

**The third PPE Spring School
'Rationality and Choice',
IGIDR - VU Amsterdam
Mumbai, 31 May - 4 June 2017**

Schedule

Day 1 (Thursday, June 1st)

- 09.20 – 09.30 Opening (Prof. Babu)
- 09.30 – 11.00 Anand - The Economics of Human Flourishing: Utility, Happiness, and Capabilities
- 11.30 – 01.00 Van Hees – Social Choice Theory
- 04.00 – 05.30 Spiekermann: Experiments in Economics and Philosophy: Surprises, Lessons, Implications

Day 2 (Friday, June 2nd)

- 09.30 – 11.00 Anand - The Economics of Human Flourishing: Utility, Happiness, and Capabilities
- 11.30 – 01.00 Van Hees – Social Choice Theory
- 04.00 – 05.30 Spiekermann: Experiments in Economics and Philosophy: Surprises, Lessons, Implications

Day 3 (Saturday, June 3rd)

- 09.30 – 11.00 Anand - The Economics of Human Flourishing: Utility, Happiness, and Capabilities
- 11.30 – 01.00 Van Hees – Social Choice Theory
- 02.30 – 04.00 Spiekermann: Experiments in Economics and Philosophy: Surprises, Lessons, Implications
- 04.30 – 07.30 Student Presentations

Course 1: The Economics of Human Flourishing: Utility, Happiness, and Capabilities

Paul Anand (The Open University; University of Oxford)

Three 90 min sessions make up this section in which we look at how economics think about wellbeing - particularly some of the foundational and background issues, the literature that is somewhat narrowly framed as being about the economics of happiness concluding with an overview of the capabilities approach and its use in the international development field. By way of background, we shall rehearse some of the ways in which economists have tended to think about 'utility' arguing that it has sustained important intellectual achievements in the 20th century but that like any sophisticated theory has some drawbacks which in this case concern the conception of rationality and the understanding of preference. One methodological departure over the past 20 years, though dating back to the

Easterlin(1974) paradox, draws on earlier ideas in social psychological but applies econometric methods to data on subjectively reported wellbeing. This literature can be used to shed light on the drivers of wellbeing and important questions such as how much money do you really need to be happy?! That said, experienced wellbeing is not the answer to everything, as some have noted, and this has spawned a new non-utilitarian approach to welfare economics, international development and moral philosophy known as the capability approach. In the final session, therefore, we shall look at its basis, research on the operationalization of the approach focusing on the measurement of capabilities and reflect on some of the conceptual or philosophical criticisms that have been made in the light of empirical work that operationalizes this approach. This section, designed for PPEists, centres around economics literatures but with an emphasis on conceptual and empirical (even psychological) issues rather than those to do with advanced mathematics.

Course 2: Social Choice Theory: Economics, Ethics and Politics

Martin van Hees (John Stuart Mill College, VU Amsterdam)

This course offers an introduction to social choice theory and examines the relevance of its results for the study of PPE. In each session one of the three central results of social choice theory is presented and discussed: Arrow's theorem, the Gibbard-Satterthwaite theorem and Sen's impossibility of a Paretian liberal, respectively. In the discussion of Arrow's theorem we will focus on the different ethical ways in which collective outcomes can be assessed as well as about contemporary discussions about the surge of populism. The Gibbard-Satterthwaite theorem will be applied to an analysis of different theories of democracy and of the value or disvalue of political bargaining. The discussion of Sen's result, also known as the liberal paradox, will center around the relation between rights, freedom and responsibility.

Course 3: Experiments in Economics and Philosophy: Surprises, Lessons, Implications

Kai Spiekermann (London School of Economics)

Our best theories of rationality and strategic interaction prescribe or predict patterns of behaviour. Since we find that such prescriptions are frequently ignored and the predictions often turn out to be wrong, we should take note and try to understand the reasons for this divergence. An examination of the ways in which actual behaviour differs from the theory of individual choice and rationality is also important for understanding how decision makers can realize policy objectives in a non-ideal world. Experiments help us to systematically investigate under controlled conditions what actual subjects choose, why they choose it, and which interventions successfully change behaviour.

In this three-part short course Kai Spiekermann will introduce experimental methods in economics and philosophy, give various examples of their application, and end with a discussion on the opportunities and limits of their use. He will discuss how policy-makers can learn from the findings in the laboratory and will argue that behavioural economists and experimental philosophers can and should join forces.