

UNIVERSITY OF RICHMOND
ECONOMICS 233: ETHICS AND ECONOMICS
FALL 2011

CLASS MEETINGS: Tuesdays and Thursdays, 10:30 am - 11:45 am, RSB 115

INSTRUCTOR: Prof. Jonathan Wight
Office: BUS 140-C (in the first floor Graduate Business office)
TEL: 289-8570 (o); E-mail: jwight@richmond.edu

Office Hrs: * You are welcome to drop by my office anytime or email for an appointment.
* Campus and off-campus events sometimes conflict; if you definitely need me, please call for an appointment.

HOTLINE: In case of inclement weather, please call 289-8760 to check if UR classes are being held.

TEXTBOOK:

* Jonathan B. Wight, *Ethics in Economics: A Critical Thinking Approach* (handed out in class)

Students should provide a check for \$15 made out to "University of Richmond" to cover the cost of printing the readings.

PREREQUISITE: Economics 101

COURSE RATIONALE AND OBJECTIVES: This course is designed to prepare students for positions of responsibility in a complex and interdisciplinary world. It does so by exploring ethical considerations that arise in economic analyses. In positive economics, how are choices informed by considerations of duty or virtue (in addition to utility)? In normative economics, how do concepts of welfare and efficiency derive from ethical theory? What competing ethical theories add to the understanding of public policy issues? The course addresses additional questions such as: What is the moral philosophy behind capitalism? What are the moral limits to markets? Do businesses create and rely upon moral capital?

The concepts and frameworks of microeconomics will serve as tools in our analysis, and they will also be subjects of that analysis. Ethical analysis matters for economic, business, and governmental policies. Public policies usually entail trade-offs between intersecting and conflicting moral demands (e.g., between efficiency and equity). Economics students will be stronger economists when they are able to understand and model ethical approaches within positive economic models.

Beyond this, students should understand the ethical premises that undergird or ground economic thinking (e.g., the ethical precepts needed to define efficiency). By the same token, students from other disciplines lacking an understanding of how markets allocate resources (using decentralized prices) will be hampered in formulating public policy solutions. Leaders need literacy in economics *and* in ethics in order to clarify policy-based public choices.

Accordingly, this course aims to enable students:

- to understand the value-based assumptions in the basic microeconomic framework;
- to develop an understanding of ethical frameworks that permeate economic policy choices;
- to clarify key concepts including efficiency, justice, freedom, and equal opportunity within a global context.

Please let me know of your special needs, interests, and concerns in meeting these objectives.

GRADES: The following weights apply:

Class participation:	15 %
Short Journal Papers	10 %
Mid-term exam:	35 %
Oral Presentation	10 %
Final project	<u>30 %</u>
	100%

Participation: This course will build upon class participation, which includes attendance, discussion, and the critical analysis of readings. In order to encourage students to come prepared for thoughtful discussion, occasional quizzes on readings may be given. To receive maximum class participation points, please arrive on time and be prepared to participate. A seating chart will be made so we can take roll quickly. Students arriving late may request partial credit by seeing me after class. Excessive tardiness or absences will result in a geometrically reduced grade. (Please make your travel plans for school breaks accordingly.)

Please show consideration to others by showing up on time. Refrain from eating or engaging in private conversations while class is in session. Treat others with courtesy and respect when discussing their ideas. If something concerns you, please let your instructors know – your help and insight can make this a better class than it otherwise would be.

Please do not operate cell phones, laptops or other electronic devices while in class. Class time is for discussion, debate, and thinking. Print any PowerPoints or other items ahead of time that you may need for the class.

Expectations: This course requires consistent and substantial effort. While students may have the misconception that a 200-level class is “easy,” in economics a 200-level designation signifies only the required prerequisites. All courses are expected to be challenging. If you are willing to work hard and are curious about the world, this class is a good fit for you. Do not expect to find simple answers: the process of economic and ethical analysis is complex, requiring different layers of analysis. To be successful in this course you should expect to devote no less than 10 – 14 hours each week in class, reading and studying the material, and preparing assignments. Of course, inputs of time can be misleading, since *quality* of study time is equally important as the number of hours multitasking.

JOURNAL writing: On the dates shown on the syllabus, you will be asked to prepare a journal entry, which requires reflection and analysis of the assigned readings. On some days, your journal takes the form of a discussion question and answer. A good discussion question should cause your fellow students to think, not simply repeat the content. “*Why*” type questions are more effective at stimulating discussion; “*what*” type questions are generally descriptive in nature and should be avoided. Hence, a good discussion question generates reflection. Avoid simply regurgitating the content.

Journals should be about 1/2 to 1 typed pages (double spaced). Journal grading is on a 4 point scale: 4=Exceptional (rare); 3=Very Good; 2=Good; 1=Poor; 0=Not acceptable.

Oral Presentation: Each student will give an 8-10 minute presentation on your research project. The assignment of dates and the order of presentations will be determined by the overlap of topics. Oral presentations begin November 15, however, you should schedule an appointment with a Speech Consultant well before this date.

Note #1: Every student is **required** to do a formal practice session with a Speech Consultant prior to your class presentation. Even though you may be an excellent public speaker, you can always get better. (Any student who skips this session or does paltry preparation for it is wasting our time. The penalty will be loss of half of a letter grade on the oral presentation, i.e., a B- rather than a B grade.)

Note #2: **Attendance is mandatory** on all oral presentation dates, whether or not you are presenting. Students who fail to show without pre-authorized official absence will receive a dramatically reduced participation grade. Students who fail to participate actively by engaging and asking questions will also receive an appropriate grade.

Note #3: You should mainly present extemporaneously without reading your notes or slides. This allows you to have great eye contact and to connect *expressively* with the class and professor. *Modulate* your voice to show enthusiasm and to create emphasis. These items will be part of your presentation grade. On completion of your presentation, you will be subject to energetic follow-up questioning.

Note #4: **By 3 pm** on the day *before* your talk, please provide me with an electronic link to a timely short news article on your topic, which I will pass on to other students. **By 9 a.m.** on the day of your talk, please send me any PowerPoint slide show that you plan to use.

Note #5: The dress code for all presenters is “business casual.”

See: <http://www.career.vt.edu/JobSearchGuide/BusinessCasualAttire.html>

Presentation Grading criteria: creativity and cogency in analysis; citation to concepts and issues from our texts and course coverage; article selection; delivery (speak slowly and with emphasis on key points); and poise, including eye contact with the class/professor.

Written Work: Written work includes periodic journal entries and a final research project. More instructions will be provided in class for the final project. Please follow these requirements on all written work:

Format. All work is due in **hard copy** at the start of the class period due; late submissions will be accepted with a reduced grade. All submitted work should be typed and double-spaced, in 12-point Times New Roman font with one-inch margins on each side. Please do NOT email work to me unless specifically requested to do so. No cover page please.

Proper Citations. **All ideas must have appropriate attribution.** Good writing entails the careful citation of all sources *using a proper citation format*. Use the Chicago reference style, or some other system, and be consistent. For manuals of style, please consult the following for both print and electronic sources:

<http://library.richmond.edu/help/citing/index.htm>

Overall Evaluation. An “A” grade reflects mastery of material, excellent writing, and a thoughtful analysis *beyond* what we did in class; a B reflects solid work that reflects mastery of key material from class and readings; a C reflects adequate understanding of material and performance.

Deadlines. All graded materials should be taken or submitted at the stated time unless you have a valid university excuse (death in immediate family, illness requiring you to seek a doctor’s care, etc). Unless circumstances preclude it, advance notice is requested. No make-ups are given for class participation activities; students with a valid excuse will receive a heavier weight on other assignments. Assignments turned in after the deadline may be accepted with a reduced grade. My sympathy goes out to those who fall victim to a computer crash. However, no extension of time is granted for computer glitches. While you cannot anticipate a crash, you can reduce its serious consequences by making frequent back-up copies as you work, and by not waiting until the last minute to get assignments done.

If you experience difficulties, do not hesitate to consult with me. There are also other resources on campus offering support:

ACADEMIC SERVICES ON CAMPUS

Writing Center (<http://writing.richmond.edu/>). A Writing Center Consultant will return annotated rough drafts to students in a timely manner (i.e. within one week). Schedule any meetings well ahead of time and provide drafts 48 hours before your meeting.

Library Liaisons. Our Library Liaison is Lit Maxwell, lmaxwell@richmond.edu. He will provide you with research support this semester.

Speech Center (<http://speech.richmond.edu> or 289-8814): Assists with preparation and practice in the pursuit of excellence in public expression. Recording, playback, coaching and critique sessions offered by teams of student consultants.

Academic Skills Center (<http://asc.richmond.edu> or 289-8626) helps students assess their academic strengths and weaknesses; hone their academic skills through teaching effective test preparation, critical reading and thinking, information processing, concentration, and related techniques; and work on specific subject areas (e.g., calculus, chemistry, accounting, etc.).

Career Development Center (<http://cdc.richmond.edu> or 289-8141) can assist you in exploring your interests and abilities, choosing a major, connecting with internships and learning experiences, investigating graduate and professional school options, and landing your first job.

Counseling and Psychological Services (289-8119) assists students in meeting academic, personal, or emotional challenges. Services include assessment, short-term counseling and psychotherapy, crisis intervention and related services.

TOPICS AND READINGS

Assignments are subject to change depending on class progress. All changes will be announced at the beginning of class, so please plan to arrive on time and be alert for announcements. You are responsible for any announcements that you may miss due to absence or lateness. All assignments are due at the *beginning* of the class period shown. Each day consists of one learning module.

NETFILES. Articles and slide shows used in class are stored here. To access NETFILES, click on your "Start" button, then in the search box, type in: \\Netfiles\users\j\jwright\outbox\Econ 211 This will locate NETFILES if you are on a networked computer. On a Mac, click "Go" then "Connect to Server." Enter "smb://netfiles/Users/j/jwright". Click "Connect"; if Prompted enter your NetID and password. For access problems please contact the computer help desk.

Day	Date	Assignments
Part I – Introduction to Economic Models and Welfare Analysis		
1	Tues. Aug 23	Introduction: Overview of the Course a) Wight, Ch 1 “Why Ethics Matters” b) Wight, Ch 2, “Getting Started” Please fill out this short questionnaire at: http://tinyurl.com/Econ-233-Student-Questionnaire
2	Thurs.	The Role of Ethics in Science: Facts, Theories, and Values

	Aug 25	<p>a) Heilbroner, “Schumpeter’s Vision”</p> <p>b) Henry Skolimowski, “Knowledge and Values,” <i>Ecologist</i> (1975)</p> <p>c) Thomas Kuhn, “Revolutions as Changes of World View,” in <i>The Structure of Scientific Revolutions</i>, excerpts from ch 10. For an overview of Kuhn’s model see: http://www.des.emory.edu/mfp/Kuhn.html</p> <p><i>See questions for review at end and be prepared to discuss in class.</i></p>
3	Tues. Aug 30	<p>a) Wight, “The Scientific Process”</p> <p>b) Wight, “Statistical and Economic Inferences”</p> <p>c) McCullough, McGeary, and Harrison, “Do Economics Journal Archives Promote Replicable Research?” (2008)</p> <p>d) David Warsh, “A Normal Professor” at: http://www.economicprincipals.com/issues/2008.06.01/320.html (Article about professional misconduct within the economics profession. If you can, also see the movie <i>Inside Job</i>, which alleges that prominent professors of economics mislead the public.)</p> <p>e) Listen to this interview with George DeMartino, author of The Economist’s Oath: On the Need for and Content of Professional Economic Ethics at http://www.economist.com/blogs/multimedia/2011/01/george_demartino_economic_ethics</p> <ul style="list-style-type: none"> • <i>Find and print out another example of scientific or academic misconduct.</i> <p>Journal #1: Is there a strict separation between facts and values? Between positive and normative economics? Relate your answer to the readings from this session and the previous one.</p>
4	Thurs. Sept 1	<p>Ethical Frameworks</p> <p>Wight, Ch 3, “Consequences”</p>
5	Tues. Sept 6	<p>Wight, Ch 4, “Duties and Virtues”</p> <p>Journal #2: Write a personal reflection on the three ethical frameworks covered in the last two classes. Did your parents socialize you to follow duties/rules, virtues, or consequences? Or, some combination of these (most likely)? If a combination, how were you to know which to choose? How has your moral outlook evolved over time in interaction with your peers, media, etc.? How do your views compare to those of Boulding in the reading above? Explain.</p>
6	Thurs. Sept 8	<p>The Welfare Interpretations of Market Equilibrium</p> <p><i>Please read this material in preparation for the quiz on Day 7.</i></p> <p>a) Wight, Ch 5, “Welfare and Efficiency”</p> <p>b) Wight, “Review of Market Prices” (handout)</p> <p>c) Please turn in the answers to Question #6 on the last page of the handout.</p>

7	Tues. Sept 13	QUIZ (covers days 4-6) Wight, “The Diamond-Water Paradox” (handout)
8	Thurs. Sept 15	Wight, Ch 6, “Pareto Efficiency and Cost-Benefit Analysis” Richard A. Posner, “Utilitarianism, Economics, and Legal Theory,” 8 <i>Journal of Legal Studies</i> 103 (1979), 103-140. Questions on Posner: How does Posner see the economic view as distinct from the utilitarian view? How does Posner ultimately defend wealth maximization as a moral view? What is the basis of Stringham’s critique?
9	Tues. Sept 20	Wight, Ch 7, “Critiques of Welfare Theory” Edward Stringham, “Kaldor-Hicks Efficiency and the Problem of Central Planning,” <i>The Quarterly Journal of Austrian Economics</i> Vol. 4, No. 2 (Summer 2001): 41–50
10	Thurs. Sept 22	The Moral Limits of Markets – Pt I a) Wight, “Chapter 8: Moral Limits to Markets” b) Michael Sandel, “What Money Can’t Buy: The Moral Limits of Markets” c) <u>Optional</u> : Spoof of concern for moral limits: http://www.theonion.com/video/report-baby-skull-jewelry-may-be-linked-to-violenc,14402/ Journal #3: How would Sandel analyze ONE of the following issues: <i>buying votes, buying grades, buying wives or husbands, buying college tuition to avoid the military draft, OR, pick your own relevant topic not covered by Sandel. Contrast Sandel’s view with the market view. Do monetary incentives corrupt certain intrinsic values? Do you agree or disagree with Sandel and why? (2 pages with relevant citations, as always)</i>
11	Tues. Sept 27	Catch-Up Day and Review for Midterm Kenneth Boulding, “Economics as a Moral Science”
12	Thurs. Sept 29	Midterm Exam (Exam runs from 10:30-12:30 pm.) Please mark your calendars or reschedule with professor.

13	Tues. Oct 4	<p>Case Study: Kidney Markets</p> <p>a) Becker and Elias, “Introducing Incentives in the Market for Live and Cadaveric Organ Donations”</p> <p>b) Howard, “Producing Organ Donors”</p> <p>Read and respond to the assignment “Should a Market for Transplant Organs Be Allowed?”</p>
14	Thurs. Oct 6	<p>Case Study: Kidney Market (con’t)</p> <p>a) Wight, “The Ethics of a Legal Market in Kidneys”</p> <p>b) Scheper-Hughes, “The End of the Body”</p> <p>c) Catholic News Agency, “Pope Condemns Organ Transplants...”</p> <p>d) Campbell, “No Such Thing as Ethical Organ Market”</p> <p>e) Thaler and Sunstein, “How to Increase Organ Donations”</p> <p>f) Etzioni, “Organ Donation: A Communitarian Approach”</p> <p>Journal #4: Write a position paper (2 pages) for your Senator on whether to support or not a bill to allow the trading of organs. In your report, reflect on the strengths and weaknesses of the various types of moral frameworks that relate to this case.</p>
	Tues. Oct 11	FALL BREAK
15	Thurs. Oct 13	<p>The Moral Limits of Markets – Pt. II</p> <p>a) Paul Heyne, “Moral Criticisms of Markets”</p> <p>b) Start work on your term paper proposal.</p>
	Oct 14 - 15	<u>EXTRA CREDIT:</u> ATTEND ONE OR TWO SESSIONS OF THE PPEL CONFERENCE, WRITE UP YOUR EXPERIENCE IN A JOURNAL REFLECTION.

16	Tues. Oct 18	<p>TURN IN A PROSPECTUS OF YOUR TERM PAPER (This is a graded assignment):</p> <ul style="list-style-type: none"> a) One-page <i>overview</i> that a) describes the topic; b) discusses its importance; and c) outlines the relevant moral theories. b) One-page <i>bibliography</i> of materials. Choose high-quality academic journals, books, and reputable web information. c) Attach a short news article on your subject.
17	Thurs. Oct 20	<p>Self-Interest, Altruism, and Reciprocity</p> <ul style="list-style-type: none"> a) Richard Thaler, “Anomalies: The Ultimatum Game” b) Frank, Gilovich, and Regan, “Does Studying Economics Inhibit Cooperation?” <p><i>Short Quiz on these readings.</i></p>
18	Tues. Oct 25	<p>Adam Smith’s Moral Theory (Day 1)</p> <ul style="list-style-type: none"> a) Jonathan Wight, “Introduction” b) Adam Smith, <i>The Theory of Moral Sentiments</i>, Liberty Fund Edition, pp. 9-26 <p>Write out answers to the questions following the Introduction.</p>
19	Thurs. Oct 27	<p>Adam Smith Moral Theory (Day 2)</p> <ul style="list-style-type: none"> a) Adam Smith, TMS 212-217 and 262-264 and 314-320.
20	Tues. Nov 1	<p>Adam Smith Moral Theory (Day 3)</p> <ul style="list-style-type: none"> a) Jonathan Wight, “The Treatment of Smith’s Invisible Hand” b) “Adam Smith and Financial Market Regulation” <p>Journal #5: Find a recent article about the financial collapse on Wall Street that uses the phrase “invisible hand.” Does this use of the term fit with what Adam Smith intended? Why or why not? Attach a copy of the news article with your journal.</p>
21	Thurs. Nov 3	<p>Ethics and Social Responsibility of Business</p> <ul style="list-style-type: none"> a) Milton Friedman, "The Social Responsibility of Business is to Increase Its Profits," (1970) b) John Mackay, “Rethinking the Social Responsibility of Business: Putting Customers Ahead of Investors” (2005) c) Barry Schwartz, 20 minute video: “The Real Crisis?—We Stopped Being Wise” video found at http://www.ted.com/talks/barry_schwartz_on_our_loss_of_wisdom.html <p>Journal #6: What ethical framework does Schwartz endorse and why? Would</p>

		Schwartz more closely align his views with Adam Smith, Milton Friedman, Michael Sandel or John Mackay <i>and why?</i> Explain. Do you agree or disagree with Schwartz?
22	Tues. Nov 8	<p>The Biological Foundation for Economics and Ethics</p> <p>a) Video by Jeremy Rifkin: The Empathic Civilisation http://www.youtube.com/watch?v=l7AWnfFRc7g&feature=youtube_gda</p> <p>b) Video by Matt Ridley: Evolution, Economics, and "Ideas Having Sex" http://www.youtube.com/watch?v=X2dHFaclpv4</p> <p>c) Wight, "Adam Smith on Instincts, Affection, and Informal Learning: Proximate Mechanisms in Multilevel Selection" (excerpt)</p> <p>Journal #7: What thesis does each author present? How is the thesis supported (or not supported) by the work of Adam Smith? What is the relevance of evolutionary biology and psychology to the working of markets? (Relate this to previous readings.)</p>
23	Thurs. Nov 10	<p>Paul Zak, "Values and Value: Moral Economics," in Paul J. Zak, ed., <i>Moral Markets: The Critical Role of Values in the Economy</i> (Princeton, 2008)</p> <p>Charles Darwin, <i>The Descent of Man</i> (excerpt)</p> <p>Paul Bloom, "The Moral Life of Babies"</p> <p>Prepare for your oral presentations.</p>
24	Tues. Nov 15	Oral presentations
25	Thurs. Nov 17	Oral presentations
26	Tues. Nov 22	Oral presentations
	Thurs. Nov 24	Thanksgiving – Have a nice break.
27	Thurs. Nov 29	Oral presentations
28	Thurs. Dec 1	<p>Oral presentations</p> <p>Course wrap-up and class evaluation.</p>

		<p>FINAL PAPERS ARE DUE in hard copy no later than Tuesday, December 6 by 2 pm in Room 140-C.</p>
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→ Do NOT e-mail your paper.