1. Course Description

This course examines how economics and public policy are closely linked with ethical issues. It argues that the claim made by many economists that (at least a part) of economics can be value neutral is unwarranted, and discusses especially how values enter into what is called positive economics. It then provides a brief discussion of ethical and justice theories, by way of background. The bulk of the course then explores different ways in which ethical considerations enter economic and policy analysis. First, it examines the consequences of the fact that people have ethical values. We are not just self-interested optimizing agents, but have values which affect their behavior. It examines the implications of this for how the economy functions when people interact with each other in markets and other economic arenas. Second, it examines normative issues such as: whether and to what extent markets and other economic institutions are moral; and whether economic processes, outcomes and policies should be evaluated in terms of utility and social welfare functions and cost benefit analysis, and quantitative measures such as GDP and national income. Finally, it examines the importance of ethics for several subfields of economics, including development economics, international economics, labor economics, environmental economics, and the economics of the firm.

2. Prerequisites

Students are required to have already taken a principles or introductory courses in economics and statistics; intermediate courses in micro and macroeconomics, and econometrics, also provide useful background but are not required. Some of the material covered will be more sophisticated in nature than is normally covered in principles courses but, if necessary, the course will cover the material required to prepare students for that material.

3. Course plan

For the first couple of days I will provide a brief overview of the material covered in the syllabus and reading list. After that you have to select two topics of your choice on which you will write papers and make in-class presentations and lead discussions. You can formally select topics after discussing it with me and sending an email to confirm. All students are required to participate in discussions on each topic. The final version of one paper is due on or before March 3 (the last days of class before the mid-semester break) and the other on or before April 30 (the last day of class). The recommended length of each paper is 14 to 16 pages (including notes and references). You are required to turn in an outline and at least one draft of each paper before submitting the final versions by dates mentioned below.
<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Introduction</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Ethics and Economics</td>
<td>Dutt and Wilber 1</td>
</tr>
<tr>
<td>20</td>
<td>Economics without ethics?</td>
<td>Dutt and Wilber 2, Hausman and McPherson 2, 3</td>
</tr>
<tr>
<td>25</td>
<td>Economics without ethics? cont</td>
<td>Hausman and McPherson, App, Dasgupta</td>
</tr>
<tr>
<td>27</td>
<td>Approaches to Ethics and Justice</td>
<td>Dutt and Wilber 3, Solomon</td>
</tr>
<tr>
<td>1</td>
<td>Approaches to Ethics and Justice, cont</td>
<td>Sterba, Hausman and McPherson 7, 10</td>
</tr>
<tr>
<td>3</td>
<td>Individuals, norms and ethical values</td>
<td>Rawls, Sen, Hausman and McPherson 12, Held, Nozick</td>
</tr>
<tr>
<td>8</td>
<td>Individuals, norms and ethical values</td>
<td>Dutt and Wilber 4, Hausman and McPherson 4</td>
</tr>
<tr>
<td>10</td>
<td>Individuals, norms and ethical values, cont</td>
<td>Hausman and McPherson 5 6, Konow, Outline of 1st paper due</td>
</tr>
<tr>
<td>15</td>
<td>Social interactions and ethical values</td>
<td>Dutt and Wilber 5, Hausman and McPherson 14</td>
</tr>
<tr>
<td>17</td>
<td>Social interactions and ethical values, cont</td>
<td>Axelrod, Fehr and Gachter</td>
</tr>
<tr>
<td>22</td>
<td>Markets and ethical values</td>
<td>Dutt and Wilber 6, Anderson, Evensky, Draft of 1st paper due</td>
</tr>
<tr>
<td>24</td>
<td>Markets and ethical values, cont</td>
<td>Akerlof and Shiller, Platteau, Blank and McGurn</td>
</tr>
<tr>
<td>1</td>
<td>Morality of markets</td>
<td>Dutt and Wilber 7, Sen</td>
</tr>
<tr>
<td>3</td>
<td>Morality of markets, cont</td>
<td>Anderson, Titmuss, 1st paper due</td>
</tr>
<tr>
<td>8</td>
<td>Midsemester break</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Midsemester break</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Morality of government intervention</td>
<td>Mellstrom and Johannesson, Sandel</td>
</tr>
<tr>
<td>17</td>
<td>Individual preferences and efficiency</td>
<td>Dutt and Wilber 8, Hausman and McPherson 8, 9</td>
</tr>
<tr>
<td>22</td>
<td>Individual preferences and efficiency, cont</td>
<td>Hausman and McPherson 13, Hubin</td>
</tr>
<tr>
<td>24</td>
<td>Individual preferences and efficiency, cont</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Production, income, growth</td>
<td>Dutt and Wilber 9</td>
</tr>
<tr>
<td>31</td>
<td>Production, income, growth, cont</td>
<td>Sen</td>
</tr>
<tr>
<td>5</td>
<td>Easter holiday</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Production, income, growth, cont</td>
<td>Easterlin</td>
</tr>
<tr>
<td>12</td>
<td>Fairness, distribution, equality</td>
<td>Dutt and Wilber 10, Hausman and McPherson 11, Outline of 2nd paper due</td>
</tr>
<tr>
<td>14</td>
<td>Fairness, distribution, equality, cont</td>
<td>Dworkin, Scanlon</td>
</tr>
<tr>
<td>19</td>
<td>Fairness, distribution, equality, cont</td>
<td>Sen, Singer, Sandel</td>
</tr>
<tr>
<td>21</td>
<td>Ethics and Applied Economics</td>
<td>Dutt and Wilber 11, Draft of 2nd paper due</td>
</tr>
<tr>
<td>26</td>
<td>Ethics and Applied Economics, cont</td>
<td>Hausman and McPherson 15, 16</td>
</tr>
<tr>
<td>30</td>
<td>conclusion</td>
<td>Dutt and Wilber 12, 2nd paper due</td>
</tr>
</tbody>
</table>
READINGS


SYLLABUS AND READING LIST

PART I INTRODUCTION AND BACKGROUND

1. INTRODUCTION

*Dutt and Wilber, Chapter 1

**Hausman and McPherson, Chapter 1


2. ECONOMICS WITHOUT ETHICS?

*Dutt and Wilber, Chapter 2

**Hausman and McPherson, Chapters 2, 3

**Hausman and McPherson, Appendix: How could ethics matter to economics?


3. APPROACHES TO ETHICS AND JUSTICE

*Dutt and Wilber, Chapter 3


**Hausman and McPherson, Chapters 7, 10, 12


**Sandel, Michael J. (2009). *Justice. What’s the right thing to do?* New York: Farrar, Straus and Giroux, chapters 1, 2, 3, 5

PART II ETHICAL VALUES, INDIVIDUAL BEHAVIOR AND SOCIAL INTERACTIONS

4. INDIVIDUALS, NORMS AND ETHICAL VALUES

*Dutt and Wilber, Chapter 4

**Hausman and McPherson, Chapters 4, 5, 6


5. SOCIAL INTERACTIONS AND ETHICAL VALUES

*Dutt and Wilber, Chapter 5

**Hausman and McPherson, Chapter 14


6. MARKETS AND ETHICAL VALUES

*Dutt and Wilber, Chapter 6


PART III ETHICAL ISSUES FOR EVALUATING ECONOMIES AND ECONOMIC POLICY ANALYSIS

7. THE MORALITY OF MARKETS AND GOVERNMENT INTERVENTION

*Dutt and Wilber, Chapter 7


8. INDIVIDUAL PREFERENCES, EFFICIENCY AND COST-BENEFIT ANALYSIS

*Dutt and Wilber, Chapter 8

**Hausman and McPherson, Chapters 8, 9, 13


9. PRODUCTION, INCOME AND GROWTH

*Dutt and Wilber, Chapter 9


10. FAIRNESS, DISTRIBUTION AND EQUALITY

*Dutt and Wilber, Chapter 10
**Hausman and McPherson, Chapter 11


**PART IV APPLICATIONS AND CONCLUSION

11. ETHICS AND APPLIED ECONOMICS

*Dutt and Wilber, Chapter 11

**Hausman and McPherson, Chapters 15, 16


12. CONCLUSION

*Dutt and Wilber, Chapter 12