

Introduction

Philosophy of Economics

University of Virginia

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Philosophy of Economics

- **“Philosophy of Economics”** can refer to different things:
 1. Economic methodology (e.g., statistical techniques, experimental design, methodological individualism)
 2. Analysis of core concepts in economics (e.g., utility, rationality, equilibrium)
 3. Moral and political questions related to economic activity (e.g., distributive justice, markets, externalities)
 4. Reflection on the scientific status of economics (e.g., explanation, scientific progress, nature of models)
- In this course, we will focus on (4), with a bit of (2) and (3)
 - ❑ You will NOT learn how to do economic research
 - ❑ You will NOT be given a comprehensive overview of economics
 - ❑ We will only focus on questions of public policy IN A FEW SESSIONS

Course Structure

Aspect of Economics	Philosophical Questions	Area of Economics
1 (Many) Economists build highly abstract models that purport to explain the real world	How can abstract/false models explain? What is the function of a scientific model?	Microeconomics
2 (Many) Economists aim to provide a general account of economic forces at work in society	How successful has economics been in providing such a general account? Has it progressed over time?	Macroeconomics
3 (Many) Economists use statistical tests to understand causal phenomena	What is causality? How do economists reason about causal relationships?	Empirical Economics
4 (Many) Economists assume that people act rationally	What is rationality? Given that most people aren't rational, what follows?	Behavioural Economics
5 (Many) Economists make claims about what policies would be best for society	Are the implicit moral assumptions of economists plausible?	Welfare Economics

Requirements

Component	%	Deadline
Collab Reflections Focus: Quality and depth of preparation	ungraded	every week, 2h before course
Participation Focus: Activity and engagement	10%	
Literature Essay (1/6 questions, ~1500 words) Focus: Critical analysis of secondary literature	20%	October 11
Take-Home Exam (one week, 3/12 questions, ~2400 words total) Focus: Independent thinking about central issues	30%	November 6
Research Essay (~3000 words) Focus: Ability to set and pursue own research agenda	40%	December 10

Course Policies

- **Teaching method**

- ❑ Discussion/Activity-based
- ❑ Aim: help you formulate your own views
- ❑ Cooperation encouraged, but no group assignments
- ❑ Accessible to both ECON-focussed and PHIL-focussed students

- **Office hours:** on request, short notice, every day of the week (Gibson S342)
- **Syllabus changes:** limited but possible, democratic vote, request early
- **Textbook:** none, but consider Reiss, *Philosophy of Economics* (Routledge)

Syllabus Details

8/28	Introduction
Part 1: Explaining through Models	
8/30	ℰHotelling's Model
9/4	Popper's Falsificationism
9/6	Troubles for Falsificationism
9/11	Friedman's Instrumentalism
9/13	Reiss's Explanation Paradox
9/18	ℳCredible Worlds
Part 2: Macroeconomics and Crisis	
9/20	Lakatos' Research Programmes
9/25	ℰFriedman vs the Philipps Curve
9/27	Kuhn's Revolutions
10/2	ℰDSGE Models
10/4	ℳEconomics and Crisis
Reading Days	
Part 3: Economics in Practice	
10/11	LITERATURE ESSAY DUE Causation
10/16	ℰInstrumental Variables

10/18	Mechanisms
10/23	ℳExperiments
10/25	ℰThe FCC Auctions
Part 4: Rational and Animal Spirits	
10/30	Rationality
11/1	Rational Choice Theory
11/6	TAKE-HOME EXAM DUE Means and Ends
11/8	ℰBehavioural Economics
11/13	Nudging
Part 5: Individual and Common Good	
11/15	Facts and Values
11/20	Welfare in Economics
Thanksgiving Recess	
11/27	Problems with Preferences
11/29	GDP and Alternatives
12/4	ℰHappiness Research
12/6	ℳWrapping Up
12/10	RESEARCH ESSAY DUE

Cultural Differences

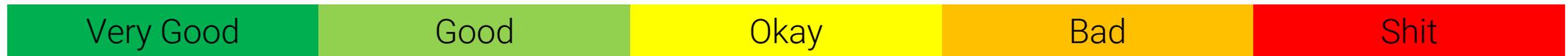
American Scale of Evaluation



British Scale of Evaluation



German Scale of Evaluation



Recommended Background Reading

Diane Coyle
The Soulful Science

Julian Reiss
Philosophy of Economics

Dani Rodrik
Economics Rules

Alex Rosenberg
Philosophy of Science

Questions?