**Thompson and Hodgskin Reading Notes**

* Three evils galvanized the most worker resistance: low wages, bad working and living conditions, and economic insecurity.
* Combination Act: Stop combination movements (unions) and keep the labor class powerless.
* During industrial revolution, people blamed machinery. They started to form unions and destroying the machinery.
* Defenders of working class said that machines were not the problem, the plight of working people was.
  + Working class would have to understand the institutional basis of oppression and organize collectively to create a better society.
* ***Utilitarianism*** – is an ethical theory which states that the best action is the one that maximizes utility.
* ***Hedonism –*** The pursuit of pleasure; sensual self-indulgence
* ***psychological hedonism*** - The theory that conduct and especially all human behavior is fundamentally motivated by the pursuit of pleasure or the avoidance of pain —distinguished from **hedonism.** Should be
* **Ethical hedonism** is the idea that all people have the right to do everything in their power to achieve the greatest amount of pleasure possible to them. It is also the idea that every person's pleasure should far surpass their amount of pain. Ought to be.

***Thompson’s Utilitarianism and LTV***

* Influenced by LTV, Owenite philosophy of the cooperative movement, and the utilitarianism of Jeremy Bentham.
* Advocated for reforms that were much more radical than Bentham’s
* Adopted both psychological hedonism and ethical hedonism, although, he also held social theories that were incompatible with his utilitarianism.
* Did not defend his ethical hedonism.
* Distribution of wealth == most important determinant of how much pleasure and happiness members of society could attain.
* More wealth = more pleasure
* Believed that only labor created wealth and that the quantity of labor required to acquire a community determined the value of that commodity.

***Arguments for Egalitarian, Market Socialism***

* Concluded that ***capitalism*** was inevitable a system of exploitation, degradation, instability, suffering, and grotesque extremes of wealth and income.
* Disagrees w/ capitalism but ironically accepts all utilitarian arguments that morally justify competitive free market capitalism.
  + Accepted voluntary exchange. (utilitarian defense of capitalism
  + Thompson argued against this utilitarian defense of capitalism because he denied the assertion that laborers freely sell their labor power under capitalism.
    - Because workers did not own the tools and materials with which to produce.
    - The selling of their labor power was coerced.
  + In a fair, competitive, exchange society, owners of capital should be able to live only “in equal comfort with more actively employed productive laborers.”
    - This will get workers to individually or within groups, own their own capital and retain all of the fruits of their labor.
* In order for free exchange to harmoniously benefit all exchangers, (1) workers would have to have their own capital and materials necessary for production in order for them to produce freely rather than under coercion. (2) If competition was to be universally beneficial, then all restrictions on free competition would have to be removed.

***Thompson’s Critique of Market Socialism***

* Thompson said there was 5 evils that seem to be inherent in the very principle of individual competition.
  1. Every laborer saw a competitor as a rival. (Medical Men example – preventative medicine) …professions would reap similar benefits by contriving to create or induce a strong need for their products or services even in cases where society would benefit when such products or services were not needed.
  2. Individualistic pursuit of wealth even in a market socialist economy was the systematic oppression of women. This oppression was an evil in itself and led to the systematic oppression of women.
     + Cooperation and sharing rather than individualistic competition.
  3. Economic instability caused by the anarchy of the market.
  4. Market socialism would not eliminate many of the insecurities of capitalism that came from reliance on the market. The selfishness and egotism fostered by a competitive market society would create a situation in which there would be no adequate…resource for sickness, old age or numerous incident to human life.
  5. It retarded the advance and dissemination of knowledge by making the acquisition of knowledge subsidiary to greed and personal gain.
* Competitive, market socialism was an improvement of capitalism but the reliance on the market would still involve numerous social evils. The best kind of society would be a planned, cooperative socialist society.

**Critique of Thompson’s Utilitarianism (HUNT)**

* Contradictions arise when trying to combine elements/viewpoints of LTV and Utility Theory.
* Thompson became involved in these contradictions as a result of combining the two.
* Utilitarianism cannot support radical reform of society and it inherently tends to support the **status quo** (current state of things)

**Hodgskin**

* No Government or Laws

**Chapter 8: Pure Versus Eclectic Utilitarianism: Bastiat and Mill**

* Mill’s book was the last great effort to retain both the utility and labor perspective within the same body of economic doctrines.
* Bastiat’s book represented the final product of pure economic utilitarianism pushed to its logical conclusions.

**The Spread of Socialist Ideas**

* Socialism could be said to have derived equally from both English and French ideas.

**Foundation and Scope of Bastiat’s Utilitarian Economics**

* Attempted to establish the sanctity (goodness) of private property, capital, profit and existing distribution of wealth—in general, competitive laissez-faire capitalism.
  + Did this by extending the principles of utilitarianism into economic theory.
* Refuted the notion that class conflict was inherent in capitalism.
* It was in the writings of Bastiat that the utility approach was first consistently developed so as to reduce all economic theory to a mere analysis of market exchange.
* Agreed with the invisible hand argument
* Laissez-faire capitalism was the best possible economic system for everyone

**Bastiat’s Defense of Private Property, Capital, Profits and Rent**

* Set out to,
  + Defend private ownership of land and capital
  + Explain the nature of the services provided by landlords and capitalists.
  + Show that everyone benefited from the rigid enforcement of the laws of ownership and free exchange.
  + Show that the accumulation of capital benefited the laborers as much as the capitalist, if not more.
* All for Laissez-faire
* Private property was a natural law created by God and existing before any man-made laws
* Laws exist because there is property.
* Means of production came into existence due to the pain suffered by capitalists.

**Mill’s Utilitarianism**

* Attempt to integrate the LTV and the utilitarian perspective
* Was neither a utilitarian nor a proponent of the labor theory of value.

**Discussion Questions: Thompson and Hodgskin**

1) Hunt argues that during the first few decades of the 19th century, as the troubles of the working class (riots, unions, and machine wrecking) intensified, the defenders of the laborers began to attribute their oppression to a new source. What was this source and do you agree with Hunt’s assessment? Explain.

2) Who was Robert Owen and how exactly did he believe he could help the poor?

1. ***Robert Owen was a humane middle-class capitalist. To help the poor, he believed the answer laid in the formation of voluntary “cooperatives,” in which the producers themselves would jointly control their own economic destinies. A system of cooperatives could coexist and compete with existing capitalist enterprises and eventually replace them entirely.***

3) What does Thompson mean when he writes about “security” and argues that capitalism could never be a “system of security.” Explain his reasons. Do you agree with Thompson’s argument? Why or why not?

4) Hunt argues that utilitarianism is both a psychological theory and an ethical theory. Use plain language to explain the meaning of this argument.

5) Hunt argues that utilitarianism seems to support egalitarian sentiments and to be a democratic philosophy, but these apparent egalitarian and democratic characteristics are illusory. Explain the ways that utilitarianism seems democratic but turns out to provide powerful intellectual justification for the status quo. Does this mean that utilitarianism demonstrates that the status quo is superior to any alternative? Explain.

6) How did utilitarianism undermine Thompson’s proposal for a more equal distribution of income. Explain how he ultimately did argue more equality would be good social policy.

7) Hunt argues that utilitarianism cannot be used to justify “radical reform of society” in an intellectually consistent way and that utilitarianism serves as an ideal defense of the status quo and/or capitalism and existing property rights. Explain Hunt’s argument and then explain whether you agree or disagree with Hunt.

8) How did Thompson reconcile his seemingly harmonious view of exchange with his view of capitalism as a system of conflict between the capitalists and the workers? That is, what did he assume about the workers and their labor they led him to conclude that conflict was the overpowering condition of the day?

9) Discuss similarities and between capitalism, competitive market socialism and egalitarian market socialism. Briefly explain the (five) “evils” of competitive market socialism that Thompson identified. Do any of this criticisms rings true in our current economy? Explain your reasoning.

10) Explain Thompson’s argument that women would be systematically oppressed in competitive market socialism or the “individualistic pursuit of wealth.” Is it different in capitalism? Why or why not? What did he concluded would be women’s lot in this system and why was that the case? Did he imagine a situation in which this would not be the case? Explain.

11) One notable historian of economic ideas (Ronald Meek) wrote that “Thomas Hodgskin was a name to frighten children. What was “frightening” about Hodgskin’s writings? Explain. Identify the economists we have studied thus far who probably influenced Hodgskin, or at least made arguments very similar to his. Develop these “links.”

12) Hunt argues personal judgments about 1) the importance of history and 2) what a thinker takes as “given and eternal” are important elements in the perspective that one tends to adopt. Explain why these factors might influence which perspective seems more useful and revealing about the functioning of capitalism. Explain why these factors might influence one’s assessment of the social merits of free, mutually beneficial exchange in well-functioning markets?

Class Notes

* All Thompson means: advocates for general equality. People should keep what they produce. If you happen to produce more than normal. Security = keeping what you produce.

Chapter walkthrough