science has led to purging these moral foundations and led to an ethically rather poor modern version of economics.

In the latter part of the course, we then will turn towards alternative moral frameworks for economics as well as the critical analysis of important value judgements within economics. The latter will include a detailed analysis of core ethical values (welfare, liberty, autonomy/paternalism, and equality) and their role in economics.

Week 1 – Introduction

Jan 31, Feb 2

Reading: Sandel, Justice, ch.1 (excerpt), Sandel, What money can't buy, ch. 3

Week 2 – The dark side of capitalism and limits to markets: Does economics need ethics?

Feb 07, Feb 09

Reading: Barber, Consumed, ch. 3

Week 3 – Economics and value judgements

Feb 14, Feb 16

Reading: Hausman/McPherson, ch. 1 & Appendix, Sandel, Justice, rest of ch. 1

Week 4 – Discussing value judgements

Feb 21, Feb 23

Reading: Wight, chs. 2-3

Week 5 – Utilitarianism

Feb 28, Mar 2

Reading: Mill, Utilitarianism

Week 6 – Modern utilitarianism

Mar 07, Mar 09

Reading: Kymlicka, ch. 2

Outline for final essay due (1 page, Mar 09 in class)

Week 7 – Excursus: Writing academic papers; Student presentation of essay topics

Mar 14, Mar 16

Reading: Guidelines for writing academic papers (handed out before Week 7)

Week 8 – Modern day economics: The ethical poverty of the standard view

Mar 21, Mar 23

Reading: Hausman/McPherson, ch. 9

Week 9 – Ethics and economics: Alternative approaches

Mar 28, Mar 30

Reading: Lütge, Economic ethics, Ulrich, chs. 6, 8 (excerpts)

Week 10 – Moral considerations in economics I: Welfare

Apr 04, Apr 06

Reading: Reiss, ch. 12, Offer, ch. 2

Short essay due (1500 words, Apr 06 in class)

Spring Break

Apr 10 - Apr 16

Week 11 – Moral considerations in economics II: Equality

Apr 18, Apr 20

Reading: Hausman/McPherson, ch. 11, Economic Inequality (excerpts)

Week 12 – Moral considerations in economics III: Liberty/Freedom

Apr 25, Apr 27

Reading: Hausman/McPherson, ch. 10, Sandel, Justice, ch. 3

Peer grading due (Apr 27 in class)

Week 13 – Moral considerations in economics IV: Paternalism

May 2, May 4

Reading: Reiss, ch. 15, White, ch. 5

Week 14 – Student presentations

May 09, May 11

Week 15 – Completion Week (**FINAL PAPER DUE: May 19, 23:59, 5000 (1500+)3500 words**)

Classes missed due to federal holidays will not be rescheduled.

Professionalism

Being a student is your full-time job and with it come a set of responsibilities and expectations, as with any other job. Maintaining a professional attitude towards your course of studies is something that also prepares you for later work life. A professional attitude towards your studies is shown by coming to class on time, being prepared, being courteous to your teachers and fellow co-students. It is exhibited by writing your essays with care, actively participating in class, avoiding distractions (excessive bathroom breaks, using smartphones to check on irrelevant issues during class etc.), not missing classes except for the most dire of circumstances and in general by adapting to the rules of the course without trying to bargain for personal exceptions.

Ethics/Academic honesty

A core value of the academy is truth and the pursuit thereof. Nothing can shake the foundations of this pursuit as much as academic dishonesty as it undermines trust in this pursuit. This is why I will not condone any instance of academic dishonesty. Plagiarism, cheating during exams, copying homework assignments (or doing individual assignments with a classmate) all constitute violations of academic honesty and of the clause on “academic integrity” that each student has signed in the student handbook. They can lead to failing the course and will be reflected in the student’s record (having a record of academic dishonesty can make getting grants, stays abroad or admission into other programs difficult if not outright impossible).

Background literature

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- Binder, M. (2014). Should evolutionary economists embrace libertarian paternalism? *Journal of Evolutionary Economics*, 24(3):515–539.
- Binder, M. and Lades, L. K. (2015). Autonomy-enhancing paternalism. *Kyklos*, 68(1):3–27.
- Binder, M. and Witt, U. (2011). As innovations drive economic growth, do they also raise well-being? *Papers on Economics & Evolution* #1105.
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- Rebonato, R. (2012). *Taking Liberties - A Critical Examination of Libertarian Paternalism*. Palgrave-Macmillan, Basingstoke.
- Reiss, J. (2013). *Philosophy of Economics*. Routledge, New York/London.
- Sandel, M. (2010). *Justice: What’s the right thing to do?* MacMillan, Basingstoke.
- Sandel, M. (2012). *What Money Can’t Buy*. Farrar, Strauss and Giroux.
- Sen, A. K. (1987). *On Ethics & Economics*. Basil Blackwell, Oxford.

- Sunstein, C. R. (2013). The Storrs lectures: Behavioral economics and paternalism. *Yale Law Journal*, 122:1826–1899.
- Thaler, R. H. and Sunstein, C. R. (2008). *Nudge - Improving Decisions about Health, Wealth and Happiness*. Penguin Books, London.
- Ulrich, P. (2008). *Integrative Economic Ethics: Foundations of a Civilized Market Economy*. Cambridge University Press, Cambridge/UK.
- Varoufakis, Y. (2009). Where the customers are always wrong: Some thoughts on the societal impact of a non-pluralist economic education. *International Journal of Pluralism and Economics Education*, 1(1/2):46–57.
- White, M. D. (2013). *The Manipulation of Choice - Ethics and Libertarian Paternalism*. Palgrave Macmillan, New York.
- Wilkinson, R. G. and Pickett, K. (2009). *The Spirit Level: Why More Equal Societies Almost Always Do Better*. Allen Lane, London.

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