

**Economics and Philosophy**  
**E322**

**Fall 2006**

Instructor: D. Wade Hands  
Class: 3:30-4:50 T Th – MC202  
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**Course Description:** Economics, like the other social sciences, evolved out of natural philosophy in the 17th and 18th centuries. During most of the 20th century the economics profession seemed to make a concerted effort to downplay the philosophical roots of their discipline, but this has changed during the last two decades. An extensive literature now exists connecting (or reconnecting) economic theorizing and contemporary developments within disciplinary philosophy. There are two main contact points in this recent literature: the relationship between economics and epistemology (theory of knowledge), and the relationship between economics and ethics (moral theory). The former is concerned with questions about whether economics is/is not a science in the image of the natural sciences (or why economics can not/should not be such a science) and associated concerns about the nature and character of economic knowledge. The latter literature examines the connection between economics and moral theory, with an emphasis on how ethical ideas influence economic theory (and vice versa). This course will examine both fields, although more attention will be paid to the economics-epistemology connection than to the economics-ethics connection. The course assumes that the student has some knowledge of economic theory and some exposure to contemporary philosophy; the easiest way to demonstrate the requisite background would be to complete at least one prior course in each field.

**Course Requirements:**

The student will be required to complete the reading assignments prior to the relevant class discussions.

During the semester the student will be required to write four short (4-6 page) papers on topics chosen by the instructor. These papers will focus on particular aspects of the assigned readings and may involve comparing or contrasting a number of different arguments/positions.

The instructor will choose the topics for all four papers, but there is the option of a student substituting a topic of their own choice for one the four papers. In order to exercise this option the student must have the alternative topic approved by the instructor in advance of when the paper is due.

The student will be allowed a (post-grade) rewrite on one of the four papers. The choice of which, if any, is to be rewritten is at the student's discretion. The rewrite may be submitted no later than the last scheduled day of class (December 5th).

There will also be two in-class essay exams -- a midterm and a final -- to test the student's broad understanding of the course material.

The student will also be evaluated on class participation. The course has a seminar format and student attendance and participation is essential for the success of the class.

Grades will be based on the following weighting system and scale.

Papers (4 @ 15% each) .....	60%
Midterm .....	15%
Final .....	15%
Class Participation .....	10%

### **Course Materials (to purchase):**

1. Course Pack [CP]
2. Backhouse, Roger (1994), New Directions in Economic Methodology, Routledge. [BACKHOUSE]
3. Hands, D. Wade (2001), Reflection Without Rules: Economic Methodology and Contemporary Science Theory, Cambridge. [REFLECTION]
4. Hausman, Daniel (1994), The Philosophy of Economics: An Anthology, 2nd ed., Cambridge. [ANTHOLOGY]
5. Hausman, Daniel and Michael McPherson (2006), Economic Analysis, Moral Philosophy & Public Policy, Cambridge. [H&M]
6. Mäki, Uskali (2002), Fact and Fiction in Economics, Cambridge [F&F]

### **Some Useful Websites:**

History of Economics Society and Related Resources: <http://eh.net/HE/HisEcSoc/>

International Network for Economic Methodology:  
<http://www.econmethodology.org/>

The Internet Encyclopedia of Philosophy:  
<http://www.utm.edu/research/iep/>

A Philosophical Dictionary:  
<http://www.philosophypages.com/dy/index.htm>

Internet Philosophy Resources:  
<http://www.epistemelinks.com/Main/MainText.aspx>

The Post-Autistic Economics Network: [http://www.btinternet.com/~pae\\_news/](http://www.btinternet.com/~pae_news/)

STS Links: <http://www.ncsu.edu/chass/mds/stslinks.html>

Centre for Critical Realism: <http://www.criticalrealism.demon.co.uk/>

## **Course Outline:**

(\* ) Indicates recommended (optional) reading

Tues 8/29: General Introduction to Course and Course Material

Thurs 8/31: General Introduction to Economic Methodology

1. Hausman Introduction [ANTHOLOGY Intro]
2. Backhouse Introduction [BACKHOUSE Ch. 1]
3. Reflection Introduction [REFLECTION Ch. 1]

Tues 9/5: John Stuart Mill and the Millian Tradition

1. Mill "On the Definition of Political ..." [ANTHOLOGY Ch. 1]
2. The Millian Tradition in Economic Methodology  
Reflection Sections 2.1.1 - 2.1.3 [REFLECTION pp. 14-37]

(\* ) Robbins "The Nature and Signif ..." [ANTHOLOGY Ch. 3]

(\* ) De Marchi "Putting Evidence ..." [F&F Ch. 15]

Thurs 9/7: Friedman on Positive Economics

1. Friedman "The Methodology of ..." [ANTHOLOGY Ch. 9]
2. Friedman's Essay  
Reflection Sections 2.2.2 [REFLECTION pp. 53-60]

(\* ) Hausman "Why Look ... ?" [ANTHOLOGY Ch. 11]

Paper #1 Assigned

Tues 9/12: Positivism and the Received View

1. The Received View within the Philosophy of Science  
Reflection Sections 3.1.1-3.1.2 [REFLECTION pp. 72-88]
2. The Scientific Conception of the World [CP A.3]

Thurs 9/14: Popperian Falsificationism

1. Popper "Conjectures and Refutations ..." [CP A.1]
2. Popperian Falsificationism  
Reflection Section 3.1.3 [REFLECTION pp. 88-93]

PAPER #1 DUE

Tues 9/19: Falsificationism in Economics

1. Hutchison on the Significance of the Basic Postulates  
Reflection Section 2.2.1 [REFLECTION pp. 49-53]
  2. The Falsificationist Tradition  
Reflection Section 7.1.1 [REFLECTION pp. 275-86]
  3. Blaug "Ugly Currents in Economics" [F&F Ch. 2]
- (\* Hutchison "On Verification ..." [ANTHOLOGY Ch. 7]  
(\* Hutchison "Ends and Means ..." [BACKHOUSE Ch. 2])

Thurs 9/21: Kuhn and the Breakdown of the Received View

1. Self-Destruction and Kuhn  
Reflection Sections 3.1.4, 3.2.2-3.2.3  
[REFLECTION pp. 93-5, pp. 101-09]
  2. Kuhn "Scientific Revolutions ..." [CP A.2]
- (\* An Introductory overview of Kuhn:  
[www.emory.edu/EDUCATION/mfp/Kuhnsnap.html](http://www.emory.edu/EDUCATION/mfp/Kuhnsnap.html))

Tues 9/26 Lakatosian Economic Methodology

1. Lakatos and Economic Methodology  
Reflection Section 3.3.1 [REFLECTION pp. 110-14]  
Reflection Section 7.1.2 [REFLECTION pp. 286-96]
  2. Blaug "Paradigms versus Res ..." [ANTHOLOGY Ch. 20]
  3. Blaug "Why I Am Not ..." [BACKHOUSE Ch. 6]
- (\* Backhouse "Lakatosian Legacy ..." [BACKHOUSE Ch. 9]  
(\* Lakatos's Science and Pseudoscience:  
[www.lse.ac.uk/collections/lakatos//Default/htm](http://www.lse.ac.uk/collections/lakatos//Default/htm))

Paper #2 Assigned

Thurs 9/28: Critical Realism

1. Lawson "A Realist Theory ..." [BACKHOUSE Ch. 13]
2. Critical Realism  
Reflection Section 7.3.1 [REFLECTION pp. 321-28]
3. Lawson "Back to Reality" [CP B.3]

(\* Realist and Empiricist Moves

Reflection Section 3.3.2 [REFLECTION pp. 114-25]

(\* MacLennan "Notes for a Critical Realist Reading Group"

[www.raggedclaws.com/criticalrealism/archive/gmac\\_intro.html](http://www.raggedclaws.com/criticalrealism/archive/gmac_intro.html)

(\* Fleetwood "Why Economics Explains Nothing"

[www.btinternet.com/~pae\\_news/review/issue17.htm](http://www.btinternet.com/~pae_news/review/issue17.htm)

Tues 10/3: Capacities and Models

1. Cartwright "The Limits ..." [F&F Ch. 6]
2. Morgan "Models, Stories, ..." [F&F Ch. 8]
3. Backhouse "Economic Models ..." [F&F Ch. 9]

**PAPER #2 DUE**

Thurs 10/5: Sociology of Scientific Knowledge and Economics

1. The Sociological Turn  
Reflection Chapter 5 [REFLECTION pp. 172-212]
  2. Hands "Constructivism" [CP C.1]
- (\* Hands "The Sociology of ..." [BACKHOUSE Ch. 5]  
(\* Hands "The More Things Change ..." [F&F Ch. 17]

Tues 10/10: MID-TERM EXAM

Thurs 10/12: Rhetoric and Neopragmatism

1. Neopragmatism and the Discursive Turn  
Reflection Section 6.1 & 6.2 [REFLECTION pp. 213-260]
2. McCloskey "The Rhetoric of ..." [ANTHOLOGY Ch. 22]

- (\*) McCloskey "How to Do A Rhetorical Analysis ..."  
[BACKHOUSE Ch. 15]
- (\*) McCloskey "You Shouldn't Want ..." [F&F Ch. 16]

Tues 10/17: FALL BREAK DAY

Thurs 10/19: Folk Psychology and Economics

1. Eliminative Materialism  
Reflection Section 4.4 [REFLECTION pp. 165-71]
  2. Rosenberg's Critique  
Reflection Section 7.4.1 [REFLECTION pp. 334-41]
  3. Rosenberg "What is the Cognitive Status of ..."  
[BACKHOUSE Ch. 11]
- (\*) Rosenberg "If Economics Isn't ..." [ANTHOLOGY Ch. 21]

Tues 10/24: The Economics of Scientific Knowledge

1. The Economic Turn  
Reflection Sections 8.1-8.3 [REFLECTION pp. 353-88 ]
  2. Mäki "Economic Epistemology" [CP C.4]
- (\*) Hands "Caveat Emptor ..." [CP C.2]  
 (\*) Bonilla "Economists: Truth-seekers ..." [F&F Ch. 18]

Paper #3 Assigned

Thurs 10/26: Introduction to Ethics and Economics

1. H & M Ethics & Economics [H & M Introduction, Chs. 1 &2]
- (\*) Hausman & McPherson "Economics, Rationality, ..."  
[ANTHOLOGY Ch. 14]

Tues 10/31: NO CLASS

Thurs 11/2: NO CLASS

Tues 11/7: Rational Choice & Ethics I

1. Utility and Demand Theory (A review of Rational choice theory and consumer demand theory) [HANDOUT]
2. Amadae "Introduction to Rationalizing" [CP D.1]
3. H & M Rationality [H&M Ch. 3]

**PAPER # 3 DUE**

Thurs 11/9: Rational Choice & Ethics II

1. H & M Rationality and Norms [H&M Chs. 5 & 6]

Tues 11/14: Utilitarianism & Consequentialism

1. Gordon "Utilitarianism" [CP D.3]
2. H & M Utilitarianism [H&M Ch. 7]

**Paper #4 Assigned**

Thurs 11/16: Welfare & Efficiency

1. H & M "Welfare" [H&M Ch. 8]
2. H & M "Efficiency" [H&M Ch. 9]

Tues 11/21: Epistemology, Ethics & Economics Common Themes

1. H & M Conclusion [H&M Ch. 15 and APPENDIX]
2. Hands "Positive-Normative ..." [CP D.4]

(\* Putnam "The Collapse of the Fact/Value Dichotomy"  
Chs. 2, 3, & 8 [CP D.2]

**PAPER # 4 DUE**

Thurs 11/23: THANKSGIVING BREAK

Tues 11/28: Formalism in Economics: A Debate

1. Blaug "The Formalist Revolution" [CP B.1]
  2. Lawson "An Explanation of the Math" [CP B.2]
  3. McCloskey "The Rhetoric of Formalism" [CP C.3]
- (\* Hands "Did Milton Friedman's ..." [CP B.4]

Thurs 11/30: Psychology and Economics

1. Rabin "Psychology and Economics" [CP E.2]
2. Intro to Neuroeconomics [CP E.3]

Tues 12/5: Final Thoughts & Review

1. Hands "Philosophy and Economics" [CP E.1]

Thursday 12/14 4-6 PM: **FINAL EXAM**