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Economics 249 - B
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Roundtable 3
Exchange, Stability, and Harmony

Assigned Reading

H&I Chapter 6: Bentham and Say, and Chapter 8: Mill

Discussion Questions

Chase Tiberi

1. The book mentions 5 important features of capitalism that have become the foundation for neoclassical utility theory. Specialization is mentioned in two of these features. Why do you think specialization is so important to utility theory?
2. Jeremy Bentham believed people's motives were all based on their desire to maximize their pleasure. He also believed people were inherently lazy, and so any type of work would result in pain(or negative pleasure). According to Bentham why would anyone work if all work was viewed as painful?
3. Jeremy Bentham was a supporter of laissez-faire government earlier in his life but later shifted towards a reformist attitude. What were the reasons for his change in ideology and how did these changes connect with his utility theory?

Holly O'Malley

4. Utility theory of value ranks the maximization of enjoyment and the minimization of pain over the importance of labor in the production process as determinants of price. Jean Baptiste Say asserted that "exchangeable value, or price, is an index of the recognized utility of a thing." Bentham also established a rigorous utility theory of value. However, Bentham differed from Say. What would the later-in-life Bentham opine about Say's perspective on the occurrence of gluts?
5. JB Say believed that there was little distinction between the incomes of the laboring class and the capitalist class. Unlike Smith, Say was thus able to overcome the contradiction of class conflict within society. What did Say assume about the entities of production that implied his utility theory of value supported a world of social harmony?

6. Say's law emphasizes the free market as a mechanism responsible for the equilibrium of full employment of both land and industrial capacity. However, Say still acknowledged the temporary and individualized gluts due to certain commodities. What did capitalists have to do, according to Say, to reconcile any shortages or surpluses?

* (question about Senior if needed / not too irrelevant) *

Nassau Senior exhibited two perspectives on the welfare of the poor throughout his lifetime. Due to the fluctuating responses of the laboring class to their economic misery, Senior wavered in his stance on the responsibility of the government towards the lower class. What event motivated Senior's antipathy toward the working class, similar to that of Malthus', and how did it impact his work in political and economic theory?

Shanza Sarwar

7. Bentham believed that government interference in the free market would diminish the level of production and could not possibly increase production. He agreed with Smith that a competitive free market would allocate resources to those industries in which they would be most productive. However, in 1801, Bentham's views about government intervention underwent a change.
8. Say believed that a free market would always adjust to an equilibrium with full employment of labor and industrial capacity i.e. all resources would be fully utilized. Smith, Ricardo and Bentham (early writings) agreed with this view, whereas Malthus, Karl Marx, John Maynard Keynes and Bentham (later writings) disagreed.
9. Within Say's utility approach to value, all notions of class conflict disappeared. Say's book "A Treatise on Political Economy" was meant to show that social harmony and not class conflict was the result of a capitalist economy. He believed that the interests of the rich and the poor were not opposed to one another.

Aubrey Cardonna

10. Mill did not believe all actions stemmed from self-interest; capitalism molded people to act in such a way. He envisioned a socialist society that would act from more noble motives. Why is self interest not noble? What intrinsic feeling will cause a mass of people to act in a civil way and work together?

11. The notion of a “Labor Theory of Value” is that a commodity’s price can be solely derived from the labor used to produce it. Why did Mill argue that he held such a stance when he admitted labor is not the only determinant for value?
12. Why did Mill claim that within one country cost of production would determine prices but internationally supply and demand would exclusively determine price? Why did he not assume supply and demand could determine prices in a single country as well?

*Question from the first section of Chapter 8 that does not explicitly cover Bentham, Say, or Mill.

Bastiat, a french economist, was a strong advocate for competitive laissez-faire economics during the 1840s when the influence of French socialism was expanding. To combat the ideas of socialism he published *Economic Harmonies* in 1850. In his book he supported capitalism and criticized socialism in two distinct ways; first he claimed that an economists observes the laws of nature and a socialist imagines a society and derives thoughts based on fiction, and that the laissez-faire doctrine had religious superiority over the socialist doctrine. How could he use laws of nature and religion to claim that laissez-faire economics was superior to socialism when nature (science) and religion are often viewed as contradictions to one another? Why did he use both of these methods to criticize socialism?

Kerry Sammon

13. While Mill claims to be a “disciple of Bentham”, there are a few inconsistencies between their ways of thinking. What are these discrepancies? What are the main themes of Benthamite utilitarianism, and how does Mill redefine those themes in his work?
14. Bastiat was a huge proponent for free markets, but never questioned why governments aided monopolies and ultimately other hindrances to the market system. Why was this? What was he mainly focused on? What was his stance on the suffering of the public?
15. How does inconsistency play a factor in Mill’s work? When analyzing his Theory of Value, how do his views compare to those of Ricardo, another thinker that he claimed to be a disciple of?