

PPE 160
Freedom, Markets, and Well-Being
MW 2:45, Pearsons 202

Fall 2012
E. Brown and M. Green

Office hours for Brown: Tuesdays and Thursdays, 3-5, Carnegie 216, 607-2810.
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Overview

In this course, we bring together scholarship from philosophy, politics and economics to study the philosophical underpinnings and social institutions of contemporary American society and the world in which it operates. Working across disciplinary boundaries, we examine scholarship that seeks to describe the liberties, freedoms and safeguards that promote human flourishing and that looks carefully at the roles played by market economies and political institutions in the construction of contemporary society.

We will begin with the ways that three philosophical traditions argue for freedom and markets: natural rights theories, utilitarianism, and social contract theories. The second part of the course will involve practice in synthesizing work from different academic fields. Here we will discuss the thesis project that PPE seniors must complete as well as legal, philosophical, and economic approaches to the right of privacy. The final part of the seminar will concern the relationship between freedom and well-being. We will discuss some of the ways that having choices does not make us better off and ask whether the state might play a role in improving our lives by interfering with our choices.

Coursework and grading

All students enrolled in this course are expected to do the assigned reading, to attend class regularly, and to participate thoughtfully in class discussions. There will be three principal writing assignments, due on Oct. 8, Nov. 14, and Dec. 18. Non-PPE majors will write papers about the material discussed in the seminar.

PPE majors will follow suit with the first paper. But the second and third assignments involve the senior thesis. The second paper will involve comparing work from different disciplines on the topic of your thesis. The third paper will be a thesis prospectus.

Grades will be based primarily on written work with participation in the seminar being taken into account as well. The three principal writing assignments will be weighted equally.

Materials

Almost all of the readings will be made available as pdf files in the Resources section of the Sakai site for this course. The exception is Richard Thaler and Cass Sunstein's book, *Nudge*:

Improving Decisions About Health, Welfare, and Happiness (Yale University Press, 2008; Penguin paperback, 2010). This is available in the bookstore.

Announcements, paper topics, notes on class sessions and the readings will be posted on the Sakai site for this course: <http://sakai.claremont.edu/>.

Outline

This outline constitutes a plan rather than a binding contract. If we get off track, we will let you know at the end of each class period what we will be covering in the next couple of classes. It is your responsibility to keep track of divergences from the schedule presented here.

Part 1: Philosophical arguments for freedom and markets

Mon, Sept. 10 In order to have markets, you have to have property rights: without property rights, there are no rights to exchange things in a market. We will begin with John Locke's classic statement of the origins of property and government. In particular, we will be concerned with the limits that Locke puts on the ability to acquire property, such as the requirement that there be enough left for others. The Gibbard article notes that ownership limits liberty: owners have rights to exclude others from using the things they own. So how does the right to acquire property work? Remember, it has to both enhance the owner's rights *and* reduce those of everyone else. Gibbard considers two different versions of a right to acquire property and argues that neither supports the acquisition of unlimited property rights.

(1) John Locke, *Second Treatise of Government*, Ch. 5. (2) Allan Gibbard, "Natural Property Rights", *Noûs* 10 (1976), pp. 77–86.

Wed, Sept. 12 Locke tried to move from facts about what all human beings are like to conclusions about how they ought to treat one another. The argument isn't compelling without theological assumptions. Williams seeks to improve on Locke by showing that some kinds of inequality are irrational because they fail to reflect the factual equality of human beings. We will be particularly interested in his discussion of distributive justice on pp. 239–49. Williams's claim is that the nature of goods like health care and education determines their proper distribution and that the proper distribution could be considerably different than what a free market would produce. What does that mean? Do goods have natures and do we have to care about them? Robert Nozick criticizes Williams for failing to establish his point and for reaching conclusions that objectionably limit liberty. Nozick asks some good questions about Williams's argument and, by extension, a lot of commonsense thinking about how the economy should work.

(1) Bernard Williams, "The Idea of Equality," in: *Problems of the Self* (Cambridge University Press, 1973), pp. 230–249. (2) Robert Nozick, *Anarchy, State, and Utopia* (New York: Basic Books 1974), pp. 232–8.

Mon, Sept. 17 John Stuart Mill gives the utilitarian case for extensive individual liberty, namely, that individual liberty promotes the greatest overall good more than any alternative would. We will pay special attention to the various ways Mill seeks to establish this point. What assumptions about individuals, societies, and governments does he make in order to reach his conclusions about the value of liberty?

John Stuart Mill, *On Liberty*, selections.

Wed, Sept. 19 The utilitarian principle favors the actions or policies that promote the greatest good overall. Arrow begins with a weaker principle that is related to the utilitarian tradition: the principle of efficiency. After explaining why markets will reach efficient distributions of goods in carefully specified circumstances, Arrow argues that the markets for health care and health insurance do not meet these circumstances.

Kenneth Arrow, "Uncertainty and the Welfare Economics of Medical Care," *American Economic Review*, vol. 53 no. 5 (Dec. 1963), pp 941-973.

Mon, Sept. 24 Rawls uses a social contract theory to answer questions about the proper distribution of freedom. The readings for today's discussion are drawn from his "informal" presentation of his ideas, without using the chief theoretical device of the original position. Here he explains why he rejects libertarian natural rights theories and the Pareto principle. We will make special note of Rawls's heavy use of ideas from economics.

John Rawls, *A Theory of Justice*, (Harvard University Press, 1971), §§1-4, 10-15.

Wed, Sept. 26 Rawls's chief argument in *A Theory of Justice* is that the parties in what he called the original position would choose his principles of justice over utilitarianism. Justice, as Rawls understood it, requires nearly absolute protection of some individual liberties and a distribution of goods and opportunities that maximizes the position of the worst off class (the so-called Difference Principle). Rawls's formal argument for his principles of justice involves what he calls the original position. Once again, ideas from economics are prominent in his presentation.

Rawls, *A Theory of Justice*, §§20, 24-29.

Mon, Oct. 1 Ronald Dworkin presents an interesting variant on the social contract tradition. Instead of imagining a social contract, he thinks it is more relevant to consider a social insurance scheme. In the course of doing so, he comes up with a novel rationale for markets. Instead of claiming that markets follow from a proper respect for individual liberty, Dworkin thinks they are needed to realize the value of equality.

Ronald Dworkin, "What is Equality? Part 2: Equality of Resources", *Philosophy & Public Affairs* 10:4 (Autumn 1981), pp. 283-345.

Wed, Oct. 3 Last time, we discussed Dworkin's argument for the centrality of markets. Alas, it isn't so simple. There is an important class of goods whose distribution should not be determined by the market (auction). For these goods he thinks a hypothetical insurance

market is called for. Of course, the auction is hypothetical too. The insurance market is doubly hypothetical because it involves imagining what people would choose if they were deprived of significant information about themselves.

Dworkin, "What is Equality," especially pp. 292–345.

Part 2: Synthesis

Mon, Oct. 8 Discussion of first student papers. We will ask you to apply the theoretical discussions in the first section to the political debate surrounding this year's election. Bring your papers to class where we will discuss what you found.

Wed, Oct. 10 Today we will discuss a prize-winning PPE thesis. Read it with a critical eye. What makes it good? How could it be improved? How could you bring some of the things you noticed about this thesis to bear on your own?

Rose Ehler, "Technology, Ethics, and Regulation: A Case Study of the Market for Gestational Surrogacy." Senior Thesis, Pomona College.

Mon, Oct. 15 Your final project for this course is to write a prospectus for a PPE thesis. A PPE thesis is original scholarly work on a topic of interest and substance the exploration of which draws on at least two of the constituent PPE fields. A prospectus outlines the project, states why it is important, how it will be pursued, what sorts of implications its results might have, and gives a smattering of the references that will be consulted. PPE majors should bring a one page presentation of their ideas for a thesis to class. We will talk about these ideas in the seminar. Note that thinking about how to improve others' ideas is often a wonderful way of gaining perspective on your own. Hint, hint.

Wed, Oct. 17 Our next four sessions will be taken up in doing some synthetic work of our own. We have chosen topics in the law, specifically judicial reasoning and privacy. We will begin with the second most cited law review article of all time: Warren and Brandeis's article on the right to privacy. Warren and Brandeis argue that what they call the common law recognizes a right to privacy. Their argument for this conclusion rests on judicial decisions. They argue that the decisions make sense only if there is a right to privacy since contractual and property rights cannot explain why judges reached the conclusions that they did.

Samuel Warren and Louis Brandeis, "The Right to Privacy," *Harvard Law Review*, 4:5 (1890), pp. 193-220.

Mon, Oct. 22 Fall break.

Wed, Oct. 24 Judith Jarvis Thomson's philosophical analysis disputes Warren and Brandeis's view. She holds that the right to privacy is just another way of referring to other, more basic rights.

Judith Jarvis Thomson, "The Right to Privacy," *Philosophy & Public Affairs*, 4:4 (1975), pp. 295-314.

Mon, Oct. 29 Professor Hollis-Brusky of the Politics Department will lead a session on slippery slope arguments and judicial reasoning.

Reading: TBA.

Wed, Oct. 31 We return to privacy with an economic analysis. Judge Posner maintains that this is the best way of understanding the value of privacy.

Richard Posner, "The Right to Privacy," *Georgia Law Review*, 12:3 (1978), pp. 393-422.

Part 3: The relationship between freedom and well-being

Mon, Nov. 5 Amartya Sen argues that we can look past subjective measures such as individuals' self-reported life satisfaction and consider some objective standards of well-being. He argues that focusing on people's abilities to develop important ways of functioning in the world is an appropriate perspective from which to assess development policy in poor nations. Martha Nussbaum presents a list of ten essential functions that, she argues, are central to human flourishing. These arguments, known as the "capabilities approach," were influential in the development of the United Nations' Human Development Index. What do we think of Sen's argument and Nussbaum's list of objective goods?

(1) Amartya Sen, "Capability and Well-Being," in M. Nussbaum and A. Sen, eds., *The Quality of Life*, Oxford University Press (Clarendon Press), 1997, 31-66. (2) Martha C. Nussbaum, [mercifully brief excerpt from] "Human Functioning and Social Justice: In Defense of Aristotelian Essentialism," *Political Theory* 20 (1992), pp. 202-46.

Wed, Nov. 7 Professor Williams of the Politics Department will lead a session on the right to food.

Readings TBA

Mon, Nov. 12 Philosophers distinguish between "negative rights" and "positive rights." Roughly speaking, negative rights are rights that others abstain from doing things, such as punching you in the nose. Positive rights are rights that others do things, such as providing you with food (if you need it). There are obviously such things as positive *contractual* rights. But it is less obvious that there are positive *human* rights. Wellman and O'Neill argue that there are not, Shue argues that there are.

Selections from (1) Henry Shue, *Basic Rights* (Princeton University Press, 1980), (2) Carl Wellman, *Welfare Rights* (Rowman and Littlefield, 1982), and (3) Onora O'Neill, *Towards Justice and Virtue* (Cambridge University Press, 1996).

Wed, Nov. 14 It is commonly thought that a person is always better off having more choices rather than less. You can always ignore some of your options if you don't want them,

after all. Gerald Dworkin argues this is not always true; you can be worse off with more choices rather than less.

Gerald Dworkin, “Is More Choice Better than Less?” in: *The Theory and Practice of Autonomy*, (Cambridge University Press, 1998).

Mon, Nov. 19 Behavioral social scientists have taken seriously the possibility that some choice is good for people and some choice is not. Schwartz guides us through some of the evidence social scientists have brought to bear on the question of when and why it might be that more freedom to choose means less happiness.

Barry Schwartz, *The Paradox of Choice: Why More is Less*, (Ecco Press, 2003), pp. 99-236.

Wed, Nov. 21 The classical notion of utility is excess of pleasure over pain, experienced through time. As we did last time, we will ask about the relationship between this theoretical idea and what people actually believe. What does modern evidence suggest? And does money make us happy?

Daniel Kahneman and Alan B. Krueger, “Developments in the Measurement of Subjective Well-Being”, *Journal of Economic Perspectives* 20:1 (2006), pp. 3–24.

Mon, Nov. 26 Both philosophy and economics theorize about human well-being. At some point, data intrude. The economists’ model of well-being is generally one of self-centered maximization of utility subject to stable preferences. Sunstein and Thaler discuss the experimental evidence on how closely human behavior fits the model.

Richard H. Thaler and Cass R. Sunstein, *Nudge*, (Yale University Press, 2008; Penguin paperback, 2010). Part I, pp. 1–100.

Wed, Nov. 28 Thaler and Sunstein advocate the design of “choice architecture” to improve outcomes while respecting liberty. We will read the parts of their book that describe specific uses of this general idea.

Thaler and Sunstein, *Nudge*, parts II-IV, pp. 105-228.

Mon, Dec. 3 Thaler and Sunstein offer a surprising description of their position as “libertarian paternalism.” It’s paternalistic because it involves government action meant to influence people’s choices for their own good. It’s libertarian, they claim, because it leaves it open for people to choose otherwise. Many libertarians are unenthusiastic about welcoming them to their club. They think that the government should almost never have the power to engage in paternalism of any sort. Glaeser’s worries about slippery slopes and the abuse of power represent this position. Thaler and Sunstein, in turn, reply to his objections.

(1) Edward Glaeser, “Paternalism and Psychology,” *Chicago Law Review* 73:1 (2006), pp 133-156. (2) Thaler and Sunstein, *Nudge*, chapters 17–18, pp. 236–53.

Wed, Dec. 5 Prospectus presentations

Mon, Dec. 10	Prospectus presentations
Wed, Dec. 12	Prospectus presentations