

## Theoretical Foundations of Political Economy

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Bard College

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### Course Description

Political economy is the study of production and exchange as well as their relations with government, distribution, and wealth within a given society. While economics is often termed the science of need under conditions of scarcity, it also involves power relations and, therefore, politics. From its inception, the subject of economics has been intertwined with political theory. Adam Smith, the founder of modern economics, was primarily a moral and political philosopher who turned to economics in order to solve the political problem of social regulation. The sources of economic thinking are political, and this course will help us to uncover the political ideas that are implicit in economic discourse.

Our goal this semester will be to examine the theoretical foundations that inform current policies and policy debates. We will do this by focusing on two fundamental issues: the justifications for private property (and related government intervention) and the sources of economic inequality. Looking at recent policy debates, we can see that these two issues are interwoven. To broaden and sharpen our understanding of these core principles and theories, we will engage in close textual analysis of foundational texts in political economy.

### Course Requirements:

- Reading, participation, informal writing assignments: 10% of final grade
- Three papers, 5-7 pages each, along with mandatory rough drafts and associated pre-draft writing, addressing your choice of assigned topics, each worth 30% (more detailed assignment guidelines will be handed out and discussed in class)

1. Introduction,  
The Political Economy of the 2008 Crisis and Aftermath, Europe's vulnerabilities and responses
2. Aristotle: The Natural Order  
*Politics*, Book I, VII (sections 1-2), *Nicomachean Ethics*, Book V
3. Hobbes: Natural Equality and War  
*The Citizen*, ch. 1-3, 5
4. Hobbes: Civil Authority  
*Leviathan*, ch. 18, 21, 24
5. Locke: Natural Liberty and Private Property  
*The Second Treatise of Government*, ch. 1-5, 7-9
6. Rousseau: Property and Dependency  
*Discourse on the Origin of Inequality*

7. Smith: Wealth and Civil Society  
*Wealth of Nations*, Introduction and Plan of the Work and Book I, ch. 1
8. Smith: Division of Labor, the Market, and Self-Seeking  
*Wealth of Nations*, Book I, ch.s 1-4  
Recommended: Foley, *Adam's Fallacy*, ch. 1 (pp. 1-12)
9. Smith: Labor, Value, and Distribution  
*Wealth of Nations*, Book I, ch.s 5-6  
Recommended: Foley, *Adam's Fallacy*, ch. 1 (pp. 12-17)
10. Smith: Natural Market Price and the Invisible Hand  
*Wealth of Nations*, Book I, ch.s 6-8  
Recommended: Foley, *Adam's Fallacy*, ch. 1 (pp. 17-21)
11. Smith: Distribution of Income between Wages and Profits  
*Wealth of Nations*, Book I, ch.s 9-10, 11 (skim)  
Recommended: *Adams Fallacy*, ch. 1 (21-28)
12. Smith: Capital Accumulation and Inequality  
*Wealth of Nations*, Book II, Intro, chs. 1,3,5  
Recommended: Book V, ch. 1 (Part III, Article 4) & ch. 2
13. Smith: The Invisible Hand and Government Intervention  
*Wealth of Nations*, Book IV, Intro and ch. 2; Book V ch. 1 (Parts II & III—  
articles 1&2)  
Recommended: Foley, *Adam's Fallacy*, ch. 1 (pp. 33-44)
14. Hegel: Civil Society and the State  
Shlomo Avineri, *Hegel's Theory of the Modern State*, ch. 5, 7
15. Marx: Historical Materialism  
Marx and Engels, *The German Ideology*, Preface & Part I (on Feuerbach), §A  
"Idealism and Materialism"  
Marx and Engels, *The Communist Manifesto*, Introduction & Part I  
Marx, *A Contribution to the Critique of Political Economy*, Preface
16. Marx: Commodities, Value, and Money  
Marx, *Capital*, Volume 1, ch. 1-3  
Recommended: Ben Fine, *Marx's 'Capital'*, selections (to be announced in  
class)
17. Marx: Capital, Labor, and Surplus Value  
Marx, *Capital*, Volume 1, ch. 4-6, 26  
Recommended: Ben Fine, *Marx's 'Capital'*, selections
18. Marx: Absolute Surplus Value, the Class Struggle, and Exploitation

- Marx, *Capital*, Volume 1, ch. 7-8, 10 (§1)  
Recommended: Ben Fine, *Marx's 'Capital'*, selections
19. Marx: Relative Surplus Value, Innovation, and Alienation  
Marx, *Capital*, Vol. 1, ch. 12-14, 15 (§§1-5), 16  
Recommended: Ben Fine, *Marx's 'Capital'*, selections
20. Marx: Capital Accumulation, Innovation, and Crises  
Marx, *Capital*, Vol. 1, ch. 23-25  
Recommended: Ben Fine, *Marx's 'Capital'*, selections
21. Marx: Marx's Political Economy  
Marx and Engels, *The Communist Manifesto*, Preamble, Parts I&II  
Marx, *Critique of the Gotha Programme*
22. Neoclassical Economics: Carl Menger  
Carl Menger, *Principles of Economics*, ch. 2,3 (§1-2), 4
23. Neoclassical Economics: Hayek  
F. A. Hayek, "The Use of Knowledge in Society," *American Economic Review* 4 (Sept. 1945), p. 519-530  
Mark Blyth, "The Intellectual History of a Dangerous Idea, 1942-2012," in *Austerity: History of a Dangerous Idea* (2013), p. 132-177
24. Keynes: Effective Demand and Income Determination  
John Maynard Keynes, *The General Theory*, ch. 1-3, 18
25. Keynes: Money, Liquidity, and Interest Rates  
Keynes, *The General Theory*, ch. 17
26. Keynes: Business Cycles and Government Policy  
Keynes, *The General Theory*, ch. 12, 18, 22, 24
27. Social Citizenship and Inequality  
T. H. Marshall, "Citizenship and Social Class"  
Thomas Piketty, *Capital in the Twenty-First Century*, selections
28. Social Theories and "Neoliberalism" / Conclusion  
Pierre Dardot and Christian Laval, *The New Way of the World: On Neoliberal Society*, selections