

**University of Waterloo**  
**Department of Philosophy**  
**Phil 674: Seminar on Philosophy of Economics**  
**Winter 2020**  
**Tuesdays 11:30-2:20 HH 357**

**Instructor Information**

Instructor: Patricia Marino

Office: HH 359

Office Hours: Thursdays 9 - 11 and by appointment

Email: pmarino@uwaterloo.ca

**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 consider questions such as:

- What can philosophy of science teach us about economic methodology?
- What makes a particular conclusion in economics justified or true?
- How do economic models work?
- What are implications of modeling people as self-interested utility maximizers of utility?
- Does economic methodology reflect gendered presuppositions?
- What is at stake in the debate over classical versus behavioral economics?
- How do value-based considerations play a role in economic reasoning and policy?
- Is cost-benefit analysis an appropriate method of decision-making?
- How do conceptual matters impact applications?
- How do post-colonial and feminist perspectives challenge standard methodology in economics?

**Course Requirements**

Since this is a seminar, attendance at each meeting is essential. If you expect to miss any of the meetings let me know as soon as possible and we can discuss. If you miss any meetings, it may impact your grade; if you miss more than three meetings for any reason you may not be able pass the course. I will use LEARN for announcements etc. so please check it regularly.

Every two weeks, you'll have to submit a 300-600-word paper on the readings. This paper should examine critically some particular idea from one of the texts assigned for that day, and should have a thesis and argument. These will be graded out of 10 points. These must be submitted via the LEARN dropbox, in PDF format, before noon the Monday before the class for which they apply. Depending on how our discussions go, I may ask you to read your paper in class so we can discuss the ideas as a class. During weeks that you are not writing a short paper, you are required to come up with a discussion question for class, also submitted via the LEARN dropbox. These will not be graded, but failing to hand them in will count against your participation grade.

Participation in class discussion is also an important part of the course. There are several ways to participate in this class: you can participate in class discussion, or by contributing to the discussion on LEARN, or by emailing or speaking with me personally. If you raise questions or offer comments or responses twice each week or so, the participation part of your grade will be a B or 75%. More frequent participation will raise your grade, less frequent participation will lower it. If you attend class without participating, your grade for participation will be D or 55. Participation is worth 10% of your grade.

There is one long paper required, which should be 4500-6000 words. Everyone will do a presentation toward the end of the term, but the scheduling will depend on enrollment. The idea is for you to present a work-in-progress version of your final paper, which you can then revise in response to feedback and questions. When you do your presentation, you must also submit a version of your paper that represents the content of your presentation. You can present in any style you like -- slides, talking, reading, whatever -- but this paper should contain the ideas of your presentation expressed in written-paper style. I will comment on this, and you should use these comments to improve the final version of the paper to be handed in during the exam period. The final version of the final draft will be due December 18th at 5:00pm, again via the LEARN dropbox.

Students enrolled in Phil 675 should consult with me about completing the assignments in ways that satisfy the applied philosophy component of the course.

### **Course Schedule and Readings (all readings will be posted on LEARN):**

#### **Week 1 (Jan 7): Introduction, background, and Adam Smith**

- Discussion of utilitarianism and other background topics.
- 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").
- William Grampp, "What Did Smith Mean by the Invisible Hand?" *Journal of Political Economy*, 108(3) (2000), 441-465, read only Introduction to end of Section 2 (pages 441-446).

#### **Week 2 (Jan 14): Introduction to economics; methodology and justification 1: Mill's method a priori**

- Daniel Hausman, Introduction to *The Philosophy of Economics* 3rd ed. (Cambridge University Press, 2008), pp. 22-38 ("An Introduction to Economics" and "An Introduction to Economic Methodology").
- J. S. Mill, 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*.
- See also section 3.1 of the discussion in the SEP entry on Philosophy of Economics, "[Classical economics and the method a priori.](#)"

**Week 3 (Jan 21): Methodology and justification 2: Friedman and his critics**

- Milton Friedman, "The Methodology of Positive Economics," in *Essays in Positive Economics*, University of Chicago Press 1953, 3-43.
- Bruce Caldwell, "Critique of Friedman's Methodological Instrumentalism," *Southern Economic Journal* (1980), 366-374.
- Diana Strassman and Livia Polanyi, "Shifting the Paradigm: Value in Feminist Critiques of Economics," in *Forum for Social Economics*, vol. 25, no. 1, p. 3. Springer Netherlands, 1995.

**Week 4 (Jan 28): Methodology and justification 3: economic models**

- Robert Sugden, "Credible Worlds: The Status of Theoretical Models in Economics." *Journal of Economic Methodology* 7.1 (2000): 1-31.
- Knuuttila, Tarja. "Representation, Idealization, and Fiction in Economics: From the Assumptions Issue to the Epistemology of Modeling," in *Fictions in Science*, pp. 213-240. Routledge, 2008.

**Week 5 (Feb 4): Rational choice theory and revealed preference theory**

- Amartya Sen, "Rational Fools: A Critique of the Behavioral Foundations of Economic Theory," *Philosophy and Public Affairs*, 6(4) (1977), 317-344.
- D. Wade Hands, "Foundations of Contemporary Revealed Preference Theory," *Erkenntnis* 78, no. 5 (2013): 1081-1108.

**Week 6 (Feb 11): Feminist perspectives on rational choice theory**

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

**Feb 18 Reading Week, no class****Week 7 (Feb 18): Behavioral versus classical economics**

- Christine Jolls, Richard Thaler, and Cass Sunstein, "A Behavioral Approach to Law and Economics," *Stanford Law Review* 1998, 1471-1550.
- Richard Posner, "Rational Choice, Behavioral Economics, and the Law," *Stanford Law Review* (1998): 1551-1575.

**Week 8 (Mar 4): Ethics and values in economics 1: value pluralism and cost-benefit analysis (CBA)**

- Martha Nussbaum, "Flawed Foundations: the Philosophical Critique of (a Particular Type of) Economics," *The University of Chicago Law Review* 64, no. 4 (1997): 1197-1214.
- Robert Frank, "Why is Cost-Benefit Analysis So Controversial?" *The Journal of Legal Studies*, 29(S2) (2000), 913-930.

## **Week 9 (Mar 11): Ethics and values in economics 2: ethical judgments, preferences, and CBA**

- Mark Sagoff, "At the Shrine of Our Lady of Fatima, or Why Political Questions Are Not All Economic," *Arizona Law Review* Vol. 23 (1981), pp. 1283-1298.
- Joe Heath, "[Cost-Benefit Analysis as an Expression of Liberal Neutrality](#)," draft, chapter 5 of *Public Administration and the Liberal State*.

## **Week 10: Applications**

- Yee Keong Choy, "Cost-benefit Analysis, Values, Wellbeing and Ethics: An Indigenous Worldview Analysis." *Ecological Economics* 145 (2018): 1-9.
- Daniel Hausman, "Evaluating Social Policy," in *The Oxford Handbook of the Philosophy of Social Science* (Oxford University Press, 2012), 607-624.

## **Week 11: Challenges to methodology**

- S. Charusheela, "Empowering work? Bargaining Models Reconsidered," in *Toward a Feminist Philosophy of Economics*, edited by Drucilla Barker and Edith Kuiper, Routledge, 2003.
- Cynthia Wood, "Economic Marginalia: Postcolonial Readings of Unpaid Domestic Labor and Development," in *Toward a Feminist Philosophy of Economics* (2003): 304.
- Eiman Zein-Elabdin, "The Difficulty of a Feminist Economics," in *Toward a Feminist Philosophy of Economics* (2003): 321.

## **Week 12: Student presentations**

### **Assessment**

- Participation: 10%
- Short papers: 10%
- Presentation: 10%
- Presentation paper: 20%
- Final paper: 50%

### **Late Work**

If you experience unexpected difficulties like illness or personal difficulties, please let me know as soon as possible. Obviously it's best to just submit everything on time. But if you must be late, I will subtract one point per day (out of ten) for the weekly papers and three percentage points (out of 100) per day for the presentation and final paper. If anything arises that gets in the way of you doing your work for this class, please do not hesitate to talk to me: I'm here to help and I'll do what I can.

### **Information on Plagiarism Detection**

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

### **Electronic Device Policy**

Laptops or mobile devices can support your learning in this class, but they can also be a source of distraction for you and other students around you. Please turn off all sound notifications

before you enter the classroom. You are welcome to use your devices for course-related activities such as taking notes, researching lecture topics, collaborating on group projects, viewing documents in LEARN, and communicating with other students about the course material. You are not permitted to use these devices for non-course-related activities. During activities that do not require these devices, you may be asked to close or put them away. Please ask me beforehand if you wish to make an audio recording of class material. If you have concerns or comments about how the use of laptops or mobile devices is affecting your learning during the course, please don't hesitate to talk to me and we can work something out.

### **Cross-listed course (requirement for all Arts courses)**

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**

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. Check the [Office of Academic Integrity website](#) for more information.

### **Discipline**

A student is expected to know what constitutes academic integrity to avoid committing an academic offence, and to take responsibility for his/her actions. [Check [the Office of Academic Integrity](#) for more information.] 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 instructor, academic advisor, or the undergraduate associate dean. For information on categories of offences and types of penalties, students should refer to [Policy 71, Student Discipline](#). For typical penalties, check [Guidelines for the Assessment of Penalties](#).

### **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](#). When in doubt, please be certain to contact the department’s administrative assistant who will provide further assistance.

### **Appeals**

A decision made or penalty imposed under [Policy 70, Student Petitions and Grievances](#) (other than a petition) or [Policy 71, Student Discipline](#) may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to [Policy 72, Student Appeals](#).

### **Accommodation for Students with Disabilities**

*Note for students with disabilities:* [AccessAbility Services](#), located in Needles Hall, Room 1401, 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 with [AccessAbility Services](#) at the beginning of each academic term.

### **Mental Health Support**

All of us need a support system. The faculty and staff in Arts encourage students to seek out mental health support if they are needed.

### **On Campus**

- Counselling Services: [counselling.services@uwaterloo.ca](mailto:counselling.services@uwaterloo.ca) / 519-888-4567 ext. 32655

- [MATES](#): one-to-one peer support program offered by Federation of Students (FEDS) and Counselling Services
- Health Services Emergency service: located across the creek from Student Life Centre

#### **Off campus, 24/7**

- [Good2Talk](#): Free confidential help line for post-secondary students. Phone: 1-866-925-5454
- Grand River Hospital: Emergency care for mental health crisis. Phone: 519-749-4300 ext. 6880
- [Here 24/7](#): Mental Health and Crisis Service Team. Phone: 1-844-437-3247
- [OK2BME](#): set of support services for lesbian, gay, bisexual, transgender or questioning teens in Waterloo. Phone: 519-884-0000 extension 213

Full details can be found online on the Faculty of Arts [website](#)

Download [UWaterloo and regional mental health resources \(PDF\)](#)

Download the [WatSafe app](#) to your phone to quickly access mental health support information

#### **Academic freedom at the University of Waterloo**

[Policy 33, Ethical Behaviour](#) states, as one of its general principles (Section 1), “The University supports academic freedom for all members of the University community. Academic freedom carries with it the duty to use that freedom in a manner consistent with the scholarly obligation to base teaching and research on an honest and ethical quest for knowledge. In the context of this policy, 'academic freedom' refers to academic activities, including teaching and scholarship, as is articulated in the principles set out in the Memorandum of Agreement between the FAUW and the University of Waterloo, 1998 (Article 6). The academic environment which fosters free debate may from time to time include the presentation or discussion of unpopular opinions or controversial material. Such material shall be dealt with as openly, respectfully and sensitively as possible.” This definition is repeated in Policies 70 and 71, and in the Memorandum of Agreement, Section 6.