

PPE 160  
Freedom, Markets, and Well-Being  
TR 1:15–2:30, Pearsons 202

Fall 2014  
E. Brown & M. Green

#### Office hours

Brown: Wednesdays 10:00–11:45 and Thursdays 2:30–3:45, Carnegie 216, 607-2810.

Green: Tuesdays and Thursdays 9–11, Pearsons 207, 607-0906.

## 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.

One goal for the course is to prepare PPE majors to write their senior theses in the spring. Concrete work on the thesis is required at regular intervals throughout the term and the final project is a thesis prospectus. (Students from departments that do not require a thesis are invited to chat with us about a suitably modified assignment.) Another goal is to spend our sessions synthesizing work in the three disciplines of philosophy, politics, and economics. This year, our focus will be on inequality. We will ask what economists, philosophers, and political scientists have to say about inequality and how work in one area is related to that in the others.

## 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 a writing assignment due roughly every other week. Four of these writing assignments are essays based in the reading for the course or on sources relevant to the thesis project. All essays are due electronically at midnight on Saturdays. The due dates are 9/27, 10/25, 11/08 and 11/22. The lowest essay grade is disregarded. There is a late penalty of  $\frac{1}{4}$  point per day. A thesis action plan is due on 10/11. The written prospectus is due at midnight on Wednesday, December 10.

Grades will be based primarily on written work with participation in the seminar being taken into account as well. More specifically, the grading algorithm (1) tosses out the lowest essay grade and averages the remaining three; (2) compares this average with the professors' perceptions of the student's contributions to class discussion, allowing adjustment as indicated by no more than one Pomona grade point on a 12-point scale; (3) evaluates the thesis prospectus grade in light of the work on the thesis throughout the semester and adjusts the prospectus grade accordingly by no more than one Pomona grade point; and (4) averages the adjusted aggregate essay grade and the prospectus grade with weights 3:1.

## 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).

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.

*Tuesday, September 2* In addition to the standard Reading of the Syllabus, we will do some real work. The question we will ask is: what do you think your thesis might be about? You can look at the titles in "PPE Theses 2007–2014" for inspiration.

*Thursday, September 4* PPE students will write a thesis in the spring. Today's reading is an example of a successful PPE thesis (Ehler 2006). Here are some things to think about when you're reading it. What worked well in this thesis? (For example, we think the author was especially successful in integrating her sources into her argument: it is both thoroughly researched and also clearly her own project.) What could have been better? (As every author knows, there is always something.) Does the thesis successfully integrate at least two of PPE's constituent disciplines? What features of this thesis would you like to see in your thesis? In what ways would you like your thesis to be different? Also, at the end of *this* term, PPE students will write a prospectus. We have provided several examples of those as well (see "Prospectus Samples"). You should ask similar questions about them: what works well, what could be better, in what ways do you want your prospectus to be similar, and so on.

*Tuesday, September 9* Today's reading is the fifth chapter of John Locke's *Two Treatises of Civil Government* (Locke 1995). Locke was concerned with explaining how inequality in property could be compatible with the equality among people that Christianity required. He described some significant limits on the initial acquisition of property rights. So long as property consists only in natural resources and these limits are respected, there will not be much inequality. More extensive inequality is permitted with the invention of money. This day illustrates the value of a multi-disciplinary approach even to classic works. Philosophers tend to read Locke as a proto-libertarian; they look carefully at the stories about how labor is used to acquire property rights. But after listening to Prof. Brown talk about what an economist sees in Locke's discussion of money, Prof. Green has become convinced that he was really concerned with inequality. Prof. Green has made an outline of this chapter that you will probably find helpful; look for it on Sakai.

*Thursday, September 11* Just how far can a theory like Locke's go? Gibbard notes that ownership limits liberty: owners have rights to exclude others from using the things they own (Gibbard 1976). 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.

*Tuesday, September 16* Today we're reading a part of the hottest book on economics and society of the decade: Thomas Piketty's *Capital* (Piketty 2014). Piketty does two things. First, he painstakingly constructs long data series that allow us to follow wealth and inequality across the centuries since Locke's defense of private ownership of the means of production and of inequality in holdings. Second, he worries about the societal implications of concentrations of wealth at the top of the income distribution. In particular, he believes that the relatively egalitarian 20<sup>th</sup> century (Piketty is French) may become a historical anomaly if we don't oppose the emergence of the super-rich.

*Thursday, September 18* Do most arguments that see income inequality as problematic lose some of their force when inequality is coupled with extensive economic mobility, such as the proto-typical rags-to-riches story Americans are fond of? Corak explores the relationship between income inequality and intergenerational mobility within the income distribution in the United States (Corak 2013). Does this research by economists have implications for democratic institutions and notions of fairness of concern to students of politics and philosophy?

*Tuesday, September 23* In the previous week, we considered research on the extent of wealth inequality and on the links between unequal wealth and opportunities for social mobility. As we look for causal mechanisms that link wealth inequality to life prospects, Currie urges us not to overlook life experiences before we are even born (Currie 2011). Gibbard pushes us to consider who will agree to the social contract; does the sort of evidence Currie presents expand the set of social circumstances we might object to if we got to design a social contract?

*Thursday, September 25* In today's reading, Rawls gives an argument for what he called the difference principle, that is, the principle that inequalities should work for the greatest advantage of the worst off class (Rawls 1999). Rawls begins with libertarianism, which he finds morally deficient because it allows for inequalities stemming from either natural or social causes. He then argues that attempts to correct for either the natural or the social causes of inequality are inadequate even by their own lights. Roughly, once you have decided to correct the one you should also correct the other. The result is Rawls's favored principles of justice. Rawls's purpose was to explain what the difference principle involves and we will spend a fair amount of our time on exactly that. In particular, we will want to make sure we are clear about his graphs. We will also talk about the substance of his argument. For instance, can we really think of all our distinguishing features as "morally arbitrary?" And why does Rawls think equal opportunity is important, given the other things he claimed?

\*\*\*\*\*Essay 1 due electronically by midnight Saturday, September 27\*\*\*\*\*

*Tuesday, September 30* Barry gives a critical review of Rawls's argument (Barry 1988). I am most interested in his remarks about equal opportunity and meritocracy and his suggestion in the second part of the article that it is possible to get something like Rawls's results without treating everyone's tastes and ambitions as the product of morally arbitrary influences.

*Thursday, October 2* When Rawls published *A Theory of Justice* in 1971, he thought he was describing a moral baseline for politics: all parties would agree on the principles of justice, much as they agree on the Constitution, and normal political bargaining would be restricted to other matters. This is not how it has worked out, especially concerning the distribution of wealth. Why? Perhaps it is because Rawls tried to do away with the idea that people deserve their place in the distribution of wealth. That is thing that occurred to me when I read the paper by Williamson, Skocpol, and Coggin on the Tea Party (Williamson, Skocpol, and Coggin 2011). They found that Tea Party members draw a sharp distinction between government benefits that have been earned, such as Medicare and Social Security, and those that they regard are handouts to the undeserving, such as welfare and Medicaid.

*Tuesday, October 7* 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. Today we will talk about the basic elements of Dworkin's theory: the so-called envy test, the idea that an equal distribution of resources could be settled in an auction, and how he proposes to deal with the problem posed by people with severe handicaps (R. Dworkin 1981, 283–345).

*Thursday, October 9* We will continue our discussion of Dworkin today (it's a long article). Specifically, we will discuss his underemployment insurance scheme and the comparison he draws between his theory and Rawls's (R. Dworkin 1981, 292–345).

\*\*\*\*\* Thesis action plan due electronically by midnight Saturday, October 11\*\*\*\*\*

*Tuesday, October 14* Members of the seminar will briefly present their ideas for their theses and the group will offer critical discussion.

*Thursday, October 16* More discussion of thesis ideas.

*Tuesday, October 21* Fall recess, no class.

*Thursday, October 23* As Dworkin understands it, equality involves the mitigation of bad brute luck (by converting it, as far as possible, into option luck). This basic

idea has come to be called “luck egalitarianism.” Anderson argues that this is a fundamentally mistaken understanding of the point of equality in political life (Anderson 1999).

\*\*\*\*\* Essay 2 due electronically by midnight Saturday, October 25<sup>th</sup> \*\*\*\*\*

*Tuesday, October 28* Everyone we have read has taken it for granted that equality is important. Frankfurt calls that into question (Frankfurt 1987). He thinks we should be concerned with the absolute quality of people’s lives, not their standing relative to one another.

*Thursday, October 30* Williams seeks to show that some kinds of inequality are irrational because they fail to reflect the factual equality of human beings (Williams 1973). 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 1974, 232–38). Nozick asks some good questions about Williams’s argument and, by extension, a lot of commonsense thinking about how the economy should work.

*Tuesday, November 4* Williams’ argument is about the essential nature of human beings and the goods that provide for human needs. Sen (Sen 1993) and Nussbaum (Nussbaum 2011, 17–68) push this idea further. They abandon the idea of equality and instead push for a level of human flourishing, which in their view depends on access to adequate supplies of several goods, both material and other. Is their notion of human flourishing objectionably Western? Is it politically motivated? Is the emphasis on acceptable minimum levels rather than equality a purely pragmatic move?

*Thursday, November 6* Theses and research papers have some peculiar formatting requirements, especially surrounding references and bibliographies. We will talk about some publishing conventions that you should follow and how to follow them using Microsoft Word and other software. Look on Sakai for specific readings and practice entering citations using Zotero before coming to class. If you have one, bring a laptop to class.

\*\*\*\*\*Essay 3 due by midnight Saturday, November 8\*\*\*\*\*

*Tuesday, November 11* It is commonly thought, especially by economists, that a person is always better off having more choices rather than fewer. 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 fewer (G. Dworkin 1988).

*Thursday, November 13* Satz's essay is about objections to selling body parts, such as kidneys (Satz 2008). It is a nice counterpart to the Ehler thesis with which we began. Like Ehler, Satz is concerned with a so-called repugnant market. She is also good about distinguishing different arguments from one another and offering a measured assessment of them. Satz's favored argument builds on one of G. Dworkin's cases, that allowing some people the choice of selling their organs changes the choices that others face.

*Tuesday, November 18* The classical notion of utility is excess of pleasure over pain, experienced through time. Kahneman and Krueger describe research on how this theoretical idea translates into happiness or life satisfaction (Kahneman and Krueger 2006). What does modern evidence suggest? And does money make us happy?

*Thursday, November 20* 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. In Part I of their book, Sunstein and Thaler discuss the experimental evidence on how closely human behavior fits the model (Thaler and Sunstein, 1–100). We look not just at mistakes people make, but at mistakes people make systematically.

\*\*\*\*\*Essay 4 due by midnight Saturday, November 22\*\*\*\*\*

*Tuesday, November 25* There are several implications of findings that people are inclined to make certain sorts of mistakes. One is that we should educate them to be aware of pitfalls. Another is that the government might intervene to make it easier not to mess up. A third is that we might make money exploiting people's weaknesses. A more paternalistic set of approaches might involve disallowing options that lead people astray or simply deciding for people in the first place. Thaler and Sunstein advocate the design of "choice architecture" to improve outcomes while respecting liberty. Parts II-IV of their book describe specific uses of this general idea (Thaler and Sunstein, 105–228).

*Thursday, November 27* Thanksgiving break. No class.

*Tuesday, December 2* 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. Rizzo and Whitman question whether the government has the knowledge required to act on behalf of citizens who are heterogeneous in their tastes, even intra-personally, and circumstances (Rizzo and Whitman 2009).

*Thursday, December 4* Prospectus presentations

*Tuesday, December 9* Prospectus presentations

## Readings

- Anderson, Elizabeth S. 1999. "What Is the Point of Equality?" *Ethics* 109 (2): 287–337.
- Barry, Brian M. 1988. "Equal Opportunity and Moral Arbitrariness." In *Equal Opportunity*, edited by Norman E. Bowie, 23–44. Boulder, CO: Westview Press.
- Corak, Miles. 2013. "Income Inequality, Equality of Opportunity, and Intergenerational Mobility." *Journal of Economic Perspectives* 27 (3): 79–102.
- Currie, Janet. 2011. "Inequality at Birth: Some Causes and Consequences." *American Economic Review* 101 (3): 1–22.
- Dworkin, Gerald. 1988. "Is More Choice Better Than Less?" In *The Theory and Practice of Autonomy*, 62–81. Cambridge: Cambridge University Press.
- Dworkin, Ronald. 1981. "What Is Equality? Part 2: Equality of Resources." *Philosophy and Public Affairs* 10 (4): 283–345.
- Ehler, Rose. 2006. "Technology, Ethics, and Regulation: A Case Study of the Market for Gestational Surrogacy."
- Frankfurt, Harry. 1987. "Equality as a Moral Ideal." *Ethics* 68 (1): 21–43.
- Gibbard, Allan. 1976. "Natural Property Rights." *Noûs* 10 (1): 77–86.
- Kahneman, Daniel, and Alan B. Krueger. 2006. "Developments in the Measurement of Subjective Well-Being." *Journal of Economic Perspectives* 20 (1): 3–24.
- Locke, John. 1995. *Two Treatises of Civil Government*. Edited by Mark C. Rooks. *Philosophical Works and Selected Correspondence of John Locke*. Charlottesville, VA: IntelLex Corporation.
- Nozick, Robert. 1974. *Anarchy, State, and Utopia*. New York: Basic Books.
- Nussbaum, Martha. 2011. *Creating Capabilities: The Human Development Approach*. Cambridge, MA: Harvard University Press.
- Piketty, Thomas. 2014. *Capital in the Twenty-first Century*. Cambridge, MA: Harvard University Press.
- Rawls, John. 1999. *A Theory of Justice*. Revised. Cambridge, MA: Harvard University Press.
- Rizzo, Mario J., and Douglas Glen Whitman. 2009. "The Knowledge Problem of the New Paternalism." *Brigham Young University Law Review* 2009 (4): 103–61.
- Satz, Debra. 2008. "The Moral Limits of Markets: The Case of Human Kidneys." *Proceedings of the Aristotelian Society* 108: 269–88.
- Sen, Amartya. 1993. "Capability and Well-Being." In *The Quality of Life*, edited by Martha Nussbaum and Amartya Sen, 31–66. Oxford: Clarendon.
- Thaler, Richard H., and Cass R. Sunstein. *Nudge*. New Haven: Yale University Press.
- Williams, Bernard. 1973. "The Idea of Equality." In *Problems of the Self*, 230–49. Cambridge: Cambridge University Press.
- Williamson, Vanessa, Theda Skocpol, and John Coggin. 2011. "The Tea Party and the Remaking of Republican Conservatism." *Perspectives on Politics* 9 (1): 25–43.