

SPRING 1990

Economics 827: ECONOMIC PHILOSOPHY

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Purpose and theme:

The purpose of this course is to discuss some of the issues at the foundations of economics as a social science. It will cover topics like the following (the numbers behind the titles refer to the reading list):

- Economics as moral philosophy (1, 13, 15, 20).
- Welfare economics and political economy (2, 3, 4).
- Methodological and normative individualism (14, 22).
- Subjectivism and opportunity costs (9, 12, 30).
- Utilitarianism and contractarianism (5, 16, 18, 19, 24).
- Agreement in exchange, in politics and in science (10, 29).
- Liberty, voluntariness and efficiency (7, 26).
- Justice as fairness and distributive justice (6, 11, 21, 23, 24).
- Homo economicus, rational choice and rule-following (8, 25, 27).
- Economics and morality (17, 19, 28).

Organization:

The constituting meeting for this course will be held on January 23, 7:20 p.m., in room R 2600. The core part of this course will be taught during the two-weeks period February 19 through March 2 in the library of the Center for Study of Public Choice, George's Hall, from 8:30 a.m. to 11:00 a.m. (daily Mon. through Fri.).

Grading:

Grades will be determined on daily (one page) protocols during the 'core-period' and a longer (15-20 pages) paper on a subject to be chosen between student and instructor.

Reading List:

(A set of xerox-copies of the following titles will be available from Kinko's Copies, University Mall).

- (1) Albert, Hans "Knowledge and Decision" chpt. 3 in H. Albert Treatise in Critical Reason Princeton University Press 1985, 71-101.
- (2) Buchanan, James M. "Social Choice, Democracy, and Free Markets" in Fiscal Theory and Political Economy Chapel Hill 1960, 75-89.
- (3) - , - "Positive Economics, Welfare Economics, and Political Economy" in Fiscal Theory and Political Economy Chapel Hill 1960, 105-124.
- (4) - , - "The Relevance of Pareto Optimality" in The Journal of Conflict Resolution Vol. 6, 1962, 341-354.
- (5) - , - "Marginal Notes on Reading Political Philosophy" in J. M. Buchanan and G. Tullock The Calculus of Consent Ann Arbor 1965, 307-322.
- (6) - , - "Notes on Justice in Contract" in Freedom in Constitutional Contract Texas A&M University Press 1977, 123-134.
- (7) - , - "Criteria for a Free Society: Definition, Diagnosis, and Prescription" in Freedom in Constitutional Contract Texas A&M University Press 1977, 287-299.
- (8) - , - "Is Economics the Science of Choice?" in What Should Economists Do? Liberty Press 1979, 39-63.
- (9) - , - "General Implications of Subjectivism in Economics" in What Should Economists Do? Liberty Press 1979, 81-91.
- (10) - , - "The Potential for Tyranny in Politics as Science" in Liberty, Market and State New York University Press 1985, 40-54.
- (11) - , - "Rules for a Fair Game: Contractarian Notes on Distributive Justice" in Liberty, Market and State New York University Press 1985, 123-139.

(12) - , - "L.S.E. Cost Theory in Retrospect" in Economics - Between Predictive Science and Moral Philosophy Texas A&M University Press 1987, 141-151.

(13) - , - "Political Economy and Social Philosophy" in P. Koslowski, ed., Economics and Philosophy, Tuebingen 1985.

(14) - , - "The Foundations for Normative Individualism" mimeographed, Center for Study of Public Choice.

(15) Buchanan, James and Gordon Tullock "The Politics of the Good Society," Chpt. 20 in The Calculus of Consent Ann Arbor 1965, 297-306.

(16) Gauthier, David "On the Refutation of Utilitarianism" in H. B. Miller and W. H. Williams (eds.) The Limits of Utilitarianism University of Minnesota Press 1982, 144-163.

(17) - , - "Maximization Constrained: The Rationality of Cooperation" in R. Campbell and L. Sowden (eds.) Paradoxes of Rationality and Cooperation Vancouver 1985, 75-93.

(18) Hahn, Frank "On Some Difficulties of the Utilitarian Economist" in A. Sen and B. Williams (eds.) Utilitarianism and Beyond Cambridge University Press 1982, 187-198.

(19) Harsanyi John C. "Morality and Social Welfare" chpt. 4 in J. C. Harsanyi Rational Behavior and Bargaining Equilibrium in Games and Social Situations Cambridge University Press 1977, 48-64.

(20) Hayek, Friedrich A. "Kinds of Rationalism" in F. A. Hayek Studies in Philosophy, Politics and Economics The University of Chicago Press 1967, 82-95.

(21) - , - "The Atavism of Social Justice" in F. A. Hayek New Studies in Philosophy, Politics, Economics and the History of Ideas The University of Chicago Press 1978, 57-68.

(22) Lachmann, Ludwig M. "Methodological Individualism and the Market Economy" in L. M. Lachmann Capital, Expectations, and the Market Process Kansas City 1977, 149-165.

(23) Nozick, Robert "Distributive Justice" chpt. 7 in R. Nozick Anarchy, State, and Utopia New York 1974, 149-164 + 183-189.

(24) Rawls, John "Justice as Fairness" chpt. 1 in J. Rawls A Theory of Justice Harvard University Press 1971, 3-27.

(25) Sen, Amartya "Behaviour and the Concept of Preference" in J. Elster (ed.)

Rational Choice Basil Blackwell 1986, 60-81.

(26) Vanberg, Viktor "Individual Choice and Institutional Constraints - The Normative Element in Classical and Contractarian Liberalism" in Analyse & Kritik Vol. 8, 1986, 113-149.

(27) - , - "Rational Choice, Rule-Following and Institutions" mimeographed, Center for Study of Public Choice, 1989, 49pp.

(28) Vanberg, Viktor and James M. Buchanan "Rational Choice and Moral Order" in Analyse & Kritik Vol. 10, 1988, 138-160.

(29) Vanberg, Viktor and James M. Buchanan "Interests and Theories in Constitutional Choice" in Journal of Theoretical Politics Vol. 1, 1989, 49-62.

(30) Wiseman, Jack "General Equilibrium or Market Process: An Evaluation" in J. Wiseman Cost, Choice and Political Economy Edward Elgar 1989, 213-233.

Readings suggested for further study:

Buchanan, James M. Cost and Choice - An Inquiry in Economic Theory Chicago 1969.

- , - Freedom in Constitutional Contract Texas A&M University Press 1977.

- , - Economics - Between Predictive Science and Moral Philosophy Texas A&M University Press 1987.

Gauthier, David Morals By Agreement Oxford: Clarendon Press 1986.

Gray, John Liberalism Open University Press 1986.

Hayek, Friedrich A. Law, Legislation and Liberty University of Chicago Press 1974, 1976, 1979 (three volumes).

- , - The Fatal Conceit - The Errors of Socialism London: Routledge 1988 (Vol. 1 of The Collected Works of Friedrich August Hayek).

Nozick, Robert Anarchy, State, and Utopia New York: Basic Books 1974.

Rawls, John A Theory of Justice Harvard University Press 1971.

Vanberg, Viktor Morality and Economics - De Moribus Est Disputandum, New Brunswick: Transaction Books 1988 (Social Philosophy and Policy Center, Original Papers No. 7).