

Reading Guide #8: Liberalism and the Free Market

This reading guide is provided to assist you in your reading. I encourage you to read the material through, first, then go back to answer the questions. You are not expected to submit written answers. You are expected to have responses ready for class discussion. Only the boldfaced questions will appear on exams. Page numbers refer to those written on the downloads.

John Locke, from *The Second Treatise of Government*

- 1. How is man's natural state one of perfect freedom? Be specific.**
 - 2. How is man's natural state one of perfect equality?**
 3. What's the difference between liberty and license? Why doesn't man have perfect license?
 - 4. "[E]veryone has a right to punish transgressors of that law to such a degree as may hinder its violation." (271) Explain. How does Locke justify this right to punishment?**
 - 5. What are the purposes of punishment in the state of nature? Be specific.**
 6. "[E]very man in the state of nature has a power to kill a murderer." (272) Explain.
 7. Explain the objection from self-love to Locke's doctrine that in the state of nature everyone has executive power of the law of nature. How does Locke respond?
 - 8. Where is there a state of nature?**
 - 9. What natural rights do people have, just by being born?**
 10. Why do people need property?
 - 11. "Whatsoever, then, he removes out of the state that nature hath provided and left it in, he hath mixed his labor with and joined to it something that is his own, and thereby makes it his property." (273) Explain.**
 12. How does Locke justify linking property rights to labor?
 - 13. What is the limit to ownership?**
 14. How does Locke defend majority rule?
 - 15. "Whosoever therefore out of a state of nature unite into a community must be understood to give up all the power necessary to the ends for which they unite into society, to the majority of the community..." (275) Explain.**
 - 16. How do people become subject to the laws of a government?**
 - 17. What's the difference between express consent and tacit consent? How do people grant their tacit consent to the government?**
 18. Why do people agree to the social contract?
 19. How do governments put themselves in a state of war with the people?
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Bernard Mandeville, *The Fable of the Bees*

1. How were the bees ruled?
- 2. Were the bees fair in their dealings with other bees?**
3. What role did the lawyers play in the hive?
4. What did the bee doctors value most?
5. Were the bee priests hard workers? Explain.
6. How were soldiers enlisted?
7. Were the bee kings well-served by their ministers? Explain.

Mandeville, *continued*

8. Who did the courts serve best, in the hive?
 - 9. “Thus every Part was full of Vice, Yet the whole Mass a Paradise...” (209) Explain.**
 - 10. How did opposite parties assist each other? What does Mandeville mean by ‘parties’?**
 - 11. What did the bees start to complain about? How did the bees change their behavior?**
 12. What happened to the lawyers, when the hive became honest? What happened to the courts?
 13. How did medicine change, when the hive became honest?
 14. Why were the priests put out of work?
 15. How did the King’s ministers retard the hive’s economy?
 16. What happened to prices of goods in the hive? What happened to jobs?
 17. What role did pride and luxury play in the hive? What happened when they disappeared?
 18. What, at last, happened to the hive?
 - 19. “Fools only strive/To make a Great and Honest Hive” (217) Explain.**
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Adam Smith, from *The Wealth of Nations*

- 1. How does the division of labor increase production?**
2. What happens when we change tasks? According to Smith, what does this do to our characters?
- 3. How does attention to a single task lead to improvements in production?**
4. How does the division of labor lead to “universal opulence”?
- 5. What basic principle leads to the division of labor?**
- 6. How are humans distinct from other animals regarding agreements?**
- 7. Why do people trade with each other?**
8. How does Smith account for differences among people?
9. How is an economy based on cattle inconvenient for, say, the salt-maker? Why are metals more convenient?
10. Distinguish value in use from value in exchange. How do we really measure exchangeable value?
11. What kind of power does wealth provide directly?
12. What difficulties arise when comparing the value of labor? How do we get around these difficulties?
- 13. Why is the value of money not a set standard?**
- 14. “Equal quantities of labour, at all times and places, may be said to be of equal value to the labourer.” (343) Explain.**
- 15. What kinds of labor are worth more than others?**
16. How do the profits of stock (capital) differ from the value of labor?
- 17. Why do the products a worker makes not belong to him?**
- 18. How does the price of something resolve into three parts?**
- 19. How do individuals working in their self-interests necessarily, by the invisible hand, enrich their home countries?**
- 20. Why is a free market superior to a state-controlled (i.e. sovereign-directed) economy? What role does the state have in a free market system?**
21. Who should pay the expenses of government? Be specific.
22. How much should people pay in taxes?
23. In what four ways should the state avoid placing too great a tax burden on individuals?