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Fall 2009

ECO 4931: Capitalism and Morality **Class syllabus**

Course Description

This course examines the moral, political, and economic arguments that have been given on behalf of what is variously known as “capitalism” (Marx’s term), “political economy” (the predominant eighteenth-century term), “the obvious and simple system of natural liberty” (Adam Smith’s term), and commercial societies or market-based economies (the terms used by most philosophical adherents to the tradition today).

Not all of this tradition’s adherents have argued for exactly the same signature of political, economic, and social institutions, and not all of them agree on how they should be supported. Nonetheless, their positions coalesce around a few central principles: government limited to protection of private property and voluntary contracts, otherwise limited third-party interference in economic affairs, and a wide scope of (one conception of) individual freedom.

That is the position: is it morally justifiable? In this course, we will examine several important proponents’ arguments with critical scrutiny, and we will also examine some influential objections. Capitalism in its various forms has so many adherents, from so many different perspectives, that a selection had to be made; similarly with the opponents. Understand, then, that we are investigating only a small selection of what a more comprehensive course of study might undertake. Our course will center on the examination of a handful of the most important classical sources and some of the important more recent sources. I will provide a list of further readings for those who wish to continue the investigation.

The goals of this course will be to gain familiarity with some of the most important historical and contemporary discussions and defenses of capitalism and with some important challenges to it; to evaluate the respective arguments critically; and to come to some judgment of capitalism’s benefits and liabilities, especially its moral benefits and liabilities. A secondary set of goals of this course are to sharpen your skills in critical evaluation of arguments and in careful formulation and presentation of your own positions.

Required Books and Materials

1. Bastiat, Frederic, *The Law* (Irvington-on-Hudson, New York: Foundation for Economic Education, 1998). Also available online (see below).

2. Christman, Henry M., ed., *Essential Works of Lenin* (New York: Dover, 1997). Referred to as “EWL” below.
3. Friedman, Milton, *Capitalism and Freedom*, 40th ann. ed. (Chicago: University of Chicago Press, 2002).
4. Hayek, Friedrich, *The Constitution of Liberty* (Chicago: University of Chicago Press, 1978).
5. ———, “The Use of Knowledge in Society,” in *Individualism and Economic Order* (Chicago: University of Chicago Press, 1980); pp. 77–91. Also available online (see below).
6. McCloskey, Deirdre N., *The Bourgeois Virtues: Ethics for an Age of Commerce* (Chicago: University of Chicago Press, 2006).
7. McPherson, C. B., ed., *John Locke: Second Treatise of Government* (Indianapolis: Hackett, 1980).
8. Otteson, James R., ed., *Adam Smith: Selected Philosophical Writings* (Charlottesville: Imprint Academic, 2004). Referred to as “SPW” below.
9. Pope Benedict XVI, *Caritas in Veritate* (2009). Available online (see below).
10. Pope John Paul II, *Centisimus Annus* (1991). Available online (see below).
11. Simon, Lawrence, H., ed., *Karl Marx: Selected Writings* (Indianapolis: Hackett, 1994). Referred to as “SW” below.
12. Sunstein, Cass R., *Free Markets and Social Justice* (New York: Oxford University Press, 1997).
13. Ubel, Peter, *Free Market Madness: Why Human Nature Is at Odds with Economics—And Why It Matters* (Cambridge, Mass.: Harvard Business School Press, 2009).
14. Veblen, Thorstein, *The Theory of the Leisure Class* (New York: Dover, 1994).

Course Requirements

This course will have a discussion format. We will begin with an opening presentation and some discussion questions, and then we will proceed to discuss the material critically. For this to be profitable and worth our while, a few prerequisites must be met:

1. Everyone must have read and considered the assigned material in advance.
 - Each student is required to e-mail me some proposed discussion questions in advance of each Monday class meeting. These questions may be used for that week’s in-class discussions. Plan to have approximately 1–3 questions based on the readings assigned for that week.
 - These questions will be graded according to the following scale: zero, ✓–, ✓, and ✓+. At the end of the semester, a preponderance of ✓+ will add 5 percentage points to your final grade; a preponderance of ✓ makes no change; a preponderance of ✓– subtracts 5 percentage points; and a preponderance of zeroes subtracts 10 percentage points.

2. Everyone must be prepared to discuss the assigned reading material, the opening presentation and discussion questions, and each others' comments critically yet charitably.
 - Each student will receive a grade for participation, which will be worth 10% of the final grade.
 - You should plan to attend every class. Poor attendance will be reflected in your grades.
 - You should plan to speak every class. Remember, however, that quality is always preferable to quantity.

In addition to those requirements, you must:

1. Write three 5–6 page papers on assigned topics. Each is worth 20% of your final grade.
2. Take a final, comprehensive, essay-style examination. It will be worth 30% of your final grade. It takes place according to Yeshiva College's schedule: Monday, December 28, 2009, 9:30–11:45am.

TENTATIVE COURSE SCHEDULE

Date	Author or Topic	Assigned Readings
Aug. 26	Introduction: aims and purposes, policies and procedures, and introductory remarks.	Brief essays by Qinglian He and Michael Walzer on the whether the free market corrodes moral character; available here: http://www.templeton.org/market/ .
Aug. 31	No class.	No assignment. Review or read ahead at your discretion.
Sept. 2	Classical foundations: John Locke.	Locke's <i>Second Treatise of Government</i> , chaps. 1–5, 7–11, 18, and 19.
Sept. 7	Labor Day: no class.	No assignment. Review or read ahead at your discretion.
Sept. 9	Locke, cont'd.	Locke, cont'd.
Sept. 14	Adam Smith.	<i>Theory of Moral Sentiments</i> and <i>Wealth of Nations</i> (SPW, pp. 42–50, 69–75, 91–102, 129–36, 143–9, 151–2, and 166–73).
Sept. 16	Smith, cont'd.	Smith, cont'd.
Sept. 21	Smith cont'd.	Smith, cont'd.
Sept. 23	Frédéric Bastiat.	<i>The Law</i> , available here: http://oll.libertyfund.org/?option=com_staticxt&staticfile=show.php%3Ftitle=78&Itemid=27 .
Sept. 18–Oct. 12	Yom Kippur: no class.	No assignment. Review or read ahead at your discretion.
Oct. 14	Bastiat, cont'd.	“What Is Seen and What Is Not Seen,” available here: http://www.econlib.org/library/Bastiat/basEss1.html ; and “A Petition,” available here: http://www.econlib.org/library/Bastiat/basSoph3.html .
Oct. 19	Classical critics: Marx.	“Alienated Labor” and “Private Property and Communism” (SW, 58–79). First paper due.
Oct. 21	Marx, cont'd.	<i>Communist Manifesto</i> , sects. 1, 2, and 4 (SW, pp. 157–76 and 185–6).
Oct. 26	Marx, cont'd.	<i>Capital</i> , vol. 1, chaps. 7, 26, and 32 (SW, pp. 274–300).
Oct. 28	Lenin.	<i>The State and Revolution</i> (EWL, pp. 271–364)
Nov. 2	Lenin, cont'd.	Same, cont'd.

Nov. 4	Early twentieth-century proponents: Friedrich Hayek.	<i>Constitution of Liberty</i> , chaps. 1–3.
Nov. 9	Hayek, cont'd.	Ibid., chaps. 4, 5, 9, and 10.
Nov. 11	Hayek, cont'd.	“The Use of Knowledge in Society,” available here: http://www.econlib.org/library/Essays/hykKnw1.html .
Nov. 16	Milton Friedman.	<i>Capitalism and Freedom</i> , 40th anniv. ed., Introduction and chaps. 1, 2, 8, 10, 12, and 13.
Nov. 18	Friedman, cont'd.	Same, cont'd.
Nov. 23	Early 20th-century critic: Thorstein Veblen.	<i>The Theory of the Leisure Class</i> , chaps. 1–4 and 7.
Nov. 25	Veblen, cont'd.	Same cont'd.
Nov. 30	Recent discussions: Peter Singer.	“Rich and Poor,” chap. 8 of his <i>Practical Ethics</i> , 2nd ed. (Cambridge University Press, 1999). Second paper due.
Dec. 2	Cass Sunstein.	<i>Free Markets and Social Justice</i> , chaps. 1–4.
Dec. 7	Sunstein, cont'd.	Same, cont'd.
Dec. 9	Peter Ubel.	<i>Free Market Madness</i> , chaps. 1, 2, 5, 12, and 13.
Dec. 14	Ubel, cont'd.	Ubel, cont'd.
Dec. 16	Deirdre McCloskey.	<i>The Bourgeois Virtues</i> , “Apology.”
Dec. 21	Pope John Paul II	<i>Centesimus Annus</i> , available here: http://www.newadvent.org/library/docs_jp02ca.htm
Dec. 23	Pope Benedict XVI	<i>Caritas in Veritate</i> , available here: http://www.newadvent.org/library/caritas-in-veritate.htm

Third and final paper: due to me electronically by 5pm on Sunday, January 3, 2010.

Final examination: Monday, December 28, 2009, 9:30–11:45am.