MBA695C-41
Ethics and Economics
Summer 2008

Class time: Wednesday, 6-9:30
Room: Bryan 205
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Office hours: Before class by appointment

Course Description

The course provides an overview of the evolution of ethical thought within economics from Aristotle to the present. Special attention is paid to Adam Smith, John Stuart Mill, Jeremy Bentham and other moral philosophers of the 18th and 19th centuries who laid much of the utilitarian framework which was to shape later economic theory and thought. Forces in the 20th century aimed at developing a purportedly neutral system of inquiry into economics and economic issues that focused on efficiency have tended to separate economics from ethical considerations of equity, fairness, and justice. More recent work by economists who have focused on ethics and justice issues are considered along with more recent developments in our understanding of rationality from behavioral economics. Recent examples of unethical behavior in contemporary markets will be examined in order better to understand the strengths and shortcomings of economic theory in explaining and of competitive markets in assuring ethical behavior.

Objectives

At the end of the course, students should be able to

- Describe the origins of ethics within economic thought
- Be familiar with key moral philosophers who shaped economic thought during the 18th and 19th centuries and describe their contributions to the evolution of ethics in economics.
- Understand the basic principles underlying teleological ethics, especially utilitarianism, and contrast with deontological ethics.
- Describe the transition of economics from a branch of moral philosophy to a mathematical science based on utilitarian principles and the impact this had on ethical aspects of economics.
- Understand the ethical implications of economic efficiency.
- Describe different types of market failures and their ethical implications.
- Be familiar with recent results from behavioral economics research that relate to rationality, fairness, and justice
- Achieve a level of economic and ethical literacy that will aid in evaluating current economic issues
Grades

Final grades are determined as follows:

33%  500-750 word personal reflection due at beginning of each class briefly summarizing readings and describing some aspect of the readings that was, for example, particularly interesting or surprising to you and why or relating some aspect of the readings to current events.

33%  Class and discussion group participation

33%  Final group presentation on last day of class that examines ethical aspects of a current economic issue

Class I. Introduction to Ethics & Economics (May 26, 2008)

REQUIRED READINGS:

James Rachels, The Right Thing To Do: Basic Readings in Moral Philosophy, Chapters 1, 3, 4.


Class II. Economics, Social Cohesion, Virtue Ethics, Utilitarianism

REQUIRED READINGS:

James Rachels, The Right Thing To Do: Basic Readings in Moral Philosophy, Chapters 5, 6, 7, 8, 9


Video:

The Battle at Kruger, http://www.youtube.com/watch?v=LU8DDYz68kM

Suggested Reading:

Class III. Market Failure: Uncertainty and Information Asymmetry

REQUIRED READINGS:


Suggested Readings:


Class IV. Fairness: Self-Interest and Self-Restraint

REQUIRED READINGS:


Suggested Reading:


Class V. (Un)Ethical Precursors of Regulation

REQUIRED READINGS:


John Tagliabue, Scandal Over Poisoned Wine Embitters Village In Austria, New York Times, August 2, 1985


Walt Bogdanich and Jake Hooker, From China to Panama, a Trail of Poisoned Medicine, New York Times, May 6, 2007

Walt Bogdanich, F.D.A. Tracked Tainted Drugs, but Trail Went Cold in China, June 17, 2007

Parker, Emily, Made in China, Wall Street Journal, July 12, 2007, A15

Class VI. Economics and Ethical Discourse: Is the Market Moral?

REQUIRED READINGS:

Friedman, M, 1970, The Social Responsibility of Business is to Increase its Profits, New York Times,


Economist Special Report on Corporate Social Responsibility, Jan 17 2008
   Just Good Business
   The Feelgood Factor: Helping others to help yourself
   The Next Question: Does CSR work?
   A Stitch in Time: How companies manage risks to their reputation
   A Change in Climate: The greening of corporate responsibility
   The Good Consumer: Buying ethical is not as straightforward as it seems
   Going Global: CSR is spreading around the world but in different guises
   Do it right: Corporate responsibility is largely a matter of enlightened self-interest
SUGGESTED READING:
