**Oxford 2024**

**Pols 4072: Political Economy and the Scottish Enlightenment**

Professor Ainsworth (sainswor@uga.edu)

Office Hours: Tuesdays 11:00-12:00 in the HB Allen Center Café.

Of course, the best time to ask questions is during class. If you have a question, rest assured that others have the same question.

Class Meeting Time: Mondays and Wednesdays: 10:00-12:00

Class Location: Minnie’s Room or Mille’s Room, HB Allen Center, Keble College

MONDAYS

Mille’s: Weeks 1, 3, 4, 5, 7, & 8

Minnie’s: Weeks 2 & 6

WEDNESDAYS

Mille’s: Weeks 1, 5, 6, & 8

Minnie’s: Weeks 2, 3, 4, & 7

**What is Political Economy?**

Politics and economics are all around us. Political economy (PE) considers: How political and economic forces interact. How practices and institutions emerge to affect either political or economic circumstances. The key institutions for PE are markets and governments. One might even consider which came first: markets or governing bodies.

I offer a broad view of PE, but some scholars widen their view even further, considering public policies and policymaking, international relations, or other social, political, or economic phenomena.

**Why Scotland?**

*“We look to Scotland for all our ideas of civilization.”*  Voltaire

**What is the Scottish Enlightenment?**

“The 'Scottish Enlightenment' is the name given in recent years to the remarkable epoch which Dugald Stewart described as a "sudden burst of genius" [1854, p. 551]. Although it is difficult to give firm dates, it is commonly considered that the Enlightenment extended from the Act of Union (1707) to the death of Sir Walter Scott (1832) with the peak of its achievements occurring in the second half of the eighteenth century. The period is sometimes characterized by describing the major developments in areas such as economics, philosophy and law, associated with the names of Adam Smith, David Hume and Lord Kames but the Enlightenment was not restricted to a small group working in a narrow range of subjects. Many other important advances occurred in a wide range of disciplines such as medicine, mathematics, agriculture, chemistry, geology, sociology, anthropology and psychology. The roll call of luminaries would include such people as: William Hunter, Andrew Duncan, William Cullen, Colin Maclaurin, James Hutton, Joseph Black, William Robertson, Adam Ferguson and John Millar. The Enlightenment also saw a flowering of the arts so that there were great architects (such as Robert Adam), and a notable literary revival (Sir Walter Scott, Tobias Smollett and the poetry of Robert Burns).” (Mepham 1988)

We will read work by David Hume, Adam Ferguson, and Adam Smith, three towering intellectuals of the Scottish Enlightenment. Please note that many aspects of this study are *both* *challenging and exhilarating*. Things will be a little bit different, or very, very different. Fortunately, we meet twice every week to work things out.

**Notes for Classroom Success**

**Read every day**. We don’t have class every day, but you should read every day. The content and style of the readings varies considerably. Keep your eyes open for references to Ferguson, Hume, and Smith. These are our Scottish Enlightenment notables. Keep your eyes open to broad, conceptual themes. Grab hold of broad concepts as well as the references to our Ferguson, Hume, Smith triumvirate.

*“Be curious, not judgmental.”* Ted Lasso

**Thematic Threads for this Course**

PE is the term that Adam Smith (and others) used to describe their analyses of the interrelationships between individuals, governments, and markets. Markets and governments are two of the most amazing human creations for managing social affairs. How did they emerge and why do they matter? Sometimes markets operate smoothly. Sometimes they fail. Sometimes governments become increasingly stable, regularly developing broadly helpful policies. Sometimes governments prevail for just short periods of time, experience considerable turmoil, and yield little of value.

The fates of markets and political institutions are intertwined whenever

* Governments regulate markets
* Market outcomes affect political circumstances

Consider the possibility that

* Private interests engineer political wins to yield narrow economic advantage
* Private interests wield market advantage to affect political gains

How does political economy work? What are some examples?

* Government officials develop public policies with an eye toward how individuals behave and how those same individuals might alter their behaviors as new public policies are developed.
	+ Assessing public policies with the tools introduced in this course can be enlightening.
	+ With the concepts introduced in this course, one can sometimes more meaningfully assess how well governmental institutions perform tasks.
	+ With the tools introduced in this course, one can sometimes more meaningfully reassess how well markets operate.
* Markets and governments operate best when there are no information asymmetries. Tools and concepts developed within political economy can illuminate the role of information in markets and governments.
* In sum, with an eye towards individuals’ behaviors, PE considers how markets affect politics and how politics affects markets.

**General Plan for the Readings and Discussions**

1. Our first readings focus on Scottish economic history, Scotland’s political geography, and the connections between the Scottish Enlightenment and some of our own founding fathers.

2. Our next readings include a brief discussion of individual motivations and various considerations of conventions and norms. Can conventions and norms offer policies akin to government policies?

3. We will consider whether “good” conventions and norms can be solidified?

4. Can contracts solidify conventions? Can contracts be enforced without adherence to certain norms?

5. How do governments help to ensure the enforcement of contracts? Can other institutions help with contract enforcement?

6. How do constitutions operate? Are they different from contracts?

7. What types of goods do markets and governments provide? What are the challenges of their provision? How do the UK and Scotland handle the provision of various goods? The understanding of rights?

At times, I will contrast Hume and Hobbes and Locke. These briefs quotes illustrate just one instance of distinct contrast.

*For he that performeth first, has no assurance the other will performe after; because the bonds of words are too weak to bridle mens ambition, avarice, anger, and other Passions.*

–Thomas Hobbes, 1651, *Leviathan*, Chapter XIV

*Your corn is ripe today; mine will be so tomorrow. 'Tis profitable for us both, that I should labour with you today, and that you should aid me tomorrow. I have no kindness for you, and know you have as little for me. I will not, therefore, take any pains upon your account; and should I labour with you upon my own account, in expectation of a return, I know I should be disappointed, and that I should in vain depend upon your gratitude. Here then I leave you to labour alone; You treat me in the same manner. The seasons change; and both of us lose our harvests for want of mutual confidence and security.*–David Hume, 1739, *A Treatise of Human Nature*, Book II

0. INTRODUCTION (15/1)

Tanaka. 2010. “The Scottish Enlightenment and Its Influence on the American Enlightenment,” *Kyoto Economic Review* x:16-39. Don’t worry about every name that pops up. Read faster. Note the American names (Adams, Franklin, Hamilton, Madison, Rush, Wilson, etc.) from the founding era (1700s). Look for and note Ferguson, Hume, and Smith. Don’t worry about memorizing. That’s not learning. Think how some of our founders were influenced by the Scots of the Enlightenment.

Schotter. 1990. *Free Market Economics*, Chapter 3. Note how flexible the notion of market is.

I. WHAT MOTIVATES INDIVIDUALS, WHAT MOVES INDIVIDUALS? (17/1)

*What came first? Individuals, governments, or markets?*

Khalil. 2001. “Adam Smith and Three Theories of Altruism.” *Louvain Economic Review* 67:421-435.

Coase. 1976. “Adam Smith’s View of Man.” *J of Law & Economics* 19:529-546.

Cohen, 2023. “I’m Rethinking about How I Give to Those in Need” Washington Post. (<https://www.washingtonpost.com/opinions/2023/12/29/real-reason-beggars-giving/>)

Singer. 1972. “Famine, Affluence, and Morality.” *Philosophy and Public Affairs* 1:229-243.

II. READING SOME CLASSICS (22/1)

*Let’s imagine individuals without governments. What might have characterized the state of nature? What do the records say?*

David Hume, “Of the Original Contract”

Adam Ferguson, “Of the Question Relating to the State of Nature”

David Hume, “Of the First Principles of Government”

Sened. 1997. *The Political Institution of Private Property*, Introduction and Chapter 1. Sened provides a brief and helpful summary of different understandings of the notion of a social contract.

Frye, “Freedom without Law,” *Pol, Philosophy, and Eco*, 2018, 298-316. Hey, this guy’s a Dawg!

Recognizing governance? <https://www.youtube.com/watch?v=t2c-X8HiBng>

III. CONVENTIONS and NORMS (and an ever so brief intro to INSTITUTIONS)

(24/1 & 29/1)

*Who’s Norm? Are norms and conventions helpful? Are they optimal? Are they necessarily fair? How does Hume contrast with Hobbes and Locke? [For subsequent discussions, Gaus and Thrasher’s two views of institutions will become important, as will transaction costs. How does an institution as the “rules of the game” operate versus the “equilibrium view” of an institution?]*

Gaus and Thrasher. 2008. *Philosophy, Politics, and Economics*, Chapter 7.

<https://www.nytimes.com/2024/01/10/magazine/dangerous-driving.html?searchResultPosition=1>

<https://www.nytimes.com/2023/01/06/us/widen-highways-traffic.html>

<https://www.youtube.com/watch?v=JYqfVE-fykk>

IV. MORE RECENT VIEWS OF NORMS AND CONVENTIONS (31/1, 5/2, & 7/2)

*Suppose we wanted to stabilize the “good” norms and conventions? How do an array of norms and conventions overlap? Recall the importance of time horizons as presented in Axelrod.*

Schelling. 1978. *Micromotives and Macrobehavior*, Chapter 7. Examine the array of games portrayed. The tools are similar, but the payoff structures lead to different types of strategic concerns for the people involved.

Axelrod 1984. *Evolution of Cooperation*, Chapters 1 and 4.

Leeson. 2009. “The Laws of Lawlessness,” *Journal of Legal Studies*. xx:471-503.

Hardin. 1990. “The Social Evolution of Cooperation,” Chapter 10, in *Limits on Rationality*, Ed.s Cook and Levi.

Bicchierri and Mercier, “Norms and Beliefs: How Change Occurs,” *The Jerusalem Philosophical Quarterly*, 2014, 60-82. Bicchieri visited UGA last Spring for the annual Parthemos Lecture in the Department of Political Science.

Rose. 2019. *Why Culture Matters Most*, Chapter 2. What is a cultural commons?

V. HOW AND WHY DO CONTRACTS EMERGE (12/2)

*How are risks and contracts related? How are transaction costs and contracts related? How are laws and contracts related? What are transaction costs? What are hold up potentials? What is a moral hazard? What is adverse selection? Can contracts solidify promises between individuals?*

Cheung. 1969. “Transaction Costs, Risk Aversion, and the Choice of Contractual Arrangements.” *Journal of Law and Economics* 12:23-42.

Umbeck. 1977. “A Theory of Contract Choice and the California Gold Rush.” *Journal of Law and Economics* 20:421-37.

VI. CONSTITUTIONS (14/2 & 19/2)

*What do authors of constitutions strive to accomplish? Must they be codified? What solidifies promises between governments and individuals? Who determines property rights? What makes a commitment credible?*

Ginsburg and Elkins. 2010. “Public Choice and Constitutional Design,” in *Elgar Handbook in Public Choice and Public Law*, Ed.s Farber and O’Connell.

Myerson. 2008. “The Autocrat’s Credibility Problem and Foundations of the Constitutional State.” *American Political Science Review* 102(1):125-139. Read only 125-126 and 133-137.

Mittal and Weingast. 2013. Self-Enforcing Constitutions: With an Application to Democratic Stability in America's First Century.” *J of Law, Eco, and Organization* 29:278-302.

Shepsle. 2017. *Rule Breaking and Political Imagination*, Chapter 7.

Helmke and Paine. 2022. “When Strong Institutions Undermine Strong Democracies.”

VII. TYPES OF GOODS (21/2 & 26/2)

*Why is a discussion of the different types of goods necessary? Network, Private, Public, Toll, and CPRs. Can markets provide these goods? Can governments? What are Externalities, Collective Action Problems, and Information Asymmetries.*

Savas. 19xx. *Privatization: The Key to Better Government*, Chapters 3 and 5.

Gaus and Thrasher. 2021. *Philosophy, Politics, and Economics*, pp 99-111.

Keech and Munger. 2015. “The Anatomy of Government Failure.” *Public Choice* 164:1-42.

Smith, “Of the Expenses of the Sovereign [Education]”

Smith, “Of the Expenses of the Sovereign [tbd]

Consider some of the local infrastructure from around Oxford. What might it have yielded?

“Who Will Profit from Saving Scotland’s Bogs?” *New York Times https://www.nytimes.com/interactive/2022/05/05/headway/scotland-peatlands-climate-change.html*

VIII. MARKETS AND GOVERNANCE AND MARKETS AND DEMOCRACIES (28/2)

*Are market innovations necessarily supportive of democratic systems? Do market efficiencies necessarily strengthen support for democratic systems.*

Samuels and Thomson. 2021. “Lord, Peasant, … and Tractor? Agricultural Mechanization, Moore’s Thesis, and the Emergence of Democracy*. Perspectives on Politics* 19:739-753.

Acemoglu and Robinson. 2013. “Economics versus Politics: Pitfalls of Policy Advice.” *Journal of Economic Perspectives* 27:173-192.

Cox. 2016. *Marketing Sovereign Promises*, Chapter 1.

Peters, Pierre, and King. 2005. “The Politics of Path Dependency: Political Conflict in Historical Institutionalism.*”* *J. of Pol* 67:1275-1300.

IX. FIRM AND MARKET STRUCTURES (4/3)

*How is trade efficient? How does Scotland feel about trade? Does free trade ensure fairness or equity? Is free trade opposed by some due to concerns about fairness or equity? If so, how could those concerns be addressed?*

Smith, “Of the Division of Labour”

Crichton. 2019. “Scotland and Westminster and Continental Drift,” Chapter 8 in *The Story of the Scottish Parliament*, Ed. Hassan.

Hughes. 2019. “Scotland’s Brexit Blues,” Chapter 17 in *The Story of the Scottish Parliament*, Ed. Hassan.

X. LAWS AND PROPERTY RIGHTS: CREATING WEALTH V. EXACERBATING INEQUALITIES (6/3)

*What are externalities and how do laws affect their distribution?*

Pistor. 2019. *The Code of Capital: How the Law Creates Wealth and Inequality*, Chapter 2.

Stiglitz. 2012. *The Price of Inequality*, Chapter 7.

Ferejohn. 2009. “Is Inequality a Threat to Democracy,” in *The Unsustainable State*, Ed.s Jacobs and King.

Gaus and Thrasher, pp. 100-103

Hiking in Scotland? Spend some time on Google looking at the Land Reform Act of 2003. Note how property and property rights are (re)conceived.

**Final Bits and Bobs**

**GRADING**

Presentations (2 per seminarian) will be worth 20%+- of the grade. They will be evaluated on the following criteria:

* Clarity in articulating the main concepts.
* Quality of presentation – logic presentation and organizational structure, usefulness of information contained in slides, and audience engagement.

Participation will be worth 13%+-. As noted at the orientations, attendance is mandatory. As a seminar participant, you must complete the readings for each class period. I encourage you to take reading notes and to jot down thoughts and observations as you read. Owning hard copies of assigned materials allows you to mark them up as you read. After completing the reading, notetaking, and marking, you will be best positioned to engage in seminar discussions. Even when my lectures do not cover the readings in a traditional manner, I nevertheless will assume that you have completed all assignments for the day. The readings offer crucial background information for understanding my lectures. I expect every student to participate.

These participation leads to better comprehension of ideas related to this course, improved listening skills, and a means to increase self-confidence.

Test #1 - 33%.

Test #2 - 33%.

**FORMAL ITEMS**

**Grade Scale:**

>=93%: A

90-92.99%: A-

87-89.99%: B+

83-86.99%: B

80-82.99%: B-

77-79.99%: C+

73-76.99%: C

70-72.99%: C-

 60-69.99%: D

<60%: F

**The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.**

**Laptops and Smartphones**: The use of smartphones, tablets and laptops during class is strictly prohibited. Bring a good pen and notebook to class. Be ready to listen, think, and take notes.

**Grade Concerns**: I am happy to discuss graded assignments. Those discussions are part of the education process. If, however, you feel that an assignment was graded incorrectly, you must submit a type-written explanation of the problem along with the assignment in question **within one week** of receiving the grade. I will re-evaluate your work and you will receive a “new” grade, whether that be the **same**, a **higher**, or **lower** grade. Of course, simple errors in calculation are an exception and they are readily corrected.

**Late/Missed Assignments:** Missed assignments will result in a zero without a university approved medical excuse or family emergency. Students will be penalized for late assignments; 20% of the grade for each day late without a university-approved medical excuse or family emergency. Make-up quizzes and exams can be arranged with the instructor with a university-approved medical excuse or family emergency ONLY.

**Prohibition on Recording Lectures.** In the absence of written authorization from the UGA Disability Resource Center, students may not make a visual or audio recording of any aspect of this course. Students who have a recording accommodation agree in writing that they:

· Will use the records only for personal academic use during the specific course.

· Understand that faculty members have copyright interest in their class lectures and that they agree not to infringe on this right in any way.

· Understand that the faculty member and students in the class have privacy rights and agree not to violate those rights by using recordings for any reason other than their own personal study.

· Will not release, digitally upload, broadcast, transcribe, or otherwise share all or any part of the recordings. They also agree that they will not profit financially and will not allow others to benefit personally or financially from lecture recordings or other course wildlifematerials.

· Will erase/delete all recordings at the end of the semester.

· Understand that violation of these terms may subject them to discipline under the Student Code of Conduct or subject them to liability under copyright laws.

**Students with Disabilities**: Students requiring accommodations should discuss such matters with the instructor at the outset of the course. Students requesting accommodations must register with the Disability Resource Center on campus (706-542-8719, <http://www.drc.uga.edu>).

*As a University of Georgia student, you have agreed to abide by the University’s academic honesty policy, “A Culture of Honesty,” and the Student Honor Code. All academic work must meet the standards described in “A Culture of Honesty” found at: www.uga.edu/honesty. Lack of knowledge of the academic honesty policy is not a reasonable explanation for a violation. Questions related to course assignments and the academic honesty policy should be directed to the instructor.*