

Philosophy of Economics

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1 Course Description

What kind of science is economics? What method or methods do economists use? How successful is economics as a science and why? These are the type of questions that philosophers of economics ask. This course provides an introductory survey of some of these questions.

The course is divided into four parts. First we will discuss the nature of economics and its methodology. Second we will discuss rational choice theory and its role in economics. Third we will discuss the role of (formal, often highly abstract) models in economics. And in the fourth and final part of the course we will look at some more applied topics: the role of measurement, the idea of economic freedom, and the economics of science.

2 Course Objectives

At the end of this course, students should have

- the ability to extract the central claims and arguments from a text;
- the ability to discuss issues in the philosophy of economics with their peers in an informed and respectful way;
- the ability to write a well-structured paper;
- a working understanding of some of the central questions and positions in the philosophy of economics.

3 Reading List

What is Economics?

Class 1. John Stuart Mill, “On the Definition of Political Economy; and on the Method of Investigation Proper To It”.

Class 2. Lionel Robbins, “Essay on the Nature and Significance of Economic Science”, chapters I and IV.

Is Economics “Positive” or “Normative”?

Class 3. Milton Friedman, “The Methodology of Positive Economics”.

Class 4. Philippe Mongin, “Value Judgments and Value Neutrality in Economics”.

What is the Methodology of Economics?

Class 5. Daniel Hausman, “Economic Methodology in a Nutshell”.

Class 6. Alex Rosenberg, “If Economics Is a Science, What Kind of a Science Is It?”

Class 7. Daniel Hausman, “Karl Popper and Falsificationism in Economics”.

Class 8. Mark Blaug, “Kuhn versus Lakatos, or paradigms versus research programmes in the history of economics”.

What is Decision Theory?

Class 9. Ken Binmore, “Rational Decisions”, chapter 1.

Class 10. Ken Binmore, “Rational Decisions”, chapter 3.

Can We Make Interpersonal Comparisons of Utility?

Class 11. Lionel Robbins, “Interpersonal Comparisons of Utility”.

Class 12. Ken Binmore, “Interpersonal Comparison of Utility”.

What is Welfare?

Class 13. Abram Bergson, “A Reformulation of Certain Aspects of Welfare Economics”.

Class 14. John Harsanyi, “Morality and the Theory of Rational Behavior”.

What is Social Choice Theory?

Class 15. Wulf Gaertner, “A Primer in Social Choice Theory”, chapter 2.

Class 16. Wulf Gaertner, “A Primer in Social Choice Theory”, chapter 3.

Class 17. Amartya Sen, “The Impossibility of a Paretian Liberal”.

Class 18. Allan Gibbard, “A Pareto Consistent Libertarian Claim”.

What is the Role of Models in Economics?

Class 19. Allan Gibbard and Hal Varian, “Economic Models”.

Class 20. Robert Sugden, “Credible Worlds: The Status of Theoretical Models in Economics”.

Class 21. Nancy Cartwright, “Economic Models: No Capacities, No Inductions”.

Class 22. Anna Alexandrova, “Making Models Count”.

How Can We Measure Economic Indicators?

Class 23. Hasok Chang and Nancy Cartwright, “Measurement”.

Class 24. Julian Reiss, “Measurement Between the Absolute and the Arbitrary”.

What is Economic Freedom?

Class 25. Robert Sugden, “The Metric of Opportunity”.

Class 26. Amartya Sen, “Freedom of Choice: Concept and Content”.

What is the Economics of Science?

Class 27. Philip Kitcher, “The Cognitive Division of Labor”.

Class 28. Partha Dasgupta and Paul David, “Toward a New Economics of Science”.