

SC 561 Occupy Economics

Location: Carney Hall 305

Time: Monday, 12:30-2:50

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Course Description: The 2008 global economic collapse, the Occupy movement and the specter of climate change have re-kindled interest in critiques of conventional economics. They are also fuelling interest in “new economics,” which is a small scale, egalitarian, ecologically-light alternative to global capitalism. Occupy Economics will be a collaborative weekly seminar exploring what’s wrong with the dominant brand of economics and what alternatives exist. We will read and discuss classics by authors such as Marx, Keynes and E.F. Schumacher, as well as contemporary writers and thinkers such as Samuel Bowles, Herbert Gintis, Duncan Foley, David Harvey, Stephen Marglin and others. Requirements are flexible. Students and others from around the Boston area are welcome as auditors.

Preparation: If you have not studied economics before this class, I suggest you do some preparation. A good place to start is the early chapters of any introductory economics textbook dealing with supply, demand, and market equilibrium. You may want to look at Samuel Bowles, Richard Edwards and Frank Roosevelt’s *Understanding Capitalism: Competition, Command and Change* (Oxford 2005). An earlier version of this book, by Bowles and Edwards published in 1992 focuses more on classical economics, and may be more useful for the first few weeks. To get a flavor of some current alternatives to mainstream economics, you can, browse the websites of post-autistic economics (<http://www.paecon.net>), and the Political Economy Research Institute (<http://www.umass.econs/peri>), among others.

Course Requirements: Weekly reading and participation in class discussion; one term paper, due at the end of classes. Other writing requirements to be discussed during the first class meeting.

Required texts: The following texts have been ordered through the BC bookstore.

Duncan Foley, *Adam’s Fallacy* (Harvard University Press 2008).

David Harvey, *The Enigma of Capital and the Crises of Capitalism* (Oxford 2011).

John Maynard Keynes, *The General Theory of Employment, Interest, and Money*, (Harcourt Brace 1965).

Karl Marx, *Capital, vol. 1*, translation by Ben Fowkes, introduction JM Cohen (Penguin Classics).

E.F. Schumacher, *Small is Beautiful: Economics as if People Mattered* (Harper Perennial 2010).

Yves Smith, *ECONned* (Palgrave Macmillan 2001)

Reading List

I. Introduction: Why Occupy Economics? and the Surplus Model (January 23)

Yves Smith, *Econned*, chs. 1,5.

II. Classical Economics—Supply side analyses (January 30, February 6)

Karl, Marx, *Capital, vol 1*, chs. 1-2, 4-9, 12, 16, 24, 25 (sections 1-4 only).

Duncan Foley, *Adam's Fallacy*, ch 3

*Stephen A. Marglin, *Growth, Distribution and Prices*, ch. 1

III. Neoclassical Economics—rational actor theory and its critics (February 13, 20)

Gary Becker, "The Economic Way of Looking at Behavior," *Journal of Political Economy*, 101(3):385-409, June 1994.

Duncan Foley, *Adam's Fallacy*, chs 1,4.

Smith, ch 4.

Samuel Bowles and Herbert Gintis, 1993, "The Revenge of Homo Economics: Contested Exchange and The Revival of Political Economy," *Journal of Economic Perspectives*, 7(1), Winter, pp. 83-102.

Daniel Kahneman, Jack L. Knetsch and Richard H. Thaler, "Fairness and the Assumptions of Economics," *Journal of Business* 59(4), Part 2:S285-S300, October 1986.

Daniel Kahneman and Amos Tversky, "Rational Choice and the Framing of Decisions," *Journal of Business*, 59(4), Part 2:S251-S278, October 1986.

Paula England, The Separative Self: Androcentric Bias in Neoclassical Economics," in Marianne A. Ferber and Julie A. Nelson, *Beyond Economic Man: Feminist Theory and Economics*, (Chicago: University of Chicago Press), pp. 37-53.

*Samuel Bowles and Herbert Gintis, 2000, "Walrasian Economics in Retrospect," *Quarterly Journal of Economics*.

* Samuel Bowles, "Endogenous Preferences: The Cultural Consequences of Markets and other Economic Institutions," *Journal of Economic Literature*, 36(1):75-111, March 1998.

IV. Keynesian Economics and the Debate about Macro—Aggregate Demand (February 27)

J. M. Keynes, *The General Theory of Employment, Interest, and Money*, chs. 1-3, 8-14, 18 (excluding appendices).

Foley, ch 5.

Smith, ch. 2.

*Stephen A. Marglin, *Growth, Distribution and Prices*, chapter 5, pp. 96-109.

V. Capitalism, Accumulation and Crisis (March 12, 19, 26)

A. The Global Economy in Historical Perspective (March 12)

Karl Marx, *Capital*, chs 26-27.

Prasanna Parthasarathi, *Why Europe Grew Rich and Asia Did Not*, ch 1, 3, 4, 5, 8, 9.

B. Post-WWII: Growth, Crisis and Economic Restructuring (March 19)

Karl Marx, *Capital*, ch 25 (sections 1-4)

Harvey, ch 2, ch 3 pp 58-71.

Stephen A. Marglin, "Lessons of the Golden Age: An Overview," in Stephen A. Marglin and Juliet B. Schor, *The Golden Age of Capitalism* (Oxford: Oxford University Press, 1990): ch 1.

Timothy Noah, 2010, "The Great Divergence," *Slate Magazine*, September 3 and subsequent issues, available at:

http://www.slate.com/articles/news_and_politics/the_great_divergence/features/2010/the_united_states_of_inequality/introducing_the_great_divergence.html.

Richard Freeman, 2008, "The New Global Labor Market," Focus on Poverty, University of Wisconsin Institute for Research on Poverty, vol 26(1):1-7, Summer-Fall, available at: www.irp.wisc.edu/publications/focus/pdfs/foc261a.pdf

*Andrew Glyn, Alan Hughes, Alain Lipietz, and Ajit Singh, "The Rise and Fall of the Golden Age," in Stephen A. Marglin and Juliet B. Schor, ch 2, pp. 39-125.

C. The 2007-08 downturn (March 26)

David Harvey, ch 1.

Paul Krugman, 2009, "How Did Economists Get it So Wrong?" *New York Times Magazine*, September 2, available at:

<http://www.nytimes.com/2009/09/06/magazine/06Economic-t.html?pagewanted=all>

Yves Smith, *Econned*, chs. 6-10

VI. Ecology and the New Economics (April 2, April 23)

A. Economics and the Environment (April 2)

Garrett Hardin, "The Tragedy of the Commons," *Science* 162:1243-1248, (1968).

Foley, ch 2.

Harvey, ch 3, pp. 71-105.

Juliet B. Schor, *True Wealth*, (Penguin 2011), chs 1-3.

Josh Farley, "Ecological Economics," in Richard Heinberg and Daniel Lerch, *The Post Carbon Reader*, (Watershed Media), pp. 259-278.

Richard Heinberg, "What is Sustainability," in Heinberg and Lerch, *The Post Carbon Reader*, ch 2, pp. 31-24.

*Elinor Ostrom, *Governing the Commons: The Evolution of Institutions for Collective Action* (Cambridge: Cambridge University Press) 1990, chs. 1-3, pp. 1-102.

*Anil Agarwal and Sunita Narain, "Redressing Ecological Poverty Through Participatory Democracy: Case Studies from India," PERI Working Paper Series, #36, available at <http://www.umass.edu/peri>.

B. New Economics (April 23)

E.F. Schumacher, *Small is Beautiful*, chs.

Juliet B. Schor, *True Wealth*, chs 4-5.

VIII. Summing Up: Occupying the Future (April 30)