

**Economics 3490**  
**Ethical, Moral and Philosophical Foundations of Capitalism**  
**FALL 2016**  
**MILLER HALL 1308**  
**TTh 2:00 – 3:15**

**[Dr. Adrian Austin](#)**

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**E-mail: Use CourseDen**

**Office Hours: TTh 8:30 – 9:30 & 3:30 - 6:30**

**Note: All official school communication goes to your school email account.**

**Course Website: Main page is on CourseDen.**

**Tentative Course Schedule:** The instructor reserves the right to change the syllabus and assigned readings in consultation with the students; however this outline and list of readings represents a good example of the scope of the readings that would be required from class participants.

**Class Description:** This course is designed to explore the moral, ethical, and economic foundations of a capitalist system. The vehicle we will use for this pilgrimage is Ayn Rand's fictional novel, "Atlas Shrugged." Ms Rand was the founder of objectivist philosophy and a strong proponent of laissez faire capitalism. In "Atlas Shrugged," Rand stakes her position that capitalism is the only economic system that leads to a moral and just society.

As we work our way through the novel we will use additional materials to give you both supporting and contrasting viewpoints. These additional materials will include addresses, speeches, interviews, video documentaries, guest speakers, and various readings. Many of the interviews, speeches and addresses are available on YouTube. The idea is to expose you to as broad a view as possible while keeping your workload to a manageable level.

**Learning Goals and Objectives**

- 1) Students will make effective presentations to the class. (LO 1.2)
- 2) Students will have a basic understanding of the ethical foundations of economic decision making. (LO 5.1, LO 5.2)
- 3) Students will demonstrate a basic knowledge of how alternative economic systems address the question of the allocation of scarce resources. (LO 4.1)
- 4) Students will have a basic knowledge of the conditions of market efficiency and market failure and the economic role of government. (LO 4.1)

Note. A complete list of expected Learning Goals and Objectives can be found at the Richards College of Business web site [http://www.westga.edu/business/undergrad\\_learning\\_goals.php](http://www.westga.edu/business/undergrad_learning_goals.php)

**I. Introduction and Course Overview**

- Parkin: Microeconomics: Chapter 5: The Efficiency and Equity of Competitive Markets.
- PBS Commanding Heights: The Battle for the World Economy: Episode One: The Battle of Ideas.

[https://www.youtube.com/watch?v=MCYU\\_HviAh0](https://www.youtube.com/watch?v=MCYU_HviAh0)

- Ayn Rand, Atlas Shrugged, Part I Ch.1-2

## **II. Classical Economics**

- Adam Smith. *The Wealth of Nations*. Book I, Ch 1-3; Book IV, Ch 2.  
<http://www.econlib.org/library/Smith/smWNCover.html>
- Read, Leonard (1958). *I, Pencil*  
<http://www.econlib.org/library/Essays/rdPnc11.html>
- Heilbroner, Robert. *The Worldly Philosophers*. Ch 1-2, “The Economic Revolution” and “The Wonderful World of Adam Smith.” (handout)
- (Optional) Heilbroner, Robert. Interview  
<http://www.youtube.com/watch?v=3sg36QvF7Hs>
- Hessen, Robert (2007). “Capitalism.” *The Concise Encyclopedia of Economics*.  
<http://www.econlib.org/library/Enc/Capitalism.html>
- Ayn Rand, Atlas Shrugged, Part I Ch.3-4

## **III. Government (The Big “G”)**

- Hobbes, *Leviathan*, Ch 11 and 14  
<http://oregonstate.edu/instruct/phl302/texts/hobbes/leviathan-contents.html>
- Locke, *Of Civil Government*, Ch 2 and 9  
<http://www.constitution.org/jl/2ndtreat.htm>
- Rand, Ayn. (1963) “The Nature of Government”  
[http://www.aynrand.org/site/PageServer?pagename=ari\\_ayn\\_rand\\_the\\_nature\\_of\\_government](http://www.aynrand.org/site/PageServer?pagename=ari_ayn_rand_the_nature_of_government)
- Ayn Rand, Atlas Shrugged, Part I Ch.5-6

## **IV. Market Failure and the Role of Gov’t (economic view of gov’t)**

- Caplan, Bryan (2007). “Externalities.” *The Concise Encyclopedia of Economics*.  
<http://www.econlib.org/library/Enc/Externalities.html>
- Cowen, Tyler (2007). “Public Goods.” *The Concise Encyclopedia of Economics*.  
<http://www.econlib.org/library/Enc/PublicGoods.html>
- Stiglitz, Joseph (2007). “Information.” *The Concise Encyclopedia of Economics*.  
<http://www.econlib.org/library/Enc1/Information.html>
- Shughart, William (2007). “Public Choice.” *The Concise Encyclopedia of Economics*.  
<http://www.econlib.org/library/Enc/PublicChoice.html>
- Hardin, Garrett (2007). “The Tragedy of the Commons.” *The Concise Encyclopedia of Economics*.  
<http://www.econlib.org/library/Enc/TragedyoftheCommons.html>

- Brook Yaron, President of the Ayn Rand Foundation, Presentation:  
 P1. [http://www.youtube.com/watch?v=aoU\\_64zEiRE](http://www.youtube.com/watch?v=aoU_64zEiRE)  
 P2. [http://www.youtube.com/watch?v=YCx\\_mRC92bk&feature=related](http://www.youtube.com/watch?v=YCx_mRC92bk&feature=related)  
 P3. <http://www.youtube.com/watch?v=-veryOu60uY&feature=related>  
 P4. <http://www.youtube.com/watch?v=1xwKTT6FKIM&feature=related>  
 P5. <http://www.youtube.com/watch?v=zmpkMTIX4k8&feature=related>  
 P6. <http://www.youtube.com/watch?v=-veryOu60uY&feature=related>  
 P7. <http://www.youtube.com/watch?v=to4d8WD-Ons&feature=related>  
 P8. <http://www.youtube.com/watch?v=tWPVEJmygas&feature=related>  
 P9. <http://www.youtube.com/watch?v=BIJ0Ex8-5-0&feature=related>  
 P10. [http://www.youtube.com/watch?v=\\_8ITFYLIhQ&feature=related](http://www.youtube.com/watch?v=_8ITFYLIhQ&feature=related)  
 P11. [http://www.youtube.com/watch?v=\\_Jn7SJGBAmw&feature=related](http://www.youtube.com/watch?v=_Jn7SJGBAmw&feature=related)
- Ayn Rand, Atlas Shrugged, Part I Ch.7-8

## V. Socialism, Critics and Defenders of Capitalism

- Karl Marx and Friedrich Engels. *The Communist Manifesto*. (Chapters 1, 2, and 4)  
<http://www.marxists.org/archive/marx/works/1848/communist-manifesto/>
- Heilbroner, Robert (2007). "Socialism." *The Concise Encyclopedia of Economics*.  
<http://www.econlib.org/library/Enc/Socialism.html>
- (Optional) DECLARATION of PRINCIPLES, Adopted by the XVIII Congress, Stockholm, June 1989  
<http://www.socialistinternational.org/viewArticle.cfm?ArticleID=31>
- Noam Chomsky: Can civilization survive really existing capitalism?  
[https://www.youtube.com/watch?v=\\_uuYjUxf6Uk](https://www.youtube.com/watch?v=_uuYjUxf6Uk)
- (Optional) Declaration of the Occupation of New York City  
<http://www.nycga.net/resources/documents/declaration/>
- (Optional) Hayek, FA (1945). "The Use of Knowledge in Society." *American Economic Review* 35 (4).  
<http://oll.libertyfund.org/simple.php?id=92>
- Polanyi, Karl. *The Great Transformation*. pp. 33-76 and 136-57. (handout)
- (Optional) F. A. Hayek, *The Road to Serfdom* (Abridged)  
[www.iea.org.uk/sites/default/files/publications/files/upldbook351pdf.pdf](http://www.iea.org.uk/sites/default/files/publications/files/upldbook351pdf.pdf)
- David Henderson, *the Joy of Freedom*, Ch 1, 8 (handout)
- Jagdish Bhagwati, *Why the Critics of Free Trade and Globalization are Mistaken*  
<https://www.youtube.com/watch?v=MDCVzbrXGb4>
- (Optional) Video: ABC News Special, "Greed"  
<https://www.youtube.com/watch?v=F0VHiONkot8>
- Ayn Rand, Atlas Shrugged, Part I Ch.9-10

## VI. Moral and Ethical Foundations

- Morals vs Ethics  
[http://www.diffen.com/difference/Ethics\\_vs\\_Morals](http://www.diffen.com/difference/Ethics_vs_Morals)
- Fisher, James (2003). "Ethics" The Internet Encyclopedia of Philosophy  
<http://www.iep.utm.edu/ethics/>
- (Optional) Hazlit, Henry. (1972) Foundations of Morality. Ch. 2, "The Mystery of Morals" and ch. 3, "The Moral Criterion."  
<http://mises.org/books/foundationsofmorality.pdf>
- Eric Foner, Freedom, Capitalism and Morality.  
<http://www.youtube.com/watch?v=X1Ga7YC11uM&feature=fvsre1>
- Milton Friedman interview.  
[http://www.youtube.com/watch?v=RWsx1X8PV\\_A](http://www.youtube.com/watch?v=RWsx1X8PV_A)
- (Optional) Hazlit, Henry. (1972) Foundations of Morality. Ch. 30, "The Ethics of Capitalism" and ch. 31, "The Ethics of Socialism."  
<http://mises.org/books/foundationsofmorality.pdf>
- Crockett, David (Compiled by Edward S. Ellis) "Not Yours to Give"  
<http://www.fee.org/library/detail/not-your-to-give-2>
- Evensky, Jerry (1993). "Retrospectives: Ethics and the Invisible Hand." Journal of Economic Perspectives 7, 2  
<https://www.aeaweb.org/articles.php?doi=10.1257/jep.7.2.197>
- Murray Rothbard, "Free Markets" The Concise Encyclopedia of Economics.  
<http://www.econlib.org/library/Enc/FreeMarket.html>
- Armen Alchian, "Property Rights" The Concise Encyclopedia of Economics.  
<http://www.econlib.org/library/Enc/PropertyRights.html>
- Ayn Rand, Atlas Shrugged, Part II Ch.1-3

## VII. Welfare and Utilitarianism

- Esping-Andersen. 1990. The Three Worlds of Welfare Capitalism. Ch. 2, "Decommodification in Social Policy" and ch.3, "Welfare State as System of Stratification." (handout)
- Bentham, Jeremy (1789). "Of the Principle of Utility." Chapter I in An Introduction to the Principles of Morals and Legislation.  
<http://www.econlib.org/library/Bentham/bnthPML1.html>
- Paul Krugman – Income Inequality and the Middle Class <http://www.youtube.com/watch?v=5kWA-CwFK5A&feature=related>
- Smeeding, Timothy. "Poor People in Rich Nations: The US in Comparative Perspective." Journal of Economic Perspectives, 20(1): 69-90.  
<https://www.aeaweb.org/articles.php?doi=10.1257/089533006776526094>
- Cassidy, John. 2006. "Relatively Deprived: How Poor is Poor?" The New Yorker, April 3.

<http://www.newyorker.com/magazine/2006/04/03/relatively-deprived>

- Machan, Tibor R. “Against Utilitarianism; or, Why Not Violate Rights if it’d Do Good”  
<http://mises.org/pdf/asc/2002/ASC8-Machan.pdf>
- Ayn Rand, Atlas Shrugged, Part II Ch.4-6

### **VIII. Rights**

- Hazlit, Henry. (1972) Foundations of Morality. Ch. 28, “Rights.”  
<http://mises.org/books/foundationsofmorality.pdf>
- The Declaration of Independence of the United States of America  
[http://www.archives.gov/exhibits/charters/declaration\\_transcript.html](http://www.archives.gov/exhibits/charters/declaration_transcript.html)
- Rothbard, Murray (1982). The Ethics of Liberty ch. 4; chs. 6-8  
<http://mises.org/rothbard/ethics/ethics.asp>
- Rand, Ayn (1963) “Man’s Rights”  
[http://www.aynrand.org/site/PageServer?pagename=ari\\_ayn\\_rand\\_man\\_rights](http://www.aynrand.org/site/PageServer?pagename=ari_ayn_rand_man_rights)
- Ayn Rand, Atlas Shrugged, Part II Ch.7-8

### **IX. Justice**

- Hazlit, Henry. (1972) Foundations of Morality. Ch. 24, “Justice.”  
<http://mises.org/books/foundationsofmorality.pdf>
- “Distributive Justice” in the Stanford Encyclopedia of Philosophy  
<http://plato.stanford.edu/entries/justice-distributive/>
- “Justice as Fairness: Justice within a Liberal Society,” section 4 of “John Rawls” in Stanford Encyclopedia of Philosophy  
<http://plato.stanford.edu/entries/rawls/#JusFaiJusWitLibSoc>
- (Optional) Buchanan, James M (1975). “Constitutional Contract” Chapter 4 in The Limits of Liberty: Between Anarchy and Leviathan <http://econlib.org/library/Buchanan/buchCv7c4.html>
- (Optional) Hobbes, Thomas (1651). “Of the Natural Condition of Mankind as Concerning Their Felicity and Misery” Chapter 13 in *Leviathan*  
<http://oregonstate.edu/instruct/phl302/texts/hobbes/leviathan-contents.html>
- Hayek, “Social or Distributive Justice”  
<http://www.scribd.com/doc/48850569/F-Hayek-Social-or-Distributive-justice>
- Ayn Rand, Atlas Shrugged, Part II Ch.9-10

### **X. Debates**

- Ayn Rand, Atlas Shrugged, Part III Ch.1-3

## **XI. Debates**

- Ayn Rand, Atlas Shrugged, Part III Ch.4-6

## **XII. Debates**

- Ayn Rand, Atlas Shrugged, Part III Ch.7-8

## **XIII. Debates**

- Ayn Rand, Atlas Shrugged, Part III Ch.9-10

### **Grading**

Your grades will be determined in the following manner

In Class Quizzes:	25%
Presentations:	25%
Debates	25%
Paper:	25%

Course Score (rounded to the nearest digit)	Grade
90 – 100	A
80 – 89	B
70 – 79	C
60 – 69	D
Less than 60	F

### **In Class Quizzes**

The class quizzes are short (1 – 3 questions) quizzes at the start of class that are based on the readings for that week. The quizzes are also meant to record attendance as well. Each quiz is worth 100 points: 50 points for attendance and 50 points based on your answers to the questions. I will drop the 4 lowest grades when calculating your overall quiz grade. There are NO makeup quizzes.

### **Presentations**

Each presenting team will be made up of two people. Each team will be assigned sections to present to the class and the dates to make those presentations. The team is responsible for bringing new material for the class. The new material may be a video, article, reading, expert witness, ... (you have a lot of latitude on this). The material must be related to the section assigned.

The team is responsible for about 60-70 minutes of class time. This should be split between presentation of the new material and discussion. The team is responsible for leading the discussion. To facilitate the discussion, please come to class with a list of at least 10 questions. The questions are meant to be a spring board for discussion. Turn in your list of questions to me at the end as well as a short statement of the theme of your material and how it fits in with (and adds to) the section under discussion.

Grading scheme for presentations:

You are being graded on the following (equally weighted) criteria

- 1) Relevance of the new material to the section
- 2) Quality of the new material
- 3) Presentation to the class

- 4) Discussion Questions (how relevant are the questions? is the discussion interesting/lively?)

### **Debates**

We will have several debates on contemporary issues during the latter half of the semester. Each debating team will be made up of two people. I will post the format, grading scheme, schedule and questions for the debates on CourseDen at least two weeks before the first debate takes place.

### **Paper**

Your paper is due by 2:00 PM EST on Thursday December 1, 2016. The full details of the paper assignment will be posted on CourseDen or before November 01, 2016.

Previous paper topics:

- Be it Resolved: The Globalization of Markets is an Unfair Burden on the World's Poor.
- Markets Should Be Allowed to Solve the Shortage in Body Parts.
- Capitalism creates a system of inequality that creates poverty (relative/absolute) for the vast majority of people.
- According to John Galt, selfishness is both moral and practical. Explain what he means by this and how events of the story illustrate and dramatize his point.
- Explain the meaning and wider significance of the following quote: "The words 'to make money' hold the essence of human morality." According to the story of *Atlas Shrugged*, what ideas underlie the opposing maxims that "money is the root of all evil" and that "money is the root of all good"?
- Capitalism's defenders usually appeal to the "public good." Contrast their approach to capitalism to Ayn Rand's approach in *Atlas Shrugged*.
- Capitalism promotes democracy.
- The love of money is the root of all evil.
- Is Government Intervention justified in the case of Asymmetric Information (such as Moral Hazard, Adverse Selection, and the Principal-Agent problem)? In what ways can these problems be overcome by private action?
- Does intergenerational transfer create permanent classes of Haves and Have Nots that will lead to the end of Capitalism?
- **Life on the Bubble:** The breakthrough equilibrium and its implications for development

THIS SYLLABUS IS SUBJECT TO CHANGE. ALL CHANGES WILL BE ANNOUNCED IN CLASS AND ON COURSE DEN.

**Common Language for Course Syllabi - Updated June 30, 2015:** Students should review the following information each semester, because these statements are updated as federal, state, university, and accreditation standards change. [http://www.westga.edu/assetsDept/vpaa/Common\\_Language\\_for\\_Course\\_Syllabi.pdf](http://www.westga.edu/assetsDept/vpaa/Common_Language_for_Course_Syllabi.pdf)