

Moral Foundations of Capitalism: Paper Topics

Liberalism, Ethics, and Extensive Markets

Each student will write a **6-8 page term paper** to be turned in during the end of the week after Thanksgiving via e-mail. The purpose of the paper is to give students the opportunity to think more deeply about one or more readings from the semester and/or to apply some of the tools developed to contemporary ethical controversies that affect markets broadly interpreted.

Grades on the papers will be based on the quality of the reasoning demonstrated and command of the scholars and theories used. Every paper should include full references. In many cases direct quotes from the authors of interest or supporting diagrams will be necessary, and these should be set off with either quotes in the case of shorter quotations, with double indentation for longer ones (as done in the notes for this class), and with well-labeled game matrices and diagrams.

The papers should be e-mailed to professor Congleton at roger.congleton@mail.wvu.edu with a header EC411 paper and a file name in the form EC411_yourlastname_short title. Word or PDF documents are acceptable. [See the web syllabus for dates and times.]

Suggested Topics for Final Papers

I. Deeper analysis of a single Author

- i. Discuss why Aristotle believes the ethical behavior is consistent with lifetime happiness. If ethical behavior always increases lifetime happiness, why does Aristotle believe that people engage in unethical behavior?

- ii. Discuss why John Locke believes that there are two spheres of ethical behavior. What distinguishes civil conduct from spiritual conduct according to Locke. Are there cases in which the norms may conflict. If so, how should the conflicts be resolved.
- iii. Analyze Rand's novel Atlas Shrugged from the perspective of two of the philosophers covered in this class (for example Aristotle and Spencer). How are her theories similar to those of the others. How are they different?
- iv. Analyze Spencer's evolutionary theory of ethics. Is it plausible that ethical norms emerged from survival properties and change with circumstances (relative ethics)? Is his idea that evolution has an end point and so an absolute body of ethics is possible a plausible theory? Analyze.
- v. Max Weber argues that the emergence of a "spirit of capitalism" was necessary for capitalism in its nineteenth century sense to have emerged. Summarize his argument. Are there obvious weaknesses in his approach? Explain why markets work better when a work ethic (a dutiful calling) is commonplace in the workforce.

II. Compare and Contrast

- i. Compare and contrast Aristotle's theory of ethics with that of Adam Smith. Is there a difference between the aim of the two theories? Is it simply a coincidence that they favor similar rules of conduct given their different approaches?
- ii. Compare and contrast Franklin's deism with Barclay's Quaker based ethical theories. What behavior did they both support? How were their rationalizations different? What behavior did they disagree about? Are these disagreements relevant for economic growth and development?
- iii. Baxter and Grotius both suggest that inequality and trade are parts of God's will, although More suggests that trade should be minimized in a good society. Contrast and explain the differences in their reasoning.

Moral Foundations of Capitalism: Paper Topics

Liberalism, Ethics, and Extensive Markets

- iv. Compare and contrast Spencer and Hayek's theory of normative evolution. Note similarities and differences.
- v. Compare and contrast Friedman's analysis of the role of ethics in markets (*Free to Choose*) with that of Spencer in chapter 1 of *Man versus the State*. Does either scholar provide a prominent role for ethics in market activities? If not, discuss how ethics nonetheless affects their arguments. If so, give specific examples and note differences and similarities in their analysis.
- vi. Compare and contrast Rand and Spencer's argument against coercive forms of government regulation. To what extent are these arguments explicitly or implicitly grounded in their perspectives on ethics? If markets worked less well, would their arguments have to change? If so how?
- vii. Compare and contrast Mises and Spencer's characterization of liberalism. To what extent has liberalism changed in the fifty years between the times that the two men were writing? Does Mises, for example, defend or criticize the use of public funds for education and charity? (See Spencer's *Man versus State* and Mises' *Liberalism*).
- viii. Compare and contrast Buchanan's support for the work ethic with La Court's written four centuries earlier. Are there any important differences? How much of La Court's argument takes for granted the merit of saving and hard work.
- ix. Compare and contrast Locke's and Rawls' contractarian approach to the origin and scope of government. Are their points of agreement? How does Rawls' veil of ignorance concept differ from Locke's approach to a social contract.
- x. Compare and contrast utilitarian and contractarian welfare economics. Are there any important differences? For example, does the notion of "property rights" play different roles in their analyses? Is the role of government significantly different? If so, explain why.
- xi. Compare and contrast the theories of the work ethic in Congleton and in Buchanan and Yoon. Note similarities in their approach and conclusions. Do these theories complement each other or conflict with each other, or both?
- xii. Rawls argues that the best way to analyze justice or fairness is to assume that persons make decisions from behind a veil of ignorance. He concludes that this approach leads to two very specific principles of justice: equal liberty and maximin. Analyze his line of reasoning, contrast it with some other's in the course (for example Spencer's argument for equal liberty). What do these perspectives imply about market outcomes?
- xiii. Hayek argues that the knowledge problem and disagreements about goals make utilitarian analysis impossible. Explain why he believes that social justice is a mirage. How does his critique of utilitarianism differ from that of, for example, that by Buchanan or Spencer?

III. Economics, Politics, and Ethics

- i. Use tools from class to show why a work ethic may produce better outcomes in markets and politics than we would observe without one. Is true in other systems as well? Does a work ethic, for example, increase the productivity of a rent-seeking and dictatorial systems? If not is there anything general that can be said about the impact of a particular norm.
- ii. It is sometimes argued that simple self interest is enough for markets to operate perfectly (ignoring externalities). Show that the "right" ethical theories can make markets work better and that the "wrong" ethical theories can make markets work worse. What definition of "worse" and "better" are you using? Use examples of ethical theories from the philosophers covered in this class.
- iii. Mill argues that government should not be allowed to use its coercive power to force individuals or groups to conform to rules except when what contemporary economist would call externalities are important. Explain his point of view. How does this dividing line shift as problems associated with the environment, corruption, or rent-seeking are added to the analysis?

Moral Foundations of Capitalism: Paper Topics

Liberalism, Ethics, and Extensive Markets

- iv. Both Bentham and Pigou argued that governments should adopt policies that are consistent with utilitarian ideas. Bentham argued that governments should more or less get out of the way and let markets develop. Pigou argued that governments should play an active role in encouraging markets to develop in the “right” way. Analyze how the existence of government failures might have changed their reasoning and conclusions about the best level of government intervention.
- v. Rand, Mises, and Spencer all favor what some call a “night watchman” state, a state that only prevents coercive-aggressive actions both others in the same community. In what circumstances does such state enhance market activity? Would/should such a state respond to social pressure of either the pragmatic (more is better) or ethic-based variety? Can such a state address externality problems?
- vi. Mill argues that tolerance is one of the most important private and social ethics. Define tolerance. Does tolerance imply indifference to all choices by all other individuals? If not, examine the limits of tolerance. Should fraud, for example be tolerated according to Mill or any other of the scholars that we studied? How does tolerance with respect to political and religious views allow markets to become more extensive?
- vii. Buchanan once wrote that the extent of the market is limited by the extent of the morals. What exactly did he mean? Show how the tools developed in this class can be used to show the strength and limits of his argument. Use quotes from philosophers and historians to demonstrate that Buchanan was not alone in this conclusion.
- viii. Contrast the private ethical theories of Aristotle and Franklin with the social ethical theories of Mill and Rawls. Discuss shifts in approach and meaning as one shifts from private to civil to social ethics. In what sense can both act and rule utilitarian philosophy be said to be totalitarian?
- ix. Public choice analysis suggests that utilitarian central planning is impossible. That is to say, there is no reason why an elected official or a dictator would implement their recommendations. What does this approach suggest about (i) the relevance of utilitarian analysis and (ii) the scope for the regulation of markets--given that most commercial societies have historically been the ones with the highest per capita rgdp.
- x. Both markets and politics can be said to support (reinforce) a subset of ethical theories. Do markets or democratic politics support utilitarianism? Explain why or why not, and whether it is important.

IV. Any other analysis of the role of ethics in markets (with approval of the professor)