

An Honors Course in Economic Philosophy and Policy Development

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Dotterweich proposes and details an honors class in economics. This non-traditional course develops the student's understanding of various worldviews of economics, allows the student to determine his or her personal view, and then assists them in forming economic policy prescriptions which are consistent with those personal perspectives.

Abstract

Economic policy cannot be crafted in the absence of individual values. This honors course in economics is built upon the premise that students must develop an understanding of various views of the world and then adopt their own viewpoint as a necessary prerequisite to developing economic policy prescriptions that are consistent with those perspectives. This is accomplished by emphasizing that moral philosophy is the foundation for the development of sound economic policy. The background material for the course consists of readily available Internet resources as well as small, inexpensive economics issues/readings books. The course is structured around lectures, class discussions, classroom policy debates, economic issue papers, and

student presentations. Teaching in this environment forces students to evaluate several policy alternatives and to determine for themselves those choices they might find to be acceptable or unacceptable based on their view of the world. This course outline is certainly not traditional and is rather labor intensive. However, both instructors and students can take great satisfaction in realizing that strong course performance requires more than just memorization and recitation of economic concepts or theory on examinations.

Introduction

Media commentators, politicians, ordinary citizens, and even economists constantly make economic pronouncements. Even a casual observer can recognize that different individuals possess a variety of

opinions or insights regarding the same political or economic issue. The recommended policy prescriptions of several analysts are often inconsistent with respect to the same economic issue. How is one without any formal training in economics to make sense of all of these viewpoints? Are some perspectives correct, while others are wrong?

Many classroom instructors of college principles of economics courses may feel uncomfortable spending class time discussing reasons for discrepancies in economic policy recommendations. This may be due to a variety of factors. First, they may feel constrained by time limitations in covering the necessary economic theory, and therefore unable to spend class time on philosophic issues. Second, they may feel uncomfortable in leading the class in considering the philosophical foundations that underlie the development of economic policy recommendations. Empirical investigation or statistics can verify a positive economic statement, one which “focuses on facts and avoids value judgments. Such factually based analysis is critical to good policy analysis.” Such statements describe “what is.” Normative economics, on the

other hand, focuses on statements about what “the economy should be like or what particular policy actions should be recommended to get it to be that way” (McConnell & Brue, 1994, p. 10). Such statements imply judgments concerning what is good or bad, right or wrong.

In recent years, there has been a great proliferation of honors courses and programs, particularly at those state universities attempting to compete with top-notch private institutions for outstanding students. This paper argues that honors courses should provide majors and non-majors alike with the ability to evaluate policies through the integration of their own values and philosophy of life. The ability to draw policy conclusions consistent with students’ life perspectives should be an invaluable prerequisite to obtaining leadership positions in a democratic society. Students with this skill will be able to function as informed citizens and voters. To accomplish this goal, students must be exposed to positive economic theory as well as moral philosophy. Positive economics involves values concerning how things ought to be, while moral philosophy requires an understanding of the

linkages between espousing particular normative positions and the theoretical underpinnings on which those viewpoints are based. Such an approach will enable students to see the relationships between their view of the world and the creation of consistent policies. Only a student whose philosophical position is based on truth can be expected to produce sound policy.

Course Goals and Objectives

The course is offered to sophomores who are part of the University’s Honors Program. The class enrollment is limited to 20 students per term. The small class size allows significant opportunity for student writing and oral class presentations.

The initial goal of the course is to provide an understanding and appreciation for three worldviews which are dominant in Western culture today: secular humanism, Marxism/Leninism, and biblical Christianity. It is certainly true that a significant number of evangelicals adhere to socialism, while some atheists favor capitalism. However, in general, biblical Christians favor a capitalistic system, while secular humanists tend to find a socialistic system to be most compatible with their worldview.

Marxists see the Communist economic system as the key to bringing about their utopian world. Students are not expected to agree with every aspect of one of the philosophies being examined; however, upon completion of the first segment of the course, students are expected to select, define, and explain the elements of a worldview that they find most convincing from their perspective.

A second goal of the course is to illustrate the linkage between one’s view of the world and the development of economic policy through use of classroom debates. The professor assigns students a specific worldview that they must assume while debating an economic issue. They are required to utilize economic theory in developing and articulating a position consistent with their required philosophical view. In this way, students gain an appreciation for other viewpoints and can see how their view of the world alters their economic policy prescriptions.

Finally, course participants are required to research policy alternatives relative to an economic issue and to write well-documented position papers. Students are free to choose their own topic, upon consultation with

the professor, and are expected to advocate policy alternatives consistent with their own philosophy. Differences in values between students and the instructor are quite common due to varying philosophical/economic/political viewpoints. Therefore, papers are evaluated primarily upon the extent to which the authors' policy conclusions are consistent with economic theory and their chosen philosophy.

Methodology and Resources

The goals outlined above are not effectively delivered via the traditional textbook/lecture notes/exam mode. To be effective, this course requires both the instructor and students to be active and creative learners.

Some of the readings and text materials for such a course can now be obtained at little or no cost by accessing them on the Internet. These materials can be supplemented with small macro or microeconomic issues or readings books, many of which encompass conservative, liberal, and radical views of these economic issues. Internet materials that can be particularly helpful include "Humanist Manifestos I and II" from the American Humanist Association

and "The Manifesto of the Communist Party" by Karl Marx and Frederick Engels. To provide some insight into the biblical worldview, *The Christian Manifesto* by Francis Schaeffer is available from Crossway Books. Issues/readings books that have been helpful include: *Leading Economic Controversies of 1997*, edited by Edwin Mansfield (1997, New York, NY: W.W. Norton and Company); *Economics of Social Issues*, by Ansel Sharp, Charles Register, and Paul Grimes, Thirteenth Edition (1998, Boston, MA: Irwin McGraw Hill); and *Economic Issues Today: Alternative Approaches*, by Robert B. Carson (out of print, 1991, New York, NY: St. Martins Press).

Students are required to read each of the three manifestos prior to class. The professor uses the active voice while providing an outline of the key elements of the perspective being studied that day. Issues discussed under each philosophy include the nature of God, the nature of man/woman, the role of history, and the meaning of life. Class discussion is a key component in the process of understanding each worldview. The professor addresses questions by assuming the position of a proponent of that particular view.

Following the presentation of all three views, a subjective essay exam is given to ascertain student understanding of each of the views, and students are asked to explain in detail the view they find most compelling.

Upon completing the study of the three worldviews, debates are organized around three or four current economic issues chosen by the instructor. Each worldview is represented by a group of two or three students. Prior to the debates, reading material from each of the three perspectives is provided to students and is supplemented by course lectures outlining the basic elements of each view on a given issue. The debates themselves are structured by allowing timed opening arguments, rebuttal, and closing statements in turn from each group. Following the debate, the floor is opened to comments or questions from the other members of the class. The instructor evaluates the groups' performance based on the consistency of their arguments with economic theory and the philosophical perspective assigned to the team. A helpful resource in organizing the debates and choosing debate topics is *Taking Sides: Clashing Views on*

Controversial Economic Issues, by Thomas R. Swartz and Frank J. Bonello, Ninth Edition (2000, Guilford, CT: Dushkin/McGraw Hill).

The third segment of the course involves writing an economic policy paper on a subject chosen by the students. By midterm, students submit a paper topic and indicate the perspective they are going to use to analyze that topic. (A detailed outline of the structure of the

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paper is stated as part of the course syllabus.) Required elements are an executive summary, an introduction to the issue, a literature search, the policy options considered, the recommended policy choice, the worldview basis for the policy, and the economic implications of pursuing that policy. Students are required to submit a draft to the instructor about three weeks prior to the end of the semester. Along with the draft, students must provide their own brief evaluation of the current strengths and weaknesses of the papers as they perceive them. The instructor

uses a checklist to summarize strengths and weaknesses and provides written comments concerning directions for further development and improvement. Final papers are due on the last day of class, and students present their papers orally to the class. The papers are graded based upon their clarity and presentation, as well as consistency with economic theory and the perspective they assume.

Issue Illustration

One important aspect of each of the three worldviews concerns the attitude that a proponent is likely to have toward the distribution of income. In the first section of the course, it was explained that the Marxist believes that all persons should “produce according to their abilities, and receive according to their needs.” Such a philosophy theoretically requires income to be distributed rather evenly based on similarity of needs rather than productivity. The Marxist does not expect this to happen through private ownership of resources, since the bourgeois (resource owner/managers) are expected to exploit the proletariat (workers) by paying them as little as possible. In the short-run, this goal of equal income distribution

may require coercion by government or outright revolt by the masses. In the long run, when communism arrives, no government will be needed and the perfect economic system will produce citizens who produce in order to share with others voluntarily.

The socialist recognizes that differences in abilities and motivation exist among workers, and therefore the motto should be “from each according to their abilities, to each according to their work.” Those who espouse this view see a major continuing role for government in redistributing the spoils of work, while retaining some economic incentives to encourage productivity.

The capitalist, on the other hand, believes income is dependent upon worker productivity. Since people are inherently motivated by self-interest, inequity in the distribution of abilities and motivation should be expected to produce differences in income levels. Income redistribution should be voluntary and should be done in a way that encourages others to be more productive and independent, rather than creating a dependency on others.

The issue of income distribution and the use of a minimum wage law as a means of impacting that distribution was the subject of one of the classroom debates. The three perspectives summarized above were used during the debate. The classical or biblical Christian perspective argued that government should play little role in the process of income redistribution, as workers should be paid based on the value of what they produce. Those workers should also be free to choose where and for what wage they desire to work. Job training and education would be appropriate roles for government in striving to increase worker productivity. This viewpoint does not advocate a goal of income equality, but rather equality of opportunity.

The communist, at the other extreme, sees workers as the source of wealth generation and believes those workers are exploited by property owners. Therefore, minimum wage laws would protect workers by providing a minimum level of subsistence wage. However, persons holding this perspective view minimum wages and even income itself as short-run phenomena. Ultimately, no wages

will be paid because the perfect communist system will produce workers who need no economic incentive in order to be productive. Goods will be produced in order to share with those in need, rather than for one’s own benefit.

The socialist believes that individuals will have to be rewarded personally in order for the economy to be productive. However, better economies are those in which fewer and fewer resources are privately held and an increasing number of decisions are made collectively. The result is increased dependence on government for decision-making. Income redistribution and the minimum wage laws are simply steps in the right direction. The several essays on minimum wages and economic dependency in Chapters 5-8 of Mansfield’s text were particularly helpful in supporting these positions.

One student extended these concepts by writing her position paper on government regulation of the tobacco industry. She claims this industry has been under increasing political pressure in recent years due to concerns about the potential for lung cancer, health concerns from secondhand smoke, and the joint desire to penalize the big tobacco

companies, while at the same time helping to support the incomes of farmers. How can these goals be reconciled simultaneously? The “best” policies to pursue in this situation are dependent upon one’s worldview.

The Marxist would see tobacco companies as property owners (bourgeois) whose goal is to exploit their workers (proletariat). Therefore, any reason to penalize the company would be justified. The socialist desires to increase government’s role in the economy so that income redistribution and increased dependency of individuals on government would result. The capitalist, on the other hand, would be concerned about the freedom of individuals or companies to consume or produce a product of their choosing. Consumer sovereignty would determine product price and the level of income for producers. The market structure in which a firm operates, as well as the presence of externalities in the consumption of the good in question, are legitimate reasons for government intervention in the market.

Lawsuits against the tobacco companies and even efforts to shut down or nationalize the

companies would be acceptable goals for the socialist. Such policies would increase public sector control over resources and would provide opportunities for income redistribution in “acceptable directions.” Price supports and quotas for farmers would also be favored because these policies would benefit farmers by boosting their incomes and increasing their dependence upon government, while simultaneously providing crop surpluses that could be used by government to garner favor or increased exports to other countries (Houchins, 1997).

Conclusions

Organizing and teaching a course similar to that described in this paper is a labor-intensive process, requiring a significant investment of time, energy, and creativity by the course instructor and his/her students. However, the benefits far exceed the costs. Perhaps most important, this approach alters the way in which teaching and learning take place. Students cannot perform well in this course by memorizing concepts or economic theory which they recite for an examination. Rather, students are forced to wrestle with such issues

as the meaning of life and the purpose of existence, and they must adopt a particular perspective as their own. This type of thinking has long been part of the historic mission statement of universities. This method of instruction allows students to become aware that the selection of an “optimum” economic system is largely dependent upon one’s moral and political philosophy rather than stemming exclusively from the application of positive economic theory. Finally, a course taught in this way forces students to evaluate policy alternatives and to determine why particular choices are or are not acceptable to them. In the process of espousing an economic policy in their papers, students come to understand the relationship between their view of the world and their perspective on economics.

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