

Phil. 2200

Notes: Introduction, irrationality

Agenda

- Distribute syllabus, readings.
- Discuss course requirements.
- Irrationality.

I. The problem of political disagreement

- Features of political disagreements:
 - Widespread
 - Strong
 - Persistent
- Harms:
 - Waste of resources
 - Bad policies
 - Conflict, violence
- Theories of political disagreements:
 - a. Miscalculation + inherent difficulty of issues
 - b. Ignorance
 - c. Divergent values
 - d. Irrationality

II. Ignorance & miscalculation theories do not explain:

- Persistence of political disagreements.
- Strength of political beliefs.
- Clustering of logically unrelated beliefs.
- Correlations of political beliefs with race, sex, personality traits, etc.

III. Divergent values theory does not explain:

- Why people disagree about values in the first place.
- Clustering of logically unrelated beliefs.
- Factual disputes in politics. Examples:

Issue

Disputes

Gun Control

- Do guns cause crime?
- Are they effective means of self-defense?
- Is there a risk of developing a tyrannical government?
- Does private gun ownership reduce this risk?

Capital Punishment

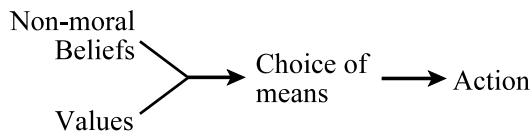
- Does capital punishment deter crime?
- How often are innocent people executed?

Capitalism vs. Socialism

- What determines prices in a market economy?
- What are the effects of socialism?
- Where do capitalists get their money?

IV. Rational ignorance & rational irrationality

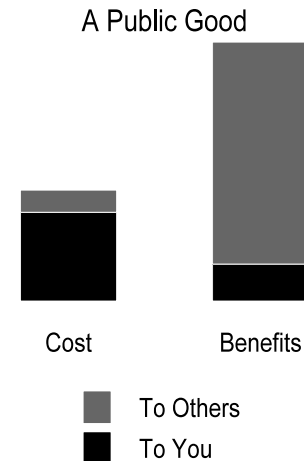
- Two kinds of “rationality”:
 - *Instrumental rationality*: consists in choosing the correct means for pursuing your existing goals, whatever they are. The explanation of action:



- *Epistemic rationality*: consists in using correct (logical) reasoning, basing beliefs on evidence, avoiding fallacies, not contradicting oneself, and so on.

- The Theory of *Rational Ignorance*:

- It is rational to remain ignorant when costs of collecting information exceed expected benefits.
 - *Example*: information about political candidates & issues. Political information is a *public good*: a good for which the producer bears most of the cost, while others receive most of the benefits.
 - People in fact choose to remain ignorant in these cases.
 - ☞ 60% think foreign aid is one of the 2 largest items in the federal budget. In fact, it is <1% of the budget.¹
 - ☞ “During the 1992 presidential campaign 89 percent of the public knew that Vice President Quayle was feuding with the television character Murphy Brown, but only 19 percent could characterize Bill Clinton’s record on the environment... 86 percent of the public knew that the Bushes’ dog was named Millie, yet only 15 percent knew that both presidential candidates supported the death penalty. Judge Wapner (host of the television series ‘People’s Court’) was identified by more people than were Chief Justices Burger or Rehnquist.”²



- The Theory of *Rational Irrationality*:

- Assumes:
 - a. People have non-epistemic belief preferences: prefer to believe certain things, for reasons independent of the truth or epistemic rationality of those beliefs.
 - b. People have some control over what they believe.
 - c. People are generally instrumentally rational.
 - Therefore:
 - ☞ People choose to adopt epistemically irrational beliefs, when the “costs” of being rational are greater than the expected benefits.
 - ☞ This includes most political beliefs.

V. Sources of belief preferences

- People are biased by self-interest + interests of the group they prefer to identify with
- People adopt beliefs to accord with the self-image they want to project
- Political beliefs can serve as tools of social bonding.
- People are biased towards other beliefs that cohere with their existing beliefs.

¹ <www.pipa.org/OnlineReports/BFW/finding1.html>. Respondents were asked to pick the two largest items from the following list: foreign aid, defense, Social Security, food stamps, and Medicare. On average, foreign aid was estimated as 23% of the budget.

² Delli Carpini & Keeter, *What Americans Know about Politics and Why It Matters*, 101.

VI. Mechanisms of belief fixation

How do we ensure that we can believe what we want to believe?

- a. *Biased weighting of evidence*: we attribute slightly more weight to each piece of evidence that supports our belief, and slightly less weight to each piece of evidence that undermines our belief, than it merits.
- b. *Selective attention*: we spend more time/energy thinking about arguments supporting our beliefs than arguments criticizing them. But we spend more time looking for flaws in arguments opposing our beliefs than in arguments supporting them. This leads to:
 - ☞ Prospects for attaining the truth, with different intellectual traits:

	<u>Intelligence</u>	<u>Bias</u>	
1.	+	-	(best)
2.	-	-	
3.	-	+	
4.	+	+	(worst)

- c. *Selection of evidence sources*: we get political information from sources we already know we agree with.
 - ☞ Contrast this with scientific approach.
- d. We base beliefs on *subjective, speculative, and anecdotal claims*. These are more subject to bias.

VII. What should we do?

- Avoid using mechanisms in (VI).
- Collect information from variety of sources.
- Look for flaws in your own arguments.
- Be aware of cases where we are likely to be biased.
 - Moral-political issues
 - Emotional issues
 - Clustering of logically independent beliefs
 - Factual beliefs that occur prior to gathering evidence / are unaffected by evidence
- Remember:
 - Irrationality is not fully conscious.
 - Don't assume you are immune.
 - Conscious efforts may reduce it.
- Regard others' political claims with skepticism.
- Identify what sort of evidence is required to scientifically resolve a factual question, or test a factual claim. Ask whether one has such evidence.

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Notes: Common Biases about Economics

A. Public Ignorance

- Recall rational ignorance theory
- Solutions
 1. The Miracle of Aggregation: Assume ignorant voters vote randomly. Informed voters vote for the best candidate. → Best candidate will win.
 2. Voters could punish wayward politicians very severely.
 3. Special interest laws: Someone could introduce an omnibus anti-special-interest-law bill repealing all of them.
 4. Voters aware of their own ignorance could adopt the rule, “When in doubt, say no.” Similar to buyers who are ignorant of the quality of a used car.
- Q: Why don’t these things happen?

B. The Public Has 4 Main Biases

- *Anti-foreign bias*: They see interactions with foreigners as a threat.
 - Outsourcing
 - Trade & protectionism
 - Immigration
 - Foreign aid
- *Make-work bias*: “Jobs” are an end in themselves. Labor-saving is bad.
 - Downsizing
 - Technological progress
 - Trade & outsourcing again
 - Gov’t policies that cost labor. Being costly in labor is good, because it “creates jobs”.
- *Anti-market bias*: The market is bad.
 - Prices result from conspiracies, rather than supply & demand.
 - Executive pay needs to be controlled.
- *Pessimistic bias*: Things are constantly getting worse.
 - Living standards over the past 20 years.
 - Will the next generation live better than this one?
 - Deficits, welfare dependency, high taxes are disasters waiting to happen.

C. Could It Be the Economists Who Are Biased?

- Because of their high incomes?
No. High-income non-economists think like the rest of the public, not like economists.
- Because of their conservative ideology?
No. Most economists are Democrats.
- The simplest explanation for the disagreement is that the experts have knowledge, and the lay public do not.

D. Policy Implications

- Explains why public policy is often bad. Voters are confused. They vote for policy-makers who share their confusions.
- Public policy is less bad than public opinion, because the average voter & the average politician is more educated than the average member of the public.
- It would be better if fewer things were subject to public control.

Phil. 4340

Notes: Political Expertise

I. Background: Why Care about Political Expertise?

- People must make political decisions, based on political opinions.
- The “experts” seem like the most likely source for such opinions.
- They are relied upon by activists and policy makers.
- Q: Are they any good?

II. Expert Reliability

- Is political expertise genuine? How to approach:
 - Get experts to make falsifiable predictions about (semi-)observable matters of fact.
 - We could ask them moral or ideological questions, but no clear way to test accuracy.
- Tetlock collected predictions and tested them over 20 years.
- Results:
 - No one is very accurate. The best experts are slightly better than chance.
 - Mathematical formulas do better.
 - Experts were highly overconfident. Events predicted with 65-70% probability happened only 12-15% of the time.
 - Assigning equal probability to every outcome gives better calibrated probabilities.
 - Well-informed amateurs do about as well as experts.

III. What Went Wrong?

- Confirmation bias:
 - We look for evidence supporting existing beliefs.
 - We scrutinize counter-evidence more carefully.
 - We place greater emphasis on confirmatory evidence.
- Human pattern-seeking. People look for patterns. When we look for them we “see” them, even in random data.
- Political/social science is in a primitive state. Almost all current theories are wrong.

IV. Expert Rationalizations

- Experts rarely gave up their theories in response to failed predictions. Instead, they produced belief-system defenses, e.g.:
 - *Minimizing the error*: “The false prediction was due to a minor error that doesn’t reflect on the underlying theory.” E.g., “my policy failed only because it was poorly implemented.”
 - *The close-call counterfactual*: “Well, it *almost* happened.”
 - *The exogenous shock*: “It would have happened if not for some weird interfering factor that couldn’t have been anticipated.”
 - *I made the right mistake*: E.g., “It was prudent to err on the side of caution.”
 - *Timing*: “I was just off on the timing; it’s going to happen later.”
 - *Bad luck*: “Well, unlikely things sometimes happen.”
- But, what’s wrong with these defenses? Maybe they are true.
- But experts virtually never use these arguments to explain away their *successful* predictions. E.g., they don’t say, “Well, I was almost wrong” or “I was right for minor reasons that don’t reflect on my underlying theory.”

V. Cognitive Styles: The Fox and the Hedghog

- The Hedghog:
 - Knows one big thing. Simpler world view.
 - Tend to be more extreme politically, and to have more extreme predictions.
 - Higher confidence.
 - Less accurate predictions.
 - These people are found on both the left and the right of the political spectrum.
- The Fox:
 - Uses many miscellaneous pieces of knowledge.
 - Thought contains more qualifications, lower confidence.
 - Tend to be more moderate.
 - More accurate predictions.

VI. What Should We Do?

- Be like the fox.
- Menand's conclusion:

“But the best lesson of Tetlock's book may be the one that he seems most reluctant to draw: Think for yourself.”

Q: Is this the best lesson of the book?

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Notes: Lakoff on Liberal & Conservative Values

I. Introductory Remarks

- Non-metaphorical morality: “experiential morality”
 - Morality = promoting well-being, preventing harm.
 - Well-being: health, strength, happiness, wealth, cleanliness, standing upright, etc.
 - [Think about: Is this a correct moral theory?]
- People use metaphors to think about morality.

II. The Accounting Metaphor

- Well-being as wealth
- Must pay moral debts. Helps us understand:
 - Retribution, revenge
 - Restitution
 - Altruism
 - Turning the other cheek

II. The Strength Metaphor

- Good = upright
- Evil = falling
- Morality = strength. Two forms of strength:
 - Courage: Standing up to external threats
 - Self-control, strength of will: standing up to internal evils (temptation)
- The 7 deadly sins: greed, lust, gluttony, sloth, pride, envy, anger. These are internal evils, sources of temptation.
- Strength developed through discipline, self-denial.
 - But some people have bad essence, or ‘character’
- Leads to political positions:
 - Against affirmative action
 - Against welfare programs
 - Against giving condoms to teenagers
 - The “3 strikes, you’re out” law
 - Model citizens: Rich people & corporations
- Attitudes towards people who disagree:
 - They’re evil.
 - Do not give them respect. Just fight them.
 - Be ruthless.
 - Do not grant any truth to their side.
 - [Think about: Is this what conservatives think? Does this follow from the Strength metaphor?]

III. The Strict Father Metaphor

- Conservatives share: The Strict Father Model of the family
 - Father responsible for overall family policy
 - protecting family
 - setting a moral model
 - punishment.

- Father = central authority.
- Emotionally restrained.
- Once children are grown, they are on their own. Parents do not meddle.
- For conservatives, government = father. Citizens = children.
[Think about: Is this a good way to think about politics?]
- This leads to political positions:
 - Against feminism
 - Against homosexuality
 - Against abortion. Women who want abortions are immoral. Opposition to abortion isn't about protecting life, or the unborn.
 - Against gun control. Father has to protect family.

IV. Other Accounts of Conservatism

- Conservatives look to past traditions?
- Conservatives want less federal government?
- Conservatives just follow the Bible?
- Conservatives are selfish / tools of the rich?

V. The Nurturant Parent Metaphor

- Parent cares for and protects child. Interpersonal relationships are most important.
- Again, gov't = parents, citizens = children.
- Morality = empathy, nurturance.
- Fair distribution = (a) equal distribution, (b) impartial rule-based distribution, or (c) rights-based distribution.
- Leads to political positions:
 - Pro social programs
 - Regulation
 - Environmentalism
 - Feminism & gay rights
 - Abortion is nurturing for pregnant women
 - Multiculturalism. Parents celebrate their children's differences.
 - Affirmative action.
 - Art & the humanities should be supported.
 - Taxation: older children have to help younger children.

VI. Objections to Conservatism

- "Foundational pathology":
 - Every moral system is based on "experiential morality".
 - But the Moral Strength system allows one to harm others in the name of the principle that Morality is Strength.
 - Thus, conservatism contradicts its own foundations.
- "Empirical pathology":
 - Children who are nurtured are more likely to grow up self-reliant.
 - So being a strict father does not achieve its own goals.
- Conservatives are to blame for the Oklahoma city bombing.
[Think about: Are these criticisms relevant and fair?]

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Notes: Haidt on Moral Foundations of Liberalism and Conservatism

I. Earlier Observations about Liberal/Conservative Divide

- (Sowell)
 - Liberals hold the “unconstrained vision” of human nature. Human nature is perfectible.
 - Conservatives hold the “constrained vision”. Human nature is fixed and flawed.
 - [How much does this explain of liberal/conservative views? Abortion? Gun control? Immigration? Gay marriage?]
- (On the five factor model of personality)
 - Liberals are higher on “Openness to experience”; conservatives value stability & predictability.
 - Conservatives higher on “Conscientiousness.” This dimension is also called “orientation toward work versus play”. Conservatives more oriented toward work; liberals more oriented toward play.
- Conservatives resist change & accept inequality.

II. Moral Foundations

- There are 5 “moral foundations”:
 1. Harm/care
 2. Fairness/reciprocity
 3. Ingroup/loyalty
 4. Authority/respect
 5. Purity/sanctity
- About the foundations:
 - They are psychological mechanisms that produce ethical intuitions.
 - They are innate in the human brain.
 - They can be modified (“edited”) by subsequent experience.
 - Everyone (or almost everyone) shares all five foundations, but with differing degrees of emphasis.
- Q: Do conservatives and liberals differ systematically in their moral foundation profiles?

III. Four Empirical Studies

Study 1: Studied correlation between (1) self-reported political identity, and (2) self-reports of the relevance of the foundations to subjects’ moral judgments.

Study 2: Correlations between (1) self-reported political identity + political identification measured by Implicit Attitudes Test, and (2) agreement/disagreement with specific moral claims.

Study 3: Studied willingness to commit moral violations of different kinds, in exchange for money.

Study 4: Studied use of foundation-invoking language in sermons from liberal (Unitarian) and conservative (Southern Baptist) churches.

Results:

- All ideologies give some weight to each factor.
- Liberals give slightly more weight to Harm and Fairness than conservatives do.
- Conservatives give significantly more weight to Ingroup, Authority, and Purity than liberals do. The size of the gap increases with strength of ideology.
- Haidt says that conservatives have more complex morality, because they rely on all five foundations. (This doesn’t exactly match the data.)
- Results consistent across all 4 studies.

IV. To Think about

- Do these personality differences logically explain conservative/liberal positions? Think about issues like abortion, gun control, gay marriage, capital punishment, war, welfare, immigration.
- If political beliefs are explained by personality differences of this sort, what are the prospects for resolving political debates?
- Is it reasonable to think that one side is more likely to be objectively right?

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Review of Unit 1

At the end of this unit, students should be able to explain:

These concepts

Instrumental rationality
Epistemic rationality
Non-epistemic belief preferences
The accounting metaphor
The moral strength metaphor
Strict father morality
Nurturant parent morality
Experiential morality
Confirmation bias
Fox vs. hedgehog cognitive styles
The 5 moral foundations
Harm/care
Fairness/reciprocity
Ingroup/loyalty
Authority/respect
Purity/sanctity

These theories

Rational Ignorance
Rational Irrationality
Divergent values theory of disagreement
Lakoff's explanation of conservative values

These empirical results

The 4 common biases of the public:
anti-foreign, make-work, anti-market,
pessimistic
The reliability of political experts, including:
Reliability of fox vs. hedgehogs
How experts react to errors
Diff. between conservative & liberals on the 5
moral foundations

These arguments

Why disagreements are not explained by
divergent values.
Why disagreements are not explained by
ignorance & miscalculation.
Why irrationality is the worst social problem.
The “foundational pathology” of conservatism.
The “empirical pathology” of conservatism.

The positions advanced by these people

Huemer
Caplan
Tetlock
Lakoff
Haidt et al.

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Notes: Hobbes & the State of Nature

Thomas Hobbes

Biographical note: 17th-century British philosopher. One of the originators of the social contract theory. Author of *Leviathan*, a long book on political philosophy & the social contract theory.

On human nature & morality

- *Psychological Egoism:* All humans are 100% selfish.
- *Ethical Egoism:* Self-interest provides the only good reason anyone can ever have for doing anything. Selfishness is good.
- No natural law. Morality dependent on government.
 - “The notions of right and wrong, justice and injustice, have there no place. Where there is no common power, there is no law; where no law, no injustice. Force and fraud are in war the two cardinal virtues.”
- In the state of nature, “every man has a right to every thing, even to one another’s body.”

The State of Nature (ch. XIII)

- Three causes of conflict:
 1. *Competition:* People attack others to seize resources.
 2. *Diffidence:* People attack others to prevent others from attacking them at a later time.
 3. *Glory:* People attack others to gain respect, avenge insults, etc.
- Result:
 - A war of all against all.
 - “There is no place for industry, because the fruit thereof is uncertain”, etc.
 - “And the life of man, solitary, poor, nasty, brutish, and short.”
- Empirical evidence:
 - “The savage people in many places of America . . . have no government at all, and live at this day in that brutish manner, as I said before.”
 - “When taking a journey, [a person] arms himself and seeks to go well accompanied; when going to sleep, he locks his doors; when even in his house he locks his chests; and this when he knows there be laws and public officers, armed, to revenge all injuries shall be done him . . . Does he not there as much accuse mankind by his actions as I do by my words?”
 - Rulers are in a ‘state of nature’ with respect to each other, and it is a constant state of war. But this is not as bad as the war of individuals against each other.

Of Natural Laws (ch. XIV)

- Laws of self-preservation:
 1. a) To seek peace. b) To defend ourselves.
 2. To be willing to lay down our right to all things, to achieve peace
- Origin of ‘injustice’:
 - People can renounce/transfer a right, by word or deed.
 - Injustice: One renounces/transfers a right, then goes back on it.
 - But: there must first be a government to enforce contracts. Otherwise, there’s nothing wrong with breaking your word.
- But some rights are inalienable:
 - All voluntary acts aim at some benefit to self

- No one can be understood to voluntarily give up a right, if there is no benefit to him from doing so.
- One cannot give up the right of self-defense against those who aim to kill, injure, or imprison oneself.

Why you should keep agreements (ch. XV)

- You should keep agreements. Objection:
 - It is sometimes in your interest to break covenants.
 - It is rational to do whatever is in your interests.
 - So, it is irrational (“against reason”) to keep such covenants.
- Response:
 - It is not in your interests to break covenants: Other people will kick you out of society. Then you will die.
 - Also, don’t rebel against the king:
 - a) you cannot know if you will succeed,
 - b) if you do, others may try to overthrow you.

The origin of government (ch. XVII)

- The ‘sovereign’: Everyone gives up all their rights to one person or group.
- Advantages:
 - Prevents them from fighting among themselves.
 - Defense against foreign governments.
- The government should have absolute power. The state is god:

“This is the generation of that great LEVIATHAN, or rather, to speak more reverently, of that mortal god to which we owe, under the immortal God, our peace and defence.”

Objection: The government could abuse its power (ch. XX)

Response:

- Couldn’t be as bad as the state of nature.
- All problems are the subjects’ fault:

“There happeneth in no Commonwealth any great inconvenience but what proceeds from the subjects’ disobedience and breach of those covenants from which the Commonwealth hath its being.”
- Can’t limit the power of a government, without having some more powerful agency.

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Notes: Prisoners' Dilemmas

I. The Prisoner's Dilemma

A game with the following actions and payoffs*:

		Player 2	
		Cooperate	Defect
Player 1	Cooperate	3,3	1,4
	Defect	4,1	2,2

*Notes: "x,y" means payoff x for player 1 and y for player 2. Higher numbers are better.

- What should each player do?
 - Player 1 should defect. Defection is the **dominant strategy**: whatever player 2 does, player 1 increases his score by defecting.
 - Player 2 should likewise defect.
- Problem: "defect, defect" outcome is worse for both than "cooperate, cooperate" outcome. Hence the "dilemma."
- Important: Game theory "games" are *not competitions*. Goal is to maximize own payoff, not to beat other player.

II. Some Examples

- Real life examples:
 - Trade: You and I agree to trade my cow for your keg of beer. Somehow, each of us has to give what he has before he knows that the other party has done their part. Outcomes:
 1. I cooperate, you defect: I lose my cow & get nothing. (worst for me)
 2. Both cooperate: Each has something we prefer to what we started with (good)
 3. Both defect: Both keep what we started with (less good)
 4. I defect, you cooperate: I get both the cow & the beer. (Best for me)
 - Birds picking ticks off each other's heads (Dawkins, 2007)
 1. Worst outcome: I pick your ticks, you do nothing.
 2. Second worst: No one picks ticks.
 3. Second best: Both pick ticks off each other's heads.
 4. Best outcome: You pick ticks off my head, I do nothing.

III. Sidebar: The PD with known iterations

- Two parties play PD repeatedly, with # of plays known in advance.
- Your action may affect other player's actions in future rounds.
- Theoretical prediction: Both parties defect every time.

IV. The indefinitely iterated PD

- PD is to be played many times (unknown #).
- Your action may affect other player's actions in future rounds.
- What is the best strategy?
 - *Nice* strategies: are never first to defect
 - *Provocable* strategies: can be caused to defect by other player's behavior
 - *Forgiving* strategies: do not hold a grudge

- *Best strategy: Tit for tat*
 - Cooperate in round 1.
 - In round $n+1$, do what the other player did in round n .
- This was tested & confirmed by Robert Axelrod (*The Evolution of Cooperation*)
- Why is this best?
 - Avoids extended runs of sucker's payoffs. Cost: potential 1 round of sucker's payoff.
 - Obtains extended runs of cooperation with other nice players.
 - Beats nasty strategies: The payoffs from cooperation outweigh the 1 round of sucker's payoff.
 - Beats pacifist strategy ("always cooperate"): avoids multiple rounds of sucker's payoffs.
- Note: Best strategy is relative to the field of competitors. However, TFT works in many contexts.
- Variation: PD with errors: Suppose a player periodically misinterprets the other player's action.
 - Then TFT can lead to long runs of mutual recrimination, CD DC CD ...
 - Can be improved by a more forgiving strategy.
- Sidebar: Other ways to increase cooperation
 - *Reputation*: Players have access to other players' previous moves in interactions with third parties.
 - *Selection*: Players can choose whom to play with.
 - *Reproduction*: Frequency of a program increases with each round that it is successful.

V. Lessons for understanding society

- To be selfish, be nice, forgiving, but provokable.
- Don't be envious. Goal is to maximize your score, not 'beat' your partner. TFT *cannot* beat its partner.
- Strategies may be conscious *or unconscious*. "Strategies" are defined purely behaviorally. Hence,
 - Real-life players may be moved by thoughts of "justice", the virtue of "forgiveness", etc.
 - But they may *behave* like rational utility-maximizers.

VI. More real-life examples

- German & British soldiers "cooperating" with mutual non-aggression during WWI.
- The British soccer example.
 - Teams A and B will each move to the next round if they draw against each other. If one loses, the loser is eliminated.
 - Result: Teams start cooperating for a tied score.
- Chess tournaments can have similar cases. Both players agree to a draw.

VII. Postscript

- In a later tournament, another strategy won:
 - People from Southampton University submitted a total of 60 programs.
 - Southampton programs were designed to recognize each other in the first 5-10 rounds against each other.
 - After recognition, the programs assume a "master-slave" relationship.
 - The programs defect against non-Southampton programs.
- But this result has little theoretical interest. (Why?)

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Notes: Friedman's Positive Account of Property Rights

Introduction

Q: Why do people recognize 'rights'?

- Moral concept of 'rights': "A has a right to do B" \approx "It would be (prima facie?) wrong to prevent A from doing B."
- Legal concept of 'rights': "A has a right to do B" \approx "There's no law against A doing B."
- These don't explain all rights-respecting behavior:
 - Both fail to explain Britain's 'right' to control Hong Kong or 'ownership' of the Falkland Islands.
 - For the moral concept: some aspects of accepted property rights seem arbitrary.
 - For the legal concept: there is some circularity, since the behavior of government people is partly explained by the rights that they have. (Better argument: legal rights depend upon the laws themselves having been made 'legitimately', i.e., by people who had the right to make those laws; and how is that to be understood?)
- Alternative: a *positive* account of rights: A theory of why people would engage in rights-recognizing behavior, independent of moral beliefs or laws. "Rights ... are a consequence of strategic behavior and may exist with no moral or legal support." (p. 2)

I. Schelling points, self-enforcing contracts, and the paradox of order

Q: What is the difference between civil society and the 'Hobbesian state of nature'?

- [Note: the 'Hobbesian state of nature' is a state of social chaos; no rule of law.]
- Not because of the physical objects present. (Courtrooms, law books, etc.)
- Not because of the people present. (Police officers, politicians, etc.) For what makes those people act in the socially orderly way?
- Answer: People in a civil society face a different strategic situation than people in a state of nature. (They have different incentive structures.)

A. Schelling points

- **Coordination problems:** A "game" in which each party has multiple options, and both gain some good if and only if they choose the same option. Q: If the people can't communicate, how can they coordinate?

		Player 2			
		A1	A2	A3	...
Player 1	A1	1,1	0,0	0,0	...
	A2	0,0	1,1	0,0	...
	A3	0,0	0,0	1,1	...
	⋮	⋮	⋮	⋮	

- A **Schelling point** is a solution that people will tend to converge on in the absence of communication, because it seems natural or 'special' to them.
 - Ex.: You and a friend have to try to pick the same number from the following sequence:

2, 5, 9, 25, 69, 73, 82, 96, 100, 126, 150

Which number do you pick?

- The game of **bilateral monopoly**: Two people are in a room with \$10. They may keep the money if

they can agree on how to divide it between them. If they can't agree, then neither gets anything.

- In terms of pure game theory, *any* division (other than 0-10) benefits both parties, so both parties should be willing to accept it. Should you insist on 9-1 in your favor?
- Note how this is similar to the above game. What division should you propose/accept?
- Schelling points provide alternatives to continued bargaining.

B. Up from Hobbes

- Imagine 2 people in a state of nature.
 - Both want to avoid conflict.
 - Best way is to agree on a system of rights, esp. property rights. This is a coordination problem.
 - * Agreement \Rightarrow both get peaceful cooperation (good)
 - * No agreement \Rightarrow lack of cooperation, risk of conflict (bad)
- The Schelling point:
 - May use some natural boundary to divide the land. Neither party pays tribute to the other.
 - Any previous agreement is thereafter itself a Schelling point.
- The establishment of the agreement does not alter our physical situation or physical power. But it alters the strategic situation.
 - Neither party violates the agreement, because that would return them to the 'Hobbesian jungle.'
 - If one party violates the agreement, the other party fights, because allowing the violation "implies unlimited demands." If A allows B to steal from him, A loses not only that property, but also the advantage of *having agreed-upon property rights*.
- Important: The contract enforces itself, *without moral beliefs or legal sanctions*.

II. Two routes from Hobbes to here

- Main idea:
 - There is a process of evolution of norms, whereby more efficient rules win out.
 - It produces *locally efficient* but not necessarily *globally efficient* norms. I.e., a norm will not be adopted if its benefits depend upon almost everyone adopting it. It will be adopted if it benefits small groups who adopt it.

III. Law, justice, and efficiency

- The 3-way coincidence: the following tend to be about the same:
 1. The (intuitively) morally correct rules
 2. The economically efficient rules
 3. The rules that are actually in effect

Why this coincidence?

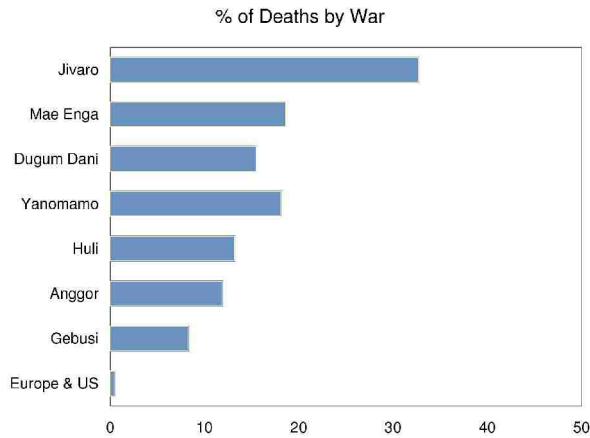
- (II) above explains why 2 & 3 tend to coincide.
- To think about: Why does (1) correspond with (2) and (3)? What, if anything, does this show about the nature of morality?

Phil. 2200

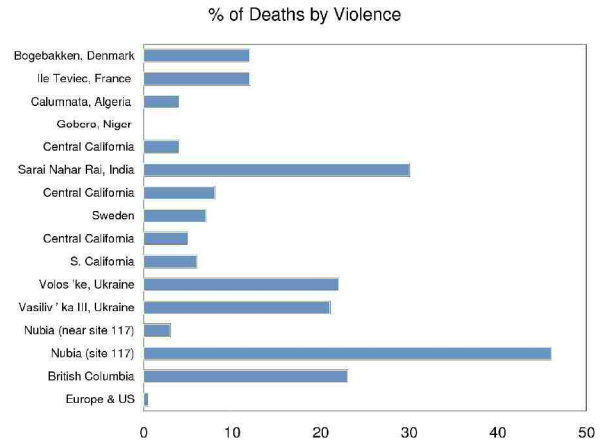
Notes: Our Violent Past

Primitive Societies Are Very Violent

Modern Primitive Societies:



Prehistoric Primitive Societies:



Q: Why?

- Is Hobbes' analysis correct?
- Why doesn't tit-for-tat win out?
- Why doesn't Friedman's analysis win out?
- Why wasn't this behavior selected out?

Hobbes' analysis is not the explanation

- Hobbes' thesis: violence is prevalent in primitive societies because *violence is rational*.
- Problem: War is very costly. Appears irrational on its face.
- Problem: Hobbes does not distinguish ingroup/outgroup → cannot explain why most violence is intergroup.
- Problem: Hobbes analysis supposed to apply to all rational individuals → cannot explain why almost all violence is male-on-male.
- Possible problem: Why is male-on-male violence also prevalent among nonhuman animals?

Theory: Primitive violence has a biological explanation

- Assumptions of Evolutionary Psychology:
 - Some psychological characteristics are caused/influenced by genes.
 - Some characteristics tend to cause an organism to reproduce more, on average, than alternative traits.
 - If organisms with a gene tend to reproduce more than the organisms with its alleles, then that gene's frequency in the population will increase.
 - Conclusion: Populations will be dominated by organisms with characteristics that tend to increase reproduction (compared to alternative characteristics that could have been produced by other genes).
- * Qualifier: These characteristics tended to increase reproduction *in our evolutionary past*, not necessarily today.
- * Qualifier: Inclusive fitness: for these purposes, reproduction may be by the individual organism *or* other organisms who hold copies of the same genes (ex.: immediate family).

- Informally: Organisms will tend to behave *as if* seeking to maximize the number of copies of their genes in the population.
- Hypothetical scenario:
 - Male M has the option of participating in a raid on a neighboring tribe.
 - M presently has 1 wife.
 - If M participates in the raid, M has a 50% chance of dying. → Future reproduction = 0.
 - If M participates in the raid, M has a 50% chance of capturing a new wife. → Future reproduction doubled.
 - Conclusion: Raiding & not raiding are about equally good.
- Conditions that would make raiding definitely favored:
 - M presently has no wife.
 - Probability of capturing new wife > probability of death.
 - M can capture two or more wives.
- Note common misconceptions about evolutionary psychology:
 - Evolutionary psychology does *not* say that people perform these calculations to predict future offspring. These calculations are performed by a theorist seeking to explain why a trait was/wasn't selected for.
 - Evolution does not select for *survival* so much as *reproduction*.
 - Selection operates on individual genes, not whole organisms, groups, or species.
- Why not female violence?
 - Females *do not* increase their reproductive capacity by gaining additional husbands. They can only reproduce once in 9 months, no matter how many husbands they have.
 - Males *do* increase their reproductive capacity by gaining additional wives.

What about modern warfare?

- Objection:
 - In modern societies, the people who start wars do not thereby get to reproduce more.
 - The wars are not fought over females.
 - So the above theory leaves *modern* warfare unexplained.
- Not so:
 - Evolutionary psychology predicts traits that increased our reproductive fitness *in the past*, not necessarily today.
 - It does not say that people *try to* increase or *think about* increasing their reproduction. It just says that people have traits that would have *resulted in* increasing their reproduction.
 - * The mechanism causing conflict might have been merely that human males feel emotions of hostility toward males of other social groups.
 - * The above account explains why this trait would have been selected for.
 - We still have that trait, even if it is no longer adaptive.
 - This explains modern conflict.

Phil. 2200

Notes: Commons, Public Goods, & Externalities

I. The Tragedy of the Commons

- There is a common grazing area. Many ranchers have free access.
 - Ranchers profit according to # of cattle they have.
 - If land is overgrazed, it becomes useless to everybody.
- What will happen?
 - Each rancher gets 100% of the benefit of each cow he adds to the land.
 - He gets $1/n$ of the cost, where n is the # of ranchers.
 - He “should” then put as many cows on the land as possible.
 - Problem: The land becomes overgrazed & worthless. Maybe he should restrain himself? Problem:
 - If *one* other rancher overgrazes, that rancher gets all the benefit, and everyone else is a “sucker”.
The larger the group, the more certain that this happens.
 - If one rancher *thinks* someone else will overgraze, then he “should” do so first.
 - No natural rule for how much each can graze (no Schelling point).
- Analogies:
 - Population & overbreeding.
 - Pollution.
 - Use of National Parks.

II. Public Goods

- Like the tragedy of the commons, except with something good.
 - Non-excludable: The good must be provided either to all or to none of the members of some pre-existing group \Leftrightarrow Provider cannot collect money proportional to the value of the good. \Leftrightarrow Provider bears the costs, other people get the benefits.
- Example: A dam could protect a valley from flooding.
 - Anyone who builds it pays the cost.
 - The benefit goes to everyone in the valley.
 - Problem: no individual will choose to build it.

III. Externalities

- *Positive externalities*: Benefits your action has that you can't charge people for. (Like public goods.)
- *Negative externalities*: Harms your action causes that you don't have to pay for.
- Problem:
 - Positive externalities are underproduced.
 - Negative externalities are overproduced.

IV. Solutions

A. *Appeal to conscience?*

- This won't work because people will not want to be suckers.
- Also, it causes anxiety.
- And conscience will be selected out by cultural/biological evolution.

B. *Private property*

- For the ranchers, this would internalize the externalities.
- Problems: What about population? Air pollution? Oceans?

C. *“Mutual coercion, mutually agreed upon.”*

- We appoint an authority to hurt people who produce negative externalities.
 - We could prohibit harmful actions.
 - Or we could tax them. This is better, when the optimal amount is nonzero.
- Problem: Who will watch the watchers?
 - We must “invent corrective feedbacks to keep custodians honest”. (Doesn’t say what these would be.)

V. The Problem Hardin Doesn’t Notice

“Mutually agreed upon coercion” creates another tragedy of the commons.

- Custodian may:
 - Exploit the resource for his own benefit (directly or indirectly): Benefits go to custodian. Harms go to society.
 - Protect resource responsibly: Benefits go to society. Costs go to custodian.
 - What will he do?
- Response: The public will watch over the authorities.
- Problem: Each citizen may:
 - Carefully watch over the authorities: Benefits go to society. Costs go to citizen.
 - Ignore authorities, let other people do the watching: Benefits go to citizen, costs to society.
 - What will citizen do?

VI. Schmitz on Jamestown & Customs

- Jamestown: First permanent settlement in America, 1607 on.
- Most colonists starved. Why?
 - Food was a commons: Any food was to be shared equally. \Rightarrow Food is a positive externality.
 - Human “skeletons” were standing in the streets bowling, waiting for someone else to plant crops.
- Governor Dale in 1614 divides land into private plots.
 - Production rises 7-fold.
 - Why? Internalized positive externalities.
- An alternative to conscience, chaos, and government: Custom. Works best when
 - Group is very interdependent.
 - They can easily monitor.
 - They get frequent feedback.
- Difference between Hutterites and Jamestown?
 - In Jamestown, you get food no matter what.
 - I think Schmitz’ point is: The consequences of shirking must be more than disapproval. Like, starvation. The rewards for good behavior should be tangible.
 - Note: Punishments might be enacted only rarely. But they must be there.

Phil. 2200
Review of Unit 2

By the end of this unit, students should understand:

These concepts

State of Nature
Egoism, psychological & ethical
Natural law/natural rights
Prisoner's dilemma
Tit for tat
Dominant strategy
Coordination problem
Schelling point
Bilateral monopoly game
"Positive account" of property rights
Public goods
Non-excludability
Positive/negative externalities

These theories & arguments

Hobbes argument for gov't, incl.:
3 causes of violence in state of nature
Why gov't power must be unlimited
Friedman on why we respect rights
& why it is rational to fight if other party
departs from the Schelling point
Objections to Hobbes, incl.:
Irrationality of war
Explaining ingroup vs. outgroup
Explaining male-on-male violence
Evolutionary explanation, incl.:
What sort of traits evolution selects for
How warfare contributes to reproduction
Why male rather than female violence?
Why public goods are underproduced
Hardin's argument for government
Objection to Hardin: how government creates
another tragedy of the commons

These empirical facts

Why tit-for-tat succeeds
Rates of violence in primitive societies,
comparison to 20th century

These examples, what happened in them & what they show

Tragedy of the commons, incl.:
Why farmers degrade the commons
Hardin's solution to the problem
Jamestown, incl.:
Why colonists starved
How problem was solved

These people's views

Hobbes
Dawkins
Friedman
Pinker
Hardin
Schmidtz

Phil. 2200

Notes: The Authority of Democracy (Christiano)

I. The Concept of Political Authority

- *Political obligation*: People are obligated to obey the law because it is the law.
- *Political legitimacy*: The state is entitled to make laws and enforce them coercively.

II. Ways of Defending Democracy

- Defenses of the authority of democratically chosen laws:
 - *Instrumental*: Democracy chooses good policies.
 - * Can imply that only some decisions have authority, or only some people have political obligation.
 - *Procedural*: Democratic decision-making is a fair/just process.
- Christiano's view:
 - "Dualistic": both instrumental and procedural requirements for legitimacy.
 - But this article is mainly about the procedural argument.
 - Holistic: seeks to justify the system as a whole, for everyone.
 - Legitimacy is (mostly) independent of the content of the laws. I.e., even laws that are wrong have authority.

III. The Justice of Democracy

- Principles of justice:
 - *Equal Advancement of Interests*: The state should serve everyone's interests equally.
 - *Publicity*: It should be possible with reasonable effort for the people to see that justice is done. [Later, he takes this back, since many people will disagree on what is just. (274) I think he means: the *equality* of the system should be easily seen.]
- *Thesis*: Democracy is the only way of implementing *Equal Advancement of Interests* in a *public* way.
- The need for publicity:
 - Fallibility & disagreement \Rightarrow Bias.
 - Bias & conflicting interests \Rightarrow Need to verify fairness for ourselves.
 - * The example of the unverified debt payment. (270)
- Ways of implementing Equal Advancement of Interests:
 - Direct pursuit of equal welfare. Problem: Hard to measure, no scheme will be publicly justifiable.
 - Direct distribution of goods. Problem: "But we think of the common world as essentially a non-divisible good; we cannot divide it into resources and then distribute them." (275) [?? Don't know what he's talking about, but:]
 - * This may lack publicity.
 - * Does not deal with public controversies over things other than wealth distribution.
 - Equal say in decision-making process. This is achieved by democracy (1 person, 1 vote).
 - * Note: The interpretation of *equality* here is uncontroversial. This is not so for equality in other realms, e.g., economic & welfare.
 - * Shows equal respect for the judgment of everyone. No other decision-making process is like this.
 - * Everyone needs a say in policy, to protect their interests.
 - Ability to debate not enough: opinions of people without power will be discounted.
- A Theory of Political obligation:

- Failure to obey democratically chosen laws = failure to treat others as equals = asserting that one's own interests matter more.

[I]f one dissents from an outcome that has been democratically chosen and one attempts to bring about another outcome by means of revolution or intrigue or manipulating the system, one is acting in such a way that cannot be thought of by others as treating them as equals. One is putting one's judgment ahead of others' ... one is in effect expressing the superiority of one's interest over others. (277)

- Political obligation is owed *to the other citizens*.

IV. Critique of Consent Theory

- Consent theory: The state has authority over you only if you consent.
- Problem: What if you refuse to consent for bad reasons? Perversity, selfishness, malice, etc.
- Why we need the state:
 1. Justice requires that people follow a consistent set of rules. Need to know what to expect from others, etc.
 2. But justice underdetermines *which* rules we should adopt. Many possible sets of rules would be acceptable; there isn't just one that is obviously right.
 - * Example: How loud can you play your stereo at night?
 - * Can you build a building that blocks the sunshine from your neighbor's yard?
 - * What must you do to acquire land?
 - * Who gets to broadcast on a given radio frequency?
 3. So to have a consistent set of rules, we need a central, rule-making authority. (Supported by 2.)
 4. So, justice requires a central authority. (Supported by 1, 3.)
- Because of this, you should not be able to opt out. "[O]ne cannot treat others justly unless one submits to an authoritative rule maker." (282)
- [*To think about*: Is there any other way in which people might agree on a set of rules?]

V. Limits to Democratic Authority

- Democratic state may not treat a (significant) group of people (very) unequally. Why:
 - The authority of the state depends on the principle of Equal Advancement of Interests.
 - So if the state is obviously violating that principle, it lacks authority.
 - Examples: Slavery, disenfranchisement, large abridgements of "liberal rights" (includes freedom of association, freedom "to choose one's own aims in life" (289), and what else?).
- Consequence: If the state thus treats a large number of people very unequally, then
 - The state *as a whole* is illegitimate. (This is especially clear for inequality *in the decision-making process*.)
 - Citizens would then lack an obligation to obey the law.
 - You could probably refuse to pay your taxes. [He doesn't discuss this explicitly.]
- [*To Discuss*: On this view, how many states have been legitimate? When did the U.S. government first become legitimate?]

VI. Nozick's Tale of the Slave

- Discuss: At which stage does he cease to be a slave? Why is each answer implausible?
- Analogy between the story and modern democracy.

Phil. 2200

Notes: Instrumental Value of Democracy (Mill, Sen)

I. Mill's Argument

A. *Democracy promotes good governance.*

- Individuals are the best guardians of their own interests.
 - Other people may not value your interests. Each person desires his own interests most.
 - Other people may not understand your interests. Each person knows his own interests best.
- Democracy takes account of everyone's interests.
- Empirical evidence: Democratic countries have been most prosperous.

B. *Democracy promotes good character.*

- The best kind of character is *active*, rather than passive. Constant striving for improvement.
 - This is obvious in intellectual & practical matters.
 - Also true in moral matters:
 - * People who desire things but will not act to attain them become envious, resentful.
 - * Envy is a vice & socially destructive.
 - * Envy most common when success is due to chance.
- [*Discuss: (a) Is this true? (b) Is Mill confusing capitalism (economic freedom) with democracy (popular political power)?*]
- Democracy promotes the active character.
 - Dictatorships deliberately suppress ambition.
 - Ambition is even more suppressed by the knowledge of one's impotence.
 - Participation in social functions improves character:
 - * Makes people think in terms of abstract, moral principles. (Intellectual improvement.)
 - * Makes people work with their fellow citizens.
 - * Makes people look beyond self-interest.
 - Conclusion: Promote the most participation, by the most people.

II. Sen's Argument

- Arguments against democracy & freedom:
 1. Some argue that freedom hampers economic growth.
 2. And poor people don't care about freedom.
 3. And freedom is a "Western" value that Asians don't care about.
- Democracy & Economic Growth
 - Direct empirical evidence is mixed: Some Third World dictatorships have had large growth; some have had small growth. Overall: no obvious correlation.
 - Causes of econ. growth are compatible with freedom:
 - * Competition
 - * International trade
 - * Literacy & education
 - * Land reforms. (This is a broad term referring to changes in ownership & use of land. Commonly involves allowing farmers to own their own land.)
 - * Incentives for investment
- Do poor people care about freedom & democracy?
 - Little data on this.
 - The best way to find out would be to put it to a vote.

- In India, freedom has been affirmed in elections.
[Discuss: How much freedom would be affirmed in America? Would the Bill of Rights pass in a referendum? What about other countries?]
- Instrumental value of political freedom
 - Free discussion helps form values. Example: Has led to decreased fertility in India.
 - Democracy prevents disasters.
“[N]o substantial famine has ever occurred in any independent country with a democratic form of government and a relatively free press.” (152)
 - We need free discussion to understand what our economic needs are.
- The working of democracy
 - Democracy good in preventing obvious, acute disasters.
 - Not so good in preventing lesser, chronic problems: illiteracy, malnutrition.
 - Democracy not *sufficient* for good policy. Only creates opportunity.
 - Solution: we need “fuller practice of democracy”. (154) (?)
 - Need opposition parties to call attention to problems.
- Democracy has also created stability in diverse countries.
 - Experience of India. [Compare U.S.]
 - [Discuss: Why might this be so?]

Phil. 2200

Notes: Democracy vs. Epistocracy (Brennan)

I. Thesis

- *Epistocracy*: Rule by the knowledgeable; a political system in which those who exercise power must demonstrate knowledge and competence. In this article: a system in which ignorant, incompetent, or morally unreasonable voters are excluded.
- Epistocracy is superior to democracy with unlimited suffrage.
 - Both may be unjust. But unrestricted democracy is more unjust.

II. The Argument for Restricting Suffrage

1. *The Competence Principle*: It is unjust to deprive someone of life, liberty, or property (or otherwise harm them) on the basis of decisions by incompetent or morally unreasonable people, or decisions made in an incompetent and morally unreasonable way.
 - The jury analogy: Would be unjust to enforce a jury decision made in an incompetent or unreasonable way.
 - For the competence principle: It is unjust to impose excessive risk on people.
Example: A doctor chooses treatment based on consulting a witch doctor and some alphabet soup. This is wrongful behavior, because the doctor is exposing patients to undue risk.
2. Democratic governments often deprive people of life, liberty, and property, and otherwise harm people, on the basis of decisions made by the electorate.
3. If suffrage is unrestricted, many voters will be incompetent and morally unreasonable.
4. Hence, democracy with unrestricted suffrage is unjust.

Objection: Individual voters don't have any power, though the electorate as a whole does.

Replies:

- a. Individual voters have some power.
- b. This objection wouldn't hold for a jury. What if half the jury were incompetent?
- c. [The real point:] In order for the electorate to be competent, we must screen out many incompetent individuals.

III. The Argument against Restriction

- Proponents of epistocracy commit the "expert/boss fallacy": The fallacy of thinking that expertise gives one authority over others.
 - *Reply*: No, my argument only proposes knowledge as a *necessary* condition, not a sufficient condition, on authority.
- The Qualified Acceptability argument:
 1. *The Qualified Acceptability Requirement*: Any basis for distributing political power must be acceptable to all qualified points of view.
 - Qualified point of view: Roughly, points of view that some reasonable, rational people hold.
 2. No way of measuring competence would be accepted by all reasonable people.
 3. Hence, we cannot use competence as a basis for distributing political power.

IV. Epistocracy Is Less Unjust than Unrestricted Democracy

1. The injustice of unrestricted democracy is comparable to the injustice of enforcing incompetent jury

verdicts.

2. The injustice of epistocracy is comparable to that of voting age requirements. [Note: maybe it actually is the same injustice; existing voting requirements are just a weak epistocracy.]
3. Enforcing incompetent jury verdicts is much worse than having voting age requirements.
4. So unrestricted democracy is worse than epistocracy.

V. The Consequences

- Voting restrictions might have bad consequences.
 - Tests could be used to keep existing leaders in power.
 - Tests could be biased, poorly designed, etc.
- But the consequences of voting by incompetent people can also be very bad.
- Conclusion: We should start with small-scale experiments.

Phil. 2200
Notes: Elitism

I. Thesis: The Irony of Democracy

- Elites, not masses, govern America.
- Preservation of democracy depends on elites.

II. Why Elections Do Not Provide Policy Mandates

Policy Mandate: Authorization given by the public for a specific policy. Sometimes thought to be provided by certain elections, in which the people's will can be discerned from the election results.

1. Candidates do not offer clear policy alternatives.

- The American system gives a chance to only two candidates.
- Winning strategy is to occupy the center of the political spectrum.
 - If opponent occupies position X, where X is other than the center, then the vote-maximizing strategy is to occupy a position slightly closer to the center than X.
 - Modification: candidates may move slightly left or right to (a) differentiate themselves from each other, (b) increase voter turnout for their party, (c) get more money from contributors.
 - Another good strategy: Offer ambiguous positions, platitudinous positions, or no positions.
 - * Many people will vote against a candidate on the basis of a single issue.
 - * Few people will vote for a candidate based on a single issue.

2. Most people do not vote on the basis of policy issues.

<u>Voter category</u>	<u>Percentage</u>
Issues/ideology	19.4
Group benefits	30.0
Nature of the times	28.1
Candidate image/other	21.5

Money Drives Elections:

- Candidates must raise millions of dollars, hundreds of millions for Presidential candidates.
- Presumably, this makes a big difference to how people vote.
- [Discuss:
 - According to theory, democracy works when voters vote on the basis of their self-interest. The first three types of voters might all be contributing to the working of democracy.
 - Problems for this theory:
 - * Does not consider *strength* of interests.
 - * Does not consider long-term interests.
 - * Most importantly: Voter has no reason to vote for his interests, if he knows that his vote will have no effect on the outcome.
 - * Voter has no reason to collect information about policies and candidates.]

3. Elections do not reveal policy preferences, even for policy-oriented voters.

- Candidate has many different positions. No way to determine from election result: (a) which positions were favored by the majority of people, (b) how strong voter preferences are on each issue.

4. *Elected officials are not bound by their campaign positions.*

- Officials can break their promises.
- In most cases, voters have no idea what representatives are doing.

5. *Most people don't vote*

- Voter turnout: about 50% for Presidential elections. About 40% for off-year elections.
- Turnout higher for more educated voters.

[*Extra point: 6. Most laws are not made by elected officials.*

- Three kinds of laws:
 - *Statutes*: Made by legislature; most commonly thought of laws. Federal statutes found in the United States Code. Ex.: murder laws, anti-theft.
 - *Case law*: Made by judges. Found in books of court decisions. Ex.: The rules of discovery, the Miranda rule.
 - *Regulations*: Made by bureaucrats (regulatory agencies). Found in books published by these agencies, and the Code of Federal Regulations. Ex.: FDA regulations of drugs, health & safety requirements for businesses and buildings.
- Growth of regulations:

<u>Year</u>	<u>Length of the CFR:</u>
1960	22,877 pages
1970	54,834 pages
1980	102,195 pages
1998	134,723 pages
2007	144,040 pages
2010	152,456 pages

[Sources: http://usgovinfo.about.com/library/weekly/blfedregs_b.htm; <http://cei.org/pdf/6018.pdf>; <http://www.gpo.gov/fdsys/>]

III. The Function of Elections

- Elections provide symbolic participation. Makes masses feel better.
- Legitimization: Elites seek to legitimize their actions by blaming them on “the people.”
- Elections choose personnel.

IV. What Can Students Do?

How can you preserve democratic values?

- Have realistic (modest) image of your ability to influence the world.
- Think critically. Be suspicious of common beliefs and things others try to teach you. (Except philosophy professors, of course.)
- Learn about technology & law.
- Learn about freedom in history. Also compare U.S. to other nations.
- Distrust government, take responsibility for own life.

Phil. 2200

Notes: Failures of Democracy

I. Some Problems of Democracies

1. *The Tyranny of the Majority*

A majority can vote to oppress a minority. Examples: Slavery, Jim Crow, the Nazis

2. *The Fate of Nonvoters*

Democratic governments discount the interests of nonvoters, e.g., foreigners, children, future generations. Ex.: War, immigration policy, deficits.

3. *Voter Ignorance & Irrationality*

Voters tend to be (rationally) ignorant and irrational about politics. Special interest groups are (rationally) better informed and (selfishly) rational. Ex.: Farm bill of 2008. Statistics:

- \$12 billion in subsidies, mostly to large farm corporations.
- Agribusiness spent \$80 million on lobbying.
- Use of biofuels may have caused 75% rise in world food prices.

4. *The Rewards of Failure*

When social problems increase, gov't agencies get more money & power. Hence, it is in the gov't's interests for social problems to increase, not to be solved.

II. Some Inadequate Solutions

- *Activism*: Activists can't be expected to watch everything the gov't is doing:
 - 10,000 bills introduced into Congress in 2008.
 - Bills are hundreds of pages long. Farm bill: 663 pages.
 - Most are extremely boring.
- The News Media lacks incentives to do it either:
 - Monitoring gov't is difficult, expensive, time-consuming.
 - Criticizing gov't may anger gov't officials.
 - Consumers don't want it.
- *Miracle of Aggregation*: Uninformed voters vote randomly, so election is won by whoever wins over the informed voters.
 - Problem: Uninformed voters do not vote randomly. They vote on the basis of other things, e.g., charisma, prejudice, party identification, voting for whoever is the incumbent.
- Constitutional Limits fail to prevent gov't from abusing power:
 - No one to enforce Const. except the gov't.
 - Gov't has no incentive to enforce const. against itself.
 - Ex.: U.S. Constitution regularly ignored. See 9th & 10th Amendments + Article 1, sec. 8.
 - Amendment 9*: The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people.
 - Amendment 10*: The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.
 - The history of the New Deal:
 - * Supreme Court strikes down FDR's programs.
 - * FDR threatens "court packing" plan.
 - * Court changes its mind.
 - * Court packing abandoned. FDR ultimately winds up appointing 8 of 9 judges anyway.
- Separation of powers fails:

- 3 branches of gov't have no incentive to restrain each other.
- Branches can use their powers to protect their own abuses, as easily as they can use them to prevent abuses. Ex.: President's power to appoint judges.

III. Conclusion

- All of these mechanisms have some value:
Democracy, written constitutions, separation of powers, political activism, a free press.
- But none works quite as advertised. There are still many problems with democracy.

Phil. 2200 Review of Unit 3

At the end of this unit, students should know:

These ideas:

Instrumental vs. procedural arguments for democracy
Equal Advancement of Interests
Publicity requirement for justice
Competence Principle
Qualified Acceptability
Elitism
Policy mandates
The 10th Amendment

These examples & what they show:

Tale of the slave
Incompetent jury
Physician/alphabet soup
9/11 & Bush approval

These people's views:

Christiano

Holistic view of legitimacy
Equal advancement of interests
Publicity requirement for justice
How democracy satisfies above principles
On political obligation, incl.: whom it is owed to
Limits of the state's authority

Mill

Why democracy promotes good policies
What good character traits it promotes

Sen

Relation between democracy & economic growth, incl.: causes of growth & how they relate to democracy
Instrumental values of democracy, incl.: about famines & other disasters, value changes, stability.

Brennan

Argument for restricting suffrage, incl.: how it should be restricted
Why epistocracy might be unjust
Why unrestricted democracy is more unjust
Risks of epistocracy & how he responds to them.

Dye & Zeigler

Conditions for elections to provide policy mandates
Why candidates take similar positions
What determines how people vote
Why elections don't reveal policy preferences
The real function of elections

Huemer

Why activists can't be expected to prevent most government abuses.
Why news media doesn't prevent them either.
Why Constitution can't prevent them.
How government agencies profit from social problems.
Conclusion of chapter 9 re: value of democracy

Phil. 2200

Notes: Rawls' Theory of Distributive Justice

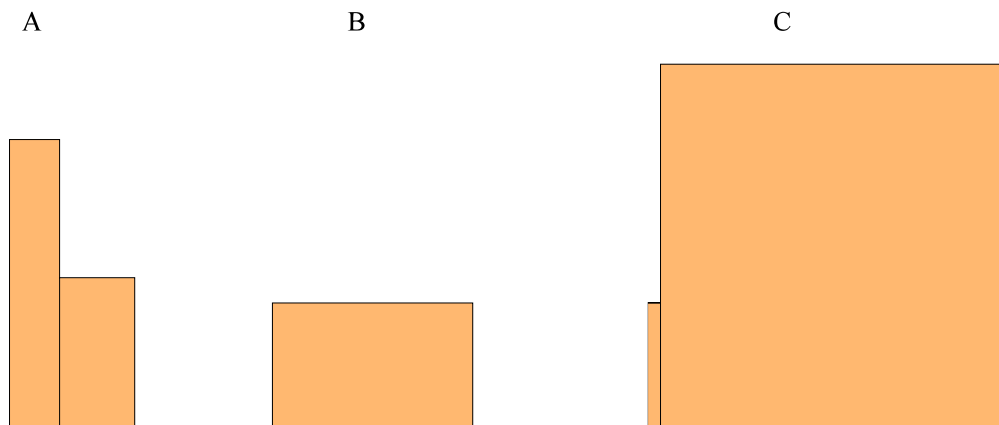
I. Basic Concepts

- *Distributive Justice*: Justice in the distribution of goods/wealth.
- *Patterned/end-state conceptions of distributive justice*: Say there is some overall pattern of distribution we should aim at. Justice is a matter of closeness to the desired pattern. Examples:
 - Perfect equality
 - Distribution in accordance with need
 - Distribution in accordance with desert/merit
- *Historical conceptions of distributive justice*: Say that whether one is entitled to some piece of property depends on the process by which one got it. Justice is a matter of following the right rules in acquiring property.

II. Ideas in Rawls' Theory of Justice

- *The Original Position*: A hypothetical situation in which the future members of a society meet to agree upon the general political principles to govern their society. Features of the OP:
 - The *Veil of Ignorance*: no one knows what their position in the society will be. They know no personal information about themselves (including the life plans/values they are going to have).
 - They have access to all relevant *general* information about society. They are intelligent and make no errors in reasoning.
 - They will choose political principles on the basis of self-interest.
- *Rawls' Two Principles of Justice*:
 - *First principle*: "Each person is to have an equal right to the most extensive basic liberty compatible with a similar liberty for others."
 - *Second principle* (the "*Difference Principle*"): Social and economic inequalities are allowed only to the extent that they benefit those who are worst-off. (See diagram below.)
 - * How might this happen? Perhaps if more productive people are rewarded with more wealth, then the society as a whole will be richer, so much so that even the (relatively) poor will be better off.
 - * Exercise: which of the following is best? (Width of rectangles represents size of an economic class; height represents their level of wellbeing.)

Three Possible Worlds



III. Rawls' Overall Argument

1. What would be chosen in the Original Position is just.
 - Why? Because the OP is set up in such a way as to guarantee a fair outcome. The parties start in a position of equality, and no one can unfairly privilege himself, since no one knows their position in the society.
2. Rawls' Two Principles of justice would be chosen in the Original Position.
3. Therefore, Rawls' Two Principles are just (and so should be adopted).

IV. Why Choose the Two Principles?

- a) The first principle would be chosen because the parties don't know what their plans and values will be; therefore, it makes sense to secure the most liberty possible, to allow for pursuing whatever goals they will have.
- b) Why would the second principle be chosen? Two lines of reasoning:

First:

- There would be a natural default assumption of equality. Unless there was some special reason for privileging someone, people would accept an even division of the wealth.
- It would be acceptable to allow some inequality *if* doing so benefitted everyone. (It would not be acceptable otherwise, since those *not* benefitted would not agree to the distribution.)
- Inequalities obviously benefit the people who get more. They benefit *everyone* only if they benefit those who get *less*.
- Therefore, the parties would agree to allow economic inequalities (only) to the extent that they benefitted those worst off.

Second:

- For very poor people, money means a lot. Some minimum level of income is necessary for anyone to have a decent life.
- For the wealthy, money has less importance; if they lose some of their money, it won't prevent them from having a decent life. (This is called "the diminishing marginal utility of wealth.")
- The parties in the Original Position would be more afraid of winding up poor, than they would be eager to wind up rich. They would want to minimize their risk of winding up badly off. (Rawls has them put an absolute priority on this, i.e., they *only* look at what the worst possible outcome is, and try to improve that.)
- Therefore, they would choose the system that maximizes the position of the poorest people.

Phil. 2200

Notes: Objections to Rawls

I. Dworkin's Objection to Hypothetical Contract Theory

- Actual contract provides an independent reason for action in compliance with its terms.
 - But hypothetical contracts are not contracts. Why should we care about hypothetical agreements?
- Hypothetical agreement is relevant when it reflects some other, independent reason for action--namely, when the reason why one would have agreed is a reason now to agree.
 - But sometimes it doesn't. E.g., if one would have agreed due to a different bargaining position.
- Hypothetical agreement sometimes makes an action permissible. The case of the accident victim.
 - But this can't be used to override *actual* disagreement.
- Maybe the Original Position (OP) thought experiment just shows that it is in everyone's interests to agree to the Two Principles.
 - This would have to mean our "antecedent interests", from the standpoint of the OP.
 - But this doesn't show anything about what is actually in our interests, now.
 - Nor anything about what it is fair to impose on us.
- Maybe the OP shows that the Two Principles are in everyone's interests, once obviously unfair principles have been ruled out.
 - If this conclusion were true, it could be defended directly, without use of the OP.
 - If it can't be so defended, then the OP does more than just impose obvious fairness requirements.
 - So the use of the OP can't be justified in this way.

II. Harsanyi: Parties Would Choose Utilitarianism

- How to get to (average) utilitarianism:
 - Rational choice rule: Maximize personal expected utility.
 - In the veil of ignorance: Assign equal probability to being anyone in the society.
 - Suppose there are n people in the society. U_i is the utility of the i th person. Then your expected utility is:

$$\sum_{i=1}^n \left(\frac{1}{n} \right) U_i$$

- The average utility of the society is:

$$\frac{\text{Total Utility}}{\text{Population}} = \frac{\sum_{i=1}^n U_i}{n}$$

- These are equal.
- Two decision rules:
 - (1) Maximize expected utility. (max-util.)
 - (2) Maximize the worst outcome. (maximin)

Which is more rational?

- Maximin seems rational in those cases where it approximates max-util.
- When it deviates significantly from max-util., it is, intuitively, irrational.
 - * The example of the Chicago job.
 - * Crossing the street, etc.

- * The case of the retarded guy and the geniuses.
- So no reason to prefer maximin over max-util.
- [Related point: All the reasons Rawls cites in favor of the Difference Principle would already be taken into account by a utilitarian calculation.]

III. Nozick: The OP Rules out Morally Relevant Considerations at the Start

- OP is biased against historical theories.
 - There is no way the parties in the OP would consider anything other than an end-state theory, since they are choosing on consequentialist (sc., self-interested) grounds.
- OP begs the question against natural property rights.
 - The OP exercise assumes 'society' has a right to decide how to redistribute people's property, and the only question is how they should distribute it.
- No reason to think the OP results in a correct distribution.
 - What if grades in a class were distributed according to a similar procedure? Is there reason to think that the resulting distribution would be correct?
- OP ignores any morally relevant factors affecting distributive justice, other than equality and utility.
 - Rawls does not *argue against* any such factors; he just assumes there are none by setting up the OP.
 - So the OP provides no grounds for rejecting theories that rely on such factors. For instance, Nozick's theory (see next class).

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Notes: Nozick & the Entitlement Theory

I. The Entitlement Theory of Distributive Justice

The entitlement theory needs three rules (or kinds of rule):

- (1) *A principle of acquisition*: One may claim previously-unowned items provided one is using them and there is enough left over for others.
 - (2) *A principle of transfer*: Property can be transferred from one person to another by mutual consent.
 - (3) *A principle of rectification*: What to do when someone violates one of these rules. Generally, the offender has to pay back the victim.
- Entitlement theory is *historical*.

II. Against End-state Theories

The Forced Labor Argument

1. Forced labor is wrong.
2. End-state theories sanction forced labor.
 - a. People get money through labor.
 - b. Hence, forcing them to give their money to others is like forcing them to labor for the benefit of those others.
3. So end-state theories are wrong.

The Slavery Argument

1. No one can own another person, even partially.
2. End-state theories imply that people can (partially) own other people.
 - a. Ownership of x = the right to decide how x is used.
 - b. End-state theories give you a right to the fruits of others' labor.
 - c. This is a right to decide what use other people are put to.
3. So end-state theories are wrong.

The Wilt Chamberlain Argument

Example: Assume there is some patterned conception of distributive justice, and assume that we start out with a distribution, D1, that perfectly satisfies the desired pattern. Wilt then agrees to play basketball for other people's entertainment, for 25¢ per person. 1 million people agree, resulting in a new distribution, D2, where Wilt has an extra \$250K, and 1 million people have 25¢ less. Q: Is D2 unjust?

Argument:

1. If no one has a reasonable complaint about D2, then D2 is just.
2. No one has a reasonable complaint about D2.
 - a. Wilt can't complain.
 - b. People who paid to see him can't complain.
 - c. People who didn't pay can't complain.
3. So D2 is just.
4. D2 violates the preferred pattern.
5. So the patterned conception of distributive justice is false.

III. Objections to Nozick

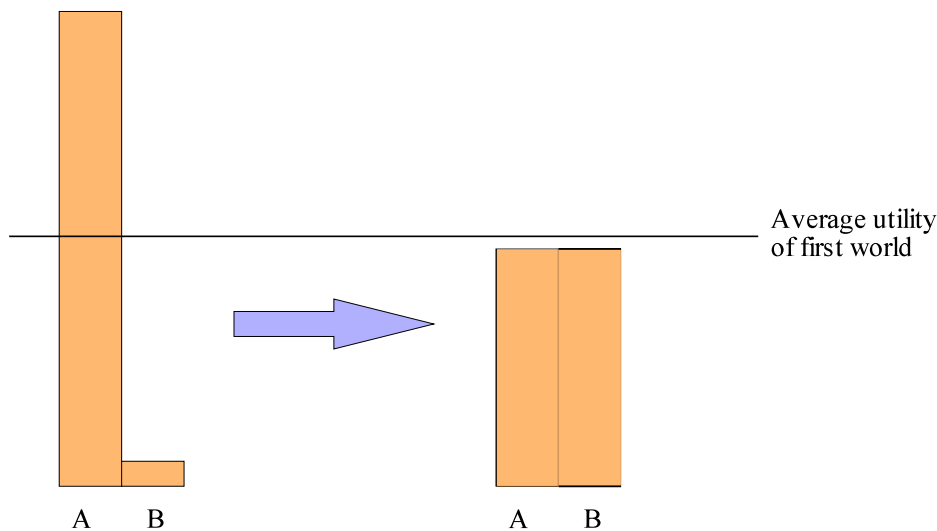
- Nagel's objections:
 - Nozick's classification of theories of justice is incomplete. Ignores theories that take into account *both* history *and* desirable ends.
 - The Wilt Chamberlain argument fails because:
 - * It assumes that, when we distribute in accordance with a patterned principle of distributive justice, we distribute *absolute* property rights.
 - * But people with patterned principles would say property rights are not (ever) absolute.
[Discuss: Does Nozick assume this? Is the second point a strong criticism?]
- Property rights are not absolute.
 - The cabin in the woods example.
- The unjust history of actual holdings.
 - The case of the Native Americans.
- Problems with initial acquisition.
 - When one acquires previously unowned natural resources, this worsens the situation of others, who can no longer use those resources. Why is this permissible? (Or why don't you have to compensate the others?)
 - Should resources start out with communal ownership?

Phil. 2200

Notes: Equality and Priority (Parfit)

I. Basic Ideas

- *Utility*: How much well-being someone has. Happiness, success, whatever gives life value.
 - Total utility of a society: The sum of the utility of every person in that society.
 - Average utility: The total utility divided by the population.
- *Intrinsic value*: The value that something has considered apart from its effects; value something has as an end in itself.
- *Egalitarianism*: Equality in the distribution of utility across persons is intrinsically good.
- *Priority View*: Benefits for the worse-off are more important than equal-sized benefits for the better-off. In other words: there is diminishing marginal *value* of *utility* for an individual.
- An example: A is much better off than B. We can redistribute wealth, making A and B equal. This will help B slightly less than it will harm A. (Administrative costs, decreased incentives, etc.) Would this be good?



- Egalitarianism: Yes.
- Priority View: Yes. (For different reason.)
- A practical application: Socialism vs. Capitalism
 - Socialism: Low productivity, less freedom, more equality.
 - Capitalism: High productivity, more freedom, large inequalities.
- Which is better?

II. For Egalitarianism

1. Inequality is (ceteris paribus) unfair.
 2. Unfairness is bad.
 3. So inequality is (ceteris paribus) bad.
- Justification for (1) and (2): Direct appeal to intuition.

III. The Leveling Down Objection

Leveling Down: Achieving equality by lowering the welfare of the better-off.

Argument:

1. X is good in some respect only if there is *someone* for whom it is good in some way. (Premise; the “Person Affecting Principle.”)
2. If equality is intrinsically good, then *Leveling Down* is good in one respect. (Premise.)
3. But Leveling Down is not good for anyone in any way. (Premise.)
4. So Leveling Down is not good in any respect. (From 1, 3.)
5. So equality is not intrinsically good. (From 2, 4.)

IV. For the Priority View

- The Priority View gives results very similar to Egalitarianism.
- But it completely avoids the Leveling Down Objection.

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Notes: Against Equality & Priority (Huemer)

I. Premises

- *The Pareto Principle*: If one possible world would rationally be preferred over another by *everyone* who would exist in either world, then the former world is better than the latter.
- *The Unrepugnant Premise*: If possible worlds x and y have the same amount of equality/inequality, but x has both a lower average utility *and* a lower total utility than y , then x is worse than y .¹
- *Transitivity*: If x is better than y and y is better than z , then x is better than z .

II. Three Possible Worlds

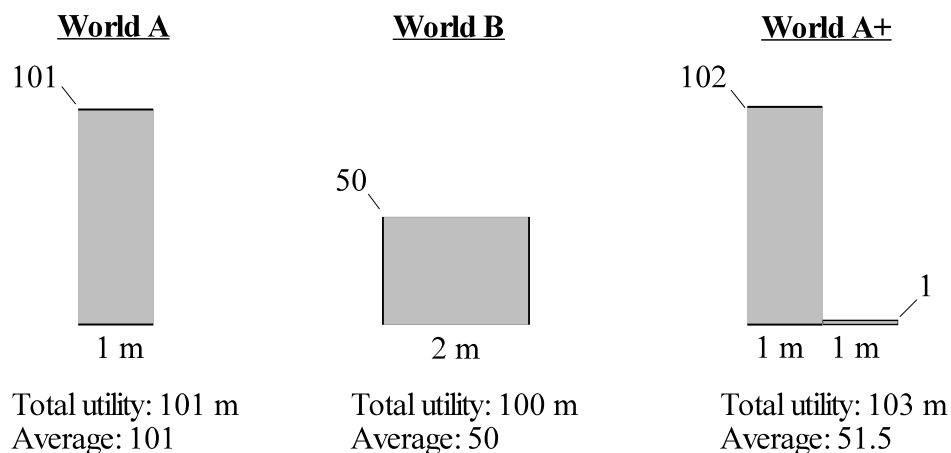


Figure 5. Graphical depiction of worlds A, B, and C. The width of each bar represents a population size; the height represents a level of well-being.

Argument:

1. A is better than B. (From the Unrepugnant Premise.)
2. A+ is better than A. (From the Pareto Principle.)
3. A+ is better than B. (From 1, 2, and Transitivity.)
4. Egalitarianism and the Priority View are false. (From 3.)

Comment:

- Step (3) directly shows that the extra 3 points of total utility + 1.5 points of average utility outweighs the inequality in world A+.
- This form of argument can be repeated for arbitrarily small increments in utility. Hence, the value of equality is zero.

III. In Defense of the Unrepugnant Premise

- This principle is accepted by everyone in population ethics.
 - Follows from Average Utility Principle.

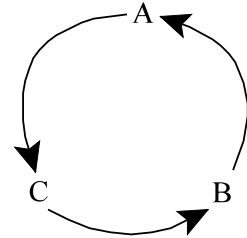
¹An “egalitarian” world is a world in which utility is evenly distributed across persons.

- Follows from Total Utility Principle.
- Follows from any principle anywhere in between.
- Endorsed even by those who accept the “repugnant conclusion.”

V. In Defense of Transitivity

The Money Pump:

- Suppose you have intransitive preferences: You prefer A to B, B to C, and C to A.
- You presently have A.
- You would be willing:
 - to pay a small amount of money to trade A for C.
 - to pay a small amount of money to trade C for B.
 - to pay a small amount of money to trade B for A.
 - etc.
- This seems irrational.



The Dominance Argument:

- Suppose A is better than B, which is better than C, which is better than A. Consider the values of the following two combinations:

$$A + B + C$$

$$B + C + A$$
- We can construct an argument that the first combination is better than the second. Why: It is better with respect to each of the three comparisons:

$$A > B$$

$$+ \quad +$$

$$B > C$$

$$+ \quad +$$

$$C > A$$
- This is absurd, because the two combinations are the same.
- Conclusion: The supposition is impossible: A cannot be better than B, B better than C, and yet C better than A.

Phil. 2200 Review of Unit 4

By the end of this unit, students should know:

These concepts:

The Original Position
Veil of ignorance
Distributive Justice
 Historical conception
 End-state conceptions

These examples & what they show:

The unconscious accident victim
The Chicago job
Distributing grades by social contract
Wilt Chamberlain
Cabin in the woods

These principles:

Rawls' 2 principles of justice, esp. the
 Difference Principle
The Entitlement Theory of Dist. Justice:
 Pr. of Acquisition
 Pr. of Transfer
 Pr. of Rectification
Maximin
Expected utility maximization
Egalitarianism
The priority view
Transitivity
Pareto principle

These people's views:

Rawls
Nozick
Dworkin
Harsanyi
Nagel
Parfit
Huemer

These arguments:

Rawls' main argument for adopting his 2
Principles.
Why unconscious accident victim not
analogous to Rawls' theory
Why the OP leads to average utilitarianism
Why expected-utility-maximization is better
than maximin
How OP might be biased against theories like
Nozick's
How wealth-redistribution might be like forced
labor or slavery
Main argument for egalitarianism (fairness)
Leveling down objection
Huemer's argument against priority view, incl.
its 3 premises
Money pump argument

Phil. 2200

Notes: Marxism, Alienation

To Discuss Today

- Intuitive motivations for criticizing capitalism
- Marx's theory of alienation

I. Why Study Marxism?

- Historical reasons:
 - Marx was perhaps the most influential political philosopher in history.
 - ~ 1/3 of the world lived under Marxist regimes in the late 20th century.
 - Central to 20th century geopolitics: the cold war, etc. The human race was almost destroyed over Marxism.
- There are still Marxists around today.
- Many other thinkers are *influenced* by Marxian ideas.
- Q: Did he have a valid criticism of capitalism?

II. Intuitive Background: Why People Oppose Capitalism?

- Capitalist countries have large *economic inequality*.
(Statistics: <http://www.census.gov/hhes/www/income.html>)
Workers get low incomes.
Capitalists get high incomes.
But the workers are doing all the work!
This looks unjust.
- Question: How do the capitalists get so much money? Why do the workers get so much less?

III. Background Economic Concepts

- Three factors of production: Land, labor, capital.
- *Capital*: Property that is used to produce other property. Ex.: Factory, investment capital.
- *Capitalists*: People whose income derives from owning capital.
- Marxists oppose private ownership of capital.

IV. The Theory of "Alienation"

- *Alienation*: The separation of something from oneself that would properly belong to (or be connected to) oneself (making it "alien").
 - Marx: in a capitalist society, workers suffer 4 kinds of alienation:
 1. Worker is alienated from the *products* of labor. Two points:
 - *Simple point*: The goods produced by the worker don't belong to him. They belong to the capitalist.
 - *Weird point*: Marx implies that the product is actually *harmful* to the worker:
 - "The worker becomes poorer the more wealth he produces." (1.6)
 - "[T]he object which labor produces ... stands opposed to it as an alien thing." (2.2)
 - "The life he has given to the object confronts him as hostile and alien." (2.4)
- Why does he say this? He seems to assume:

- a. The interests of worker & capitalist are inherently opposed.
 - b. The product belongs to the capitalist.
 - c. So it makes the capitalist more powerful.
 - d. This is against the worker's interests.
2. Worker is alienated from himself (?) or from his labor during the production process.
 - Work is unpleasant and require suppressing one's true desires. "the worker ... denies himself, feels miserable and unhappy ..." (3.7)
 - The worker acts under the direction of someone else.
 - But he has to work to survive.
 - Hence, work is "not voluntary, but coerced, forced labor." (3.7)
 - Worker is alienated from *his life*, since life consists of activity, which for the worker is mainly labor.
 3. Worker is alienated from his "species-life" or "human essence."
 - Alienation from "nature":
 - The natural world is part of us. "Nature is the inorganic body of man." (4.4)
 - The worker doesn't get to own material resources; hence, he doesn't get to own parts of "nature".
 - Hence, he is alienated from nature.
 - Hence, he is alienated from a part of himself.
 - Alienation from "species-life":
 - The essence of human beings is activity.
 - Because workers are alienated from their labor, which is their main activity, they are thus alienated from their own essence.
 4. Worker is alienated from other people.
 - Because the worker's interests are opposed to the capitalist. "If his activity is torment for him, it must be [...] pleasure [...] for another." (6.3) ("Another" here refers to the capitalist.)

Phil. 2200

Notes: Marxism, Exploitation

I. Background Economic Concepts

- Two kinds of value:
 - *Use value*: The value an item has in virtue of one's ability to consume/use it.
 - *Exchange value*: The value an item has in virtue of one's ability to trade it for something. Market value.
- *Capital*: physical goods used in producing more goods. Ex.: Factories, tools, money useable for investment.
- 'Capitalists': People whose income derives from owning capital.

II. The Theory of "Exploitation"

- *The Labor Theory of Value*: (LTV)
 - The price of goods on the market is determined by the *socially necessary labor cost* of the good.
- The price of labor:
 - Wages are determined by "the cost of existence and reproduction of the worker."
- *Surplus Value*:
 - The difference between (a) the amount of labor required to keep the worker alive and (b) the amount of labor the worker can perform. Or:
 - The difference between (a) the price of labor, and (b) the price of the *goods* produced by the laborer.
- *The Theory of Exploitation*:
 - The capitalist gets the surplus value.
 - He uses it to buy more capital & increase his power over the workers.
 - Example: the worker and the farm-owner.
- In sum:
 - LTV → Subsistence-level wages → Theory of Surplus Value → Theory of Exploitation
 - Q: Where do capitalists get their wealth? A: Purely from
 - (a) already owning capital, and
 - (b) extracting the 'surplus value' from the workers.

III. Marxist Economics: Effects of Mechanization & Division of Labor

- What is the effect of the growth of capital?
 - "Increases the competition between the capitalists"
 - Capitalists seek to raise productive power & lower labor costs
 - Increasing mechanization.
- Effect of mechanization:
 - Capitalist must sell more
 - Lower prices
 - Other capitalists introduce the same machines.
 - All are forced, by competition, to lower their prices "below its new cost of production" (213).
- Later:
 - "This law is none other than that which, within the fluctuations of trade periods, necessarily *levels out* the price of a commodity to its *cost of production*." (213)

- “Thus, the capitalist will have won nothing by his own exertions but the obligation to supply more in the same labor time ...” (214)
- Effect on workers:
 - Workers compete with each other.
 - “Therefore, as labour becomes more unsatisfying, more repulsive, competition increases and wages decrease.”
 - Mechanization → more workers are discharged → They can’t find new jobs (215)
 - Also, women and children must work
 - Capitalist class shrinks, workers increase.
 - “The working class gains recruits from the *higher strata of society* also; a mass of petty industrialists and small rentiers are hurled down into its ranks...” (216)
 - In sum:
 - Mechanization & Division of labor → Everyone is continually worse off.

IV. Selected Incoherences

- Wages are decreasing *and* prices of consumer goods are decreasing. (Lower consumer prices = higher *real* wages.)
- Productivity is increasing, *but* workers and capitalists are worse off. (Where are all the extra goods going?)
- Wages are at the minimum level (determined by LTV), *and then* they decrease more. (Contradicts LTV. And how are the workers still alive?)
- New jobs require unskilled labor, *and* workers are put out of work and can’t find jobs in new areas. (If jobs require no skill, anyone should be able to do them.)
- Capitalists are forced to sell *below* cost of production. And they sell *at* cost of production. (Immediate contradiction. And how are the capitalists still in business? And why would they participate in an activity with 0 profit?)
- Capitalists extract surplus value from workers, *but* they only sell products at cost. (Where is the surplus value going?)

Phil. 2200

Notes: Marx vs. Mainstream Economics

To Discuss Today

Standard economics: price theory
Contrast with Marxist economics
Why are capitalists rich?

1. Basic Assumptions of Economics

- Human behavior tends to be instrumentally rational.
 - *Instrumental rationality*: Choosing the correct means of pursuing your goals, according to your factual beliefs.
- *Economics studies the nature and consequences of instrumental rationality.*

2. The Law of Diminishing Marginal Utility

- Important concepts:
 - *Utility*: A person's amount of desire-satisfaction. Understood as a quantity, determined by strength of desires and how well they are satisfied.
 - *Total utility of X*: The utility a person receives from the total amount of good X that they have.
 - *Marginal utility of X*: The change in a person's utility that would result from a small addition to the quantity of some good that they possess. Mathematically: The derivative of total utility with respect to quantity of X possessed.
- *Law of Diminishing Marginal Utility*: As quantity (of whatever good) increases, marginal utility decreases. Examples:
 - Orange juice
 - Money

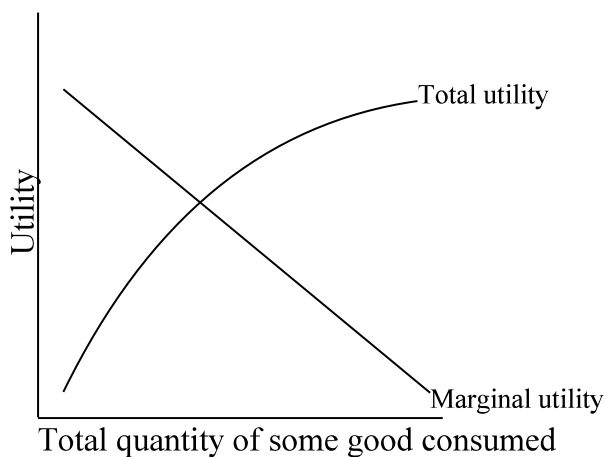


Figure 1: Diminishing marginal utility.

3. Demand curves slope downwards

- Demand curve: represents how much of a good consumers will buy, as a function of the price.
- Price = marginal utility of consumption.
- Demand curve mirrors marginal utility curve.

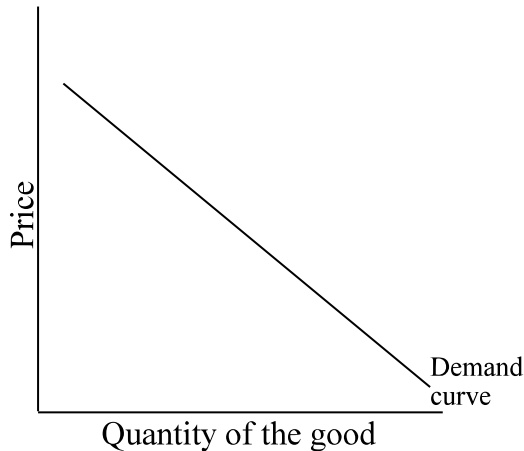


Figure 2: A demand curve.

“Demand curves slope downwards”: The lower the price, the more will be bought.

- True for individual consumers.
- Also true for society as a whole.

4. Supply curves slope upwards

- Supply curve: represents how much of a good producers will produce, as a function of the price.
- The principle of increasing marginal costs of production: (After the most efficient production volume) as production increases, per-unit costs increase.
- Price = marginal cost of production.

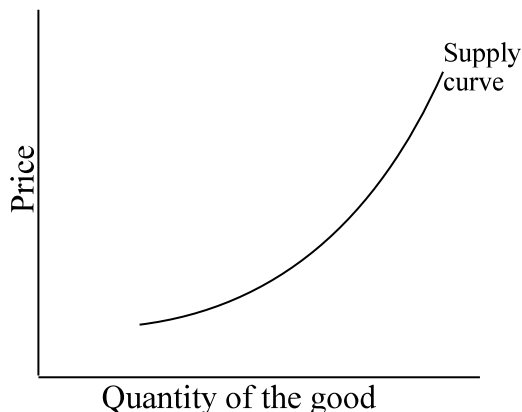


Figure 3: A supply curve.

- Supply curves slope upwards: The higher the price, the more you produce & sell.

- Applies to individual producers.
- Also applies to society as a whole.

5. Prices

We have said:

1. Price = marginal utility of consumption.
2. Price = marginal cost of production.
3. Therefore, the price must be set at the point where:
marginal utility of consumption = marginal cost of production.

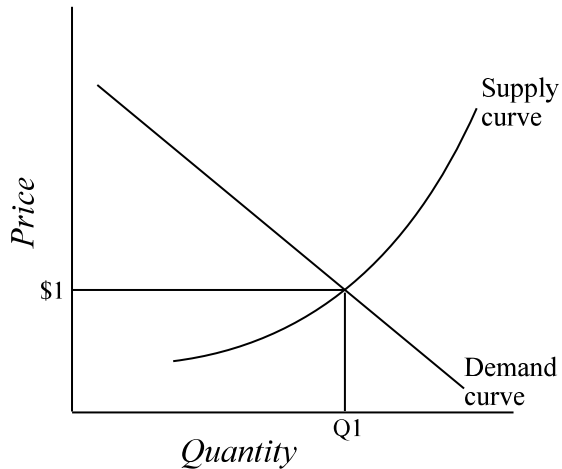


Figure 4: The market price is determined by the intersection of supply and demand curves.

6. What is price theory good for?

- Enables qualitative predictions about utility of various policies, e.g.:
Rent control.
Tariffs.
Minimum wage laws.
Capital gains tax rates.
- Gives a response to Marx's theories.

7. Marxism vs. Standard Economics

The basis of 'costs' & 'benefits':

- Marx: cost = (socially necessary) quantity of labor. Has a physical basis.
- Price Theory: cost = disutility. Has a psychological basis.

The mathematical form of 'production costs':

- Marx: Production cost represented by a fixed number.
- Price Theory: Distinguish *marginal cost* from average cost. Production cost represented by a *curve*.

What determines prices?

- Marx: Prices determined by labor costs.
- Price Theory: Prices determined by supply *and* demand *curves*. Both determined by human desires.

Difference between workers' & businessmen's sources of income:

- Marx: Two classes of people: capitalists & workers. Their income has fundamentally different explanations.
- Price Theory: All income is a price; all prices determined by the same mechanism.

Why are capitalists so rich?

- Marx: Capitalist wealth is surplus value expropriated from workers. All value produced by workers; capitalists produce nothing.
- Price Theory: Salaries determined by supply & demand, like all prices. Businessmen's salaries reflect:
 - * High marginal value to businessmen's activities. (Hence, high demand.)
 - * Low supply of competent businessmen.

The function of investment:

- Marx: Investment is purely a tool for exploitation. No social value.
- Modern economics: Investors are paid for socially valuable functions:
 - (a) Acceptance of risk and
 - (b) delayed gratification.

Effects of mechanization & specialization:

- Marx: Increased competition among capitalists, making capitalists poorer. Overproduction, businesses cannot sell everything they make. Fewer jobs available, unemployment. Wages fall because of lower demand for labor (businesses can produce the same amount with less labor, so they will hire less labor).
- Standard economics:
 - * More goods? Someone must be consuming them. Someone is better off.
 - * Marginal value of labor increases, so wages & employment increase.
 - * In classical economics:
 - More productivity \Rightarrow larger aggregate demand.
 - Say's Law*: aggregate supply = aggregate demand; supply creates demand.
 - Hence, no need to worry about a shortage of demand.

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Notes: Communism in Theory (Marx, Engels, Bakunin)

I. What Does Marx Propose?

- Social views:
 - Abolition of “the bourgeois family” (88). Unclear what this means.
 - Communal wives.
 - Abolition of national divisions. (World government? Or cooperation between all governments.)
- Major economic views:
 - Abolition of “bourgeois property” (= capital). No one may own means of production privately. State should own factories.
 - Government should own all land.
 - Progressive income tax.
 - No inheritance.
 - National bank with a monopoly.
 - State should control all communication and transportation. (Why?)
 - “Equal liability of all to labor.” (What does this mean?)
 - Distribute population over the countryside, so there is no distinction between city & country. (Khmer Rouge followed this.)
 - Free public school education for everyone. (Why public schools?)

II. Objections Addressed in the Manifesto

- Private property is necessary for freedom & independence.
Reply:
 - The workers don’t get any property in the capitalist system!
 - We only want to abolish *bourgeois* property and *bourgeois* freedom.
 - Bourgeois freedom is only the freedom to buy and sell. Communist society will have no buying or selling.
- In communist society, people won’t work because they will have no incentives to do so.
Reply:
 - If this were true, no one would work in capitalist society, because the workers already get nothing!
 - “The whole of this objection is ... the tautology: there can no longer be any wage labor when there is no longer any capital.” (86)
 - You’re biased because of your class interests. (87)
- Communists would abolish the family.
Reply:
 - We’re only abolishing “the bourgeois family”. (?) (88)
 - Society already influences education.
 - In capitalist society, the family is corrupt: children are turned into commodities. “The bourgeois clap-trap about the family” is “disgusting”. (88)
- Communists would introduce free love (communal wives).
Reply:
 - We aim to do away with the status of women as mere instruments of production.
 - There is already free love. Bourgeois men already have access to all women.
 - The communist system is just more honest.

- Communists would abolish the nation.

Reply:

- Workers already have no nation.
- Communism will eliminate exploitation between nations.
- And will eliminate hostility between nations.

Overall: The objections to communism “are not deserving of serious examination.” (91)

III. Marx vs. Bakunin

- Mikhail Bakunin: 19th-century socialist anarchist. Criticized Marx’s state socialism.

B: “If the proletariat is ruling, over whom will it rule?”

M: The old capitalists will still be around.

B: The Germans will enslave the Slavs.

M: “Schoolboy drivell!” Bakunin doesn’t understand the economic preconditions for the revolution.

B: If you have a state, you will have domination & slavery.

M: The dictatorship will go away once the proletariat is completely successful.

B: Can the entire population be members of the government?

M: Yes, “because the thing starts with self-government of the township.”

B: The government will have to be controlled by a small number of elected representatives.

M: “The ass! This is democratic nonsense, political windbagery!” The society will cease being “political”, governmental functions will go away. Also, “the so-called people’s will disappears to make way for the real will of the cooperative.”

B: The rulers will start looking down on the ordinary workers. They will start serving themselves and the state, rather than the workers. This is “human nature.”

M: Bakunin doesn’t know anything about workers cooperatives. Bakunin is hallucinating.

B: A small group of learned socialists will control everyone else.

M: No it won’t. Again, the state will wither away.

B: If the state is a people’s state, why should it abolish itself?

M: The state is a temporary measure to overcome the remnants of the old society.

B: You can’t achieve freedom by first having slavery. Dictatorships only serve to perpetuate themselves.

- Summary of main points:

Bakunin’s main objections:

- The rulers of the communist state will enslave the people.
- They will serve only themselves.
- The state will not abolish itself.

Marx’s main responses:

- The state will wither away because all class distinctions will disappear.
- Bakunin is an ass.

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Notes: Communism in Practice (Courtois, Malia)

Some problems with actual communist regimes:

I. General Repression

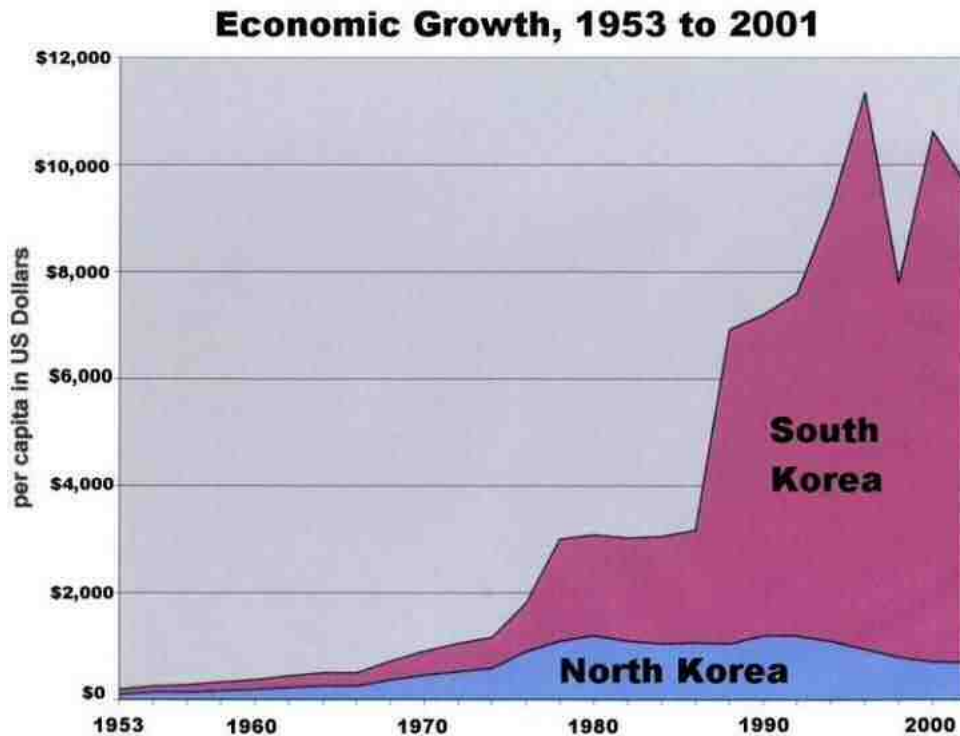
- No freedom of speech/press. State controls all media.
- Suppressed all dissent. Dissidents may be sent to insane asylums, “reeducation camps”, or the gulag.
- Suppressed religion.
- Prohibited emigration.
- Controlled nearly all aspects of life: where you live, where you work, who produces how much of what goods.
- In Cambodia:
 - Khmer Rouge broke up families.
 - Forced everyone out to the countryside, to do forced labor on farms. (See *The Killing Fields*.)

II. Economic Failures

- Problem of incentives: Why be productive if you won’t get paid any more for it?
 - “From each according to his ability, to each according to his need.”
 - ⇒ Ability is penalized. Neediness is rewarded.
- Problem of socialist calculation: The state has no way of knowing how much of each thing should be produced.
 - In the capitalist system, the market pricing mechanism serves the function of controlling how much of things get produced.
 - Without a market, how can the state know what prices to set?
- Lack of competition:
 - No competition to remove inefficient firms, because of government monopoly.
- Problem of government selfishness: Government officials serve themselves, rather than the people.
- Problem of government incompetence: Economy is controlled by people with political skills and “correct” ideology, rather than by people with business skills.
- Results:
 - Frequent famines. Permanent poverty.
 - The experiment of Korea: Divided in two in 1953.

Country	Type of gov’t	Per capita GDP (PPP), 2011 ¹	Famines	Weapons
North Korea	Communist state	\$1,800	1995 famine killed as many as 3 million	Nuclear bomb.
South Korea	Liberal democracy	\$32,300	None.	No nuclear bomb.

¹Source: <<https://www.cia.gov/library/publications/the-world-factbook/>>.



Source: <http://www.paulnoll.com/Korea/History/Korean-income.html>

III. Death Toll

- Soviet Union: 20 million
- China: 65 million
- Cambodia: 2 million
- Vietnam: 1 million
- North Korea: 2 million
- Total: Estimates vary between 85 and 100 million.

IV. Is Communism Morally Equivalent to Nazism?

- Background: We have very different attitudes towards communism & Nazism.
 - Many movies about evils of the Nazis. Very few about communism.
 - Many communists & Marxists in American universities. Few if any Nazis.
 - Hitler & Nazis almost always used as example of ultimate evil.
 - No one wants to talk to a Nazi. But people can openly embrace communism.
- Comparison:
 - Communist regimes killed more people. (They had more time and more people to kill.)
 - Both were brutally repressive.
 - Nazis started WWII. Communists *almost* started WWII.
- Possible differences:
 - Nazism based on hatred for Jews & other minorities.
Reply: Communism based on hatred for (1) the “bourgeois”, (2) businessmen, (3) people who don’t agree with communism (“counter-revolutionaries”).
 - Communism seeks universal brotherhood.

Reply: Only after the above three groups were eliminated. The Nazis also foresaw brotherhood, after the Jews were eliminated.

- Communists were misguided idealists; Nazis were evil.

Reply: Both were misguided idealists *and* evil. Both embraced the ideals of socialism. Ideological difference: Nazism was *nationalist* socialism; Marxism was internationalist.

• Why the difference in attitudes?

- America fought a war against Nazis. The Soviets were our allies in that war. We didn't dare fight a war with Russia after WWII.

- The greatest evils of communism were concealed for decades.

- American intellectuals have been sympathetic to communism.

• The responsibility of intellectuals

- Communism was devised by Marx & other intellectuals.

- Intellectuals spread it over the world. Pol Pot was educated in France.

- Intellectuals in America have continued to advocate Marxist & socialist ideas.

- They continued after evidence of the failure of communism was known.

* Bertrand Russell (British democratic socialist philosopher) visited Russia in 1920 and concluded that the system had already failed.

* Stalin's mass murders were known in the 1950's.

- Are intellectuals to blame for the deaths of millions?

Phil. 2200 Review

At the end of this unit, you should know:

These concepts:

Alienation
Use value / exchange value
Capital, capitalists
Surplus value
Exploitation (Marxist concept of)
Instrumental rationality
Economics
Utility, total & marginal
Demand curve
Supply curve

These principles:

Labor theory of value
Law of diminishing marginal utility
Demand curves slope downwards
Supply curves slope upwards
Say's Law

Problems of communism:

Approx. death toll
Economic problems:
 Problem of incentives
 Calculation problem
 Lack of competition
 Selfishness & incompetence, & why these
 were a bigger problem for communism than
 capitalism.
 North vs. South Korea comparison

These people's views:

Modern economics on:

 Mechanization, specialization
 What determines prices
 How capitalists get rich

Marx on:

 What workers are alienated from
 Mechanization, specialization of labor
 What determines prices
 How capitalists get rich
 Private property & capital
 Dictatorship & withering away of state
 Bakunin

Bakunin on:

 The state
 What's wrong with Marxism

Courtois on:

 Communism & Nazism
 Responsibility of intellectuals

Phil. 2200

Notes: Evaluating Social Theories

I. Evaluating Social Theories

- *Rational evaluation is comparative*: It doesn't matter if x is good absolutely. It matters if x is better than the feasible alternatives.
- *Rational evaluation is comprehensive*: A social structure must be evaluated by overall effects, not one or two issues.
- *Varieties of gov't & anarchy*: To evaluate gov't vs. anarchy, compare the *best feasible* form of government with the *best feasible* form of anarchy.
- *Status quo bias*: Avoid bias in favor of the status quo. Do not assume that status quo solves some problem best just because we haven't examined any alternatives.

II. Human Nature

- Humans are approximately instrumentally rational. Exceptions: unfamiliar, complex situations requiring abstract reasoning; cases where decisions are viewed as unimportant.
- Humans are aware of their environment. They usually know facts that are readily available at low cost and that bear on their interests.
- Humans are selfish but not sociopaths.
 - People care vastly more about themselves than about strangers. People make very small sacrifices to help strangers.
 - But people have attachments to specific others: family, friends.
 - They avoid actively attacking/injuring others.
 - They follow norms accepted in their society.
 - 2% of the population are sociopaths.
- About simplification:
 - An idealized conception of a system may leave out some causal factors.
 - The factors included must be *real* and *large*.
 - The assumptions should be well-known and non-ideological.
 - The idealized conception should afford straightforward predictions.
- A historical application: In the Jamestown colony, colonists starved due to socialization of agriculture.

III. Utopianism vs. Realism

- Some theories are “too utopian”/“not realistic enough”. Ex: the utopian socialist proposes that everyone agree to work selflessly for the good of society.
- A realistic theory should *not* assume:
 - Excessive altruism on the part of the general public.
 - Perfect rationality or knowledge.
 - Psychological uniformity.
 - Persistence of system over time. Must be able to argue that the system would be stable.
 - Simultaneous, worldwide adoption.
- But the following are *not* valid criticisms of a social system:
 - The system is infeasible because we refuse to try it.
 - The system does not work in all possible conditions.

IV. Against Utopian Statism

- A mainstream political view can be excessively utopian. Utopianism is about whether the assumptions required for a system to work are realistic, not about whether the system is widely accepted.
 - Corollary: a radical theory can be less utopian than a mainstream view.
- Two forms of utopian statism:
 - Confusing how system is “supposed to” work with how it works.
 - Suspending assumptions about human nature when dealing with the state. Gov’t agents are humans; hence, have the same characteristics as other humans.

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Notes: Socialist “Anarchism” (Bakunin)

I. Background

- Government: Defined by Max Weber as “a human community that (successfully) claims the *monopoly of the legitimate use of physical force* within a given territory.”¹
- Anarchists believe in a social order without coercion or government.
- Typical motivations: freedom, equality, failure of arguments for legitimacy. The dangers of government.
- Varieties of anarchism: Socialist vs. Capitalist.
- Mikhail Bakunin (1814-1876): Russian revolutionary, one of the leading figures of socialist anarchism. Critic of Marx, esp. Marx’s “dictatorship of the proletariat.”

II. Basic Value Principles

- Supreme value: Freedom.
 - Freedom should never be sacrificed in the guise of protecting freedom.
 - Everyone’s freedom is inviolable.
 - Individuals’ freedom does not conflict.
 - Consequence: Absolute right of any person or group to secede from any association.
- Equality
 - Equality necessary for freedom.
 - Equality of political rights. Everyone has an equal share in governance. (Men as well as women.)
 - This also requires economic/social equality.

III. Political Organization

- Society organized into small communes.
 - Membership is voluntary.
 - Members vote for lawmakers, judges, and functionaries.
- Communes organize into provinces.
 - For mutual protection.
 - Again, purely voluntary.
 - Provincial parliament elected by the communes.
 - Serves to mediate disputes between communes, & represent interests in the national government.
- Provinces organized into nations.
- Nations organized into an international federation.

IV. Policies

- People who don’t work lose political rights and their children.
- People who violate laws will be punished according to the laws. However, they can escape by leaving the association.
- They may also be expelled from the association. (& from the territory?)
- Society supports anyone who needs support, incl. pregnant women, children, elderly, handicapped.

¹Max Weber, “Politics as a Vocation,” pp. 77-128 in *From Max Weber: Essays in Sociology*, ed. H. H. Gerth and C. Wright Mills (New York: Oxford University Press 1946), p. 78; emphasis in original.

- Free education.
- Free speech/press, freedom of religion, but no state support for religion.
- The commune must educate children.
- The commune may take children away who are abused by their parents.
- No standing armies.
- All voluntary interactions among adults allowed, even “exploitative” ones.
- How equality will be achieved:
 - Not through expropriation.
 - Abolition of inheritance. [Q: can you give your property to your children *just before* you die?]
 - Right of everyone to free education. [Who will pay for this, and what will make them pay?]
 - Some inequality will remain, but it will be small.
 - Factories, etc., run as worker cooperatives.

V. Objections

- Is this anarchy?
 - Government: citizenship & obligations thereof are involuntary.
 - Bakunin’s associations are voluntary & you can leave at any time.
- How to prevent people from committing crimes, without involuntary punishment?
 - Ultimate sanction: expulsion from the community.
 - Why wouldn’t you commit crimes, and then leave the commune to escape punishment?
 - * Commune provides economic needs.
 - * And protection.
 - * Other communes may not accept you after your crime.
- National defense without a standing army: Will it work?
 - Individuals are armed.
 - This was the original American plan (as mentioned on 86-7).
 - May work if there are no large, aggressive, technologically advanced enemies.
- Will approximate equality really result?
 - Bakunin assumes people’s natural abilities & economically relevant traits are approximately equal. Is this true?
- Will capitalism emerge?
 - Bakunin assumes that worker cooperatives would naturally replace traditional, ‘capitalist’ firms.
 - What if capitalist organization is more efficient? What if some people are especially talented at management?
- Social provision of welfare needs: is it stable?
 - Commune A provides welfare for anyone who needs/wants it. Care for elderly, handicapped, children, free public education for everyone, including university level.
 - Commune B does not.
 - Both communes allow free immigration/emigration.
 - Which commune is more successful economically?
 - What happens to these two communes over time?

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Notes: Individual Security under Anarchy

I. Government & Anarchy

- *Government*: “The state is a human community that (successfully) claims the *monopoly of the legitimate use of physical force* within a given territory.” (Weber 1946, 78; emphasis in original) Key attributes:
 - Monopolistic
 - Coercive
- *Anarcho-capitalism (AC)*: Society with no government, but with private property. Provides ‘governmental’ services by alternative institutions.

II. Police, Courts, & Laws under Anarchy

- How would these presently governmental institutions be replaced?
- ‘Police’:
 - Private security guard companies protect people from criminals. There are multiple competing companies from which people can choose.
- Courts:
 - Private arbitration firms are used to resolve disputes. There are multiple competing arbitration companies.
 - Private contracts specify arbitration agreements.
 - Protection agencies sign arbitration agreements with each other.
- Law:
 - Laws are made by judges/arbitrators. Compare: the British common law.

III. General Advantages of Anarchy

A. *Coercion vs. Voluntariness*

- Governmental system: you are forced to accept a government, and have little or no control over what kind of government you have.
- Anarcho-capitalism: You choose whether to hire a protection agency, and which one.

B. *Competition vs. Monopoly*

- Governmental system = monopolistic.
- Incentive problems:
 1. Monopoly need not worry about being replaced → can do almost whatever they want.
 2. Social problems worsen → Gov’t gets more money/power.
 3. Voters: Negligible effect on elections → no incentive to form accurate beliefs.
- Consequences: inefficiency, high prices, low quality, abuse of power.
- Advantages of competition: improves incentives, eliminates inefficient providers.

IV. Questions/Problems about Security Agencies

(Most important issues in bold.)

1. *Is it anarchy?*

- AC provides government-like services. Is it a form of “competing governments”?
- This question doesn’t matter.
- What matters: AC differs from traditional gov’t in 2 ways: voluntariness vs. coercion, competition

vs. monopoly.

2. *Wouldn't security agencies fight with each other?*

- Violence is extremely costly.
- Most people oppose murder.
- Arbitration is more efficient.
- *Contrast:* what happens when governments decide to fight each other?

3. *What if one security agency decides to defend murderers, thieves, etc.?*

- Their clients would constantly be costing them money. (Compare: “The Arsonists’ Fire Insurance Agency.”)
- They fight a constant war against the rest of society.
- They must pay higher wages to their employees.
- The “Thief Protection Agency”: They must charge their clients more money than the stolen goods are worth.
- *Contrast:* What happens if you get corrupt people in the government?

4. *Justice shouldn't be for sale!*

- People who provide protection are entitled to compensation.
- If they aren't paid, protection won't be provided.
- Anarchists can say “the law should be based on justice” just as much as statist.
- The gov't also charges \$\$ for its services.

5. *Who will protect the poor?*

- Most industries provide goods to low- and middle-income customers. Ex.: Walmart vs. Bloomingdale's.
- The poor are already paying for protection (from the state). Private protection would probably be cheaper and more effective.
- *Contrast:* Why would the government protect the poor? How well do they in fact protect the poor?

6. *How good will private protection be?*

- Probably better than gov't protection. See above, under “Competition vs. Monopoly”.
- Gov't protection not very effective. % of offenses “cleared by arrest or exceptional means”:²
 - Violent crime: 47%
 - Property crime: 19%
 - All crime: 22%

7. *How will anarchy deal with organized crime?*

- Organized crime derives most revenues from sale of illegal goods/services: prostitution, gambling, and especially drugs.
- Criminal groups can only make money on these things because they are illegal. Ex.: Al Capone in the Prohibition era.
- These goods & services would be legal under anarchy.

8. *Why won't protection agencies just become extortion agencies?*

- Competition: Customers will go to another agency.
- Compare & contrast gov't:

²Source: http://www2.fbi.gov/ucr/cius2009/data/table_25.html

- What if the gov't extorts money from you? (taxation)
- You can move to another state: but very costly, and
- usually prevented by immigration laws.

9. *Won't the protection industry be monopolized?*

- Economic theory: Marginal costs of production decrease, then increase.
- Most efficient size is determined by fixed costs, e.g., cost of building factory.
- Protection industry has minimal fixed costs.
- Conclusion: most efficient size is probably small → there will be many agencies.

10. *Will the agencies form a cartel?*

- Problem with cartels: each member has incentive to defect against other members. Difficult to enforce cartel agreement.
- In reality, cartels usually require government enforcement.
- The cartel members could threaten each other with force ... but unlikely that the threat would be carried out (see item 2).
- Cartel members might deny 'extended protection' to non-cartel members: but property owners would pay for protection for guests on their property (incl. residential & business property).

V. HOA vs. Government

- The anarchist society would probably have more HOA's than our present society. They would hire security.
- These differ from governments in 2 ways:
 1. Individuals choose to sign a contract.
 2. Competition between housing developments is much more meaningful than competition between governments.

Phil. 2200

Notes: Justice & Dispute Resolution under Anarchy

I. Questions & Objections about Anarchist Justice

(Most important issues in bold.)

1. *What ensures the integrity of arbitrators?*

- Competition among arbitration agencies → customers choose reputable firms → arbitrators seek to render decisions that outside observers regard as fair.
- Contrast: What prevents government courts from being unfair, irrational, inefficient, etc.?

2. *Will evil corporations hire arbitrators who always find in their favor?*

- Price theory dictates an optimum price for goods. Exceeding the optimum price → lower profits. (Corollary: Corporations are not omnipotent.)
- Imposing undesirable conditions on transactions is equivalent to raising the price.
- Conditions that are viewed as unfair/wrong add an extra cost *in addition* to expected monetary costs.
- Empirically, most companies resolve customer disputes more than fairly.
- An alternative perspective: Caplan thinks businesses would hire in-house arbitrators, and customers would accept this because very few customers expect to ever sue the company.

3. *Why accept arbitration?*

- Contracts with security agencies specify dispute resolution procedures, absolve agency of responsibility for protecting clients who refuse arbitration. (See item IV.2 under previous notes.)

4. *Why obey the arbitrator's decision?*

- Violating arbitration agreement ruins reputation; may be reported to criminal-record-reporting agencies.
- Violating decision defeats the point of going to arbitration.
- Also voids agreement with one's security agency.

5. *Who will make the laws?*

- Property owners, or property-owner associations, can specify the body of law governing interactions on their property.
- For cases where no relevant law was specified in advance, or the law requires interpretation: arbitrators decide.
- *Note:* This is how the British common law works. Advantages of common law vs. legislative law:
 - No one has to make a rule that takes into account all possible situations; judge only has to make a decision adequate to the case before him at the time.
 - More flexible: if a previously stated rule seems inadequate to the case at hand, it can be modified.
 - Rules that evolve will be closely tied to the kinds of problems that actually arise between people. Made by judges who have experience of these problems.
 - Less potential for rent-seeking, lobbying, abuse of power.

6. *What kind of punishments will criminals receive?*

- In most cases, decisions would focus on restitution, rather than retributive punishment.

7. *What about crimes that cannot be compensated?*

- In some cases, an agreement can be made for the criminal to make partial restitution (as far as he is able).
- In extreme cases, criminal may be exiled or executed.

- These things are up to the judgment of the arbitrators in the cases.
8. *Arbitrators might order excessive compensation.*
- Security agencies would serve ordinary people, not criminals \implies agencies favor arbitrators who are biased in favor of victims, not criminals \implies criminals may receive excessive punishment (greater than justice demands)
 - Paul Birch's scenario: arbitrators will compete in offering ever more excessive compensation awards to victims \implies crime drops precipitously \implies arbitration firms go out of business \implies either chaos (with no arbitrators left) or government (last remaining firm has a monopoly and so becomes a gov't).
 - Replies:
 - Empirically, crime victims do not in fact favor excessive punishments.
 - Arbitrators are unlikely to be intentionally unjust.
 - The arbitrators still have ordinary disputes to resolve, apart from dealing with criminals.
 - Empirically, large reductions in demand for a product do not result in collapse of the industry, nor monopolization.
 - However, Birch is probably right that criminals would receive somewhat higher punishments than justice demanded.
 - Note that this is also true in the governmental justice system (both empirically and in theory).

II. Problems with Governmental Justice

These are problems in the present system:

1. *Many are wrongly convicted.*

- 340 wrongful convictions between 1989 and 2003.
- Causes: eyewitness error; perjury by prosecution witnesses (incl. police, expert witnesses, jailhouse snitches); false confessions.
- This included 2% of the death row population. Death row cases receive closer scrutiny than other cases \implies we are more likely to discover the wrongful convictions.
- Even in these cases, probably the majority of wrongful convictions go undiscovered.
- Conclusion: false convictions probably much more than 2%. 5%?

2. *There are too many laws.*

- Length of the Code of Federal Regulations:
 - 1960: 23,000 pp.
 - 2010: 152,000 pp.
- Economist Ronald Coase: every regulation studied in *Journal of Law & Economics* found to have overall negative effects.
- This favors big business over small businesses.

3. *Costs are excessive.*

- Using the government courts is incredibly expensive. Avg. legal fees: ~\$284/hr. Cost of divorce: \$15k-30k.
- Gov't courts typically take several months to a few years to resolve disputes.

4. *Imprisonment fails.*

- Many prisoners abused by guards, other prisoners.
- Criminals become more dangerous in prison. Learn new criminal skills, make new contacts, acquire new resentment, absorb more antisocial values.
- Recidivism: ~2/3 within 3 yrs.

III. Reform vs. Anarchy

- There are things that could be done to improve the justice system. Why not advocate mere reform of gov't justice system, rather than converting to radically new system?
- Gov't failures are systematic, not accidental:
 - gov't has no incentive to seek better outcomes. (See previous notes on monopoly vs. competition.)
 - Empirically, these problems exist in basically *every* governmental justice system.

Phil. 2200

Notes: War & Societal Defense under Anarchy

I. Problem

How can an anarchic society avoid being taken over by foreign governments?

II. Defense without Governmental Military

- Guerilla warfare surprisingly effective against gov't armies. (Vietnam, Algeria, Ireland, Afghanistan)
- Occupying and controlling an ungoverned territory is more costly than taking over an existing government with a weak military.
- Nonviolent resistance surprisingly effective. (Indian independence movement, American Civil Rights Movement, Solidarity movement in Poland, collapse of Soviet Union)

III. Avoiding Conflict

- Does human nature make conflict inevitable? No, many societies lack war.
- Wars are sometimes fought over land & resources.
 - Anarchy should begin in an area without historic territorial disputes & w/o large concentrations of natural resources.
- Most wars start because of “conflict spirals” between governments. All or almost all are inter-governmental disputes.
 - These won't happen w/o a government.
- Some wars are fought over “dominance”
 - Also won't happen without a government.
- The liberal democratic peace: liberal democracies never or almost never go to war with each other. There are several hypothesized reasons for this (e.g., pertaining to trade, liberal values, prosperity, democracy).
 - After liberal democracy takes over the globe, military defense may become unnecessary.
- Having a strong military may raise rather than lower the risk of war.
 - Empirical evidence: either zero or slight positive correlation between military spending & war. Theoretical explanations:
 - * Military spending creates a war lobby.
 - * Gov't leaders behave more aggressively.
 - * Other nations perceive one as more of a threat.
 - Countries with large power difference were *less* likely to go to war.
 - Empirical evidence: 15 nations *right now* have no military. Largest of these: Costa Rica (since 1948).
 - Many more nations have a *weak* military (much weaker than some neighbor) that could not offer a plausible deterrent.

IV. Terrorism

- Terrorism has claimed very few lives. But it remains a cause for concern because of the future possibility of WMD attacks.
- What causes terrorism?
 - *The Clash of Civilizations Theory*: Terrorists hate liberal democratic values.
 - *The Foreign Policy Retaliation Theory*: Terrorists are retaliating for specific foreign policies of the U.S. government.

- Empirical evidence supports Foreign Policy Retaliation: statements of terrorists; studies by Scott Atran, Robert Pape.
- Government's current anti-terrorism strategy is unwise:
 - Probably creating more resentment.
 - There are too many Muslims who have some sympathy with the terrorists' cause → our strategy must focus on reducing that anger.
 - 37% of Muslims considered 9/11 attacks at least somewhat justified.

V. The Government's National Security Apparatus Poses a Threat to Others

- Gov't may initiate unjust wars.
- Gov't creates WMD's. New military technology constantly under development. This is the most likely cause for the extinction of the human species.
- We have a moral obligation to minimize these threats.

Phil. 2200

Notes: The Transition to Anarchy

I. The Prospects for Radical Change

Many radical social changes have happened:

- Hunter-gatherer \Rightarrow civilization
- Dictatorship \Rightarrow democracy
- Abolition of gladiatorial combat
- Abolition of torture
- Reduction in capital punishment
- Abolition of slavery
- Women's suffrage
- Decolonization

These have generally been in the direction of "liberalization", i.e.:

- Greater respect for dignity & rights of individuals
- Aversion to violence & force
- Recognition of the moral equality of all persons

This is consistent with a move toward anarchism. Anarchy is possible; many other things are possible.

II. Steps toward Anarchy

The government can outsource court duties.

- Refer court cases to private arbitration.
- The government does this for some cases in some states, esp. auto insurance cases.
- Many contracts specify private arbitration. Ex.: your credit card agreement.

The government can outsource policing duties.

- Hire private security companies to patrol some areas.
- This is already done in some places: the Liberty Bell, Statue of Liberty, & main bus terminal in Durham, NC.
- "Citizen's arrest" laws could be liberalized to permit arrest after private investigation.

Standing armies could be eliminated.

- Military is needed only to respond to other militaries.
- But defense requires less military than offense.
- Therefore, if every country maintains only the military needed for defensive purposes, then all militaries will gradually ratchet down.
- This may happen after the world has converted to liberal democracy. (Recall the democratic peace thesis.)

III. The Geographical Spread of Anarchy

- Anarchy would probably start as an experiment in a small area, perhaps a single city or small country.
 - Note how the world leaders in freedom of various kinds are all very small countries.
- If successful, the experiment could be expanded.
- The "global information age" makes this spread more likely.
 - People all over the world can see how things are done in other places, and how it works.
 - This was a major factor in bringing down communism.

IV. The Importance of Ideas

An argument for the future of anarchy:

1. The theory of anarcho-capitalism is true & well-justified.

Comment: See the rest of the book.

2. If the theory is true and well-justified, it will come to be widely accepted.

Comment: Human history shows enormous and persistent progress toward better ideas over time. (See section I above.)

3. If the theory is widely accepted, it will be implemented.

Comment: We don't know how this will come about, but it is highly probably that if most people don't want a government anymore, and don't believe in it, someone will figure out how to make it go away.

4. Therefore, anarcho-capitalism will be implemented.

Comment: Follows from 1-3.

Objection:

- In chapter 9, we saw that it is unrealistic to expect people to effectively monitor the daily activities of government. See theories of rational ignorance & rational irrationality.
- Why is it not also unrealistic to expect people to reach the anarchist consensus?

Reply:

- Understanding anarchism is much less cognitively demanding.

V. Conclusions

- No state is legitimate. No person has political obligations.
- Anarcho-capitalism is superior to government.
- Anarcho-capitalism is possible.

Phil. 2200 Review of Unit 6

At the end of this unit, students should know:

These concepts

Utopianism vs. realism
Government (Weber's def.)
Socialist anarchism
Anarcho-capitalism
The democratic peace
Common law

These theories/principles

How to evaluate gov't vs. anarchy
Huemer on human nature, incl. human motivations, how people choose actions
Socialist anarchism, incl.:
 How it is organized
 How it deals with criminals
 How it achieves equality
 The supreme value
 Right of secession
Anarcho-capitalism:
 How people are protected from crime
 How disputes are resolved
 Who makes laws
 2 main differences/advantages compared to gov't
Explanations of terrorism
 Clash of civilizations
 Foreign policy retaliation
How move to anarchy might start, incl.:
 Outsourcing
 Likely starting locations

These examples & what they show

Jamestown
A few examples of social change, e.g.,
 abolition of slavery
 movement toward democracy
 women's suffrage

These arguments

How a mainstream, statist view can be utopian
Why common law is better than legislative law
Answers to objections to An-cap
 Why security agencies don't battle
 Why organized crime would be a smaller problem
 Why security agencies don't abuse customers
 Why arbitrators would be fair
 Why people obey arbitrators
 How society can defend itself w/o gov't military
 How conflict might be avoided, incl.: what sort of place anarchy should be tried
How our national defense poses a threat to others
Argument that anarcho-capitalism will one day be implemented (incl. 3 premises & conclusion)