

Summer 2015  
Carleton University  
Institute of Political Economy

**PECO 5501A/PSCI 5501A/SOCI 5504A**

**The Ethical Foundations of Economics: An Alternative Approach to Economic Theory**

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Economics routinely considers itself to be the most scientific of the social sciences. However, scientists have long questioned the claim, and philosophers of science have challenged the method used in economics. More recently, some scholars have begun to suggest that because it rests on a series of a priori ethical assumptions, economics assumes the character of religion. This course will critically consider the science of economics before proceeding to look at it as a form of religion. After considering the competing theoretical perspectives, it will proceed through a series of case studies of different schools of economic thought that will liken them to different branches of Christianity. Throughout, students will be asked to consider how political economy distinguishes itself from economics, and the method it should employ in its own quest to be a social science.

**COURSE REQUIREMENTS**

Participation 20%  
Presentations 30%  
Final Assignment 50%

**5 May. Introduction**

**7 May. Economics as science**

Milton Friedman 1953: 'The Methodology of Positive Economics,' *Essays in Positive Economics*.  
Chicago: University of Chicago Press.

J Doyne Farmer 2013: 'Hypotheses non Fingo: Problems with the Scientific Method in Economics,'  
*Journal of Economic Methodology* 20, 4: 377-385.

Margaret Wertheim 2013: 'The Limits of Physics,' *Aeon* 3 June 2013:  
<http://aeon.co/magazine/science/margaret-wertheim-the-limits-of-physics/>

Nelson Polsby 1998: 'SOCIAL SCIENCE AND SCIENTIFIC CHANGE: A Note on Thomas S. Kuhn's Contribution,' *Annual Review of Political Science* 1,1 (June): 199-210.

**12 May. Economics as religion I**

Robert H. Nelson 2001: *Economics as Religion* (University Park: Pennsylvania State University Press).

### **14 May. Economics as religion II**

Donald N. McCloskey 1983: 'The Rhetoric of Economics,' *Journal of Economic Literature* 21,2 (June): 481-517.

Mary Douglas 1966: *Purity and Danger* (London: Routledge).

### **19 May. The articles of faith: Utility**

Richard A. Easterlin 2001 : "Income and Happiness: Towards A Unified Theory," *Economic Journal* 111 (July): 465-484.

Richard A. Easterlin, et al., 2010 : 'The Happiness-Income Paradox Revisited', *Proceedings of the National Academy of Science of the United States* 107, 52 : 22463-22468 (available online).

M. Argyle, "Causes and Correlates of Happiness," in D. Kahneman, E. Diener and N. Schwarz, eds. 1999: *Well-Being: The Foundations of Hedonic Psychology* (New York: Russell Sage Foundation).

Betsey Stevenson and Justin Wolfers 2013: 'Subjective Well-Being and Income: Is There any Evidence of Satiation?' *American Economic Review – Papers and Proceedings* 103, 3 (May): 598-604.

Long Wang et al. 2011: 'Economics Education and Greed,' *Academy of Management Learning and Education* 10, 4: 643-660.

### **21 May. The articles of faith: Rationality**

Kristen Renwick Monroe 1994: 'A Fat Lady in a Corset: Altruism and Social Theory,' *American Journal of Political Science* 38, 4 (Nov.): 861-893.

Daniel Kahneman and Amos Tversky 1979: 'Prospect Theory: An Analysis of Decision Under Risk,' *Econometrica* 47,2 (March): 263-292.

Amos Tversky and Daniel Kahneman 1981: 'The Framing of Decisions and the Psychology of Choice,' *Science*, new series 211, 4481 (Jan. 30): 453-458.

Charles P. Kindleberger And Robert Z. Aliber 2011: *Manias, Panics and Crashes*, 6<sup>th</sup> edition (New York: Palgrave), chapter 2.

### **26 May. A new morality**

Bernard Mandeville, *The Fable of the Bees*

Adam Smith, *The Theory of Moral Sentiments* Part 1, Section 1, Chapters 1-5

Adam Smith, *An Inquiry into the Origin of the Wealth of Nations*, Book I, chs. 1-3

Peter Nolan 2003: 'Adam Smith and the Contradictions of the Free Market,' *Challenge* 46, 3: 112-123.

### **28 May. Marx and the Millennium**

Karl Marx, *The Communist Manifesto*

Norman Cohn 1970: *The Pursuit of the Millennium* (Oxford: Oxford University Press), Introduction.

### **2 June. Austrian Economics**

F.A. Hayek, *The Fatal Conceit: The Errors of Socialism*

### **4 June. The Keynesian Orthodoxy**

J.M. Keynes 1937: "The General Theory of Employment," *Quarterly Journal of Economics* 51: 209-223.

Paul Samuelson, *Economics*, chapters 1-2

Nicholas Wapshott, *Keynes-Hayek*, chs. 12-13

**9 June. The Neo-classical revival**

Milton Friedman, "The Role of Monetary Policy," *American Economic Review* 58 (1968): 1-17.

Milton and Rose Friedman 1980: *Free to Choose* (New York and London: Harcourt Brace & Jovanovich), chapter 1-2.

Todd G. Bucholz 2007: *New Ideas from Dead Economists* (New York: Plume), chapters 7-11.

**11 June. The New Orthodoxy**

Daron Acemoglu and James Robinson 2012: *Why Nations Fail* (New York: Crown Business).

Sven Beckert, 'Slavery and Capitalism,' *The Chronicle of Higher Education*, 12 December 2014:

<http://chronicle.com/article/SlaveryCapitalism/150787/>