INTRODUCTION

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As is well-known, the study of philosophy, politics, and economics (PPE) as a combined discipline originated at Oxford University in the first part of the twentieth century, although at Oxford it represented not so much an integration of the three fields as a curriculum that drew on all three. In recent years the number of undergraduate PPE degree programs has increased, and a journal is now devoted to the field. Questions remain, however, as to the characteristics of PPE. Consider two broad understandings. From one view, we are witnessing the rise of a new discipline or perhaps the resurrection of the nineteenth century discipline of political economy. In 1821 James Mill, David Ricardo, Thomas Malthus, and Robert Torrens founded the London Political Economy Club. In 1825 the Drummand Chair of Political Economy was founded at Oxford, which required occupants, such as Nassau Senior, to give a series of lectures. The first economics department in Britain was funded at University College London; John Ramsey McCulloch occupied its first chair of political economy. In 1830 Jean-Baptiste Say occupied the first political economy professorship in France. (Thomas Jefferson wanted to offer Say the chair of political economy at the University of Virginia.) The high point of the discipline of political economy was from this period until the 1870s. The greatest economics text of the nineteenth century, written by John Stuart Mill, was entitled *Principles of Political Economy, with Some of Their Applications to Social Philosophy* (first edition 1848, last edition 1871). PPE as political economy was then a well-defined field, with professional organizations, academic chairs, and textbooks. However, after the "marginalist revolution" led by Carl Menger, William Stanley Jevons, and Leon Walras, economics developed highly formalized, mathematical models of economic life.[1] Jevons, and especially Walras, immediately saw how the idea of diminishing marginal utility allowed for the calculus to be applied to economics. After this, political science and economics (and social philosophy) went their separate ways, developing different professional organizations but, more important, different methods and tools. Some scholars believe we are currently witnessing a reintegration of these disciplines. From this first view, the study of economics and politics and, as Mill would say, their applications to social philosophy, cannot, in the end, be divorced. PPE represents a broad shared subject matter—the developments in the twentieth century may have attempted to divorce them, but it failed.

Although there is certainly something to say for the inherent overlap of economics, philosophy, and social philosophy, we are skeptical of this view as a general reason for the current interest in PPE. The heyday of political economy lasted barely fifty years; the fields have been divided for well over a century. In that time the methods—or what we might call the "toolboxes"—that practitioners of the disciplines share have grown apart in many ways. Therefore, we propose that what we are witnessing today is not so much a general reuniting of the fields, but a complex set of divergences and convergences. Economics today is generally deductive and mathematical, based on rational "*Homo Economicus.*" Public choice economists and political choice political scientists employ these basic assumptions, but their approach diverges from the rest of political science.[2] Economists, political scientists, and philosophers who employ game theory share a great deal in common, but this also separates them from many of their disciplinary colleagues, who are often skeptical of the usefulness of the theory of games. Again, experimental economics—forged most notably by Vernon Smith[3]—has formed links between, on the one hand, economics and, on the other, political psychology and experimental philosophy, but within each of our three disciplines many—perhaps most—have reservations about the usefulness of the experimental approach.[4] More examples can be found. Rather than a general convergence of disciplines, we seem to be witnessing, instead, divisions within disciplines about the best tools and approaches (e.g., disputes about game theory or experimentalism) and instances where selection of the same tools and approaches have united some economists, political scientists, and philosophers (while distancing them from some of their disciplinary colleagues).

This mosaic of divergence and convergence of tools and approaches indicates, we believe, not the emergence of a new discipline, but convergent research agendas in which groups of researchers have agreed that, for specific sorts of problems, certain tools and methods are needed to make progress. These tools and methods are drawn from the separate toolboxes of modern economics, politics, and philosophy. The recent dramatic rise of interest in PPE is, in our view, best understood as driven by specific research projects: The traditional methods and tools of the three disciplines must be drawn upon to tackle questions that are now the core of social and political theory and public policy. It is not so much that we are witnessing the birth of a new discipline as the rise of interdisciplinary research projects in social and political theory. Of course there is truth in both views, but the contributors to this volume stress how, within each discipline, current research projects necessitate that scholars expand their methods and competencies and critically learn from each other.

The work of this volume's contributors is informed by two convictions. First, because policy issues pose value and moral choices, work on public policy questions must be informed by expertise in value theory and theories of justice as well as economics and political science. One of the elements that, we think, has been missing from the toolkits of many economists working on public policy is normative theories relating to desert, fairness, and equality. Many values and action-guiding principles have no place within standard economic analyses; on the other hand, normative analysis uniformed by economic knowledge is apt to be utopian and therefore unhelpful. Philosophers, political scientists, and economists are devoted to a number of similar research projects in which they must learn and employ parts of each others' toolkits. This leads to the second conviction: To make intelligent choices about what tools to employ, we must understand each others' methods and concepts better. Critical examination of central economic notions such as efficiency, preferences, incentives, markets, and so on, are essential if these notions are to play their proper roles in PPE research projects.

The book is divided into six parts, examining: (I) the place of assumptions of rationality and human values in economic analysis; (II) how theories of economic desert may figure into our evaluation of economic outcomes; (III) how the core economic criterion of efficiency relates to other values; (IV) how the basic economic model of humans as choosers relates to the moral ideas of consent and autonomy; (V) how moral standards can be applied dynamically, in the sense that they concern not simply how we act toward present but also future generations; and finally, (VI) how insights from both economics and ethics can help us better frame public policies. Each part explores underlying values, principles, and conceptual frameworks for public policy formation and considers how morality and justice should enter into that formation. The collection as a whole illustrates the value of philosophers' contributions to public policy debates by specifically considering many public policy questions of central importance to contemporary societies. The significance of this collection lies in its role in building conceptual and analytical bridges between philosophy, political science, and economics that will enable each of these disciplines to contribute in richer and more sophisticated ways to debates about fundamental policy issues affecting our societies.

I. THE FOUNDATION: RATIONALITY AND HUMAN VALUES

In the opening chapter, "Utility and Utilitarianism," Edward F. McClennen examines one of the most common moral theories advocated for policy decisions and the founding moral theory for modern economics—utilitarianism. He examines various attempts to derive utilitarianism from axioms of rationality alone and concludes that all attempts to do so have failed. He closes this first chapter by exploring a more promising argument for a utilitarian principle, one grounded on considerations of how to make efficient policy decisions when making repeated decisions over time and under conditions of moderate uncertainty. He argues, though, that on such an account, the utilitarian principle emerges as appropriate only for "middle-level" policy decisions, in which substantial interests are not at stake. It does not serve to establish utilitarianism as a fundamental principle.

In the next chapter, "The Limits of *Homo Economicus*: The Conflict of Values and Principles," Gerald Gaus challenges the claim that *Homo Economicus*—"economic man"—is a general model of rational action, applying, for example, to politics as well as economics. According to Gaus, *Homo Economicus* is a special case of a more general account of rational action, useful in explaining actions in some kinds of environments but misleading when applied in other situations. *Homo Economicus*, he argues, focuses on the choice among competing values, but rational action also concerns the way people act on principles. Gaus develops a model of the way in which rational agents trade off values and principles against each other, and then applies this general model to both market and nonmarket transactions.

Jeremy Shearmur continues the analysis of economic rationality and its application to politics and social life in his chapter, "Preferences, Cognitivism, and the Public Sphere." Shearmur examines both weaknesses and strengths of an "economistic" approach to politics. According to public choice theory, which seeks to explain political behavior through economic models, politics arises because political actors try to satisfy their "brute"—unreasoned—preferences. Drawing on Karl Popper's epistemology, Shearmur explores what he calls "cognitive" preferences: the preferences we hold only because we believe it is correct for us to hold them. Shearmur indicates to the extent politics is concerned with such preferences, it is not simply an arena of "private" brute preference satisfaction, but constitutes a public forum: a socially constituted area, within which ideas face public scrutiny. Shearmur concludes his chapter by examining some difficulties for the approach he has explored, drawing evidence from the history of debates about the commercial and noncommercial supply of blood.

II. THE QUESTION OF ECONOMIC DESERT

Compensation and desert are both concepts that commonly figure in claims of distributive justice, but the proper analysis of each, as well as the relationship between them, is problematic. In "Expressive Desert and Deserving Compensation," Christi Favor explains the challenge posed by standard analyses of desert to a seemingly obvious claim such as, "Miners deserve compensation for work in filthy conditions." Without fundamentally undermining standard and widely accepted features of desert, Favor appeals to the expressive qualities of various deserved treatments to explain how people can coherently deserve compensation.

Many philosophers and others have argued that individuals deserve income, not as compensation, but as a proportionate reward for their productivity or their contributions to others' well-being. A significant problem with this principle is that people's productivity depends partly on their natural abilities, over which people have limited control. Yet most philosophers strongly reject any system distributing income on the basis of other qualities over which people have limited control, such as race, gender, or parental social class. Julian Lamont, in "Productivity, Compensation, and Voluntariness," undertakes a critical evaluation of the productivity principle of income distribution, arguing the alternative "compensation principle" better captures our underlying moral judgments about voluntariness and income rewards for productivity.

In "Discriminatory Privileges, Compensatory Privileges, and Affirmative Action," Robert A. Kocis argues that people would not give their rational consent to a society without affirmative action. In the contractarian device he employs, people are assumed not to know their identities or their group membership, but to be rational agents (1) with a sense of injustice who (2) forge their identities as members of groups, aware that (3) humans are imperfect and so iniquitous beings. Since iniquitous beings who attach their identities to groups would confer preferences upon their own group members, those empowered would be able to foster the life-prospects of their group members in unjust ways. Under Kocis's analysis, affirmative action comes to be a type of compensatory preferential treatment to counterbalance the preferences conferred upon privileged groups.

III. ETHICS AND EFFICIENCY

T. M. Wilkinson, in "Deontic Efficiency and Equality," examines one of the central concepts used in economic approaches to policy: Pareto efficiency. His focus is on a normative conception of Pareto efficiency that directly provides constraints on how the state may act. Wilkinson distinguishes two constraints that follow from this conception. One prohibits harming others, and this apparently conflicts with the redistribution that would be necessary to achieve equality. The other disallows prohibitions of efficiency-promoting acts, and this apparently condemns, among other things, income taxation and minimum wage legislation. Wilkinson argues that, with a proper defence of these constraints and a proper understanding of the values and methods of egalitarianism, deontological efficiency is not in fundamental conflict with egalitarianism.

Thomas Christiano, in "Cohen on Incentives, Inequality, and Egalitarianism," also examines the implications of Pareto efficiency for equality, analyzing G. A. Cohen's argument against the theses of John Rawls and Brian Barry that inequality can be just if it constitutes a Pareto improvement over equality or if it works to the advantage of the worst off by offering incentives to the more talented to work harder. Christiano shows that Cohen's understanding of the role of incentives in generating inequality from equality is indefensible. He also shows how self-interested incentives play an important informational role in generating a productive society. He argues that such incentives and the markets that elicit them will give rise to inequalities that are byproducts of these institutions. Hence, he claims, they are compatible with an egalitarian conception of justice because they are essentially informational and the equalities they give rise to are a necessary concomitant of the productive power of the society.

IV. CHOICE, CONSENT, AND MORALITY

Economics is based on the idea of rational choice. In Part IV, contributors investigate the idea of choice that is implicit in some economic approaches and examine whether choice can also be the ground of morality. In "Behavioral Law and Economics: The Assault on Consent, Will, and Dignity," Mark D. White uses the moral philosophy of Immanuel Kant to examine the intersection of economics, psychology, and law known as "behavioral law and economics." Scholars in this relatively new field claim that, because of various cognitive biases and failures, people often make choices that are not in their own interests. The policy implications of this theory are that public and private organizations, such as the state and employers, can and should design the presentation of options and default choices in order to steer people to the decision they would make, if they were able to make choices in the absence of their cognitive biases and failures. Such policies are promoted under the name "libertarian paternalism," because choice is not blocked or coopted, but simply "nudged." White argues that such manipulation of choice is impossible to conduct in people's true interests, and any other goal pursued by policymakers substitutes their own ends, however benevolent they may be, for the people's true ends. Normatively, such manipulation should not be conducted because it fails to respect the dignity and autonomy of persons, what some hold to be the central idea in Kant's ethical system, and which serves to protect the individual from coercion, however subtle, from other persons or the state.

In "Consent and the Principle of Fairness," Calvin G. Normore examines the longstanding issue that bedevils all attempts to employ consent to ground a theory of political obligation: On a plausible view, must a justifying consent be made voluntarily and explicitly, tacitly, or hypothetically? One avenue for dealing with this impasse is to ground political obligation in a "Principle of Fairness," which claims that under certain conditions benefits accepted create obligations to share in the costs of the practices conferring the benefits. According to Normore, however, we do not necessarily create obligation in others simply by benefiting them against their wills, nor do we necessarily benefit others simply by making them better off than they were. Normore finds problems with every attempt to formulate a principle of fairness that respects these considerations. Normore considers an alternative formulation focusing on the obligations created when failure to share the costs could result in losing the benefit. Such a principle preserves all the intuitive force behind a principle of fairness, yet is too weak to ground a political obligation for every citizen of a modern state. Normore suspects, therefore, social contract theorists must reject universal political obligations or introduce them as primitive.

V. THE FUTURE—EQUALITY AND FAIRNESS

The contributors in this part address both the theoretical and practical problems with formulating policy for the future. Russell Hardin, in "The Costs and Benefits of Future Generations," begins with the question: "How do we bring future generations under the coverage of moral and political theory?" Hardin examines many of the current moral theories—autonomy; communitarianism; egalitarianism; libertarianism; utilitarianism; and theories of rights, respect for persons, and distributive justice—and finds that none of them is currently up to the task of underpinning and defining our obligations to future generations. He also argues that attempts to treat problems of future generations as trivial are naive. He concludes by outlining which theories he believes offer the best possibilities for addressing the problem.

Clark Wolf, in "Intergenerational Justice and Saving," tackles the issue of a just rate of saving in the context of intergenerational justice. He presents a simple model of saving and intergenerational resources allocation, and an account of sustainability. He also considers some alternative principles of intergenerational distributive justice, particularly John Rawls's difference principle applied to the intergenerational case. Contrary to Rawls, Kenneth Arrow, Robert Solow, and Partha Dasgupta, Wolf argues that an intergenerational difference principle will not prohibit economic progress when the model of saving employed incorporates generational overlap. The case for the intergenerational difference principle is therefore no weaker than the case for its intragenerational counterpart. The overlapping generation model of intergenerational saving offers a promising way to frame questions of intergenerational justice.

VI. POLICY, ETHICS, AND ECONOMICS

In this final part Daniel Shapiro, H. Sterling Burnett, and Matt Zwolinski show how an appreciation of both economics and ethics can shed new light on problems of public policy. Shapiro, in his "Communitarianism and Social Security," compares the United States's Social Security system with a system of compulsory private pensions, recommending communitarians favor the latter. He argues that Social Security produces enormous intergenerational inequities—early generations get a great "rate of return" while later generations do poorly—while a private system avoids these inequities by investing individuals' own contributions. He holds that Social Security fails to keep its promises, and its real functioning is masked by misleading and deceptive rhetoric: Social Security is called social insurance, payroll taxes are called contributions, government IOUs are called trust funds, giving the impression that it is a funded pension plan, rather than a pay-as-you-go system. In contrast, Shapiro concludes, a private system delivers what it promises: a good market rate of return.

In "Rights, Pollution, and Public Policy," H. Sterling Burnett develops a variant of classical liberal rights theory and applies it to pollution problems. He analyzes two different policy approaches to pollution problems: a utilitarian economic approach suggested by the works of Ronald Coase and a common law approach stemming from the application of the classical liberal rights theory developed earlier. Burnett rejects the Coasian approach because it provides no principled defense of rights. Having found the Coasian approach lacking, Burnett examines the complementary nature of liberal property rights and common law protections against pollution. This discussion examines both the historic uses of the common law as a bulwark against pollution and the purported weakness of the common law. Burnett concludes with a discussion of the public policies necessary to reestablish common law protections against pollution.

In the final chapter, Matt Zwolinski examines "Price Gouging and Market Failure." Price gouging occurs when, in the wake of an emergency, the price of some good that is necessary or extremely useful for coping with the emergency is set at what appears to be an unfairly high level. Most people think that price gouging is immoral, and most states have laws rendering the practice a civil or criminal offense. In his provocative chapter, Zwolinski criticizes the philosophical argument underlying the moral condemnation and legal regulation of price gouging. The reason price gouging is singled out as morally problematic in a way that regular price increases are not, he argues, is based on the belief that price gouging occurs in the context of various market failures. But, says Zwolinski, the charge of market failure, even if true, cannot sustain the current condemnation of price gouging. He maintains first, that laws prohibiting price gouging are morally unjustified, and second, that the act of price gouging itself often serves morally praiseworthy ends and should be regarded as morally permissible.

NOTES

1. The key works here were Carl Menger, *Principles of Economics*, translated and edited by James Dingwall and Bert F. Hoselitz, with an Introduction by Frank H. Knight (Glencoe, IL:

Free Press, 1950); William Stanely Jevons, *Theory of Political Economy* (London: Macmillan, 1971); Leon Walras, *Elements of Pure Economcis, or The Social Theory of Wealth*, translated by William Jaffe (London: Allen and Unwin, 1954).

2. Interestingly, public choice political scientists and economists diverge on a number of issues; they also disagree in important ways with economists in general. See Robert Whaples and Jack C. Heckelman, "Public Choice Economics: Where is There Consensus?" *The American Economist* 49 (Spring 2005): 66–78.

3. See, for example, Vernon L. Smith, *Bargaining and Market Behavior: Essays in Experimental Economics* (Cambridge: Cambridge University Press, 2000).

4. See, for example, Walter Sinnott Armstrong's edited three volume collection on *Moral Psychology* (Cambridge, MA: MIT Press, 2008).