I. Course Description

This is a political economy course, and, as such, it focuses not only on principles of economics, but also on their relationship to human well-being and freedom, government and leadership. It concentrates on philosophical and theoretical questions, and not on calculations of any kind, or on the operations of firms, financial and regulatory institutions. The course begins by exploring the fundamental positions on political economy as found in the writings of Aristotle, Aquinas, Adam Smith, and Karl Marx, paying particular attention to arguments for or against commercial society. It then turns to the development of the American economic system, its relationship to the Constitution of the United States, and its role in shaping the character of individuals and the meaning of citizenship. Readings are drawn from, among others, Jefferson, Hamilton, John Adams, John Taylor, Henry Clay, Lincoln, Theodore Roosevelt, Woodrow Wilson, Franklin Roosevelt, Friedrich Hayek, and Milton Friedman. The course will also look at the modern welfare state, and explore the way in which it has redefined the relationship between the Constitution, government and society.

II. Texts

The class readings are compiled into a Course Reader, available for purchase XXX These readings will also be available electronically, via Blackboard, but I strongly suggest that you purchase a hard copy for organizational purposes, if nothing else. If you do not purchase the course reader, you are expected to bring the relevant readings to class, either on an electronic device, or as a print-out.

III. Assignments and Grading

1. Two separate 6-8 page papers (15% for the first, 25% for the second), due by 5:00PM on Wed., February 15 and Wed., April 19.
2. Midterm Exam (15%) on Monday, February 27.
3. Final Exam (30%) XXX, from 9:00AM – 12:00PM.
4. Class Participation (15%)

IV. Course Policies

Papers: Students will receive paper assignments approximately two weeks before the due date. Papers shall be 5-6 typed (12 point font) pages, double-spaced, with 1-inch margins. Failure to complete any assignment will result in an F in the course.

Class Participation and Readings: The centerpiece of our class meetings will be rigorous discussion of the assigned texts. Therefore, attendance and participation are of the utmost importance. Students will be expected to complete the readings and come prepared to discuss them in detail.
COURSE READING SCHEDULE

Monday, January 9: Introduction

J.C.L. Simonde de Sismondi, selections from Political Economy
Plutarch, “Life of Lycurgus”

Reading Questions
1. What is political economy, and what is its goal (if there is one)?
2. How does Plutarch’s “Life of Lycurgus” illustrate the idea of a regime? Would you like to live in Sparta? What are the advantages and disadvantages of the Spartan regime?
3. What is the Spartan view of political economy? How does it differ from the modern one?

Wednesday, January 11: Classical and Medieval Approaches

Xenophon, Oeconomicus

Reading Questions
1. Why, according to Xenophon, do farmers make better citizens than craftsmen or merchants?
2. What are the activities and the qualities of a “gentleman” landowner and warrior such as Ischomachus? Why does Xenophon think such men make the best statesmen?

Monday, January 16: Government Holiday – No Class

Wednesday, January 18: Classical and Medieval Approaches

Aristotle, selections from Nicomachean Ethics
1.7 – 1.8 (Discussion of the Good); 4.1 – 4.2 (Liberality and Magnificence)
Aristotle, selections from Politics
1.1 – 1.10 (Household and Wealth)

Reading Questions
1. How does Aristotle define happiness?
2. What is the purpose of political life?
3. What kinds of wealth-getting are compatible with a good life? What kinds are incompatible?
4. What does Aristotle say about the middle class?
5. How should a person of ordinary means spend his wealth? How should a “magnificent” man spend his wealth?

Monday, January 23: Classical and Medieval Approaches

The Bible, Psalms 49; Luke 12:1-40
Adalbero of Laon, extract from Poem to King Robert
Thomas Aquinas, selections from Summa Theologica
“Is it Natural for a Man to Possess External Things?” “Is it Lawful for a Man to Possess a Thing as His Own? “Is it lawful to steal through stress of need?” “Of buying and selling,” “Is it Sin to Take Interest for Money Lent?”

Reading Questions
1. According to the Biblical understanding, what is the proper role of material wealth in producing the good life?
Wednesday, January 25: Modern Political Thought

John Locke, Second Treatise on Government, Chapter 5
Locke and the First Earl of Shaftesbury, The Fundamental Constitutions of Carolina

Reading Questions
1. What does Locke mean when he suggests that man’s labor and property is an extension of himself?
2. What sorts of restrictions does Locke put on the ability of man to accumulate as much property as possible? Are they legitimate restrictions?
3. How does the introduction of private property and money affect the overall well-being of society? Does this view form the basis of modern capitalism?
4. What are the respective privileges of lords proprietors, landgraves, caziques and freemen in Locke’s Fundamental Constitutions of Carolina? Why create such orders, and why grant 2/5 of the land to the noble classes and 3/5 to free commoners?

Monday, January 30: The Case for Capitalism and Commerce

Adam Smith, selections from Theory of Moral Sentiments
I.i.1.1-13 (sympathy pp.9-13); I.iii.1-8 (corruption of moral sentiments pp.61-66); II.ii.2.1 – II.ii.3.12 (justice pp.82-91); III.2.3-4 (vanity pp.114-115); IV.1.1 – IV.ii.12 (invisible hand, utility, gov’t pp.179-193)

Reading Questions
1. According to Adam Smith, is man naturally sympathetic to his fellow men? How is this sympathy reflected in economic exchange?
2. How does Adam Smith define “justice”?
3. How does the “invisible hand” operate?

Wednesday, February 1: The Case for Capitalism and Commerce

Adam Smith, selections from Theory of Moral Sentiments
VI.i.1-16 (prudence pp.212-217); VI.ii.2.16-18 (criticism of “man of system” pp.233-234)

Adam Smith, selections from Wealth of Nations
I.i (pp.13-24, the division of labor); I.ii.1-5 (pp.25-30, barter and trade)

Reading Questions
1. How does Smith define prudence? What is the role of the virtue of prudence in making a free market economy work?
2. Whom do today’s politicians more closely resemble, Smith’s “man of public spirit” or his “man of system”?
3. What are the advantages and disadvantages of the division of labor in society?
4. What does Smith mean when he suggests that a common laborer in England is more comfortable than an African king?

Monday, February 6: The Case for Capitalism and Commerce

Adam Smith, selections from Wealth of Nations
I.viii (pp.72-81, supply and demand) I.viii (pp.82-104, equity, labor); I.x.c.12 (p.138, foundation of property); II.iii.28-37 (pp.341-346; bettering our condition); IV. introduction (p. 428)

Reading Questions
1. How does the relationship between the natural and market prices of commodities illustrate the capacity of the market to self-regulate?
2. Does Smith see a solution to the problem that masters tend to collude and depress the wages of workers?

3. What are Smith’s “three orders of people” and which of them has the most influence in a modern economy?

4. What does Smith mean when he says that liberty is “natural”?

5. How is it that private spending is “frugal”, and public spending “prodigal”? Why is public prodigality much worse for the economy than private prodigality?

Wednesday, February 8: The Case for Capitalism and Commerce

Adam Smith, selections from *Wealth of Nations*

IV.ii.9-12 (pp. 455-457, the invisible hand, free trade); IV.ii.23-32 (pp. 463-466, exceptions to free trade) IV.ii.39 (p. 468, the science of the legislator); IV.v.b.16 (pp. 530-531, liberty); IV.ix.51 (p. 687-688, natural system of liberty); V.i.f.48 - V.i.g.24 (pp. 781-803, on remedies for social and personal decay under conditions of liberty; religion, education, etc.)

Reading Questions

1. Does the invisible hand require a complete absence of government to function? What is the proper role of government according to Smith?

2. What, according to Smith, is the role of education in a free market society? What problems does Smith hope education will address? On what principle should the education system be based?

3. What kind of human being arises from Smith’s system of political economy? How does this compare with the classical and Christian writers?

4. What is Smith’s opinion of “joint-stock companies”?

Monday, February 13: The Case for Capitalism and Commerce

Milton Friedman, selections from *Capitalism and Freedom*

Yuval Levin, “Recovering the Case for Capitalism”

Reading Questions

1. What is the relationship between political freedom and economic freedom, according to Friedman?

2. Why is Friedman concerned with over-regulation of the economy? What are its ill effects on economic productivity? On political and social pluralism?

3. According to Levin, how has capitalism gone wrong in recent times? What, if anything, did Smith’s account of capitalism miss?

Wednesday, February 15: Critiques of Capitalism

J.J. Rousseau, Preface to *Narcissus*

J.J. Rousseau, *On the Origin of Inequality*, Note 9, Part 1


Reading Questions

1. How do the arts and sciences soften, enervate, and corrupt man?

2. What does Rousseau mean when he says that “men are wicked… yet man is naturally good”?

3. What is the condition of man in the state of nature, according to Rousseau? How does man’s nature change when he enters civil society?

4. What changes in the development of society destroy the original equality of man?

*** FIRST PAPER DUE BY 5:00PM ***
Monday, February 20: Critiques of Capitalism

Karl Marx, “Contribution to the Critique of Political Economy” (Preface)
Karl Marx, selections from “Economic and Philosophic Manuscripts of 1844”
Karl Marx, selections from “The German Ideology”
Karl Marx, selections “Communist Manifesto”

Reading Questions
1. What does Marx mean when he says that the worker eventually becomes a commodity in a capitalist system?
2. In what ways can man become alienated?
3. How does society develop from the tribal to capitalist system?
4. How will society, according to Marx, develop from the capitalist system to communism?

Wednesday, February 22: Critiques of Capitalism

Karl Marx, “Wage Labor and Capital”
Pope Francis, selections from “Evangelii Gaudium”
Michael Sandel, selections from What Money Can’t Buy: The Moral Limits of Markets

Reading Questions
1. What is the relationship between the growth of capital and the wages of the workers who supply it?
2. According to Pope Francis, how does a capitalist society get its priorities wrong? What is the relationship between inequality and violence in a society?
3. What should money buy, and what shouldn’t it? How do these limits (or lack thereof) affect the character of human beings in society?

Monday, February 27: *** MIDTERM EXAM***

Wednesday, March 1: The Economy at the Founding

Thomas Jefferson, Notes on the State of Virginia, Query #8, #19
Thomas Jefferson, A Summary View of the Rights of British America, 1765
Thomas Jefferson, “Letter to Benjamin Austin”, 1816

Reading Questions
1. What are Jefferson’s arguments for maintaining an agricultural republic? In particular, how does an agricultural republic alter the character of its people?
2. According to Hamilton, how does an urban, industrial society affect the development of the character of its people? Does the capitalist entrepreneur spontaneously emerge, or is he a product of a certain system of political economy?
3. In your view, which system of political economy creates a better citizen for the United States? Which better promotes the national interest?

Monday, March 6: **Spring Break**

Wednesday, March 8: **Spring Break**
Monday, March 13: Inequality, Aristocracy, Meritocracy

John Adams, selections from *Discourses on Davila*, 1791
Thomas Jefferson, brief selection from “Draft of a Constitution for Virginia”

Reading Questions
1. Is inequality the product of a capitalist system, or does it arise naturally?
2. How, according to Adams, should a society deal with its “natural aristocracy”?
3. Which institutional legal changes, according to Jefferson, will promote genuine economic opportunity?

Wednesday, March 15: Inequality, Aristocracy, Meritocracy

Thomas Paine, “Agrarian Economy”
Brutus, No. 3
Melancton Smith, selections from “Speeches to the New York Assembly”
*Federalist Papers*, #10
*Federalist Papers*, #35

Reading Questions
1. What is the source of inequality, according to Paine? How can its negative effects be mitigated?
2. Assuming inequality in society, what form of political representation best provides for a just, liberal, democratic society?
3. What is Madison’s solution to the problem of factions?

Monday, March 20: Debt and Banking

Alexander Hamilton, “Report on the Public Credit”

Reading Questions
1. According to Hamilton and Jefferson, how far is the Federal government authorized, constitutionally, in promoting a certain type of economic system?
2. What is Hamilton’s view of government debt? What is Jefferson’s view? In what cases is it justified, and what are its effects?

Wednesday, March 22: “Aristocracy of Paper and Patronage”?

John Taylor of Caroline *An Inquiry into the Principles and Policy of the United States* (extracts)
John Adams *Letters to John Taylor of Caroline, Virginia* (Extracts)

Reading Questions
1. How does John Taylor’s definition of aristocracy differ from that of Adams?
2. What aspects of modern life, according to Taylor, make it possible for the majority to liberate itself from the oppression of an aristocratic faction?
3. How did the “aristocracy of paper and patronage” arise, and how does it differ from previous aristocracies?
4. Why must Adams’s proposal of a constitutional balance fail to restrain a financial aristocracy, and what, if anything, can restrain it?
5. How does John Adams respond to Taylor’s critique of his ideas?
Monday, March 27: Neo-Hamiltonianism, Jeffersonianism, and Jacksonian Democracy

Henry Clay, selections from “Speech on the American System”
John Taylor of Caroline, selections from Tyranny Unmasked
Andrew Jackson, “Bank Veto”

Reading Questions
1. What were the various arguments in favor of and opposed to the tariff?
2. Does government intervention in the economy favor one class over the other?

Wednesday, March 29: Tocqueville

Alexis de Tocqueville, selections from Democracy in America
Volume 1, Part II, Chapter 6 (Advantages of Democratic Government)
Volume 2, Part II, Chapter 10 – 20 (American relationship to materialism, prosperity, physical work, etc.)
Volume 1, Part II, Chapter 10 (Commercial Greatness)
Volume 2, Part IV, Chapters 3, 6 – 8 (Soft Despotism)

Reading Questions
1. What is the relationship between democracy and industry/prosperity in America, according to Tocqueville?
2. How can a capitalist democracy eventually transform into an industrial aristocracy?
3. What accounts for commercial greatness in America, according to Tocqueville?
4. What is the connection between individualism, the passion for equality, and the concentration of power in the central government?
5. What sort of despotism do democracies have to fear?

Monday, April 3: Slavery and the American Political Economy

George Fitzhugh, selections from Cannibals All
Abraham Lincoln, selections from “Speech in Wisconsin”

Reading Questions
1. What are the arguments for and against free labor?

Wednesday, April 5: Titans of Industry and Social Darwinism

William Graham Sumner, “What the Social Classes Owe to Each Other”
William Graham Sumner, “The Concentration of Wealth”
Andrew Carnegie, “The Gospel of Wealth”

Reading Questions
1. What arguments does Sumner provide in order to defend the wealthy and their role in society?
2. How is it that a few lazy millionaires are actually beneficial for society as a whole, according to Sumner?
3. How does Sumner’s defense of capitalism differ from the arguments of Friedman or Smith? Is it harsher?
4. For Carnegie, is wealth inherently a positive thing for society?
5. What is the proper object of philanthropy in society?
Monday, April 10: Progressivism

Theodore Roosevelt, “The New Nationalism”
Woodrow Wilson, selections from New Freedom
Franklin Delano Roosevelt, “The Four Freedoms”
Franklin Delano Roosevelt, “A Second Bill of Rights”
Franklin Delano Roosevelt, “Commonwealth Club Address”
Franklin Delano Roosevelt, “Statement on Interstate Commerce”

Reading Questions
1. How can the government help ensure equality of opportunity for all citizens? Is this a proper goal of government?
2. How did Progressivism offer a new vision of the role of the state in the economy?
3. How do Roosevelt and Wilson’s approaches to regulating corporations differ?
4. What are the “four freedoms” that FDR insists are necessary for the healthy functioning of democracy? Is it realistic that all four freedoms be realized? What steps should the United States take in promoting these freedoms abroad?
5. Is FDR correct to refer to things like “a decent home” and “a good education” as rights?
6. According to FDR’s understanding of economic history and the Constitution what is the extent of the national government’s power to regulate the economy.

Wednesday, April 12: Libertarianism

F.A. Hayek, Road to Serfdom (condensed version)
Charles Murray, By the People (Selections)

Reading Questions
1. According to Hayek, what is the first step on the Road to Serfdom?
2. How do “planners” alter the idea of freedom in order to suit their agenda?
3. What are the three reasons why the group of leaders in a “planned” society are likely to be made up of the worst, rather than best, elements of that society?
4. How does Hayek distinguish between two types of security in society?
5. According to Murray, how has the interpretation of the US Constitution changed since the progressive era, and how has this affected the economic and political liberties of citizens?

Monday, April 17: Localism

Wendell Berry, “Jefferson Lecture of 2012: It All Turns on Affection”

Reading Questions
1. Is Progress really progress?
2. What are the authors’ arguments against the urban industrial system? What is their alternative to both laissez-faire capitalism and Progressivism?

Wednesday, April 19: Inequality Revisited

President Barack Obama, “Speech on Inequality” (12/4/13)
Peter Wehner and Robert Beschel, Jr., “How to Think About Inequality”

Reading Questions
1. What are the practical implications of rising inequality and decreased mobility, according to President Obama?
2. What are some of the solutions that President Obama offers to combat this rising inequality?
3. What is the relationship between income and happiness? Is that relationship something that the government can/should understand?
4. What are the sorts of indicators that Murray suggests we ought to focus on when considering the growing “inequality” in American society?
5. According to Murray, what should be done about this growing inequality?

*** SECOND PAPER DUE BY 5:00PM ***

FINAL EXAM: Monday, April 24 from 9:00 am-noon