

**Prof. Dr. Martin Leroch**

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## **Ethics and Economics**

(ESR3204)

**Syllabus**  
**Winter Term 2020/21**

**Times and Rooms** Thursday, 9:45-13:00; W1.3.04 or Online

**Begin** October 8, 2020

**ECTS-Credits** 5

**Workload** 150 hours: 60 h contact + 90 h research

**Level** Advanced

**Prerequisites** Basic knowledge in Microeconomics, Macroeconomics,  
International Economics

### **Objectives**

By the end of the course, successful participants will

- Have a basic understanding of ethics and different ethical theories
- Have a deeper understanding of the foundations and limits of modern economics
- Understand the fundamentals of rational-choice theory and be able to show how they may bear on moral philosophy
- Be able to adequately apply ethical arguments to real-world phenomena
- Be able to adequately apply economic solutions to real-world problems

## Contents

The course introduces students to the fundamentals of ethics and its link to economic theory. It roughly falls into two core parts: The first focuses on the philosophical perspective and introduces different ethical theories defining social desiderata. The second takes the perspective of economics and asks how ethics can reasonably complement economic analysis.

Throughout the course, illustrative examples will be presented and discussed in class. Students should be prepared to give brief news presentations on issues relevant to the course. Towards the end of the course, students will apply both the ethical theories and economic reasoning to selected case studies.

On completion of the course, successful participants will have an understanding of the often-implicit ethical foundations of economic theory. They will also be able to consciously weigh economic arguments and arguments of different ethical strata. Ultimately, successful students will be able to adequately apply both ethical and economic arguments to real-world problems.

### Table of Contents

- Introductory Issues
- Motivating Examples
  - Coordination failures
  - Poverty in Palanpur
  - Over-extraction of natural resources
  - Residential segregation
- Ethics
  - Fundamentals of ethics
  - Rationality, morality, and markets
  - Welfare and consequences
  - Liberty, rights, equality, and justice
  - Capabilities
- Designing Institutions
  - Homo economicus as “model of man”?
  - Moral sentiments and material interests
  - Moral (dis-)engagement
  - Incentives as information
  - A liberal civic culture
- Case Studies
  - Child labor
  - Social minimum standards

### Basic Literature

- Bowles, Samuel (2016), *The Moral Economy: Why good incentives are no substitute for good citizens*, New Haven and London: Yale University Press.
- Hausman, Daniel; McPherson, Michael; Satz, Debra (2019), *Economic Analysis, Moral Philosophy, and Public Policy* (3<sup>rd</sup> edition), New York: Cambridge University Press.

### Supplementary Literature

- Supplementary literature will be announced in class

### Course Organization

- The course loosely follows a two-tier structure, combining interactive lectures and highly interactive discussions and theoretical extensions, including case studies. Based on the recommended news presentations and other real-world examples, continuing active class participation throughout the term is expected.

## Grading

Written exam = 100%

## Course Contributions to the Program Goals / Learning Outcomes

LO	Learning Objective / Outcome	Contributions to learning objectives	Assessment
	<b>Expert knowledge</b>		
1.1	Students show that they have sound basic knowledge ... ... in Business Administration.	Ethics and Sustainability Management; Interaction of social and material incentives	Discussions within class, case studies, written exam
1.2	... in Economics.	Implicit ethical assumption underlying economic theory; Role of institutional framework for market outcomes; Markets and morals.	
1.3	... in Business Law.	<b>X</b>	
1.4	... in Quantitative Methods.	<b>X</b>	
	<b>Use of information technology</b>		
2.1	Students demonstrate proficiency in using computer programs to solve business problems.	<b>X</b>	
2.2	Students are able to use information systems effectively in real world business settings.		
3.	<b>Critical thinking and analytical competence</b>  Students are able to apply analytical and critical thinking skills to complex problems.	Analysis of the structure of social interactions; Analysis of ethical issues, conflicts and responsibilities in various social settings Weighting different arguments, both economic and ethical	Discussions within class, case studies, exam
4.	<b>Ethical awareness</b>  Students are able to develop business ethics strategies and apply them to typical business decision-making problems.	Analysis and discussion of economics' ethical foundations, of their potentials and limitations Reflection and conceptions of ethics to overcome ethical and sustainability challenges Application of acquired knowledge to ethical questions in the context of sustainable globalization (e.g. poverty, discrimination, environmental problems,...)	Discussions within class, case studies, exam
	<b>Communication skills</b>		
5.1	Students are able to express complex problems effectively in writing	<b>X</b>	News presentations, Case studies
5.2	Students demonstrate their oral communication skills in presentations and papers.	Relate topics of the course to socially topical issues discussed in the media and present these in class; Present solutions to case studies	
6.	<b>Capacity for teamwork</b>  Students show that they are able to work successfully in a team by performing practical tasks.	Organize work of project team (agree on contents and structure, allocate jobs, time-management). Define roles in presenting results.	Case studies