

Economics and Theories of Fairness

Syllabus & Course Plan

ECON 0460
Office Hours Th 1-2.30pm (virtual)
<https://upenn.zoom.us/j/92509845678>
Professor Mike Kane

Class Time: MW 3.30-5pm
Classroom:
Office PCPSE 634
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1. Course Description

Free markets excel at producing wealth, but seem to do so at the cost of economic inequality. Is this inequality unjust? Is it a problem economics and public policy should solve?

Liberal democracies have traditionally had the protection of private property as a core mandate. But they also have varying degrees of redistribution in order to fund social welfare systems. How can we reconcile these objectives which seem to conflict?

Is the protection of individual rights more important than the promotion of the greatest good for all? To what extent can personal liberty and the common good be reconciled?

In this course, we will use the philosophical concept of justice to address these and other related questions. We will draw from economic history, political theory, and the history of philosophy in order to acquire a framework for understanding the concepts of justice, liberty, rights, and equality. We shall then apply this historical and conceptual framework to discussion topics and case studies drawn from present day economics and contemporary social issues. In this way, we shall come to understand economics as more than a social science of laws and theorems. Instead we shall see how economics as an applied science influences the well-being of the whole of society.

2. Learning Objectives

Participants in the class can expect to:

- 1) Gain a deeper understanding of the interaction of property rights, the common good, individual liberty, and the role of the state.
- 2) Gain a greater appreciation for the ways in which economic ideas influence a society's well-being.
- 3) Expand your understanding of classical economists to include their ideas on ethics.
- 4) Experience a college classroom in which all sides of an argument are presented fairly.
- 5) Enhance your critical reasoning skills as you assess arguments from multiple sides of an issue.
- 6) Enhance your presentation and debate skills as you participate in class assignments.

7) Enjoy the experience of learning how seemingly abstract ideas from the past have massive real-world implications for the present.

As John Maynard Keynes wrote: “The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else.” In this course, we will examine many of these ideas and also try to assess if they are right or wrong.

3. Course Requirements

Pre-Requisites. None. The Department encourages introductory courses in macro and micro economics, but these are not requirements.

Electronic Devices. None. Student use of laptops, tablets, phones, and other electronics is not permitted in class. Students may use a laptop when participating in a class debate or when giving a class presentation, but in no other circumstances. If you use any electronics in class, you will be marked absent for the class with a negative impact on your final grade. The use of electronics in class has been proven to decrease student learning. It also goes against the culture I want to create of paying attention to each other in a respectful manner.

Readings and Slides. You must come each class having done the readings assigned. I have tried to keep the selections short, especially since some of the readings are a bit challenging. In addition, for the major thinkers we study, I have prepared a presentation on the reading selection which will be found on Canvas. These will never be presented in class, but are intended for you to read as you prepare for class. They are not a substitute for doing the readings themselves, but are a supplement to them.

Class Format. This course is structured as a discussion group and is taught Socratically. I will be asking you to discuss topics inspired by the readings. There are no slides presented during class and very little formal lecture time. In these respects, the class might be very different from other courses you’ve taken.

Attendance. Attendance is required for all classes except for extraordinary circumstances. This is the same policy your first job out of college will have, so you get an early experience of it in this course. We follow the University guidelines on excused and permitted absences.

Unexcused absences will negatively affect your final grade as follows: first absence will not subtract from the final grade but will cost any rounding up to next grade. With the second absence and each subsequent one, the final grade will be reduced one letter grade. For example, a student with a course grade which is borderline A-/B+ who has three absences would then get the final grade of D+. The first absence means the B+ is not rounded to A-. The second absence reduces the B+ to C+, and the third reduces the C+ to D+.

For the purposes of this policy, absences are broadly defined to include more than not being in class. Inattention in class, being unprepared in class, not having done the assignments, being disrespectful to anyone in the class, electronics use in class, camera off in

Zoom, and leaving a virtual class early are all considered absences and will have the above effect on final grades.

Office Hours. Primary office hours are on most Thursdays from 1-2.30 pm via Zoom. The same Zoom link is used all semester and appears at the top of this syllabus as well as in several places in Canvas. Exceptions to regular hours will be noted in the course calendar within Canvas. I will always make time to speak with you during office hours or at other times to address your concerns and questions.

Academic Integrity. Every member of the Penn community is responsible to uphold the University's commitment to academic integrity. Please review [the policy](#) when beginning this course. This policy will be enforced in this course. Any cheating in the course, plagiarism of papers, use of AI generated work, and the like will result in an automatic F for the assignment and possibly for the course, and the student will be reported for the violation. The disutility of cheating is intentionally extremely high in this course.

Professional Standards. Part of my devotion to your success in this class is the insistence on high standards. Every student will be held to the same high standards of responsible, professional behavior. If a behavior would be considered negative in a job setting, it will be considered very negative in this class. That means coming to class on time, having done the work, and prepared to contribute. There are no rewrites permitted, no late assignments accepted, and no inattentive behavior tolerated.

Class Participation. It is expected that members of the class will engage in vigorous class discussion in a way that is well-prepared, thoughtful, and respectful of the opinions of others. Quality of one's contribution to the discussion will weigh more heavily than quantity. My objective is to make the course relevant to issues today, intellectually stimulating, and also fun. That requires we all engage in discovery and conversation together. Part of your in-class participation grade will include the debate assessments you must do for both sides of each debate in which you are not on a debate team.

Weekly Comments. Most weeks students will write a comment of 200-300 words in response to a question about that week's readings and content. These comments will be counted as part of your class participation grade for the semester. You need to complete 10 weekly comments in the semester out of a set of 12. Comments received after the deadline will not be accepted towards this requirement.

Midterm. There is a midterm scheduled for October 25, which will be held virtually. It will be comprised of two short essays, which you choose from a set of multiple topics.

Class Debate/Position Paper. Each member of the class must *either* participate in a class debate *or* write a three-page paper taking a position on one of the major themes of the course.

Debate: There will be five in-class debates, with teams of two members on each side. Hence, 20 students will participate in debates. I will attempt to match your preference for the debate topic and the side you're representing on a best-efforts basis. The debates are a

fun chance to work with other students to stimulate lively discussion of the course subject matter.

Position Paper: Students not participating in a debate will be required to submit a position paper in which they defend a view on one of the major questions of the course. The paper should be between 900-1000 words. Further requirements are given in Canvas.

Final Paper. Members of the class must write a six-page paper with one of three objectives:

- 1) To research, critique, or expand on a topic from the course in greater detail.
- 2) To apply one of the theories studied to a contemporary issue in business, politics, or economics. An example would be debt forgiveness for developing countries.
- 3) To extend one of the theories of justice studied to a larger question such as global justice, environmental justice, or justice due to future generations.

Once you decide on a topic, you must preview it with me. You may suggest other topics for the final paper which will be subject to my approval. Failure to get your topic approved will automatically lower the grade for the paper.

Two weeks before the paper is due, I will take part of a class to discuss the paper options and expectations in greater detail. I will also have extended office hours during the reading days.

4. Grading

Coming to class, doing the reading assignments, and following the code on academic integrity are all basic requirements you must meet but which do not add to your grade (though failure to do these will absolutely subtract from your grade). The other requirements will have the following weights for your final grade.

Class Participation:	20%	In class participation, includes debate assessments
Class Participation:	15%	Discussion board participation
Midterm Exam:	20%	
Class Debate or Position Paper:	20%	
Final Paper:	25%	
Electronics Use in class:		Treated as an unexcused absence
Not Meeting Standards:		Treated as an unexcused absence
Unexcused Absences:		Lower final grade dramatically (see above)

Note that the grade reported in Canvas is not the grade for the course, since it does not include the class participation component. The grade calculated with these assignment weights is prior to any decrements for unexcused absences as defined above.

5. Keys to Success

My goal is for every student to do well in this class. The keys to doing so include:

- Be 100% all in: show up to class always, always on time, and always prepared.

--Participate: contribute to class discussion, be active in small group work and debate teams. Bring your unique perspective and interests to the class conversations and to your final paper.

--Ask questions. If you want further clarification, ask questions in class or in office hours.

--Show others the respect you would like to be shown.

--Relax. It will all turn out fine.

6. Course Plan and Readings

There is no text required. All readings are found on Canvas.

(Themes)

Capitalism & Inequality/Justice as Merit

8/28: Course Introduction & Overview

Class Discussion: Capitalism & Economic Inequality

Thomas Piketty, excerpt from *Capital in the Twenty First Century*

Piketty *et. al.* excerpt from the World Inequality Report

Raj Chetty, data from the Opportunity Atlas

Deirdre McCloskey, excerpts from *Bourgeois Equality*

Hans Rosling [BBC video](#) on 200 years of economic history in 4 minutes

9/4: Aristotle, *Nicomachean Ethics*, Book I.1-3; V.7

Aristotle, *Politics*, Book I.1-2 I.8-9 Book III.6-7, III.9-13

Justice as Protection of Property

9/9: John Locke, *Second Treatise on Government*, excerpts from Chapters I, II, III, IV, V and IX

9/11: Case Study: Private Property versus the Greatest Good

Do Markets Self-Regulate for the Common Good?

9/16: Adam Smith, *Theory of Moral Sentiments*, excerpts from Part I, Chapters 1, 2, 3; Part IV, Chapter 1; Part VI, Section 2, Chapter 2.

Wealth of Nations, excerpts from the Introduction, Book I, Chapters I, II, VIII, XI; from Book IV, excerpt from Chapters II; from Part Two, Book V, excerpt from Chapter I, and from Part Three, Book V

9/18: Class Discussion on Smith and Spontaneous Order

9/23: John Maynard Keynes, "The End of *Laissez-Faire*", Parts III-V
9/25: Friedrich Hayek, *The Constitution of Liberty*, "Equality, Value, & Merit"

Justice as the Greatest Good

9/30: John Stuart Mill, *Utilitarianism*, excerpts from Ch. I-IV
10/2: Mill, excerpt from Chapter V

Justice as Fairness

10/7: John Rawls, *A Theory of Justice*, excerpts from §§ 1, 3, 4, 5, 6, 11, 12,
10/9: Rawls (continued), excerpts from §§ 13, 17, 24, 48

Libertarianism and the Capabilities Approach

10/14: Robert Nozick, *Anarchy, State, & Utopia*, excerpt from Ch. 7, Section I
10/16: Nozick, excerpt from Ch. 7, Section II
10/21 i) Amartya Sen, "Equality of What?"
ii) Class Discussion: Equality and the Capabilities Approach

10/23: **MIDTERM** (done remotely via Canvas and Zoom)

Debates, Discussion, and Case Studies

10/28: Class Debate #1: Is Capitalism Good for Society?
Reading: International Monetary Fund *Finance & Development* article:
"What is Capitalism?"

10/30: Class Discussion: Shareholder v. Stakeholder Rights
Readings: i) Milton Friedman: "The Social Responsibility of Business
is to Increase its Profits"
ii) Klaus Schwab: "What is Stakeholder Capitalism?"

11/4: Class Debate #2: Should the US Implement a Wealth Tax?
Reading: Investopedia: "Wealth Tax: Definition, Examples, Pros &
Cons"

11/6: Class via Zoom. Case Study: Forming the Good Society Part I

11/11: Case Study: Forming the Good Society Part II

11/13: i) Class Debate #3: Should Amazon Be Broken Up?
Reading: Amazon Statistics and 2024 Market Share
ii) Class Discussion: Are Equality and Liberty at Odds?

Global Perspectives

11/18: Is the “China Model” an Alternative to Western Liberal Democracies?

i) [TEDTalk](#) by Eric X. Li and Response by Yasheng Huang

ii) [Debate](#) between Daniel A. Bell and Phillip Pettit

11/20: i) Class Debate #4: Should Developing Nations Have Fewer Restrictions on Greenhouse Gas Emissions?

Reading: Brookings Institute 2022 working paper: “Renewing Global Climate Change Action for Fragile and Developing Countries”

ii) Class Discussion: Global Justice

11/25: Class via Zoom: Case Study: Global Citizenship

Reading: UN Declaration of Human Rights

11/27: No Class

12/2: i) Class Debate #5: Topic to be determined by the class.

ii) Guidance on Final Paper

12/4: Class Discussion: Capitalism & Economic Inequality--Revisited

12/9: Final Class: Recap of Major Themes

12/10-12/11: Reading Days

12/11, 12/12, 12/16, 12/18: Online office hours for help on final papers.

12/19: Final Papers Due by 5pm via Canvas.