**AMERICAN POLITICAL ECONOMY (PLAP 3400)**

THE UNIVERSITY OF VIRGINIA

DEPARTMENT OF POLITICS

Spring 2020

Instructor: Rita Koganzon Location: Gibson 141

Email: koganzon@virginia.edu Time: MWF 11:00 – 11:50AM

Office Hours: MW, 12-1, or by appt Guest Lectures: Jefferson Hall

**I. Course Description**

This is a *political* economy course, focusing on the relationship between politics and economics. It concentrates on philosophical and theoretical questions, rather than formal economic mechanisms. 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 a capitalist regime. It then turns to the development of the American economic system and its role in shaping the character of individuals and the meaning of citizenship. Readings are drawn from, among others, Franklin, Jefferson, Hamilton, Roosevelt, and Hayek. The course will also look at the modern welfare state, and explore the way in which it has redefined the relationship between government and society.

**II. Texts**

The class readings are compiled into a Course Reader, to be purchased at NK Print and Design on Elliewood. These readings will also be available electronically, via Collab, but I strongly suggest that you purchase a hard copy for organizational purposes. No laptops or electronic devices are permitted in class, so please bring a hard copy of the readings with you each day.

**III. Assignments and Grading**

1. Two 5-6 page papers (20% for the first, 25% for the second), due by 5:00PM on **Monday, February 24** and **Friday, April 24.**
2. Midterm Exam (20%) on **Wednesday, February 26**
3. Final Exam (25%) on **Thursday, May 7, 9AM-12PM**
4. Class Participation (10%)

**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, double-spaced) pages. 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, participation is of the utmost importance. Students will be expected to complete the readings and come prepared to discuss them in detail. Life happens and it is not necessary to provide an excuse for every absence, but recurring absences will detract from the participation grade.

***Honor Code at Virginia***: All work completed for this course falls under the guidelines of the Honor System. The Pledge is a signed reaffirmation of your commitment to academic integrity. Accordingly, you must write out, sign and date the following pledge on all academic work: “On my honor as a student, I have neither given nor received aid on this exam/assignment.”

***Guest Lectures:*** The guest lectures are a vital element of this course. They are typically given by a prominent scholar of the topic under consideration. Your attendance at the guest lectures is a mandatory part of your participation grade. The material covered in the lectures may appear on the exams.

**COURSE READING SCHEDULE**

**Monday, January 13: Introduction**

J.C.L. Simonde de Sismondi, selections from *Political Economy* (1847)

 The Bible, Matthew 6:1-34, 19:16-30

Reading Questions

1. What is political economy, and what is its goal?
2. What is the difference between the way it is presented in the Gospels and in Sismondi?

**Wednesday, January 15: Institutions and Regimes**

Plutarch, “Life of Lycurgus”

Reading Questions

1. How do the Spartans understand wealth? What do they value most highly?

**Friday, January 17: NO CLASS**

**Monday, January 20: NO CLASS, MLK DAY**

**Wednesday, January 22: Classical and Christian Approaches**

Aristotle, selections from *Nichomachean 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. Should the object of political economy be to encourage material wealth and comfort amongst its inhabitants, or a certain way of life and character of citizenship?

**Friday, January 24: Classical and Christian Approaches**

The Bible, Psalms 49; Luke 12:1-40

Thomas Aquinas, selections from *Summa Theologica* (1485)

Reading Questions

1. According to the Biblical understanding, what is the proper role of material wealth in producing the good life?
2. According to Aquinas, what are the limits on acquisition of wealth?

**Monday, January 27: Modern Political Thought**

Mandeville, *Fable of the Bees*, “An Inquiry Into the Origin of Moral Virtue,” “The Grumbling Hive” (1714)

Reading Questions

1. According to Mandeville, how were concepts of “Virtue” and “Vice” first determined?
2. What do the hives in Mandeville’s poem represent? What are the trade-offs between the honest and corrupt hive?

**Wednesday, January 29: Modern Political Thought**

John Locke, *Second Treatise on Government,* Chapter 5 (1689)

Reading Questions

1. What is the origin of private property?
2. What restrictions does Locke put on the ability of man to accumulate property?
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?

**Friday, January 31: The Case for Capitalism and Commerce**

Adam Smith, selections from *Theory of Moral Sentiments* (1759)

Reading Questions

1. According to Adam Smith, is man naturally sympathetic to his fellow men? What human behaviors and institutions does sympathy account for?
2. How does Adam Smith define “justice”?

**Monday, February 3: The Case for Capitalism and Commerce**

Adam Smith, selections from *Theory of Moral Sentiments*

Reading Questions

1. How does the “invisible hand” operate?
2. How does Smith define prudence? What is the role of the virtue of prudence in making a free market economy work?

**Wednesday, February 5: The Case for Capitalism and Commerce**

Adam Smith, selections from *Wealth of Nations* (1776)

Reading Questions

1. What are the advantages and disadvantages of the division of labor in society?
2. What does Smith mean when he suggests that a common laborer in England is more comfortable than an African king?

**Friday, February 7: The Case for Capitalism and Commerce**

\*\*Guest Speaker: Ryan Hanley, Boston College\*\*

Adam Smith, selections from *Wealth of Nations*

Yuval Levin, “Recovering the Case for Capitalism” (2010)

Reading Questions

1. What does Smith mean by “natural liberty”?
2. Does the invisible hand need help from government to function? What is its proper role?
3. What 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?
4. How does capitalism change our ideas about what constitutes virtue?

**Monday, February 10: Capitalist Virtues!**

Benjamin Franklin, selections from the *Autobiography*

Reading Questions

1. By what means does Franklin build up his printing business?
2. What do Franklin’s virtues aim at? How are they different from the virtues of the Greeks and early Christians?

**Wednesday, February 12: Capitalist Virtues?**

 Max Weber, selections from *The Protestant Ethic and the Spirit of Capitalism*

Reading Questions

1. How did Protestant devotion result in a capitalist economy, according to Weber?

**Friday, February 14: Critiques of Capitalism**

J.J. Rousseau, *Discourse* *on the Origin of Inequality,* Part 2 (1755)

Reading Questions

1. What is the condition of man in the state of nature, according to Rousseau? How does man’s nature change over time, and what precipitates these changes?
2. What changes in the development of society destroy the original equality of man? What is the origin of property?

**Monday, February 17: 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 will society, according to Marx, develop from the capitalist system to communism?

**Wednesday, February 19: Critiques of Capitalism**

Karl Marx, “Wage Labor and Capital”

Reading Questions

1. What is the relationship between the growth of capital and the wages of the workers who supply it?

**Friday, February 21: Critiques of Capitalism**

Michael Sandel, *What Money Can’t Buy: The Moral Limits of Markets* (2012)

Reading Questions

1. What should money buy, and what shouldn’t it?
2. How is Sandel’s critique different from Rousseau’s and Marx’s?

**Monday, February 24: NO CLASS
\*\*FIRST PAPER DUE BY 5 PM\*\***

**Wednesday, February 26: \*\*MIDTERM EXAM\*\***

**Friday, February 28: The Economy at the Founding**

 Adam Smith, selections from *Wealth of Nations*, (IV.ii.23-45)

Alexander Hamilton, “Report on Manufactures,” (1791)

 Thomas Jefferson, *Notes on the State of Virginia*, Query #8, #19 (1783)

 Thomas Jefferson, “Letter to Joseph C. Cabell” (1816)

 Thomas Jefferson, “Letter to Benjamin Austin” (1816)

 Thomas Jefferson, “Letter to William H. Crawford” (1816)

Reading Questions

1. 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?
2. Is Hamilton’s argument for tariffs consistent with Smith’s?
3. What are Jefferson’s arguments for maintaining an agricultural republic? In particular, how does an agricultural republic alter the character of its people?

**Monday, March 2: Inequality, Aristocracy, Meritocracy**

John Adams, selections from *Works*, Vol. IV, Vol. VI

 John Adams, selections from *Discourses on Davila* (1791)

 Thomas Jefferson, “Letter to James Madison” (1785)

 Thomas Jefferson, brief selection from “Draft of a Constitution for Virginia”

 Thomas Jefferson, “Letter to John Adams” (1813)

Reading Questions

1. Is inequality the product of a capitalist system, or does it arise naturally?
2. Which institutional legal changes, according to Jefferson, will promote genuine economic opportunity?

**Wednesday, March 4: 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? How do the answers of the anti-Federalists and Federalists differ?

**Friday, March 6: Debt and Banking**

Alexander Hamilton, “Report on the Public Credit” (1790)

Alexander Hamilton, “On the Constitutionality of the Bank” (1791)

Thomas Jefferson, “On the Constitutionality of the Bank” (1791)

Thomas Jefferson, “Letter to James Madison” (1789)

 Thomas Jefferson, “Letter to Samuel Kercheval” (1816)

Reading Questions

1. According to Hamilton and Jefferson, how far is the 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?

**Monday, March 9 - Friday, March 13: SPRING BREAK**

**Monday, March 16: Antebellum America According to an Observer**

Alexis de Tocqueville, selections from *Democracy in America*

 Volume 1, Part II, Chapter 6 (Advantages of democratic government)

Volume 1, Part II, Chapter 10 (Commercial greatness)

Volume 2, Part II, Chapter 10-20 (Materialism)

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? Is Tocqueville’s characterization of this possibility similar to Marx’s? Does Tocqueville, like Marx, regard this development as inevitable?
3. What accounts for commercial greatness in America, according to Tocqueville?

**Wednesday, March 18: Jacksonian Democracy vs. Neo-Hamiltonianism**

**\*\*Guest Speaker: C. Donald Johnson, University of Georgia Law School\*\***

John Calhoun, selections from “Exposition and Protest” (1828)

Henry Clay, selections from “Speech on the Tariff” (1832)

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?

**Friday, March 20: Tocqueville on Slavery**

Alexis de Tocqueville, selections from *Democracy in America*

 Volume 1, Part 1, Chapter 2 (Early North / South Divide)

Volume 1, Part 1I, Chapter 10 (Slavery)

Volume 2, Part III, Chapter 5 (Master and Servant)

Reading Questions

1. According to Tocqueville, how does the political economy of the free states differ from that of the slave states? How does this affect the way of life in each region?
2. How does the life of a servant in an aristocratic system differ from that of a domestic wage laborer in a capitalist system?

**Monday, March 23: NO CLASS**

**Wednesday, March 25: Slavery and American Political Economy**

George Fitzhugh, selections from *Sociology for the South* (1854), *Cannibals All* (1857)

 Abraham Lincoln, selections from “Address before the Wisconsin State Agricultural

Society” (1859)

Reading Questions

1. Why does Fitzhugh argue that slaves are better off than wage laborers?
2. How does Lincoln counter Fitzhugh?

**Friday, March 27: Slavery and American Political Economy**

 Genovese, selections from *The Political Economy of Slavery* (1965)

Reading Questions

1. According to Genovese, is slavery a “capitalist” system? Why or why not?
2. How did Southern aristocratic “values” prevent the South from developing a robust industrial economy?

**Monday, March 30: The Gilded Age**

William Graham Sumner, “What the Social Classes Owe to Each Other” (1893)

 William Graham Sumner, “The Concentration 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?

**Wednesday, April 1: The Gilded Age**

Andrew Carnegie, “The Gospel of Wealth” (1900)

Eugene Debs, “Competition vs. Cooperation” (1900)

Reading Questions

1. For Carnegie, is wealth inherently a positive thing for society?
2. What is the proper object of philanthropy in society?
3. Why does Debs object to private concentrations of wealth? What does he propose instead?

**Friday, April 3: Progressivism**

Theodore Roosevelt, “The New Nationalism” (1910)

Woodrow Wilson, selections from *The* *New Freedom* (1912)

Reading Questions

1. How did Progressivism offer a new vision of the role of the state in the economy?
2. What were the economic goals of Progressive reforms?

**Monday, April 6: Liberalism**

Franklin Delano Roosevelt, “Commonwealth Club Address” (1932)

Franklin Delano Roosevelt, Press Conference after *Schechter Poultry* decision (1935)
Franklin Delano Roosevelt, “A Second Bill of Rights” (1944)

Reading Questions

1. What does it mean for the role of the federal government when FDR’s claims that, “The prosperity of the farmer does have an effect today on the manufacturer in Pittsburgh. The prosperity of the clothing worker in the city of New York has an effect on the prosperity of the farmer in Wisconsin”?
2. Is FDR correct to refer to things like “a decent home” and “a good education” as rights?

**Wednesday, April 8: Liberalism**

Lyndon B. Johnson, “Remarks on the Signing of the Medicare Bill” (1965)

J.M. Keynes, “Economic Prospects for Our Grandchildren” (1930)

Reading Questions

1. How does Medicare extend FDR’s philosophy?
2. What are the long-term economic goals of liberalism? What is required politically to achieve them?

**Friday, April 10: The Modern Welfare State**

F.A. Hayek, *Road to Serfdom* (1944) (condensed version)

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?’

**Monday, April 13: The Modern Welfare State**

William Voegeli, *Never Enough*, Chapter 2

 Alexis de Tocqueville, *Democracy in America*, II.4.3, 6 – 8 (Soft Despotism)

Reading Questions

1. Why Voegeli find liberalism’s conception of “rights” to be problematic?
2. What does Voegeli mean when he suggests that liberalism has both an “intellectual” and a “political” problem? How does he see these two problems to be related?
3. Does Tocqueville’s description of soft despotism apply to the modern welfare state?

**Wednesday, April 15: Alternatives to the Modern Welfare State**

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

Reading Questions

1. What does Berry understand to be the problem with the modern industrial economy?
2. Whose arguments that we’ve already seen does Berry draw on?

**Friday, April 17: Inequality in Theory**

John Rawls, “Distributive Justice”

Reading Questions

1. Why is Rawls concerned with using utility as the guiding principle of “justice” in society?
2. What are the two principles of justice, according to Rawls? Is it possible to arrange constitutional matters such that they can be realized in society?

**Monday, April 20: Inequality in Theory**

Robert Nozick, *Anarchy, State, and Utopia*, Chapter 7

Reading Questions

1. Describe Nozick’s Entitlement Theory. How is it different, in both method and substance, from Rawls’s principles of justice?
2. Is Nozick right to claim that patterned systems of distribution necessarily limit choice?

**Wednesday, April 22: Inequality in Practice**

President Barack Obama, “Speech on Inequality” (12/4/13)

 Peter Wehner and Robert Beschel, Jr., “How to Think About Inequality” (2012)

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?

**Friday, April 24: Conclusion**

**\*\*\* SECOND PAPER DUE BY 5PM \*\*\***

Charles Murray, “The New American Divide”, *Wall Street Journal* (2012)

Reading Questions

1. What are the sorts of indicators that Murray suggests we ought to focus on when considering the growing “inequality” in American society?
2. According to Murray, what should be done about this growing inequality?

**Monday, April 27:** Flex day, will be used if we have a weather cancellation earlier in term. Otherwise, no class this day.

**FINAL EXAM: Thursday, May 7, 9AM-12PM in our regular classroom**