**AMERICAN POLITICAL ECONOMY (PLAP 3400)**

THE UNIVERSITY OF VIRGINIA

DEPARTMENT OF POLITICS

Spring 2023

Instructor: Danielle Charette Location: New Cabell Hall 332

Email: dcharette@virginia.edu Time: MWF 11-11:50am

Office Hours: Gibson S154, MWF 12-1pm

**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 fundamental positions on political economy found in the writings of Aristotle, Aquinas, Smith, and Marx — paying particular attention to arguments for or against a capitalist regime. The course then turns to the development of the American economic system and its role in shaping the character of individuals and their relationship with government. Readings are drawn from Franklin, Jefferson, Hamilton, and Roosevelt, among others. We will also look at the modern welfare state and debates over inequality.

**II. Texts**

The class readings are compiled into a Course Reader, which is available for purchase at UVA Readers on Elliewood Ave. These readings are also available as individual PDFs on Collab.

# **III. Assignments and Grading**

1. Two 5-6 page papers (20% first, 25% second), due at **5 PM on February 24 and May 5**

2. Midterm Exam (15%), in class on **February 27**

3. Final Exam (25%) **TBD, 3 hours in person**

4. Class participation (15%)

**IV. Course Policies**

***Papers***: Students will receive paper assignments approximately two weeks before the due date. Papers should be 5-6 typed (12-point font, 1-inch margins, double-spaced) pages and must be submitted **by email by 5 PM** on the due date. A deduction of two points per day will occur after that. *Failure to complete any assignment will result in an F in the course*.

***Participation***: The centerpiece of our class meetings will be rigorous discussion of the assigned texts. Participation is therefore of the utmost importance. Students will be expected to complete the readings and be prepared to discuss them in detail. The syllabus provides questions to guide your preparation of the readings.

***Electronic Devices:*** No laptops or electronic devices are permitted in class except with documentation from SDAC. Please bring a hard copy of the day’s reading with you to each class.

***Absences:*** Occasional absences within reason are permitted, and you are not required to notify me about them unless you are experiencing a long-term issue which may affect your course performance. However, frequent absence will substantially lower your participation grade.

***Guest Lectures:*** The course will feature several guest lectures by prominent scholars in the field. These are a vital element of the course, and your attendance at the guest lectures is a mandatory part of your participation grade. Anything covered in the lectures may appear on the exams.

***Honor Code at Virginia***: All work completed for this course falls under the guidelines of the Honor System.

**COURSE READING SCHEDULE**

**UNIT 1: CLASSICAL UNDERPINNINGS OF POLITICAL ECONOMY**

**Wednesday, January 18: 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?

**Friday, January 20: Institutions and Regimes**

Plutarch, “Life of Lycurgus”

Reading Questions

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

**Monday, January 23: 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?

**Wednesday, January 25: 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?

**UNIT 2: MODERN EUROPEAN POLITICAL ECONOMY**

**Friday, 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?

**Monday, January 30: 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?

**Wednesday, February 1: The Case for Capitalism and Commerce**

Adam Smith, selections from *Theory of Moral Sentiments* (1759), I.i.1-10 (“Of Sympathy”)

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”?

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

**\*\*Guest Lecture: Glory Liu, Harvard University\*\***

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?

**Monday, February 6: 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?

**Wednesday, February 8: NO CLASS**

**Friday, Feb. 10: The Case for Capitalism and Commerce**

Adam Smith, selections from *Wealth of Nations*

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?

**Monday, Feb. 13: Capitalist Virtues!**

Benjamin Franklin, selections from the *Autobiography*

Reading Questions

1. By what means does Franklin build up his printing business? How does his personal conduct help or hurt him?
2. How does Franklin found the public library, and what kinds of challenges inherent in a commercial society does his method of founding it try to overcome?
3. What do Franklin’s virtues aim at? How are they different from the virtues of the Greeks and early Christians?

**Wednesday, Feb. 15: 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? Why is the alternative historical explanation – that capitalism grew out of increasing secularism – wrong?

**Friday, Feb. 17: Critiques of Capitalism**

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

Thomas Paine, *Agrarian Justice* (1797)

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?
3. How does Paine’s account of the origin of inequality compare with Rousseau’s?

**Monday, Feb. 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. How does Marx’s argument constitute a critique of Smith’s economic?
2. In what ways can man become alienated?
3. How will society, according to Marx, develop from the capitalist system to communism?

**Wednesday, Feb. 22: 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?

**\*\*\*FIRST PAPER DUE BY 5 PM\*\*\***

**Monday Feb. 27: \*\*\*MIDTERM EXAM\*\*\***

**UNIT 3: POLITICAL ECONOMY AT THE AMERICAN FOUNDING**

**Wednesday, March 1: 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?

**Friday, March 3: Debt and Banking**

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

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

Alexander Hamilton, “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?

**\*\*\*Spring Recess: Monday, March 6 – Friday, March 10\*\*\***

**Monday, March 13: 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, “Letter to John Adams” (1813)

Reading Questions

1. How does Adams understand the origins of inequality? Are they natural, or the result of a capitalist system?
2. How does Jefferson respond to Adams? Which institutional legal changes, according to Jefferson, will promote genuine economic opportunity?

**Wednesday, March 15: Inequality, Aristocracy, Meritocracy**

Brutus, No. 3

Melancton Smith, selections from “Speeches to the New York Assembly”

*Federalist Papers*, #10

*Federalist Papers*, #35

Reading Questions

1. Assuming inequality in society, what representative arrangement is fairest? How do the answers of the anti-Federalists and Federalists differ?

**UNIT 4: ANTEBELLUM AMERICA**

**Friday, March 17: Jacksonian Democracy vs. Neo-Hamiltonianism**

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?

**Monday, March 20: 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 22: Tocqueville on Slavery**

Alexis de Tocqueville, selections from *Democracy in America* (1840)

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?

**Friday, March 24: 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?

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

Eugene 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?

**Wednesday, March 29: NO CLASS**

**Friday, March 31: 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?

**UNIT 5: TWENTIETH CENTURY DEBATES**

**Monday, April 3: 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?

**Wednesday, April 5: 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?

**Friday, April 7: 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?

**Monday, April 10: 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 implied in Keynes’s essay? Are they attainable?

**Wednesday, April 12: Critiques of Liberalism**

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

Reading Questions

1. How does totalitarianism arise from economic planning even when the planners have good and non-tyrannical intentions?
2. What are the 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?
3. How does Hayek distinguish between two types of security in society?’

**Monday, April 17: Critiques of Liberalism**

William Voegeli, *Never Enough* (2010), Ch. 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?

**UNIT 6: CONTEMPORARY DEBATES**

**Wednesday, April 19: Alternatives to Liberalism**

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 21: Inequality in Theory**

John Rawls, “Distributive Justice” (1967)

Reading Questions

1. What are the two principles of justice, according to Rawls? What kind of action do they require from the government?
2. Do Rawls’s two principles harmonize with each other, or do they conflict?

**Monday, April 24: Inequality in Theory**

Robert Nozick, *Anarchy, State, and Utopia* (1974), Ch. 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 freedom?

**Wednesday, April 26: 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 causes of rising inequality and decreased mobility, according to President Obama? Where do Wehner and Beschel agree with Obama, and where do they disagree?
2. How do Obama’s proposed solutions compare with Wehner’s and Beschel’s?
3. What is the role of the government in address inequality?

**Friday, April 28: Inequality in Practice**

Thomas Piketty, *Capitalism & Ideology* (2020), selections

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

Reading Questions

1. What correlation does Piketty identify between income and the two main American parties? How have these differences evolved over time? Is this an American phenomenon, or a global one?
2. How does Piketty think this income divide compares with the racial divide?
3. Murray suggests we ought to focus on when considering the growing “inequality” in American society? What does Murray propose should be done about this growing inequality?

**Monday, May 1** **Conclusion**

Gareth Cook on Raj Chetty: “The Economist who would Fix the American Dream,” *The Atlantic* (2019)

Reading Questions

1. What factors does Raj Chetty associate with economic opportunity?
2. What tools does he use to measure this?

**\*\*\*SECOND PAPER: Due Friday, May 5 at 5 PM\*\*\***

**\*\*\*FINAL EXAM: TBD**