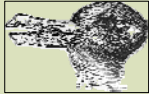


Top Ten Lessons on Ethics in Economics: The Templeton/NCEE Project

Active Lessons

Lesson 1: Does Science Need Ethics?

Economists make ethical choices in choosing subjects for study, deciding which models to use, and evaluating what type (and how much) data to collect.



Is this a rabbit or a duck?

A researcher's worldview preconditions the choice of models and interpretation of facts.

Information is expensive. Value judgment must be made that the benefit of the information exceeds the cost of collection.

Lesson 4: Do Markets Make Us More Moral?

Students apply economic analyses to a case study of discrimination to demonstrate how market incentives can reward the development of virtuous character traits such as hard work, honesty, and acceptance of others.



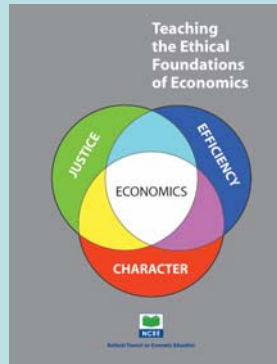
Paul Heyne

Lesson 8: Is Efficiency an Ethical Concept?

Students play the role of a doctor facing a critical shortage of life-saving serum and learn that any definition of efficient use of serum requires judgments about what most improves society's welfare.

Lesson 10: What is Economic Justice?

Students play the Veil of Ignorance game to reveal how altering people's self-interest transforms their vision of economic justice on four public policies.



A book of pedagogy on ten active lessons on ethics in economics.

- ◆ National Council on Economic Education
– coming January 2007
- ◆ Funded by a \$628,200 John Templeton grant
- ◆ Leading authors in pedagogy and philosophy
 - ◆ Field tested across America during 2006
 - ◆ National train-the-trainers institute, 2007
 - ◆ National workshops for 2,400 teachers, 2007-09

"He can know better the character and situation of the persons whom he trusts..." (Adam Smith, *The Wealth of Nations*, 454).



Deeper Critical Thinking

Lesson 6: What Should We Do about Sweatshops?

Students learn three approaches to moral problems and then use these approaches to analyze the ethical dilemmas in sweatshops.

Three main normative approaches:

A. Outcomes-based ethics (cost/benefit analysis)

Examine the impact of sweatshops on desirable goals such as job creation, living standards, efficiency and fairness. Choose the policy that best achieves the desired outcome.

→ But analyzing consequences is not the only way of proceeding. Alternative ethical approaches focus on process or on identity:

B. Duty-based ethics (Process -- Kantian)

Ask whether sweatshops uphold the basic dignity of all human beings. The process, particularly whether anyone's human rights are violated, is critical to this analysis. In Kantian ethics, the ends do *not* justify the means.

C. Virtue-based ethics (Identity -- Aristotle/Smith)

Ask whether sweatshops contribute to the formation of good character and virtues for workers, managers and consumers. Ask whether the proposed action conforms to the picture of an ideal human character. (Milton Friedman's parents got their start in a New York sweatshop.)

Economists need to be aware of competing moral theories if they hope for a richer analysis of controversies like stem cell research, externalities, the sale of human organs, and international trade controversies like sweatshops.

"[P]roblems of welfare economics must ultimately dissolve into a study of aesthetics and morals." – Ronald H. Coase, "The Problem of Social Cost"

Moral inquiry is a necessary step in critical thinking.

Moral commitment "drives a wedge between personal choice and personal welfare."

-- Amartya Sen (1977, 329).