Epistemology and Economics: Lecture IV

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It is the epistemologist’s business to try to develop a general theory stating the conditions under which people have knowledge and rational beliefs.

What We Know – Feldman

a. Our immediate environment:
   - “There’s a chair over there.”
   - “The radio is on.”

b. Our own thoughts and feelings:
   - “I’m excited about the new semester.”
   - “I’m not looking forward to filling out my tax forms.”

c. Commonsense facts about the world:
   - “France is a country in Europe.”
   - “Many trees drop their leaves in fall.”

d. Scientific facts:
   - “Smoking cigarettes causes lung cancer.”
   - “The earth revolves around the sun.”

e. Mental states of others:
   - “My neighbor wants to get his house painted.”
   - “That person over there who is laughing hard found the joke funny.”
What We Know – Feldman (Continued)

f. The past:
   - “George Washington was the first president of the United States.”
   - “President Kennedy was assissinated.”

g. Mathematics:
   - “2 + 2 = 4”

h. Conceptual truths:
   - “All bachelors are unmarried.”
   - “Red is a color.”

i. Morality:
   - “Gratuitous torturing of infants is wrong.”

j. The future:
   - “The sun will rise tomorrow.”
   - “The Chicago Cubs will not win the World Series next year.”

k. Religion:
   - “God exists.”
   - “God loves me.”
How do we know these things

- If we know about our immediate environment, then perception and sensation play a central role in acquiring knowledge.
- Memory obviously is crucial in our knowledge of the past and also certain aspects of our knowledge about current facts.
- Another source of much of our knowledge is the testimony of others.
- Finally, it seems that we know some things simply because we can “see” that they are true.
Sources of Knowledge

- Perception
- Memory
- Testimony
- Introspection
- Reasoning
- Rational insight
Econometrics – The scientific method of experimentation/observation applied to economic question.
- Development of testable hypotheses.

Logic/Mathematical Derivation – Axiomatic deduction from accepted concepts of how individuals behave.
- Can logical/mathematical derivation produce new knowledge or does it simply rearrange the knowledge we already have?

Simulation/Mathematical Programming – Use of stylistic relationships to compute the effect of a policy.
- Like Logic/Mathematical Derivation, this approach does not generate new knowledge.

Rhetoric – Telling a story in a persuasive way.