Philosophy 345/Economics 319:  
The Philosophy and Methodology of Economics  
Fall 2016

Administrative Details

Instructor: Professor K.D. Hoover  
Lecture: 3:05-4:20 PM Mondays and Wednesdays, Carr 125  
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Course website: http://public.econ.duke.edu/~kdh9/Courses/Philosophy%20of%20Economics/PhilEconMaster.htm  
Office Hours: I do not hold scheduled office hours. However, I am flexible and available for consultation outside of class by appointment. Arrange an appointment either by talking to me before or after class or by e-mail.

Prerequisites

One course in philosophy and one course in economics; or consent of the instructor.

Course Description

An introduction to conceptual and methodological issues raised in modern economics. Topics may include choice, rationality and irrationality, realism, models, the relationship between microeconomics and macroeconomics, prediction and explanation, value judgments and policymaking, and causality. Case studies of applications to economic problems.

Required Work and Grading

There are three required graded parts to the course:

1. **Weekly short assignments:** 30 percent. These assignments are meant to make sure that you are up to speed on, and engaged in, the primary readings. Instructions are given below. I will give further instructions about in class.
2. **Class participation:** 30 percent. The class will be conducted as a mixture of lecture and discussion, and participation is essential. Students are expected to be prepared to discuss topics and to participate actively.
3. **Analytical papers:** 40 percent. There will be three longer analytical papers during the semester. The topics, due dates, and instructions are listed below. I will provide further details in class.

See the Rules for Late or Missed Assignments for information on that topic.
**Academic Ethics**
I will hold you to strict standards of academic ethics. Please click on the Academic Honesty link on the course website for the detailed policy.

**Readings**
Required text: Marcel Boumans and John Davis, *Economic Methodology: Understanding Economics as a Science* will be referred to for many topics and is good general background that could be read straight through early in the semester. Students should purchase this book from the campus bookstore or elsewhere. All other readings are electronically accessible: go to the Readings link on the course website. From there, you can either click on direct links through the library or download through links to a secure directory. *I will send the login and password information for the secure directory to registered members of the class by e-mail.* (If you need the login and password and don’t have it, please e-mail me.) Exactly which readings are due each week can be found on the course website under the link Weekly Assignments. Not all of the readings have hyperlinks in this version of the syllabus. A complete update will be available in due course.

**Background**
*The readings in this section will help you to get your bearings in the course. You should read them on your own as soon as possible in the course.*


**A. Classical Contributions to Economic Methodology**
Boumans and Davis, *Economic Methodology*, chapter 1(excluding Focus sections) and chapter 2, Focus 2.1.


B. Friedman and Positive Economics
Boumans and Davis, Economic Methodology, chapter 2 (excluding Focus sections).

C. Popper and Falsificationism
Boumans and Davis, Economic Methodology, chapter 3 (including Focus 3.1 and 3.3, but excluding Focus 3.2).
Karl Popper, The Logic of Scientific Discovery, 1959 (original German edition 1934), excerpts.
Hoover, “Notes on Logic.” (Supplementary notes that will be helpful in understanding the lecture for Topic C and later topics.)

D. Popper and Situational Analysis
Boumans and Davis, Economic Methodology, chapter 3, Focus 3.2.

E. Kuhn and Scientific Revolutions
Boumans and Davis, Economic Methodology, chapter 4, pp. 93-108 and Focus 4.2 and 4.3.
Martin Bronfenbrenner “The ‘Structure of Revolutions’ in Economic Thought,”

F. Lakatos and the Methodology of Scientific Research Programs
Boumans and Davis, Economic Methodology, chapter 4, pp. 108-111 and Focus 4.1.
Imré Lakatos, “Criticism and the Methodology of Scientific Research Programmes,”
Kevin D. Hoover, “Scientific Research Program or Tribe? A Joint Appraisal of
Lakatos and the New Classical Macroeconomics,” in Appraising Economic
Theories: Studies in the Application of the Methodology of Research Programs,

G. Lakatos and Economics
Mark Blaug, “Kuhn versus Lakatos or Paradigms versus Research Programmes in the
Press, 2000, pp. 57-82.
E. Roy Weintraub, “Appraising General Equilibrium Analysis,” Economics and
D. Wade Hands, “Popper and Lakatos in Economic Methodology,” in Uskali Mäki,
Bo Gustafsson, and Christian Knudsen, editors, Rational Institutions and Economic
Methodology. London: Routledge, 1993, pp. 61-75.
Roger Backhouse, “The Lakatosian Legacy in Economic Methodology,” in

H. Laws and Explanation in Economics – 1
Carl Hempel, “Laws and Their Role in Natural Explanation,” Philosophy of the
and Trout, editors, The Philosophy of Science, ch. 16.
Daniel Hausman, “Supply and Demand Explanations and Their Ceteris Paribus

I. Laws and Explanation in Economics – 2
Nancy Cartwright, “Ceteris Paribus Laws and the Socio-economic Machine,” in the
Dappled World. Cambridge: Cambridge University Press, 1999, ch. 6 (pp. 137-
151).
Kevin D. Hoover, The Methodology of Empirical Macroeconomics, Ch. 1, “Some
Methodological Problems in Macroeconomics”; and Ch. 2, “Are There
J. Models – 1
Boumans and Davis, *Economic Methodology*, chapter 1, Focus 1.2.

K. Models – 2

L. Realism

M. Reductionism and Microfoundations
N. Value Judgments in Economics
Boumans and Davis, *Economic Methodology*, chapter 7 (including Focus sections).

O. Experiments
Boumans and Davis, *Economic Methodology*, chapter 2, Focus 2.3.

Weekly Short Assignments
More detailed instructions, including details of each week’s readings and due dates, can be found on the Short Weekly Assignments link on the course website:

Analytical Papers
More detailed instructions can be found on the Analytical Papers link on the course website: Assignments and due dates are indicated below.

1. (Due Monday, 17 October 2016).
   One of the following:
   
   A. How would Mill, Marshall, and Robbins “Economics is fundamentally about concrete facts.” Compare and contrast the role of factual evidence as opposed to logical deduction with one of.
   
   B. In “Kuhn versus Lakatos” (p. 149), Mark Blaug writes: “a few [economists] realized that Friedman is simply Popper-with-a-twist applied to economics.” Is Blaug correct? What’s the “twist”?
   
   C. Does Popper’s situational analysis conflict with his demarcation criterion or his
denial of a logic of discovery or both or neither? Explain carefully.

2. (Due Thursday 21 November 2016).

One of the following:

A. Compare and contrast Popper’s distinction between science and pseudo-science with Lakatos’s distinction between progressive and degenerating research programs. Which if either suits economics?

B. In “The Logic of the Social Sciences” (p. 97), Popper writes: “Our motives and even our purely scientific ideals, including the ideal of a disinterested search for truth, are deeply anchored in extra-scientific and, in part, in religious evaluations. Thus the ‘objective’ or the ‘value-free’ scientist is hardly the ideal scientist. Without passion we can achieve nothing – certainly not in pure science. The phrase ‘the passion for the truth’ is no mere metaphor.”

In The Nature and Significance of Economic Science (pp. 157-158), Robbins writes: “And thus in the last analysis Economics does depend, if not for its existence, at least for its significance, on an ultimate valuation – the affirmation that rationality and the ability to choose with knowledge is desirable. If irrationality, if the surrender to the blind force of external stimuli and uncoordinated impulse at every moment is a good to be preferred above all others, then it is true the raison d’être of Economics disappears. . .The revolt against reason is essentially a revolt against life itself.”

Are these positions compatible with Popper’s and Robbin’s general conceptions of science? Do they undermine the distinction between positive and normative economics?

C. “Popper’s situational analysis and rationality principle are compelling evidence that Lakatos is right: the real Popper is Popper2. Is it? Why or why not?

3. (Due Wednesday 10 December 2014; note: this paper is in lieu of a final examination.)

One of the following:

A. Compare and contrast Milton Friedman’s (Topic B) with Gibbard and Varian’s (Topic J) defenses of models with unrealistic assumptions. Is either successful?

B. What is a science? Is economics one?

C. Nancy Cartwright in “Ceteris Paribus Laws and the Socio-economic Machine” (p. 149; see Topic I) writes: “The kind of precise conclusions that are so highly valued in economics can be rigorously derived only when very special
assumptions are made. But the very special assumptions do not fit very much of
the economy around us.” On the other hand, Robert Sugden (Topic K) describes
models such as Schelling’s checkerboard model of discrimination and Akerlof’s
“market-for-lemons” model as valuable and successful because they generate
conclusions that are robust to a variety of assumptions. Are these two accounts
actually in conflict? If so, which is right? If not, how can they be seen as
compatible?

D. Are there laws in economics? Does economics need them?

E. Compare and contrast economics qua science with psychology, sociology,
physics, chemistry, or biology. (Be specific and concrete. Answer this question
only if you have had two or more courses in each of economics (may include
this one) and the comparison science.)

F. A topic of your own choosing. For example, you might wish to develop a
longer essay on an issue raised in one of your short weekly papers. In all cases,
I must approve your topic in advance: I will not mark an unapproved topic.
Please send me a brief paragraph describing your topic at least two weeks before
the due date. I would be happy to discuss your proposal with you face to face.