Philosophy of Economics and Politics (PHIL 2171)

Module Document

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1. Overview

This module addresses a broad set of issues that fall into the intersection of philosophy, economics, and politics. Roughly half of the lectures concern philosophical issues in political economy, such as: Does political democracy require a market economy, and/or private property, and/or limitations on the state’s economic role? What specific aspects of capitalism and socialism are especially conducive or detrimental to democracy? Is there a viable ‘third way’ between capitalism and socialism? Are the terms capitalism and socialism still appropriate and useful? Will new economic systems emerge in the future and, if so, will they be compatible with democracy? What is the role of freedom in all this, and freedom in what sense? Does the welfare state strengthen capitalism or does it constitute a large step towards socialism? Does capitalism have a future? The other half concerns methodological and ethical issues in economics. Examples for these issues are: How do economists explain? What is the nature of causal relations in economics? Are there social laws? How do we best go about learning about the economy? What is rationality? What is the right approach to economic justice? Are there moral limits to the market? Are property rights justified? As we will see, these methodological and ethical issues arise in the works of the great political economists such as Tocqueville, Marx, Schumpeter, Hayek and Polanyi.

2. Contacts

Module leader and lecturer
Julian Reiss (julian.reiss@durham.ac.uk)

Tutors
William Peden (w.j.peden@durham.ac.uk)
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3. Core text and background readings

There is no core text for this module. However, it won’t do any harm if you get Julian Reiss’s Philosophy of Economics (Routledge 2013), most of the chapters of which are recommended as essential or complementary readings on the methodology and ethical issues discussed in the module. You can order the book online, for instance here:

https://www.amazon.co.uk/Philosophy-Economics-Routledge-Contemporary-Introductions/dp/041588117X/ref=sr_1_1?ie=UTF8&qid=1538918542&sr=8-1&keywords=Julian+Reiss

I’m currently in the process of revising the text for a second edition which is due to come out in 2019 and might post revised chapters on DUO as we go along. For the assessment it won’t matter if you read chapters from the first or second edition, however.

I also want to recommend a few items of background readings. One is:

- Julian Reiss, ‘Capitalism and Democracy: Allies, Rivals, or Strangers?’ in Mark D. White, Oxford Handbook of Ethics and Economics (OUP: forthcoming),

which provides an introduction to the political economy part of the module. Apart from this, it will be useful to look up core concepts and thinkers in the Stanford Encyclopedia of Philosophy, for example:
There is a plethora of new books on capitalism. Here are some I can recommend:

- Jürgen Kocka and Marcel van der Linden, *Capitalism: The Reemergence of a Historical Concept* (Bloomsbury 2018)

Some philosophy of science would be useful for the methodology part of the module. My favourite introduction is:


Finally, there are a number of texts on ethics and the economy. Hausman et al. is the most comprehensive one, but the others are worth looking at as well:


4. Lecture Schedule and Reading List

Many lectures will focus on an individual great thinker such as Alexis de Tocqueville, Karl Marx or Ayn Rand, and it will be extremely rewarding to read original works by these authors (such as *Democracy in America* by Tocqueville, *Capital Vol. I* by Marx and *Atlas Shrugged* by Ayn Rand). However, in order not to overburden you (*Atlas Shrugged* alone is 1168 pages long!), I have selected a piece of secondary literature that summarises the respective thinkers’ core ideas. Thus, there will normally be a journal article or book chapter assigned as compulsory or essential reading and then a book and further articles as recommended readings. At least for the preparation of the essays I would encourage you to go back to the original works.

Note: **Compulsory/essential readings are marked with an asterisk *.** Compulsory readings and some additional material will be posted on DUO.

**Lecture 1** (8 October): **Setting the Scene**
- *Jürgen Kocka, *Capitalism: A Short History* (Princeton 2006), Ch. 1

**Lecture 2** (15 October): **Tocqueville** (1805-59)
- *Jürgen Kocka, *Alexis de Tocqueville* (Continuum 2010), Chs 2-3
- Jon Elster, *Alexis de Tocqueville, the First Social Scientist* (CUP 2009)

**Lecture 3** (22 October): **Social Mechanisms**
- Julian Reiss, *Philosophy of Economics* (Routledge 2015): Ch. 6

**Lecture 4** (29 October): **Marx** (1818-83)
- Jerry Muller, *The Mind and the Market* (Anchor 2003), Ch. 7
Lecture 5 (5 November): Methodological Individualism and Social Tendencies

- Daniel Little, The Scientific Marx (University of Minnesota 1986), Ch. 5
- Julian Reiss, Philosophy of Economics (Routledge 2015): Ch. 5

Lecture 6 (12 November): Schumpeter (1883-1950)

- Robert Heilbroner, The Worldly Philosophers (Touchstone 1953/1999), Ch. 10
- Joseph Schumpeter, Capitalism, Socialism, and Democracy (Routledge 1943)
- David McCord Wright, ‘Schumpeter's Political Philosophy’ in Seymour Harris, Schumpeter: Social Scientist (Harvard 1951)

Lecture 7 (19 November): Economics: Inductive or Interpretive Science?

- Harro Maas, Economic Methodology: A Historical Approach (Routledge 2014): Ch. 2
- Karl Popper, ‘The Logic of the Social Sciences’, in Theodor Adorno, The Positivist Dispute in German Sociology (Glyn Adey and David Frisby, translators; New York 1976)

Lecture 8 (26 November): Hayek (1899-1992)

- Friedrich Hayek, The Road to Serfdom (The condensed version as it appeared in the April 1945 edition of Reader's Digest; Institute of Economic Affairs 1999)
- Jerry Muller, The Mind and the Market (Anchor 2003), Ch. 13
- Friedrich Hayek, The Road to Serfdom (Routledge 1944)
- Friedrich Hayek, The Constitution of Liberty (Chicago 1960)
- Friedrich Hayek, Law, Legislation, and Liberty (Routledge 1973)

Lecture 9 (3 December): Rationality

- Julian Reiss, Philosophy of Economics (Routledge 2015): Ch. 3

Lecture 10 (10 December): Polanyi (1886-1964)

- Gregory Baum, Karl Polanyi on Ethics and Economics (McGill-Queen’s 1996), Ch. 1
- Karl Polanyi, The Great Transformation (Beacon 1944)

**Lecture 11** (14 January): *Meritocracy*


**Lecture 12** (21 January): *Evidence-Based Policy*

• "Julian Reiss, *Philosophy of Economics* (Routledge 2015): Ch. 11

**Lecture 13** (28 January): *Women and Capitalism*

• Ayn Rand, *Capitalism: The Unknown Ideal* (Signet, 1962)
• Isabel Paterson, *The God of the Machine* (Putnam 1943)
• Rose Wilder Lane, *The Discovery of Freedom: Man's Struggle Against Authority* (John Day 1943)

**Lecture 14** (4 February): *Women and Capabilities*

• Amartya Sen: *Development as Freedom* (Oxford 1999): Ch. 3

**Lecture 15** (11 February): *Capitalism and the Bourgeois Virtues*

• Adam Smith, *The Theory of Moral Sentiments* (Cambridge 2002[1759])
• Deirdre McCloskey, *The Bourgeois Virtues: Ethics for an Age of Commerce* (Chicago 2006)
• Deirdre McCloskey, *Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World* (Chicago 2016)

(Together McCloskey's books constitute the 'Bourgeois Era' trilogy.)

**Lecture 16** (18 February): *Markets & Morals*

• "Daniel Hausman, Michael McPherson, and Debra Satz: *Economic Analysis, Moral Philosophy, and Public Policy* (Cambridge 2016): Ch. 6

**Lecture 17 (25 February): Property Rights, Justice, and Voting Rights**
- Dan Usher, ‘Voting Rights, Property Rights, and Civil Rights’, in *The Economics of Voting: Studies of self-interest, bargaining, duty and rights* (Routledge 2016), Ch. 10 (see also other essays in this volume)

**Lecture 18 (4 March): Distributive Justice**

**Lecture 19 (11 March): The Welfare State**

**Lecture 20 (18 March): Idealisation and Models in Economics**

**Lecture 21 (29 April): Revision I & Exam Preparation**
- No required reading

**Lecture 22 (6 May): Revision II & Exam Preparation**
- No required reading

5. Tutorials

You have a total of eight tutorials for this module and should take full advantage of the opportunities they offer to develop and refine your knowledge, understanding, and philosophical skills through dialogue with your peers and tutor. Please ensure that you note in your diaries the tutorial times, dates, topics, and readings and actively plan your preparation for each one.

Please note that tutorials take place fortnightly. For some of you tutorials will start in week 2 of term while others will start tutorials in week 3. Either way you’ll have four tutorials in Michaelmas and four in Epiphany. There will be an additional feedback session on the formative essay in week 1 of Epiphany. Details about date and format of this session will be provided by your tutor in due course.
Please check your tutorial timetable for further details about your tutorial schedule. All readings for the tutorials will be posted on DUO.

**Tutorial 1: Democracy’s Threats to Liberty**
  ⟷ Note that this article is 30 pages long. So please reserve some time for reading it.

**Tutorial 2: Why Read Marx Today?**
- *The Economist*, ‘Rulers of the world: read Karl Marx!’, May 3rd, 2018
  ⟷ Note that this article is very short. So please feel free to read some of the suggested lecture readings in preparation of the tutorial.

**Tutorial 3: Democratic Capitalism**

**Tutorial 4: Neoliberalism**
- S.M. Amadae, *Prisoners of Reason* (CUP 2015): Ch. 1

**Tutorial 5: Values in Evidence-Based Policy**
  ⟷ Note that this article is 30 pages long. So please reserve some time for reading it.

**Tutorial 6: Adaptive Preferences**

**Tutorial 7: Should Kidneys Be For Sale?**

**Tutorial 8: Is Social Justice a Mirage?**

6. **Assessment**

**Formative essay** (0% of final grade):
- Word limit: 2,500 words (including title, footnotes, and the bibliography at the end)
- Deadline: 12.00 noon on Friday, 14th December 2018

**Summative essay** (40% of final grade):
- Word limit: 2,500 words (including title, footnotes, and the bibliography at the end)
- Deadline: 12.00 noon on Friday 22nd March 2019

**Summative exam** (60% of final grade):
- A two-hour unseen written examination in Easter term 2019 (exact date to be confirmed)
Note that lecture material is not a suitable reference source for your assignments. Lectures are designed to introduce you to the material, but will typically simplify the issues so that they are an appropriate starting point, and to fit into the 50 minutes available. Essays based on such a simplification of the material cannot be expected to do well. Instead, essays should be based on your essential and further reading.

Your essays must be submitted online. You will receive instructions via email on the submission procedure approximately one week before the deadline (see also the Student and Departmental Handbook for guidance on essay submission). Please include a word count. Note that the word limit of 2,500 is strict (essays which are too long will be rejected) and that for this module the bibliography is included in the word count. The reasons for this have to do with greater transparency and the fact that only by including the bibliography in the word count, students who prefer the Oxford style of citations (full reference in the footnote with no bibliography at the end) will not be discriminated against.

Feedback on the essays will be provided, designed to help improve future essays as well as your examination performance.

For further details on essay writing and submission, see the Student and Departmental Handbook.

7. Getting help

Many obvious questions are answered in the Student and Departmental Handbook (advice on essay writing and exam preparation, what to do in case of illness, etc.). This handbook can be accessed on DUO if you do not have a hard copy.

You can also contact your lecturer by email, speak to your tutor, or telephone the Philosophy Department Office on 0191 344 6550.