

PPE 160—*Revised September 27*
Freedom, Markets, and Well-Being
MW 1:15, Pearsons 202

Fall 2007
E. Brown and M. Green

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Course 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 of the themes of inquiry will concern equality, and the circumstances under which inequality arises over time within constructs of a just society. Locke, Dworkin, and Nozick weave markets into their conceptions of a well-governed society, and in each case, the result is material inequality that is not seen as unjust. Another theme is the interplay of institutions: what aspects of life are best handled through markets, by government, or in the sphere of personal relations? A third line of inquiry explores the notion of human well-being, from economists' theoretical notion of utility to philosophical arguments for objective standards to the empirical literature on the economics of happiness.

While such an intellectual feast deserves to be celebrated as such, one specific purpose of the course is to develop in students a familiarity and facility with cross-disciplinary thinking and analysis. For PPE majors, the course in its reading list and also in its habits of thought is designed to prepare students to write a senior thesis that crosses disciplinary boundaries and brings the insights of abstract and wide-ranging scholarship to bear on specific issues, often issues of public policy. With this in mind, we turn at this point in the semester to one of the richest areas of contemporary domestic policy debate, the provision of health care. As part of this section of the course, we will read a PPE senior thesis that recently won the PPE department's *Politea* prize for best thesis.

Coursework and grading

Papers: Two 1800-word (about 5-6 pages) papers, due Oct. 9 and Nov. 9. The written portion of the final project is due by midnight on Wednesday, December 12. If submitted electronically, a hard copy must be delivered by noon the following day. Late papers will be accepted without question for up to ten days past the due date. They will be penalized at the rate of one quarter point per day. Grades are based on the College's twelve point scale. Since papers are due on Fridays, a ten-day extension encompasses two additional weekends. For the purposes of this clause, papers are due at the beginning of class and the ten-day extension ends at the beginning of Monday's class ten days after the Friday deadline. The final project is due on the last day of class and the automatic extension expires at the end of the college's

exam period (which happens to be the exam slot for courses taught MW 1:15), which is Friday, December 21, at 5:00PM. Longer extensions will be considered only in truly unusual and exigent circumstances, a set of categories into which writer's block does not fall.

The starting point for determining your grade in the course is the average grade from these three assignments, equally weighted. If your participation in class suggests that your command of and engagement with the material are those of someone who has learned more than this grade suggests, we will go back and reduce the weight assigned to these assignments to 90 percent, and add a participation component worth 10 percent in determining a final grade. If you have added little to course discussions, oh well, while we hope that you'll allow others to learn from you, it's your job to learn and we won't punish you for not going beyond that. If you have been a royal pain in class and impeded others' learning, the 10 percent participation grading scheme may be put into play. That's because it's our job to get people to learn, hence our job (at least when one of us is an economist) to set up incentives for a productive classroom. We will talk about this grading scheme on the first day of class to see how it fits with the personality of the group.

Materials

Almost all of the readings will be made available through a free course reader. The exception is Amartya Sen's book *Development as Freedom*. It is available in the Huntley bookstore. All readings will be available through the library's reserve system.

Announcements, paper topics, and reserve readings will be posted on the Sakai site for this course: <http://sakai.claremont.edu/>. Notes on class sessions and detailed information about grades will be posted at <http://carneades.pomona.edu/2007-PPE/> (there will be links to that site in the Sakai site, for what it's worth, so if you're parsimonious with your bookmarks, you need only bother with Sakai).

Finally, your instructors have regular office hours, posted above. If those are not convenient, just make an appointment for some other time. We receive the newfangled electronic-mail as well. However, Michael Green has a policy of only checking email twice a day. So if you really want him to get back to you quickly, your best bet is to call his office number: x7-0906.

Course 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.

Date

Topic

September 5

Introduction. What we will cover. Discussion of grading policies: how much should participation count?

Theory: Freedom, equality, and markets

September 10

Freedom and property. In order to have markets, you have to have property rights: no property rights, 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.

Reading John Locke, *Second Treatise of Government*, Chs. 1-5, pp. 267–302
Allan Gibbard, "Natural Property Rights", *Noûs* 10 (Mar. 1976), pp. 77–86.

September 12

Government/society and property. Adam Smith is a social scientist as well as a moral philosopher. How does he arrive at the conclusion that government arises to protect the property of the wealthy from the poor? How does he conceive of human nature, and how does ethical behavior arise?

Readings [1] Adam Smith, *Lectures on Jurisprudence*, pp. 401–5
[2] Adam Smith, *The Theory of Moral Sentiments*, Ch. 2, pp. 161–74.
[3] Jerry Evensky, "Adam Smith's Theory of Moral Sentiments: On Morals and Why They Matter to a Liberal Society of Free People and Free Markets", *Journal of Economic Perspectives* 19:3 (Summer 2005), pp. 109–130.

September 17

Distributive justice and equality. 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 in that 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?

- Reading* Bernard Williams, "The Idea of Equality", in: *Problems of the Self* (Cambridge University Press, 1973), pp. 230–249.
- September 19 *Criticisms of Williams.* 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. Menzel argues that it doesn't make sense to insist on equality of even a basic good like health care. Why? Different people put different value on goods like health care. In particular, while the rich would spend quite a lot on health care, the poor would spend less on health care in order to buy other goods. So there's nothing wrong with an unequal distribution of health care, contrary to Williams's conclusions.
- Reading* Robert Nozick, *Anarchy, State, and Utopia* (New York: Basic Books, 1974), pp. 232-8; P. T. Menzel. *Strong Medicine.* (Oxford University Press, 1990), Ch. 7, pp. 116-31.
- September 24 *Dworkin's reconciliation of equality and markets.* Can we reconcile the idea of equality, as articulated by Williams, with the concern for liberty and economic decisions that his critics emphasize? Ronald Dworkin claims to have done just that. He claims that markets are needed to determine what an equal distribution of goods is.
- Reading* Ronald Dworkin, "What is Equality? Part 2: Equality of Resources", *Philosophy & Public Affairs* 10:4 (Autumn 1981), pp. 283–345.
- September 26 *Menzel's reconciliation.* Menzel levels some good criticisms of Dworkin. He then advances his own view of the distribution of one of the most important resources: health care. Here is one way that they differ. Dworkin tries to pull everything out of equality while Menzel helps himself to a variety of moral principles.
- Reading* Paul Menzel, "How Compatible Are Liberty and Equality in Structuring a Health Care System?" *Journal of Medicine and Philosophy* 28 (2003), pp. 281-306.
- October 1 *Government's role in the economy.* What considerations besides liberty and equality affect our decisions to allocate resources through government, in markets, or through personal networks? Anderson argues that the norms of the three spheres are different, and that the characteristics of something we value suggest which set of norms is appropriate to its allocation.

Reading Elizabeth Anderson, *Value in Ethics and Economics* (Harvard University Press, 1993) Ch 7, pp. 141-167.

October 3 *Special guest appearance.* Michael Sandel, a government professor at Harvard, will be here to debate Sam Harris on whether religion is good or bad for society at the Pomona Student Union. Today, Sandel will visit our class, topic of discussion to be determined.

October 8 *Further consideration of the role of government.* Sunstein argues that government can and should influence social behavior. Indeed, as a body that legislates, it cannot avoid making normative judgments. Watch for the policy implications and the levels of policy response he considers.

Reading Cass R. Sunstein, "Social Norms and Social Roles", *Columbia Law Review* 96:4 (1996):903–968.

[Paper due Tuesday, October 9, no later than 11:00AM]

October 10 *Student project/thesis ideas.* 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. Bring your idea for a project/thesis to class. What's your idea? Note that thinking about how to improve others' ideas is often a wonderful way of gaining perspective on your own. Hint, hint.

October 15. *More student project discussion.*

Theory: Well-being

October 17 *Utility theory.* The economists' model of well-being is generally one of self-centered maximization of utility subject to stable preferences. Kahneman and Thaler discuss the experimental evidence on how closely human behavior fits the model.

Reading Daniel Kahneman and Richard H. Thaler, "Utility Maximization and Experienced Utility", *Journal of Economic Perspectives* 20:1 (2006), pp. 221–234.

October 22 Fall break; no class

October 24 *Experienced utility.* The classical notion of utility is excess of pleasure over pain, experienced through time. What does modern evidence suggest? And does money make us happy? The latest major study of the relationship between income and well-being finds a link not just between relative income and happiness, and between poverty and misery, but between happiness and income across the board. Why does this study get different answers? What should the next research involve in order to shed light on these new data?

Reading [1] Daniel Kahneman and Alan B. Krueger, “Developments in the Measurement of Subjective Well-Being”, *Journal of Economic Perspectives* 20:1 (2006), pp. 3–24.
[2] Angus Deaton, “Income, Aging, Health and Wellbeing Around the World: Evidence from the Gallup World Poll”, NBER Working Papers 13317 (National Bureau of Economic Research, August 2007).

October 29 *Well-being and liberty.* Knowing what we now know about subjective accounts of well-being, what does this knowledge imply for the proper sphere of government? Sunstein and Thaler suggest a “libertarian paternalism.”

Reading Cass R. Sunstein and Richard H. Thaler, “Preferences, Paternalism, and Liberty”, in: *Preferences and well-being* (Cambridge University Press, 2006), pp. 233–264.

October 31 *An objective account of well-being.* Martha Nussbaum criticizes the ways of measuring well-being, and, by extension, development, that are standard in economics. In place of subjective measures such as feelings of pleasure or the satisfaction of desires or preferences, she argues that there are some objective standards of well-being. First, how does she argue for her list of objective goods? (Hint: look for discussions of what is distinctively human). Second, what do we think of her list of objective goods?

Reading Martha C. Nussbaum, *Women and Development: The Capabilities Approach* (Cambridge University Press, 2000), pp. 59–96.

Policy: health care and development

November 5 *Health care in the US.* These articles give an overview of the state of the health care policy in the US. The Menzel piece states his theoretical approach for addressing questions about health care policy: presumed consent. We have seen Menzel’s theory before (on September 19) and we will spend the next two weeks talking about it.

- Reading* [1] Paul Krugman and Robin Wells, “The Health Care Crisis and What to Do About It”, *New York Review of Books* 53:5 (March 23 2006).
[2] Henry J. Aaron and William B. Schwartz, *Can We Say No? The Challenge of Rationing Health Care* (Washington, D.C.: Brookings Institution Press, 2005), pp. 1–8.
[3] Menzel *Strong Medicine* Preface and Ch. 1, pp. vii–ix, 3–21.

November 7 *Consent and pricing life.* Menzel’s big idea is that social decisions about what level of health care to provide should reflect the choices that people would make. For instance, how much would they choose to spend on health care and what kinds of care would they choose to buy? This is how he reconciles economic efficiency with our values: we would want an efficient system. But does this involve putting a price on life? If so, how could we use it to make decisions about what not to spend? After all, life is priceless [n.b: no economist wrote that phrase – eb], particularly when it’s our own [or that one? –mjpg].

Reading Menzel, *Strong Medicine*, Ch. 3, pp. 37–56.

[Paper due Friday, November 9, no later than 4:00PM]

November 12 *QALYs.* The Quality Adjusted Life Year (QALY) is the unit frequently used to compare ways of spending our health care budget. Does this treatment, research initiative, or public health program produce more QALYs than that one? But how do we measure quality? And does it really make sense to compare improvements in the quality of some people’s lives with life itself for others? In answering the first kind of question, we will draw on the material in the section on well-being.

Reading Menzel, *Strong Medicine*, Ch. 5, pp. 79–96.

November 14 *Infants and consent.* Can we apply the presumed consent theory to health problems present from birth? Menzel says no and reaches the surprising conclusion that infants don’t have the same rights as adults. He also criticizes Dworkin’s insurance scheme.

Reading Menzel, *Strong Medicine*, Ch. 6, pp. 97–115.

November 19 *The politics of health care delivery in the US.* OK, so neither of the profs is a political scientist. Schlesinger is. Here’s his take on the politics of involving the market in health care delivery. What are the important lessons of history in the design of health care?

Reading Mark Schlesinger, “The Danger of the Market Panacea”, in: *Healthy, Wealthy, and Fair* (Oxford University Press, 2005), pp. 91–134.

- November 21 It's almost Thanksgiving. No class. Get to work on your pie!
- November 26 *Sample thesis.* This is a prize-winning thesis. What makes it good and how can you do the same?
- Reading* Rose Ehler, "Technology, Ethics, and Regulation: A Case Study of the Market for Gestational Surrogacy." Senior Thesis, Pomona College.
- November 28 *Beyond the US.* Sen develops the concepts of functionings and capabilities and their implications for the design of international aid. Are he and Nussbaum on the same page?
- Reading* Amartya Sen, *Development as Freedom*, (Knopf, 1999), Introduction, Chs. 1–2.
- December 3 *Sen, continued.*
- Reading* Amartya Sen, *Development as Freedom*, (Knopf, 1999), Chs. 5–6.
- December 5 *Student presentations.* Tell us what question you're going to answer and how you're going to go about answering it. In five to eight minutes. Really. Bring a one-page handout that will help you to cover your ground quickly without losing people. The seminar will ask you questions. You'll get out everything you wanted to say in answering those questions. Plus, there will be lots of helpful advice.
- Note* In order to accommodate everyone (and that swell Thanksgiving break), we will start early, at 12:30, for *all three* presentation days.
- December 10 More presentations. 12:30 starting time.
- December 12 Did we say presentations? 12:30 starting time.

[Written portion of student project due Wednesday, December 12, no later than 11:59PM]