

Foundations of Political Economy

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Dartmouth College, Department of Government, Summer Quarter, 2013

Introduction

The basic assumption of “political economy” is so widely taken for granted that the phrase itself is no longer widely used. It is that liberal freedoms are nested in market relations—a society of choices—and that educated people cannot understand the responsibilities of government if they do not understand the ways market economies work and grow. We use the term government and “commonwealth” interchangeably because we expect government to advance the actions of free people creating wealth—not just rich and propertied people, but all who benefit from economic development. As Adam Smith put it, it is the responsibility of the “sovereign” to “facilitate commerce-in-general.”

Our course will trace the career of this assumption back to its originators. We’ll begin with the evolution of market relations from the peculiar history of seventeenth-century Britain. We’ll then look at the succession of thinkers who, having embraced the novel scientific methods of the day, sought to understand economic affairs as themselves governed by scientific laws; and who then sought to ground the legitimacy of commonwealths in laws, regulations and interventions that engendered wealth. One goal of the course is to familiarize students with foundational thinkers who gave us the discipline of economics: Hobbes, Locke, Rousseau, Smith, Ricardo, Marx, Mill, and Spencer. But the final goal is to consider how foundational ideas have shaped political economic debates in America for the past hundred years: Keynes, Von Hayek, and Schumpeter.

Course Requirements

The class will run as a series of seminar discussions based on assigned reading. Attendance is compulsory.

Examinations are meant to stimulate team-based learning. Students will form study groups and divide up the labor involved in preparing thoughtful answers to prearranged questions. However, students will be judged individually. The mid-term will be worth 30%, the paper 30%, and the final 40%. The grade may be reduced by as much as 10% for uncertain class participation or unexcused absences.

Class Schedule <i>Session and Date</i>	
Thursday, June 20 Why political economy matters?	Watch for the first class, this panel discussion on “inequality” of the 2012 Siebel Scholars Conference: Niall Ferguson, Professor, Harvard Business School; Lewis Lapham, former editor <i>Harper's</i> , editor, <i>Lapham's Quarterly</i> ; Charles Murray, American Enterprise Institute; Ralph Nader, consumer advocate
Saturday, June 22 How did capitalism get started?	Read, Joyce Appleby, <i>The Relentless Revolution: A History of Capitalism</i> , pp. 19-188; see also this interview with Prof. Appleby, on CSPAN
Tuesday, June 25 Thomas Hobbes: Matter in Motion	Read, <i>Leviathan</i> , Chapters 1-11
Thursday, June 27 Thomas Hobbes: The Social Contract	Read, <i>Leviathan</i> , Chapters 13-15, 17-19, 24-26
Tuesday, July 2 John Locke: The Right to Property	Read, <i>The Second Treatise of Government</i> , Chapters 1-10, and 19
Tuesday, July 9 Jean Jacques Rousseau: The First Dissent	Read, <i>On the Origins of Inequality</i>
Thursday, July 11	Mid-term examination
Thursday, July 11, Pizza at 7:00 PM	Watch, John Kenneth Galbraith, <i>The Age of Uncertainty</i> , Episode One: “ The Prophets and Promise of Classical Capitalism ”
Tuesday, July 16 Adam Smith: Division of Labor	Read, <i>The Wealth of Nations</i> , Book 1, Chapters 1-10
Thursday, July 18 Adam Smith: The Tasks of the Sovereign	Read, <i>The Wealth of Nations</i> , Book 5, Chapter 1
Tuesday, July 23 The Great Transformation: A Self-Regulating Market?	Read, Barrington Moore, Jr., <i>The Social Origins of Dictatorship and Democracy</i> , Chapter 1; Karl Polanyi, <i>The Great Transformation</i> , Chapters 6 and 7
Thursday, July 25 David Ricardo: Questioning the Labor Theory of Value	Read, <i>On the Principles of Political Economy and Taxation</i> , Chapters 1 and 16
Tuesday, July 30 Karl Marx: The Alienation of Labor	Read, <i>Economic and Philosophic Manuscripts</i> , “ Wages of Labor ,” “ Estranged Labor ”; with Engels, <i>The Communist Manifesto</i>
Thursday, August 1 Karl Marx: Comprehensive Critique of Capitalism	Value, Price, and Profit
Tuesday, August 6 John Stuart Mill: The Seeds of Social Democracy	<i>Principles of Political Economy</i> , Chapters 6, 7 and 11

Thursday, August 8 Herbert Spencer: Social Darwinism	<i>The Man Vs. The State</i> , Chapters 1 and 2
Thursday, August 8 Pizza at 7:00 PM	10-page paper due Watch, Jacob Bronowski, <i>The Ascent of Man</i> , BBC, “ The Drive For Power ”
Tuesday, August 13 John Maynard Keynes: The State as Financial Gyroscope	<i>The General Theory of Employment, Interest and Money</i> , Chapters 15, 16, and 18
Thursday, August 15 Friedrich Hayek: The Roots of Libertarianism	The Road To Serfdom , Reader’s Digest Condensed Version, published in 1945
Tuesday, August 20 Joseph Schumpeter: Entrepreneurship’s Creative Destruction	<i>Capitalism, Socialism, and Democracy</i> , Part II, “Can Capitalism Survive?”
Wednesday, August 21	Review Session

Prof. Bernard Avishai’s bio. Visiting Professor at Dartmouth during the spring quarter. He is Adjunct Professor of Business at the Hebrew University, and taught at MIT in the 1980s and Duke in the 2000s. He is a past technology and strategy editor of *Harvard Business Review* and, among other management positions, the former International Director of Intellectual Capital at KPMG. His case study, *Motorola in China*, was published by Motorola University. He has written about global business, public policy, and Middle East affairs, for *Inc.*, *The New Yorker*, *Harper’s*, *The New York Times Magazine*, *The Nation*, and many other publications. A Guggenheim fellow, he is the author of four books, including the just published *Promiscuous* (Yale), and blogs at bernardavishai.com and *The Daily Beast*.