
Moral and Ethical Aspects of Economics

Professor: DR. ERIC DANIELS

Office: 343C Surrine Hall

Office Phone: 656-2388

Office Hours: T-TH 9:30-11:00 or by appointment

E-mail: edan@clemson.edu

Overview:

This course is about the interrelationship between markets and morals. It aims to investigate the role that ethics and ethical ideas play in understanding economic life. It will examine such topics as the justification of private property, the controversy over income inequality, the profit motive and self-interest, the source of wealth creation, and many others. We will examine how major features of economic life can be analyzed from an ethical viewpoint and how ethics and moral concerns can allow us to conduct more fruitful economic analyses.

Class Policies, Structure, and Discussions:

Through the course of the semester we will meet together twice weekly (Tuesdays and Thursdays, 8:00-9:15). Make every effort to arrive to class on time. If you cannot avoid arriving late, please ensure that you enter class in a non-disruptive way. If I will not be able to make it to class for whatever reason, I will either arrange to have a guest lecture or to post such information on the classroom door prior to class.

Because an important part of learning is communication, students must come to class prepared to engage the material covered in the readings for that week. The structure of the sessions will be a mixture between lecture and discussion. Attendance is mandatory and you should be prepared to discuss the readings for that week, which includes the possibility of being called upon in class. Unexcused absences will not be tolerated. Because I recognize that unexpected, legitimate crises do sometimes occur in a student's life, I am willing to accommodate *excused* absences—but only if the student notifies me by phone or by e-mail *before* the absence.

Office Hours:

Each week I hold open office hours. During this time I make myself available to answer questions related to topics brought up in the discussions, ideas in the readings, and general topics related to the class. If ever there is something that you do not understand, or wish to understand further, or if you have any concerns about your performance in class, do not hesitate to contact me. If these times are not convenient, you may contact me in person or via e-mail to make other arrangements.

Writing Requirements:

During the course of the semester you will be required to write one paper, due at the end of the semester. Your paper will examine an important ethical question from the perspective of economics. Each student will be allowed to select a topic for the paper, subject to my prior approval (before Nov. 1). As the semester progresses, we will discuss some possible ideas for the papers, with illustrations from class discussions.

My policy for papers is that they must be turned in on time. I do not give extensions except in the most calamitous of circumstances (e.g., severed limb, coma, nuclear war). For each hour the paper is late, it will be marked down one full letter grade (e.g., A- becomes B-, not B+).

Examinations:

There will be two in-class examinations during the course of the semester. The material for these exams will be drawn entirely from the lectures and readings. They will be a combination of short answer and essay questions.

Moral and Ethical Aspects of Economics**Grading:**

Your examinations will constitute 50% of your final grade (25% each). Your final paper will constitute 25% of your final grade. Your participation and performance in class discussions will count for 25% of your final grade. I reserve the right to use graded pop quizzes that count toward your participation grade in the event that I believe members of the class are not keeping up with the readings. Improvement over the course of the semester will be taken into consideration.

Academic Integrity:

From Clemson's official statement of academic integrity: "As members of the Clemson University community, we have inherited Thomas Green Clemson's vision of this institution as a 'high seminary of learning.' Fundamental to this vision is a mutual commitment to truthfulness, honor, and responsibility, without which we cannot earn the trust and respect of others. Furthermore, we recognize that academic dishonesty detracts from the value of a Clemson degree. Therefore, we shall not tolerate lying, cheating, or stealing in any form."

Academic misconduct, as defined by the Clemson Academic Integrity Policy, will not be tolerated, and will be grounds for a failing grade in the course. If you have any questions about exactly what this means, do not hesitate to ask. Remember, ignorance of the rules is not an excuse. See: <http://www.clemson.edu/ugs/integrity.htm> for more information, including definitions of plagiarism, unauthorized aid, and other important ideas of academic integrity.

Readings:

This course has one assigned book, a novel by Ayn Rand entitled *Atlas Shrugged*, which you will receive free of charge. All the other readings for the course will be available via the course web page on the Blackboard system of MyCLE or will be distributed in class. All readings are required readings.

Keeping up with the reading is vital if you hope to do well in the course. Read the material for the week *before* you attend class so that you will be able to participate in the discussion. Reading for some weeks is heavier than others. Look ahead and make sure you know what's coming. I have listed readings on Blackboard (BB) by author and title.

Week One (August 28 and 30): Introduction

BB: Israel Kirzner, "Decision-Making and Economizing"; Adam Smith, selections.
Ayn Rand, *Atlas Shrugged*, Part I, Chapters 1-2.

Week Two (September 4 and 6): Self-Interest and its Role in Economics

BB: Jerry Evensky, "Ethics and the Invisible Hand," and Sam Fleischacker, "Economics and the Ordinary Person: Re-reading Adam Smith"
Ayn Rand, *Atlas Shrugged*, Part I, Chapters 3-4.

Week Three (September 11 and 13): Competition and Rent Seeking

BB: Gordon Tullock, "Rent Seeking as a Negative-Sum Game"
Ayn Rand, *Atlas Shrugged*, Part I, Chapters 5-6.

Week Four (September 18 and 20): Income Inequality

BB: Milton Friedman, "The Distribution of Income," and David Cay Johnston, "The Rich Get Fabulously Richer," and Beth Shulman, "Introduction"
Ayn Rand, *Atlas Shrugged*, Part I, Chapters 7-9.

Week Five (September 25 and 27): Guest Lecture and First Examination

September 27: **FIRST IN-CLASS EXAMINATION**

Moral and Ethical Aspects of Economics**Week Six** (October 2 and 4): **Property Rights****BB:** Harold Demsetz, "Toward a Theory of Property Rights"Ayn Rand, *Atlas Shrugged*, Part I, Chapter 10, Part II, Chapters 1-2.**Week Seven** (October 9 and 11): **Corporate Social Responsibility****BB:** Milton Friedman, "Social Responsibility," and R. Edward Freeman, "A Stakeholder Theory of the Modern Corporation"Ayn Rand, *Atlas Shrugged*, Part II, Chapters 3-4.**Week Eight** (October 16 and 18): **Ethical Limitations to the Marketplace****BB:** Gary Becker "Purchase and Sale of Organs" (from Becker's blog), Richard Epstein and Atul Gawande, "Organ Meats" (from Slate.com)Ayn Rand, *Atlas Shrugged*, Part II, Chapters 5-6.**Week Nine** (October 23 and 25): **Morality and Economics of Environmentalism and Recycling****BB:** Daniel K. Benjamin, "Eight Great Myths of Recycling," and Richard Denison and John Ruston, "Anti-Recycling Myths"Ayn Rand, *Atlas Shrugged*, Part II, Chapters 7-9.**Week Ten** (October 30 and November 1): **Second Examination and Marxist Morality**October 30: **SECOND IN-CLASS EXAMINATION**Ayn Rand, *Atlas Shrugged*, Part II, Chapter 10.**Week Eleven** (November 6 and 8): **The Unemployment Dilemma****BB:** Fabienne Peter, "Choice, Consent, and the Legitimacy of Market Transactions" and

Milton Friedman, "The Relation Between Economic Freedom and Political Freedom"

Ayn Rand, *Atlas Shrugged*, Part III, Chapters 1-2.**Week Twelve** (November 13 and 15): **Charity, Welfare, Morality, and Markets****BB:** James Buchanan, "The Samaritan's Dilemma"Ayn Rand, *Atlas Shrugged*, Part III, Chapters 3-4.**Week Thirteen** (November 20): **Altruism, Christianity, and Economics**Ayn Rand, *Atlas Shrugged*, Part III, Chapters 5-6.**Week Fourteen** (November 27 and 29): **Justice and Fairness, Economic or Moral?****BB:** Selections on Justice and FairnessAyn Rand, *Atlas Shrugged*, Part III, Chapters 7-8.**Week Fifteen** (December 4 and 6): **Conclusion**Ayn Rand, *Atlas Shrugged*, Part III, Chapters 9-10.