

ECON 4100 – Economics, Philosophy and Public Policy

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Spring 2018

This syllabus provides a general plan for the course; deviations may be necessary.

Course Description: This course shall explore the philosophical contents in the economic analysis and evaluation of public policy. Its goal is to show how economic analysis can be improved by an understanding of philosophy, and how economic analysis and philosophical reasoning can inform public policy.

Course Objectives: At the end of this course, the student will be able to i) illustrate pros and cons of an economic and public policy, ii) formulate the essential components of a good public and economic policy, iii) carry out economic policy analysis in a framework developed in the course, and iv) evaluate public and economic policies using sound economic and ethical principles developed in the course.

Location: Aderhold Learning Center 31

Date and Time: MW, 12:00pm-1:15pm

Office Hours: Mondays and Wednesdays: 9:30am-10:30am, 1:30pm-2:30pm

Recommended Textbook: I.M.D. Little. *Ethics, Economics, and Politics: Principles of Public Policy*, Oxford University Press, 2002.

Methods of Instruction: Lecture, class discussion, group project and presentation.

Evaluation: Evaluation will be based on the following:

Problem sets (25%)

Group Project including a written report and a class presentation (25%)

Exam 1 (25%; Wednesday, Feb. 22, 12:00pm-1:15pm)

Exam 2 (25%; Wednesday, April 5, 12:00pm-1:15pm)

When computing the average problem set score to enter your grade, your lowest individual score will be dropped. A letter grade of the following: A+, A, A-, B+, B, B-, C+, C, C-, D and F, will be assigned to you on the basis of your cumulative score:

A+: 98-100

A: 90-97

A-: 88-89

B+: 86-87

B: 80-85

B-: 78-79

C+: 76-77

C: 70-75

C-: 68-69

D: 60-67

F: 0-59

Problem Sets: Problem sets will be posted on the class website via iCollege and their due dates (typically on Wednesdays) are listed in the schedule below. You can download them from the class website on the dates they are assigned. Late problem sets will not be accepted. (The ability to drop your lowest score gives you protection against accidents.) In particular, problem sets must be received in class by the end of lecture on the day the problem set is due. (Under the appropriate circumstances,

including a Dean's excuse, you may be excused from a problem set without penalty.) Problem sets will be handed back to you in class the following week after the due date.

Honors Section: Students in Honors Section each will be required to write a short paper (around 10 pages). The paper and problem sets account for 25% toward the final grade with 5% for the paper and 20% for problem sets.

Course Policies: Regular attendance is expected. *I may withdraw you from the course for excessive absences without your permission or prior notification of excessive absences.* No late homework is accepted, no make-up exams are offered. Extenuating circumstances will be handled on an individual basis. Be considerate to others: (a) Showing up late or leaving early is inconsiderate to the instructor and to your classmates. Please: don't do it. (b) The noises we make when we're getting ready to leave (such as shoving things in backpacks and zipping them up) are distracting when class is not yet over. You'll always be dismissed promptly at the end of class. Please: do not rustle your things beforehand. (c) Any electronic devices that could be heard by others must be turned off before class, and, of course, as a courtesy and show of respect we don't engage in web surfing or texting during class. Students are expected to be familiar with Georgia State University's Policy on Academic Honesty (Section 409). Here is a link to Section 409: <http://www2.gsu.edu/~wwwfhb/sec409.html>. The Course website (on iCollege) is an integral part of the class; please check it on a regular basis.

Students who wish to request accommodation for a disability may do so by registering with the Office of Disability Services. Students may only be accommodated upon issuance by the Office of Disability Services of a signed Accommodation Plan and are responsible for providing a copy of that plan to instructors of all classes in which an accommodation is sought.

Your constructive assessment of this course plays an indispensable role in shaping education at Georgia State. Upon completing the course, please take time to fill out the online course evaluation.

Group Project: Toward the end of February or early March, you will form or be assigned to groups of five or six students. I will set a deadline for forming your group after Exam 1. Your group has the following opportunities to collaborate and learn together with a written report and a group presentation about analysis of a public/economic policy of your choice in April.

- i) Your group should prepare in advance and submit a written report including the relevance of your chosen topic to this class, and a set of critical discussion questions about your chosen topic.
- ii) Your group would then present to the class. Every member is required to participate in the presentation. The presentation time for each group is about 30 minutes.
- iii) Your group would elicit class participation in the discussion during your group presentation. I will be a student for your presentation.

Group project will be evaluated as follows. Everyone on the team gets the same group work grade out of 25 points.

- 10 points: initial written report submitted.
- 15 points: challenge, question and response interchange during presentation, and the final written version of the report (note that you can revise the initially submitted report after your presentation).

Important Dates

01/08/2018—First day of class
 01/15/2018—MLK holiday; no classes
 02/21/2018—exam 1
 02/27/2018—last day to withdraw (www.gsu.edu/es/withdrawals.html for details)
 03/12/-03/18/2018—Spring break; no classes
 04/04/2018—exam 2
 04/9-04/23/2018—group presentations

Outline, Schedule, and Readings

Week 1

Monday Jan 8: logistics and overview of the course
 Wednesday Jan 10: constraints and public policies

Readings:

This syllabus

Joseph Heath. Methodological Individualism. Stanford Encyclopedia of Philosophy. <https://plato.stanford.edu/entries/methodological-individualism/>

Little, Introduction and Chapter 12

Week 2

Monday Jan 15: no class; MLK holiday
 Wednesday Jan 17: preferences and utility--ordinal vs cardinal, comparable vs non-comparable utilities

Readings:

Lionel Robbins. 1932. Chapter VI, The Significance of Economic Science, in *Essays on the Nature and Significance of Economic Science*. London: Macmillan.

Amartya K. Sen. 1973. Behavior and the Concept of Preference. *Economica* 40: 241-259.

Little, Chapter 1

Problem set #1 (available on Wednesday, Jan 17, due on Wednesday Jan 24)

Week 3

Monday Jan 22: welfare and preference satisfaction
 Wednesday Jan 24: preference satisfaction and public policies

Readings:

Daniel M. Hausman and Michael S. McPherson. 1997. Beware of Economists Bearing Advice. *Policy Options* 18 (7): 16-19. Available at: <http://philosophy.wisc.edu/hausman/papers/beware.htm>

Cass Sunstein. 2015. The Ethics of Nudging, Parts I, II, V-A,B. Yale Journal on Regulation 32(12): 413-450.

Little, Chapter 1

Week 4

Monday Jan 29: problem set #1

Wednesday Jan 31: Pareto principles and economic efficiency

Readings:

Kenneth Arrow. 1972. General Economic Equilibrium: Purpose, Analytic Techniques, Collective Choice. Nobel Memorial Lecture. Available at http://www.nobelprize.org/nobel_prizes/economic-sciences/laureates/1972/arrow-lecture.html

Adam Smith. 1776. Of the Division of Labor. In Wealth of Nations. Available at: <http://www.econlib.org/library/Smith/smWN1.html>

Little, Chapters 2 and 3

Problem set #2 (available on Wednesday, Jan 31, due on Wednesday Feb 7)

Week 5

Monday Feb 5: markets; efficiency, equity, market failure

Wednesday Feb 7: preference aggregation: Arrow's impossibility theorem

Readings:

Kenneth J. Arrow. 1950. A Difficulty in the Concept of Social Welfare. *Journal of Political Economy* 58(4): 328-346.

Iwao Hirose. 2011. Egalitarianism and Prioritarianism. In *New Waves in Ethics* edited by T. Brooks. London: Palgrave Macmillan.

John Rawls. 1974. "Some Reasons for the Maximin Criterion." *American Economic Review* 64: 141-146.

Little, Chapter 5

Week 6

Monday Feb 12: preference aggregation: utilitarian, egalitarian, and prioritarian

Wednesday Feb 14: utility-based rules for policy evaluations: a critique welfare, rights, and freedom

Readings:

Amartya K. Sen. 1979. Personal Utilities and Public Judgements: Or What's Wrong with Welfare Economics? *The Economic Journal* 89: 537-558.

Amartya K. Sen. 1970. The Impossibility of a Paretian Liberal. *Journal of Political Economy* 72: 152-157.

Prasanta K. Pattanaik and Yongsheng Xu. 1990. On Ranking opportunity Sets in Terms of Freedom of Choice. *Recherches Economiques de Louvain* 56: 383-390.

Problem set #3 (available on Wednesday, Feb 14; for your practice only, no submission)

Practice exam questions (available by Friday, Feb 16)

Week 7

Monday Feb 19: Review
Wednesday, Feb 21 (12:00pm-1:15pm): Exam 1

Week 8

Monday Feb 26: markets and the state
Wednesday Feb 28: the state: coercion vs coordination

Readings:

Jonathan Anomaly. 2015. Public Goods and Government Action. *Politics, Philosophy, and Economics* 14(2): 109-128.

Kuhn, S. 2007. Prisoner's Dilemma. Stanford Encyclopedia of Philosophy. Available at <http://plato.stanford.edu/entries/prisoner-dilemma/>

Little, Chapters 4 and 9

Formation of groups: deadline for forming your groups—Feb 28@12pm

Week 9

Monday March 5: distributive justice
Wednesday March 7: income inequalities

Readings:

Julia Lamond and Christi Favor. 2013. Distributive Justice. Stanford Encyclopedia of Philosophy. Available at <https://plato.stanford.edu/entries/justice-distributive/>

Thomas Piketty. 2014. Introduction. In *Capital in the Twenty First Century*. Boston: Harvard University Press.

Little, Chapters 6, 7 and 8

Problem set #4 (available on Wednesday, March 7, due on Wednesday March 21)

Week 10

Monday March 12: Spring break, no classes
Wednesday March 14: Spring break, no classes

Week 11

Monday March 19: voting; methods of and reasons for voting
Wednesday March 21: electoral college

Readings:

Eric Pacuit. 2011. Voting Methods. Stanford Encyclopedia of Philosophy. Available at <https://plato.stanford.edu/entries/voting-methods/>

Geoffrey Brennan and Loren Lomasky. 2000. Is There a Duty to Vote? *Social Philosophy and Policy* 17(1): 62-86.

What is the electoral college? Available at <https://www.archives.gov/federal-register/electoral-college/about.html>

William C. Kimberling. 1992. The Electoral College. Available at <http://www.fec.gov/pdf/eleccoll.pdf>

Little, Chapter 10

Week 12

Monday March 26: cost benefit analysis

Wednesday March 28: public choice

Readings:

Steven Kelman. 1981. An Ethical Critique of Cost-Benefit Analysis. *Regulation*, 33-40.

James Buchanan. 2003. Public Choice: Politics without Romance. *Policy* 19(3): 13-18.

Little, Chapters 3, 10 and 11

Problem set #5 (available on Wednesday, March 28, due on Monday April 2)

Practice exam questions (available by Friday, March 30)

Week 13

Monday April 2:

Review

Wednesday April 4 (12:00pm-1:15pm):

Exam 2

Week 14

Monday April 9: group presentations

Wednesday April 11: group presentations

Week 15

Monday April 16: group presentations

Wednesday April 18: group presentations

Week 16

Monday April 23 (last day of the class): group presentations