

## **LECO 4200: Critique of Economic Reason**

**Spring 2012**

Lang College, The New School  
Tu. Th. 2-340 p.m.,  
6 East 16th Street, Room 911

Prof. Sanjay Reddy  
Office: Rm 1116, 6 East 16th Street, New York, NY, 10003  
Office Hours: Wednesdays 3-4:30 p.m., unless otherwise announced by email.  
Email: reddys1@newschool.edu (preferred medium)  
Please use the subject heading "Critique" to ensure attention.

### **Course Description:**

We examine the role and limits of economic reasoning from the point of view of three overlapping questions:

- (1) What is the appropriate place of the logic of the marketplace in explaining and in governing human society?
- (2) Is the understanding of individual human behavior and interactions between individuals provided by standard economic theory descriptively accurate and prescriptively sound?
- (3) Is economics a 'science' in any sense, and does it matter whether or not it is? What would be required for it to be a science, or at least to provide more warranted and reliable understanding than it does?

### **Course Prerequisites:**

The prerequisites for the course are introductory microeconomics and macroeconomics and at least one of intermediate microeconomics or intermediate macroeconomics.

### **Course Requirements:**

The requirements for the course are informed and active class participation and a major analytical research paper (indicative length of 18-20 double spaced pages). It will be due in class on the last day of class (Thursday, May 10<sup>th</sup>). A one page paper proposal is due on Tuesday, March 6<sup>th</sup>. This will be read and returned by the instructor.

Informed and active class participation (which assumes that the student follows the

readings, which should be done by the beginning of the day that they are first introduced) will receive forty percent weight and the analytical research paper will receive sixty percent weight in the calculation of the course grade.

Students with alternative proposals as to how they should be assessed are encouraged to raise them with the instructor. Any serious proposals, from individuals or groups will be considered, but such proposals must be received in written form by the end of the fifth week of class and will not be entertained subsequently. At least one hard copy of each paper must be submitted, although students should submit a soft copy by email in addition, and are advised to themselves retain copies of work submitted.

It is possible that modifications to the syllabus will be made and if so will be duly announced.

The student with the most comprehensive and clear set of notes shared with the instructor at the end of the semester will be acknowledged and provided a prize in the form of lunch with the instructor, if desired.

### **Reading:**

The readings for the course will be made available on the course website (via Blackboard) or through other online resources.

### **Policies:**

#### 1. Absences

Absences may justify some grade reduction and a total of four absences mandate a reduction of one letter grade for the course.

More than four absences mandate a failing grade for the course, unless there are extenuating circumstances, such as the following:

- An extended illness requiring hospitalization or visit to a physician (with documentation)
- A family emergency, e.g. serious illness (with written explanation)
- The observance of a religious holiday

The attendance and lateness policies are enforced as of the first day of classes for all registered students. If registered during the first week of the add / drop period, the student is responsible for any missed assignments and coursework.

For significant lateness, the instructor may consider the tardiness as an absence for the day. Students failing a course due to attendance should consult with an academic advisor to discuss options.

## 2. Plagiarism

Plagiarism is the unacknowledged use of someone else's work as one's own in all forms of academic endeavor (such as essays, theses, examinations, research data, creative projects, etc), intentional or unintentional. Plagiarized material may be derived from a variety of sources, such as books, journals, internet postings, student or faculty papers, etc. This includes the purchase or “outsourcing” of written assignments for a course. A detailed definition of plagiarism in research and writing can be found in the fourth edition of the MLA Handbook for Writers of Research Papers, pages 26-29. Procedures concerning allegations of plagiarism and penalties are set forth in the Lang College catalog.

## 3. Disabilities

In keeping with the University's policy of providing equal access for students with disabilities, any student requesting accommodations must first meet with Student Disability Services. Jason Luchs or a designee from that office will meet with students requesting accommodations and related services, and if appropriate, provide an Academic Adjustment Notice for the student to provide to his or her instructors. The instructor is required to review the letter with the student and discuss the accommodations, provided the student brings the letter to the attention of the instructor. This letter is necessary in order for classroom accommodations to be provided. Student Disability Services is located at 79 Fifth Avenue - 5th Floor. The phone number is (212) 229-5626. Students and faculty are expected to review the Student Disability Services webpage. The webpage can be found at <http://www.newschool.edu/studentaffairs/disability/> and the office is available to answer any questions or concerns.

### **Course Structure:**

#### **I. Course Introduction ( January 24<sup>th</sup> )**

#### **II. Justice and Market Transactions**

**Freedom of Choice: ( January 26<sup>th</sup> and 31<sup>st</sup> )**

Berlin, I. "Two Concepts of Liberty".

G.A. Cohen, "Why Do Workers Take Hazardous Jobs?".

Milton and Rose Friedman, *Free to Choose: A Personal Statement*. selection.  
[Recommended only].

David Grewal, *Network Power*, introduction.

Alan Wertheimer, "Coercion", Entry in Stanford Encyclopedia of Philosophy available on <http://plato.stanford.edu/entries/coercion/>

### **Commensurability ( February 2<sup>nd</sup> and 7<sup>th</sup> )**

Elizabeth Anderson, *Value in Ethics and Economics*, selection.

Carole Pateman, *The Sexual Contract*, selection.

Amartya Sen, "Incompleteness and Reasoned Choice", *Synthese*, Vol. 140, No. 1/2, pp. 43-59.

Michael Walzer, *Spheres of Justice: A Defense of Pluralism and Equality*, selection.  
[Recommended only]

### **Alienation ( February 9<sup>th</sup> and 14<sup>th</sup> )**

Bertell Ollman, *Alienation*, selection

David Ellerman, *Property and Contract in Economics*, selection.

Jon Elster, *Making Sense of Marx*, selection.

David. M. Kreps, "Intrinsic Motivation and Extrinsic Incentives", *American Economic Review*, May 1997.

Karl Marx, *Economic and Philosophic Manuscripts of 1844*, Selection.

Schacht, R. *The Future of Alienation*, Introduction and Chs 1-2.

### **Application: Work ( February 16<sup>th</sup> and 21<sup>st</sup> )**

Alchian, A. and H. Demsetz, "Production, Information costs and Economic Organization," *American Economic Review* 62: 777-795."

Gregory K. Dow, *Governing the Firm: Workers' Control in Theory and Practice*, selection

William Whyte, *Making Mondragon: The Growth and Dynamics of the Worker Cooperative Complex*, Chapter One (pp. 3-7), Chapter Twenty and Twenty One (pp. 270-300).

Ehrenberg and Smith, *Modern Labor Economics* , selection.

Andre Gorz, *Reclaiming Work: Beyond the Wage-Based Society*, selection

Philippe van Parijs, *Real Freedom for All*, selection

Roberto Mangabeira Unger, *What Should Legal Analysis Become?*, selection

**Guest Lecture (February 23<sup>rd</sup>)** on the "Feminist and Postcolonial Critique of Economic Reason' by Lily Ling, Professor, Graduate Program in International Affairs, NSPE.

Bina Aggarwal, "'Bargaining' and Gender Relations: Within and Beyond the Household," *Feminist Economics* 3(1) 1997: 1-51.

Dipesh Chakrabarty, "Chapter 2: The Two Histories of Capital," *Provincializing Europe: Postcolonial Thought and Historical Difference*, pp. 47-71 (Princeton: Princeton University Press, 2000).

Nancy Folbre, "Introduction," *Greed, Lust & Gender: A History of Economic Ideas*, pp. xix-xxxiii (Oxford: Oxford University Press, 2009).

Nelson Julie, "Economics for Humans", The University of Chicago Press, (pp. 1-8 and pp. 115-127).

### **III. Rationality and Human Agency**

#### **The 'Economic Model' of Human Behavior ( February 28<sup>th</sup> and March 1<sup>st</sup> )**

Gary Becker, Nobel Prize Lecture.

Jon Elster, "When Rationality Fails".

Amartya Sen, *On Ethics and Economics*, selection on the prisoner's dilemma.

Shaun Hargreaves Heap, *Rationality in Economics*, selection.

Amartya Sen, "Rational Fools: A Critique of the Behavioural Foundations of Economic Theory". *Philosophy and Public Affairs*, Summer 1977, no. 6.

**Optimization, Consistency and other Criteria for Rational Action ( March 6<sup>th</sup> and 8<sup>th</sup> )**

Marshall Sahlins, *The Original Affluent Society*, selection.

Michael Slote, *Beyond Optimization*, selection.

Amartya Sen, "The Formulation of Rational Choice", *American Economic Review*, May 1994, no. 84

Amartya Sen, "Internal Consistency of Choice" in *Rationality and Freedom*

**SPRING BREAK: March 12<sup>th</sup> - 18<sup>th</sup>**

**(IV) A Social Science? If so, in what sense?**

**March 20<sup>th</sup> (No Class: makeup session at the end of the course)**

**Methodological Individualism ( March 22<sup>nd</sup> and 27<sup>th</sup> )**

Kenneth Arrow, "Methodological Individualism and Social Knowledge", *American Economic Review*.

Norbert Elias, *The Society of Individuals*, selection.

Jon Elster, *Nuts and Bolts for the Social Sciences*, selection.

Steven Lukes, "Methodological Individualism Reconsidered", *Essays in Social Theory*.

**Cognition and Economics ( March 29<sup>th</sup> and April 3<sup>rd</sup> )**

Michael J. Piore, *Beyond Individualism*, selection.

Paul Feyerabend, *Conquest of Abundance*, selection

Charles Taylor, "Rationality", in *Philosophy and the Human Sciences*

William Lazonick, *Business Organization and the Myth of the Market Economy*, Cambridge University Press, 1991, especially chapters 3, 6 and 8.

### **Is Economics a Science? ( April 5<sup>th</sup> and 10<sup>th</sup> )**

| Milton Friedman, "The Methodology of Positive Economics."

Mirowski, Phillip, "*More Heat than Light: Economics as Social Physics, Physics as Nature's Economics*", Selection, Cambridge University Press, 1989

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

Amartya Sen, "Prediction and Economic Theory."

Mäki, Uskali, "Philosophy of Economics" .

Alasdair Macintyre, After Virtue, Chapter 8, '*The Character of Generalizations in Social Science and their Lack of Predictive Power*'.

**Guest Lecture (April 12<sup>th</sup>)** on "Perspectives and Egalitarianism and the Role of Objectivity in the Discourse of Egalitarianism", by Prof. Lopamudra Banerjee, Department of Economics, NSSR.

"*Contemporary Debates In Political Philosophy*". Edited by Thomas Christiano and John Christman, Wiley-Blackwell, 2009. Chapters 9 and 10.

### **Perspective and Objectivity ( April 17<sup>th</sup> and 19<sup>th</sup> )**

Julie Nelson and Marianne Ferber ed. *Beyond Economic Man: Feminist Theory and Economics*, selection.

Amartya Sen, "Positional Objectivity", *Philosophy and Public Affairs*, or version published in *Rationality And Freedom*.

Amartya Sen, *Inequality Reexamined*, selection.

J.J.C. Smart and Bernard Williams, *Utilitarianism: For and Against*, selection.

### **Fact and Value ( April 24<sup>th</sup> and 26<sup>th</sup> )**

Amartya Sen, "Description as Choice", in *Choice, Welfare and Measurement*.

Debraj Ray, *Development Economics*, pp. 173-193, “Measuring Economic Inequality”.

Hilary Putnam, *The Collapse of the Fact-Value Dichotomy*, selection

**False Necessity? ( May 1<sup>st</sup> and 3<sup>rd</sup> )**

Douglass C. North, Nobel Lecture, available on

[http://nobelprize.org/nobel\\_prizes/economics/laureates/1993/north-lecture.html](http://nobelprize.org/nobel_prizes/economics/laureates/1993/north-lecture.html)

Roberto Mangabeira Unger, *Social Theory: Its Situation and its Task*, selection.

Geoffrey Hodgson, *Economics and Institutions*, selection.

**Student Research Paper Presentations ( May 8<sup>th</sup> and 10<sup>th</sup> )**

**Final Reflections and Paper Due Date (May 15th)**