

ECONOMICS, ETHICS AND POLITICAL THEORY: GECO 6300, Fall 2024

The New School for Social Research, Dept. of Economics

Instructor: Prof. Sanjay G. Reddy

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Office Hours: Wednesdays 1030 a.m. -12 p.m. in 6 East 16th Street, Room 1116, and by appointment.

COURSE DESCRIPTION:

This course surveys ways in which economic analyses are illuminated by arguments from ethics and political philosophy, and vice versa. Topics vary from year to year but may include a discussion of relevant debates in welfare economics, social choice theory, theories of justice, professional ethics or other areas.

The course is motivated by the twin ideas that economic analyses presuppose evaluative perspectives and that applying evaluative perspectives to the world requires economic analyses. These propositions have implications for our approaches to economic theory and policy, for the practices and the self-understanding of economists, and for our understanding of whether and how ethical or philosophical reasoning provides guidance for the choice of economic policies and for the organization of economies. The larger suggestion of the course is that economics, on the one hand, and evaluative reasoning about social institutions and choices, on the other, must come together if *either* is to be both coherent *and* relevant.

COURSE SCHEDULE:

Class: M 155-345 p.m, Room D 910

COURSE REQUIREMENTS:

The requirements for the course are informed class participation (40%), an in-class presentation on readings from the syllabus (10%) and a final research paper on a topic to be approved by the instructor (50%). The in-class presentations will be scheduled early in the term. The final research paper should, indicatively, be 18-22 double spaced pages

(4500-5500 words) long. It will be due on or before December 13th at midnight, and should be uploaded to Canvas. Papers will not be accepted after that date unless there has been a prior agreement with the instructor.

COURSE TOPICS [Where page numbers are not given, refer to selection of actual reading made under 'Files' in Canvas].

1. INTRODUCTION [September 9]

2. THE MORAL POINT OF VIEW: FACT AND VALUE, RIGHT AND GOOD [September 16]

Required:

Hilary Putnam, *The Collapse of the Fact-Value Dichotomy and Other Essays*, Cambridge, MA: Harvard Univ. Press., especially Introduction and Chapters 1,2 and 3.

Amartya Sen, *Description as Choice*, Oxford Economic Papers, 1980.

Recommended:

Dobb, M. *Theories of Value and Distribution since Adam Smith* ("Introductory: On Ideology"), Cambridge Univ. Press, 2010

Philippa Foot, *Natural Goodness*, Oxford Univ. Press, 2001.

Simon Kirchin, (ed.) *Thick Concepts*, Oxford Univ. Press, 2013, esp. Simon Blackburn, "Disentangling Disentangling".

Charles Larmore, "The Right and the Good", *Philosophia*, 1990.

Hilary Putnam and Vivian Walsh (eds.), *The End of Value-Free Economics*, Routledge, 2011.

Lionel Robbins, *The Nature and Significance of Economic Science*, Macmillan, 1932.

Ross, W.D. *The Right and the Good*, Oxford (1930, reprinted 2002), with Introduction by Philip Stratton-Lake, especially Chapter 2.

Amartya Sen, "Sraffa, Wittgenstein and Gramsci", *Journal of Economic Literature*, 2003.

2. THE SPACE OF EVALUATION

2A. PROCEDURES AND OUTCOMES; WELFARE, WELL-BEING, RESOURCES AND FREEDOM [September 23]

Required:

John Stuart Mill, "What utilitarianism is", in *Utilitarianism*, Ch 2, 1863; <https://www.utilitarianism.com/jsmill-utilitarianism.pdf>

Amartya Sen. *Equality of What?*, Tanner Lectures on Human Values, Stanford University, 1979.

Amartya Sen, *Inequality Reexamined*, Harvard University Press, 1992, Introduction and Chs. 1-4.

Stanford Encyclopedia of Philosophy, "[Consequentialism](#).",

Recommended

Isaiah Berlin, "Two Concepts of Liberty", in *Four Essays On Liberty*, Oxford: Oxford University Press, 1969.

Ashis Nandy, "The Idea of Happiness", *Economic and Political Weekly*, Vol. 47, No. 2, pp. 45-48, 2012

Prasanta K. Pattanaik and Kotaro Suzumara, "Rights, Welfarism and Social Choice", *American Economic Review: Papers and Proceedings*, May 1994.

Thomas, W. Pogge, "Can the Capability Approach be Justified?", *Philosophical Topics*, Vol.30, No. 2, pp. 167-228, 2002.

Amartya Sen, "Elements of a Theory of Human Rights", *Philosophy and Public Affairs*, Fall 2004.

Amartya Sen, *Development as Freedom*, Oxford: Oxford University Press, 1999.

Amartya Sen, *On Ethics and Economics*, Oxford: Basil Blackwell, 1987, pp. 80-89.

J.J.C. Smart and Bernard Williams, *Utilitarianism: For and Against*, Cambridge: Cambridge University Press, 1973 (2008), esp. Williams portion, available on:

Alan Williams, "Intergenerational Equity: An Exploration of the Fair Innings Argument", *Health Economics*, Dec. 1999.

"[Justice and Bad Luck.](https://www.utilitarianism.com/utilitarianism-for-and-against.pdf)" Stanford Encyclopedia of Philosophy. Available on: <https://www.utilitarianism.com/utilitarianism-for-and-against.pdf>

2B. IMPLICATIONS FOR MEASUREMENT (CASE: POVERTY ASSESSMENT AND COMPARISONS ACROSS SPACE AND TIME) [September 30]

Required:

Amartya Sen, "Poor, Relatively Speaking", *Oxford Economic Papers*, Vol. 35, 1983.

[Monitoring Global Poverty: Report of the Commission on Global Poverty, World Bank Group, 2016, especially section I, Monitoring Extreme Poverty, pp.5-99.](#)

Sanjay G. Reddy, "Poverty Beyond Obscurantism".in Beck, V., Hahn, H. and Lepenies, R. (eds.): *Dimensions of Poverty*. Springer: Heidelberg/Berlin . Available on https://sanjayreddy.org/wp-content/uploads/2020/10/Reddy2020_Chapter_PovertyBeyondObscurantism.pdf

Recommended:

Explore World Bank poverty data,

here: https://pip.worldbank.org/home?_gl=1*ojus4l*_gcl_au*MTY0OTQyNTk0NS4xNzI3MjkxMTM0

Sanjay G. Reddy, "[From Principles to Practice: A Method for Identifying Income Sufficiency When Applying International Legal Standards.](#)".

Sanjay G. Reddy and Rahul Lahoti, "\$1.90 a day: What does it say?".*The New Left Review*, Jan-Feb 2016, vol. 97, available on <https://sanjayreddy.org/wp-content/uploads/2022/09/SanjayReddyRahulLahoti190aDayWhatDoesItSayNLR97January-February2016.pdf>

Sanjay G. Reddy, "[A Capability-Based Approach to Estimating Global Poverty](#)". *Special issue of Poverty in Focus*, [NP] UNDP International Poverty Centre, 2004, pp. 6-8.

Sanjay G. Reddy and Thomas Pogge, "[How Not to Count the Poor \(with response by M.Ravallion and counter-response by T. Pogge.](#)" in *Debates in the Measurement of Poverty.*, ed. Joseph Stiglitz, Sudhir Anand and Paul Segal, published by Oxford University Press in 2010.

Sanjay G. Reddy, Muhammad Asali and Sujata Visaria, "[Inter-Country Comparisons of Income Poverty based on a Capability Approach](#)". *Arguments for a Better World, festschrift in honor of Amartya Sen*, edited by Kaushik Basu and Ravi Kanbur, Oxford University Press, 2008

Sanjay G. Reddy, "The Appropriate Choice of Price Index", slides presented at The New School for Social Research, 17 November 2015. [See under Files].

Also:

Global Multi-Dimensional Poverty Index 2023 (Report):
<https://hdr.undp.org/system/files/documents/hdp-document/2023mpireporten.pdf>
<https://hdr.undp.org/data-center/human-development-index#/indicies/HDI>.
and HDR Technical Note: https://hdr.undp.org/sites/default/files/2023-24_HDR/hdr2023-24_technical_notes.pdf
Rowntree Foundation Report on Minimum Income Standards.
Canada Market Basket Measure.

3. BRIDGING INDIVIDUAL AND SOCIAL EVALUATION [October 7]

Required:

Amartya Sen, "[The Possibility of Social Choice](#)", (Nobel Lecture), *American Economic Review*, June 1999.

Sen, Amartya. "Internal Consistency of Choice." *Econometrica* 61, no. 3 (1993): 495–521.
[In particular, statement and proof of Theorem 3; rest recommended only].

Recommended:

Jon Elster, *The Multiple Self*, Cambridge University Press, 1987.

(in particular, Introduction by Elster)

Wulf Gaertner, *A Primer in Social Choice Theory*, Oxford: Oxford University Press, 2009;
(in particular, chapters 2 "Arrow's Impossibility Result" and 4 "Individual Rights").

Eric Maskin and Amartya Sen (with Kenneth J. Arrow, Partha Dasgupta, Prasanta K. Pattanaik, and Joseph E. Stiglitz), *The Arrow Impossibility Theorem*, Columbia University Press, 2014.

(in particular, the two chapters by Amartya Sen "Arrow and the Impossibility Theorem" and "The Informational Basis of Social Choice".

Christian List and Philip Pettit, "[Aggregating Sets of Judgments: An Impossibility Result](#)". *Economics and Philosophy*, Vol. 18, 2002,

Sen, A. (1985). "[Social choice and justice: A review article](#)".

Sen, A. (1970). "The Impossibility of a Paretian Liberal", *Journal of Political Economy*, Vol. 78, No. 1, pp. 152-157

4A. PERSPECTIVE, RATIONALITY, OBJECTIVITY, AND INTERPERSONAL COMPARISONS [October 14]

Required:

Amartya Sen, "[Positional Objectivity.](#)", *Philosophy & Public Affairs*, Vol. 22, No. 2 (Spring, 1993), pp. 126-145

Amartya Sen, "[Maximization and the Act of Choice](#)", *Econometrica*, Vol. 65, No. 4, 1997,

Recommended:

Buchanan, J and G. Tullock, *The Calculus of Consent*, 1999 (Liberty Fund edition). Look for and read references to 'interpersonal comparison'

on: <https://oll.libertyfund.org/titles/buchanan-the-calculus-of-consent-logical-foundations-of-constitutional-democracy>

Coleman, James S., *Foundations of Social Theory*, Harvard University Press, 1994. Chapter 29, "Power, the Micro-to-Macro Transition, and Interpersonal Comparison of Utility".

Fleurbaey, M. and J., Hammond "[Interpersonally Comparable Utility.](#)" in Barbera, S. Hammond, J. and C., Seidl (eds.), *Handbook of Utility Theory*, Vol. II, Kluwer Academic, 2004.

Lionel Robbins, "[Interpersonal Comparisons of Utility: A Comment.](#)", *The Economic Journal*, Vol. 48, No. 192, 1938.

Amartya Sen, "[Rational Fools: A Critique of the Behavioral Foundations of Economic Theory.](#)", *Philosophy and Public Affairs*, Vol. 6, No.4, 1977.`

4B. IMPLICATIONS FOR ECONOMIC ANALYSIS [E.G.: OPTIMAL TAXATION, PROJECT EVALUATION ETC.] [October 21st].

Required:

EconLib biography of James

Mirrlees [https://www.econlib.org/library/Enc/bios/Mirrlees.html.](https://www.econlib.org/library/Enc/bios/Mirrlees.html)

Fleurbaey, Marc, and François Maniquet. 2018. "[Optimal Income Taxation Theory and Principles of Fairness.](#)". *Journal of Economic Literature*, 56 (3): 1029-79.

Murphy, L, & Nagel, T 2004, [The Myth of Ownership: Taxes and Justice](#), Oxford University Press, Incorporated, Cary.

In Particular: Chapters 1-3, and 6-7. Piketty, T., & Saez, E. (2013). [Optimal labor income taxation.](#) In *Handbook of public economics* (Vol. 5, pp. 391-474). Elsevier.

Recommended:

Squire, Lyn; Van Der Tak, Herman G.. 1979. Economic analysis of projects. A World Bank research publication; Staff working paper; no. SWP 194; World Bank country economic report. Baltimore, MD : Johns Hopkins University Press.

[In particular, Chapters 1,6,7, and 10]

5A. MORAL ASSESSMENT OF INSTITUTIONS AND DISTRIBUTIONS I

[October 28]

Required:

Robert Nozick, *Anarchy, State and Utopia*, Basic Books, 1974.

[In particular Chapter 7, Section I]

John Rawls, *Justice as Fairness: A Restatement*, Cambridge, MA: Belknap Press, 2001(esp. parts I-III)

Partially available here: <http://www.willbrehm.com/wp-content/uploads/2016/02/Rawls-Reading.pdf>.

Sen, Amartya, *Poverty and Famines: An Essay on Entitlement and Deprivation* (Oxford, 1983; online edn, Oxford Academic, 1 Nov. 2003), chapters 4 & 5

Recommended:

Elizabeth Anderson, "What is the Point of Equality?", *Ethics*, Vol. 109, No. 2 (Jan., 1999), pp. 287-337:

G.A. Cohen, "Are Disadvantaged Workers Who Take Hazardous Jobs Forced to Take Hazardous Jobs?", in *History, Labour, and Freedom: Themes from Marx*, Oxford: Oxford University Press, 1989.

Rainer Forst *Justice, Democracy and the Right to Justification : Rainer Forst in Dialogue*

Thomas Pogge, *Realizing Rawls*, Cornell University, 1989.

[In particular Chapter1, "Nozick and the Focus on the Basic Structure"]

Thomas Pogge , *World Poverty and Human Rights*, Second^d edition, Cambridge, MA: Polity Press, 2008.

5B. MORAL ASSESSMENT OF INSTITUTIONS AND DISTRIBUTIONS II [November 4]

Required:

Amartya Sen, *The Idea of Justice*, Cambridge, MA: Harvard University Press, 2009. esp. Part I)

Michael Walzer, *Spheres of Justice: A Defense of Pluralism and Equality*, Basic Books, 1984
[esp. Chapter 1 ("Complex Equality")].

Elizabeth Anderson, *Value in Ethics and Economics*, Harvard University Press, 1995.
[In particular chapters 1-3 and especially the chapter on cost-benefit analysis--Ch 9).

Karl Marx, *Capital* vol.1, Penguin UK, 2004. Chp. 1 Section 4

[https://www.marxists.org/archive/marx/works/1867-c1/ch01.htm#S4.](https://www.marxists.org/archive/marx/works/1867-c1/ch01.htm#S4)

Recommended:

Margaret Jane Radin, *Contested Commodities*, Cambridge, Mass. : Harvard University Press, 1996.

[In particular chapters 1-4 and 9-10]

Michael Sandel, *What Money Can't Buy, the Moral Limits of Markets*. New York: Farrar, Straus & Giroux, 2013.

[In particular introduction and ch 1 and 2]

Lukács, György (1971). *History and Class Consciousness : studies in Marxist dialectics*. Cambridge, Mass: MIT Press

[in particular chapter on Reification and Consciousness of the Proletariat]

<https://www.marxists.org/archive/lukacs/works/history/hcc05.htm>.

Cohen, Gerald Allan. *Karl Marx's theory of history: a defence*. Oxford: Clarendon Press, 2000. Harvard

[in particular Chp.V on Fetishism]

6. POSSIBLE WORLDS: FEASIBILITY, COUNTERFACTUALS, JUDGMENT AND ASSESSMENT [November 11]

Required:

Recall - Amartya Sen, *The Idea of Justice*, Cambridge, MA: Harvard University Press, 2009.(esp. Part I) :

Southwood, N. "The Feasibility Issue", *Philosophical Compass*, Vol. 13, No.8, 2018.

Sanjay G. Reddy," [The Role of Apparent Constraints in Normative Reasoning: A Methodological Statement and Application to Global Justice](#)". *The Journal of Ethics*, Volume 9, Issue 1, pp. 119-125, 2005.

Roberto Mangabeira Unger, *Democracy Realized*, Verso, 1998.

[Especially pages 1-29 "WHAT IS DEMOCRATIC EXPERIMENTALISM?"]

Recommended:

Sanjay G. Reddy." [Economics and Human Rights: A Non- Conversation "](#). *Journal of Human Development*, Vol. 12, No.1, pp. 63-72, 2011.
Stanford Encyclopedia Entries - [Counterfactuals](#).

David Lewis , *Counterfactuals*, Oxford: Blackwell, 1973.

[especially section 4. Foundations]

John Rawls, *The Law of Peoples*, Harvard University Press, 1999.

[Especially Part 1-1, "The Law of Peoples as Realistic Utopia"]

Erik Olin Wright, *Envisioning Real Utopias*, Verso, 2010.

[Especially Introduction and Conclusion]

7. NATIONAL INCOME, INEQUALITY, SOCIAL INCLUSION, INCLUSIVE GROWTH AND DEVELOPMENT [November 18]

Required:

Anthony Atkinson, *The Economics of Inequality*, Oxford : Clarendon Press ; 1975

[Note: Chapter 3 is required while Chapter 9 is recommended.]

Anthony Shorrocks, "[Ranking Income Distributions](#)," *Economica*, vol. 50, issue 197, 1983. pp. 3-17.

Recommended:

Amartya Sen, *On Economic Inequality*, Expanded edition with an Annex "On Economic Inequality after a Quarter Century" [joint with James Foster], New York: Oxford University Press, 1997. In particular the Annex.

Joseph E. Stiglitz, Amartya Sen & Jean-Paul Fitoussi, *Report of the Commission on the Measurement of Economic Performance and Social Progress*

8. INTER-GENERATIONAL AND ENVIRONMENTAL OBLIGATIONS [December 2; No class on November 25]

Required:

Amartya Sen and Sudhir Anand, "[Human Development and Economic Sustainability](#)," *World Development*, Vol. 28, No. 12, pp. 2029-2049.

Nicholas Stern & Joseph Stiglitz & Charlotte Taylor (2022), "[The economics of immense risk, urgent action and radical change: towards new approaches to the economics of climate change](#)" Journal of Economic Methodology, vol 29(3), pages 181-216.

Recommended:

Martinet, V. *Economic Theory and Sustainable Development*, New York: Routledge (Especially Chapters 1 and 2).

Stern, N. (2006), [The Stern Review on the Economics of Climate Change](#), esp. Chapter 2 ("Economics, Ethics and Climate Change") and associated Technical Annex.

Weitzman, M. (2017), "[A Tight Connection Among Wealth, Income, Sustainability, and Accounting in an Ultra-Simplified Setting](#)," in Kirk Hamilton and Cameron Hepburn, ed (2017).

9.

PROFESSIONAL ETHICS OF ECONOMISTS AND THE PREDICAMENT OF ECONOMICS [December 9]

Required:

George de Martino, *The Economist's Oath: On the Need for and Content of Professional Economic Ethics*, Oxford: Oxford University Press. selected chapters.

Jean Drèze, [Evidence, Policy, and Politics](#), article in Ideas for India, Aug 3, 2018.

Recommended:

American Economic Association Code of Ethics: <https://www.aeaweb.org/about-aea/code-of-conduct>.

Sanjay G. Reddy, "Economics for Human Beings", incomplete and unpublished draft; treat as confidential - please do not cite, please do not circulate.

Inside Job (film): <http://watchdocumentaries.com/inside-job/>.

10. CASE STUDY: ETHICS AND POLITICAL PHILOSOPHY OF FINANCE
[December 16]

Sanjay G. Reddy, "[International Debt: The Constructive Implications of Some Moral Mathematics](#)". *Ethics and International Affairs*, Volume 21, pp. 81-98, 2007.

Martin Guzman and Joseph E. Stiglitz, "Creating a framework for sovereign debt restructuring that works." *Too little, too late: the quest to resolve sovereign debt crises*, Columbia University Press: New York, 2015.

Peter Dietsch, Francois Claveau, Clement Fontan, *Do Central Banks Serve the People?* Polity Press, 2018.

FINAL PAPER due on December 13 by midnight (upload to Canvas; hard copies appreciated in *addition* if possible)