ECO 105: Political Economy & Social Thought **SUNY Cortland Spring 2011**
Professor: Howard Botwinick **howard.botwinick@cortland.edu**
Office Hrs: M: 1-2 pm; Th: 2-5 pm; F: 1-2 pm **226E Old Main/ Phone: 753-2435**

COURSE DESCRIPTION

This course is designed to provide students with a **non technical introduction** to some of the most important ongoing controversies in political economy and public policy. At the heart of many of these controversies are fundamentally different views regarding the general dynamics of modern capitalist economies. For example, are **conservatives** correct when they claim that the unregulated capitalist economy provides significant opportunity to all those who are willing and able to work hard? Or, are **liberals** more accurate when they argue that there is a critical role for government regulation, unions, and various social movements (environmental, civil rights, feminist, etc.) in order to insure a reasonable amount of social justice for all? Or, moving further to the left, do **socialists** have a point when they argue that the capitalist economy is so fundamentally based on exploitation and inequality that we should try to move beyond capitalism and develop a more equitable and rational way to produce and distribute the things we need? Indeed, in the face of increasing evidence of global warming, can the earth endure another century of capitalism with its unrelenting drive for maximum growth and consumption?

As you might imagine, conservatives, liberals and radicals have very different answers to all of these questions. Moreover, how one understands the underlying dynamics of capitalism greatly influences one's approach to key public policy issues such as: health care reform, regulating greenhouse gases, providing assistance to the unemployed, establishing a stable financial system, and establishing a "fair" system of taxation. Indeed, does our society have a moral obligation to insure that access to decent health care and a quality education are basic rights for all? What about the right to a job that pays a livable wage? Do we have a collective responsibility to insure that our senior citizens are not forced to rely on soup kitchens for their daily meals after they have spent a lifetime working? If we are having trouble funding programs such as health care, education and social security, should we cut back on military spending?

Equally important, as the U.S. government pursues its global "war on terrorism" in the midst of increasing turmoil across the Middle East, Latin America, Africa and Asia, it behooves us to extend the above inquiries *to the global level.* Indeed, as unregulated capitalism and "free trade" have become the dominant economic models throughout the globe since the 1980s, have opportunities for the majority of the world's working people increased, or diminished? Are the conservative policies of the World Trade Organization and the IMF the only rational path to social and economic development, or are countries like Bolivia, Ecuador and Venezuela right to declare that "another world is both possible and necessary"? Clearly, how our society chooses to answer all of these questions has profound implications for all of us.

The first part of this course will focus on the early roots of these modern debates by developing an historical overview of the capitalist economy and the history of economic thought. Here we will learn why economists seriously disagree about the fundamental nature of capitalism and how politics and ideology have frequently influenced the development of the field of "economics". By briefly examining the transition from feudalism to capitalism within Europe, we will also try to understand how changes in the economic system can have a profound impact upon the ways that people think about religion, ethics, and community. We will end our historical section by examining how the cataclysmic events of the Great Depression in the 1930s convinced most politicians, citizens, and economists of the need for serious government intervention within the modern capitalist economy.

In Part Two, we will focus on more modern developments within the U.S. economy since World War II. Here we will discuss competing explanations for why the long boom of the 1940s, 50s & 60s (with its increasing equality and rising wage rates) eventually turned into a prolonged period of stagnation which continues to result in alarming increases in inequality and deteriorating living standards for the majority of working people. Within this section we will also focus on public policy debates dealing with issues of unemployment, deficit spending, government regulation of finance, and tax reform. The final part of the course will then extend these policy debates to the global level as we examine the highly controversial effects of modern globalization and "free trade" on both the U.S. and less industrialized nations around the world.

A) COURSE FORMAT

Although lectures will provide the context for our daily lessons, class participation is greatly encouraged. **Students are encouraged to ask relevant questions at all times, and they are invited to engage in reasoned, respectful debate with the instructor and other students.** This course is designed to encourage critical thinking and promote dialogue.

B) EVALUATION PROCEDURE - Grades are based on the following criteria:

1) Around	Feb. 23rd	1st In-Class Exam	20% of Grade
2) Around	March 21st	Midterm Take Home Due	20%
3) Around	April 8th	In-Class Essay Exam	20%
4) Between	May 13-19th	Final Exam (format tba)	30%
5) **Class Participation & Attendance**			10%

6) **Campus Activity Requirement:** All students will be required to attend a *minimum* of two **campus** events generally related to political economy and public policy. Students must submit a one page summary of each event.

C) ADDITIONAL REQUIREMENTS & EXPECTATIONS

Class Preparation & Participation: Students are expected to attend all classes and **actively participate** in class discussions. Please come to class prepared for discussion by completing the appropriate reading assignments **before class. Also, do not be discouraged if you need to read some of your readings more than once.** This is to be expected in college courses that challenge your thinking and expand your analytical skills.

Attendance: 3 unexcused absences are acceptable. However, each unexcused absence *above this amount* lowers your grade by 2/10 of a grade point. (E.g. from a 4.0 to 3.8) If you are absent, **you** are responsible for finding out what went on in class and whether any assignments or additional handouts were given out.

Late Work & Make -Up Exams: No late work will be accepted and no make-up exams will be given unless **PRIOR** arrangements are made with me. Such arrangements will be made only in the case of documented illness or other unusual circumstances.

D) Important note for students needing special services: If you are a student with a disability and wish to request accommodations, please contact the Office of Student Disability Services located in B1 Van Hoesen or call 753-2066 for an appointment. Information regarding your disability will be treated in a confidential manner. Because many accommodations require early planning, requests should be made as early as possible.

ECO 105: Political Economy & Social Thought **Syllabus**
Professor: H. Botwinick **Spring 2011**

Required Books:
1. E.K., Hunt, *Property and Prophets: The Evolution of Economic Institutions and Ideologies.* Updated 7th Edit., M.E. Sharpe, 2003.
2. Carson, Thomas and Hecht, *Economic Issues Today: Alternative Approaches*, 8th Edition. M..E. Sharpe, 2005. (**Carson**)
3. Marx, K. and Engels, F., *The Communist Manifesto.* (Any edition)

(1/24) Course Introduction
1. **Why study Political Economy?**
2. **Course Requirements**

(1/26) 3. Contending Schools of Thought & the Global Shift to the Far Right
Conservatives (Right), Liberals (Center), & Democratic Socialists (Left)

<u>Required Readings:</u>
1. Carson, *Economic Issues Today.* Part I: Introduction.
2. C. Ferguson, "Larry Summers & the Subversion of Economics" (10/3/10)

3. **Reading Packet #1: On Rising Inequality**
- "The Real Y2K Crisis", *Dollars* & Sense (1/2000)
- R. Frank, "The Income Gap Grows". 11/11/05
- P. Krugman, "Graduates Vs. Oligarchs", *NYT*, 2/27/06.
- L. Uchitelle, "The Wage That Meant Middle Class", *NYT, 4/20/08*
- Drucker, "Richest Americans See Income Share Grow", *WSJ*, 7/23/08
- Les Leopold, "Why are 25 Hedge Fund Managers Worth 658,000 Teachers? (Huffington Post, 4/9/10)

- Blackboard Readings:
  - Emmanuel Saez, "Striking it Richer".
  - Goodman, "Millions Face Years without Jobs", *NYT*, 2/20/10.

3. Reading Packet #2: On Current Events
- CBPP, " Where Do Our Federal Tax Dollars Go?"
- A. Goodman, "Deficit Doves", Truthdig, 7/20/2010.
- B. Herbert, "The Horror Show", *NYT, 8/9/2010.*
- R. Reich, "The Shameful Attack on Public Employees", 1/6/11.
- A. Goodman, "Darrel Issa, Step Away from the Corporations". 1/5/11
- Moyers & Winship, "Crocodile Tears on Wall Street", April 17, 2010.
- B. McKibben, "3 Steps to Establish a Politics of Global Warming," 8/10.

4. "Useful Statistics from *The State of Working America".* (handout)

(1/31) 5. Reading Packet #3: On Democratic Socialists/Radicals
- W. Kuttner, "Why Liberals Need Radicals", 5/22/2000.
- W. Gibson, "Behind Our Jobs, Justice & Insecurity Today", 2/2/96.
- P. Street, "Socialist of the Century", (on Albert Einstein).
- "Labor Party Program for Economic Justice", Preamble, June 1996.
- Howard Zinn, "The Optimism of Uncertainty", 2004.
- Paul Krugman, "Big Table Fantasies", *NYT, 12/17/08.*

PART ONE: HISTORICAL ROOTS OF THE MODERN DEBATES

This section of the course develops an historical overview of the capitalist economy and the history of economic thought. Here we will discuss why economists disagree about the fundamental nature of capitalism and how politics and ideology have frequently influenced the field of economics. We will also examine how the transition from feudalism to capitalism dramatically transformed dominant views on religion, ethics and the respective roles of the individual and community within society. This section will end by examining how the Great Depression shaped modern thinking regarding the role of government within capitalist economies.

(2/2) A. The Transition from Feudalism to Capitalism

(Changing ways of living\ changing values\ changing economics)

**Required Reading: E.K. Hunt, *Property...*, Chapters 1-3.

(2/7) B. Classical Political Economy (Adam Smith, 1776 & David Ricardo, 1825)

1. **The Role of Government within Capitalism: Hobbes vs. Smith**
2. **Classical Theories of Value & Distribution**.
   - On what basis do we exchange our goods?
   - Where do rent, profit and interest come from?

**Required Reading:

1. Hunt, Chapter 4. (Be sure to **read appendices!!!**)
2. Handouts from A. Smith

(2/11) C. The Industrial Revolution & Karl Marx's Critique of Capitalism

1. **Marx's Theory of Human Nature & Human History**
2. **Marx's Theory of Value and Exploitation**

**Required Reading:

a. F. Wheen, "Why Marx is Man of the Moment", *Observer, 7/17/05*
b. Hunt, Chapter 5 (pp. 65-72), and all of Chapters 6&7.
c. Marx, "Preface to the Critique of Political Economy" (handout)
d. Marx & Engels, *The Communist Manifesto.* Parts 1 & 2 only.
e. Botwinick, "Marx's Solution to Adam Smith's Dilemma" (handout)

3. **"Laws of Motion" of Capitalist Economies (see handout)**

(2/18) 4. Are more democratic and more rational alternatives to capitalism possible?

**Required Reading

a. Botwinick, "Marx's Analysis of Capitalist Development". (handout)
b. A. Glynn, "Marx's Reserve Army… about to go global". (Blackboard)
c. B. Mckibben, "Reversal of Fortune", April 2007. (Blackboard)
d. "Marx's Obit is Premature" (handout)

Recommended Reading:

1) Hunt, Chapter 10.
2) Albert Einstein, "Why Socialism". (see blackboard)
3) Michael Lebowitz, "New Wings for Socialism". (see blackboard)
4) For information on Venezuela see: www.venezuelanalysis.com

February 23rd - - - First Exam - - - 20% of Final Grade

(2/25) D. Neoclassical Economics - Early Arguments for Laissez Faire Capitalism
1. Departing from Smith & Ricardo on key issues.
2. Arguments against Marx: profit is generated by "capital", not labor.
3. Modern theoretical developments

**Required Reading:
a. Handouts from Mansfield Principles Text.
b. Alan Greenspan, "The Assault on Integrity". (Handout)
c. Carson, Issue 5: Economic Regulation
d. Hunt, Chapter 8. (**Not** including appendix)

Recommended: M. Friedman, *Capitalism and Freedom,* Chapter 1.

(3/2) E. The Great Depression & John Maynard Keynes
1. Massive Unemployment and Struggles for Economic Justice
2. FDR's Economic Bill of Rights
3. Laissez-Faire vs. Keynes

**Required Reading:
a. Hunt, Chapter 12.
b. Carson, pp. 187 - 204. (**Please skip section on radicals. It's very confusing**.)
c. J. Schwartz, "Hidden Side of the Clinton Economy" (handout)
d. Carson, Issue 11 on Unemployment

March 12th – 20th SPRING BREAK!

(3/21) Take Home Essay on Marx vs. Neos Due (20% of Final Grade)

PART II: MODERN CAPITALISM

(3/25) A. Events Leading to Breakdown of New Deal (Keynesian) Consensus

B. Conflicting Explanations for Economic Stagnation in 1970s & Contrasting Views of Reaganomics

1. Conservative Supply-Side Argument
**Required Reading: Carson, Issue #9, pp. 212 - 224.

(3/28) 2. Liberal Demand-Side (Keynesian) Argument

** Required Reading:
1. J. Sweeney, President, AFL-CIO, "America Needs a Raise". (Handout)
2. Carson, pp. 225-231.

(3/30) 3. How the majority of working people faired in the 1980s

******Required Reading:
1. Handout on "State of Working America"

(4/1) 4. A Marxist Analysis of the Supply-Side Crisis & Reaganomics

******Required Reading:
1. H. Botwinick, "It's Time to Fight Back". (Handout)
2. Labor Party Program for Economic Justice (blackboard)
3. T. Frank, "The Plot against Liberal America". (blackboard)

April 8th - - - In Class Midterm Essay - 20% of Final Grade

(4/11) C. The Clinton Years (1992-2000)

Required Reading: Carson, Issue 10 on the Federal Budget Deficit

(4/13) D. G.W. Bush - Reaganomics Redux

Required Reading:
1. Joseph Stiglitz, "The Economic Consequences of Mr. Bush". (handout)
2. Carson, Issue 7 on Govt. Taxation
3 Bruce Fein, "Put Impeachment on the Table", *NYT,* 8/14/07.

(4/15) Scholar's Day

(4/18) E. Outline of "Financial Crisis" (Readings TBA)

(4/20) F. Obama Administration – the first two years
(Readings TBA)

PART III: The Modern Global Economy & Neoliberalism

(4/27) **Required Reading:
1. Carson, Issue # 14.
2. Hunt, Chapter 11, pp. 153-158.
3. Krugman handout.
5. Other readings TBA

May 9th Last Class

May 13th - 19th * Final Exam Period **** 30% of Final Grade**

SOURCE GUIDE FOR RESEARCH IN POLITICAL ECONOMY

I) CONSERVATIVE VIEWS

A) Economists & Other Academics

1. Milton Friedman
2. Gary Becker
3. Thomas Sowell
4. Ben Bernanke
5. Ayn Rand
6. Alan Greenspan
7. Friedrich Von Hayek
8. Jagdish Bhagwati
9. Larry Summers
10. William Kristol
11. George Will
12. Greg Mankiw

B) Journals/Periodicals/Media

1. *National Review*
2. *Forbes*
3. *Wall St. Journal*
4. *The Weekly Standard*
5. *Washington Times*
8. *Fox TV:* O'Reilly/Hannity/Beck
9. Rush Limbaugh

C) Research Institutes/Orgs.

1. American Enterprise Institute (www.aei.org)
2. Cato Institute (www.cato.org)
3. Heritage Foundation (www.heritage.org)
4. Project for the New American Century

D) Politicians

1. Ronald Reagan
2. Bill Clinton?
3. George W. Bush
4. Dick Cheney
5. Sarah Palin
6. Mitt Romney
7. Donald Rumsfeld
8. Newt Gingritch
9. John McCain
10. Rudy Guliani
11. John Boener
12. Dick Army

II) LIBERAL VIEWS

A) Economists & Other Academics

1. John Kenneth Galbraith
2. Robert Frank
3. James Galbraith
4. Amartya Sen
5. Robert Reich
6. Robert Kuttner
7. Paul Krugman
8. Hyman Minsky
9. Dean Baker
10. Joseph Stiglitz
11. Robert Pollin
12. Bill Moyers

B) Journals/Periodicals/Media

1. *The American Prospect*
2. *New York Times*
3. *Washington Post*
4. *Working USA*
5. Journal of Post Keynesian Economics
6. *MSNBC TV: Olberman/ Maddow*
7. *Radio: Thom Hartmann/Randy Shaw*
8. *Internet: Huffington Post /Firedoglake*

C) Research Institutes/Orgs.

1. Economic Policy Institute (www.epinet.org/)
2. Center for Economic and Policy Research (www.cepr.net)
3. Center for Budget & Policy Priorities (www.cbpp.org/)
4. Citizens for Tax Justice (www.ctj.org)
5. AFL - CIO (www.aflcio.org)

D) Politicians

1. Ted Kennedy
2. John Edwards
3. Rus Feingold
4. Barbara Boxer
5. John Conyers
6. Maxine Waters
7. Al Gore
8. Nancy Pelosi
9. Al Franken
10. Hillary Clinton?
11. Barack Obama?

III) RADICAL AND/OR DEMOCRATIC SOCIALIST VIEWS

A) Economists & other Academics

1. Paul Sweezy
2. Cornell West
3. Robert Brenner
4. Noam Chomsky
5. Arundahti Roy
6. Anwar Shaikh
7. Vandana Shiva
8. Ellen Meiksins Wood
9. Adolph Reed
10. Barbara Ehrenreich
11. David Harvey
12. Tariq Ali
13. Howard Zinn
14. Naomi Klein
15. Michael Lebowitz

B) Journals/Periodicals/Media

Common Dreams: www.commondreams.org
Monthly Review: www.monthlyreview.org/mrzine
Review of Radical Political Economics
The Nation: www.thenation.org
"Z" Magazine: www.zmag.org
Dollars & Sense: www.dollarsandsense.org
Post Autistic Economics Network
www.paecon.net

New Left Review
Historical Materialism
Multinational Monitor
The Progressive
Labor Notes
www.democracynow.org
with Amy Goodman
Socialist Project (Canada)
www.socialistproject.ca/

C) Research Institutes/Orgs.

1. Center for Popular Economics
2. Union for Radical Political Economics (URPE) (www.urpe.org)
3. (PERI) Political Economy Research Institute www.peri.umass.edu

D) Politicians

Bernie Sanders
Ron Dellums
Dennis Kucinich

Hugo Chavez (President of Venezuela)
Evo Morales (President of Bolivia)
Rafael Correa (President of Ecuador)

E) Famous Radicals/Socialists from the past

1. Eugene Debs
2. Helen Keller
3. Jack London
4. Albert Einstein
5. Malcolm X
6. W.E.B. Dubois
7. Emma Goldmann
8. Paul Robeson
9. Martin Luther King?
10. Rosa Parks
11. Che Guevara
12. V.I. Lenin/Leon Trotsky
13. Rosa Luxemburg