

# ECONOMICS 105: INTRODUCTION TO POLITICAL ECONOMY

Fall 2008  
Tuesdays and Thursdays 3:35 - 4:50 pm  
Dickinson, Rm. 209

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Blog: <http://blogs.umass.edu/econ105-abasole/>

## A. OVERVIEW:

This course takes a critical look at our economy, its successes and failures from contrasting theoretical perspectives. We will try to understand US capitalism as a system and the role played in it by entrepreneurship, competition, growth, consumption and finance. We will discuss class, gender, race and ecological critiques of capitalism. What caused the current economic crisis? Where does unemployment come from? What role should the government play in the economy? Can an international consensus be reached on greenhouse gas emissions? Does immigration help or hurt American workers? Does welfare help or hurt the poor? Can poverty and inequality be eradicated? What alternatives exist to capitalism? These are some of the questions we will discuss.

**B. PREREQUISITES:** None

## C. WEBSITES AND READINGS:

### A. Web Resources:

1. The course website is <http://courses.umass.edu/econ105-abasole/>. A copy of this syllabus will be posted on this site, as will assignments and other resources as needed. *Please remember to check this site every once in a while during the semester.*
2. The course blog is <http://blogs.umass.edu/econ105-abasole/>. Here I will post articles, videos or other material of interest, pertaining to the issues we will discuss in class. All the You Tube/Google videos listed on the syllabus will also be embedded here as well.
3. The textbook website is <http://www.economicsforeveryone.com/>. This website has some selected chapters in PDF format along with an online glossary and statistics/data.

### B. Principal Texts:

1. *Economics for Everyone: A Short Guide to the Economics of Capitalism* by Jim Stanford (Pluto Press, 2008). Copies of this book are available at Food For Thought Books in Amherst Center and cost about \$22 each. ONE COPY will also be placed on Print Reserve in Du Bois Library.
2. *Field Guide to the U.S. Economy* by Jonathan Teller-Elsberg, Nancy Folbre, James Heintz and the Center for Popular Economics. Copies can be purchased from The Center for Popular Economics (Rm. 820, Thompson Hall). Price: \$15. ONE COPY will also be placed on Print Reserve in Du Bois Library.

### C. Supplementary texts:

In addition to these two books, we will be making use of brief selections from the following books, which have been placed on Print Reserve at the Du Bois Library.

1. *Understanding Capitalism- Competition, Command and Change* by S. Bowles, R. Edwards, and F. Roosevelt. 2005 Edition, HB171.5 .B6937 2005
  2. *The Overspent American* by Juliet Schor HF5415.33.U6 S36 1999.
  3. *Radical Political Economy* by Charles Barone. BJ 52 B HAMPSHIRE COLLEGE COPY
- To access Print Reserves go to <http://www.library.umass.edu/services/reserves/creserves.html>, click on “course reserves” and then enter “Basole” after selecting “instructor” in the search field.

D. Other readings listed on the syllabus will be made available in PDF format on the course website and blog as needed.

#### D. COURSE REQUIREMENTS AND GRADING

- (i) **Four homework assignments (40%)**: These will consist of either short response papers on a particular topic, or some short answer questions.
- (ii) **One midterm exam (20%)**: ONE HOUR duration, in class (see schedule below).
- (iii) **A Final Paper (25%)**: To be submitted during exam period (see schedule below). Format will be announced in class.
- (iv) **Class participation and in-class exercises (15%)**: Your experience in this course is contingent upon the participation of everyone else – and vice versa. So be here!

The following grading system will be followed (homework assignments will not be given letter grades)

Grade	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F
Points	above 91	87-90	83-86	79-82	75-78	71-74	67-70	63-66	59-62	55-58	51-54	below 50

#### E. ACADEMIC CONDUCT AND EXAM POLICY

Links to university policy on conduct and academic matters:

[http://www.umass.edu/dean\\_students/code\\_conduct/](http://www.umass.edu/dean_students/code_conduct/) (for general conduct with a link to university policy on academic honesty)

<http://www.umass.edu/registrar/media/academicregs.pdf> (for academic regulations)

#### F. TOPICS TO BE COVERED

*Note*: Schedule is subject to change. You are requested to adjust reading accordingly. All such changes will be announced in class in advance. **R** indicates required reading or viewing. The rest are optional. E4E is short for “Economics for Everyone,” Field Guide is short for “Field Guide to the U.S. Economy.”

### PART ONE: HISTORY AND IDEOLOGY

#### 1. INTRODUCTION (Sept. 2, 4)

*Topics*:

- Course overview
- Economics versus Political Economy: What’s in a name?
- Capitalism: Our economic system

*Readings*:

- **R**- E4E Introduction, Ch. 1, & Ch.2 (at <http://www.economicsforeveryone.com/excerpts>)
- Understanding capitalism, Ch. 3

#### 2. HISTORY (Sept. 9)

*Topics*:

- Where does capitalism come from?
- Colonialism
- Rise and Fall of the Welfare State
- Neoliberalism

*Readings*:

- **R**- E4E, Ch. 3
- **R**- Karl Marx- *Capital Vol. 1*, Ch. 31, "Genesis of the Industrial Capitalist"  
<http://www.marxists.org/archive/marx/works/1867-c1/ch31.htm>
- **R**- Susan George- [A Short History of Neo-liberalism: Twenty Years of Elite Economics and Emerging Opportunities for Structural Change](#)

- Eduardo Galeano- *The Open Veins of Latin America*, Ch. 1, “Lust for Gold, Lust for Silver” (PDF)
- VIDEO: [Layoffs and Disposable Americans](#) Louis Uchitelle 11 May 2006 (40 min) [Transcript here](#).

### **3. POLITICAL ECONOMY** (Sept. 11)

#### *Topics:*

- Adam Smith
- David Ricardo
- Karl Marx
- John Maynard Keynes
- Neoclassical Economics

#### *Readings:*

- R- E4E, Ch. 4 (at <http://www.economicsforeveryone.com/excerpts>)
- R- Understanding Capitalism, Ch.4

## **PART TWO: CAPITALISM AS A SYSTEM**

### **4. CLASS, VALUE, AND PROFIT** (Sept. 16, 18)

#### *Topics:*

- Necessary and surplus product
- Class in history and class today
- The Circuit of Capital
- What is profit?

#### *Readings:*

- R- E4E, Ch. 5 & 6
- R- Understanding Capitalism Ch. 5 (pp. 93-105) and Ch. 6

### **Assignment One: Handed Out- Sept. 16, Due in class- Sept. 23**

### **5. BOSSES AND WORKERS** (Sept. 23, 25)

#### *Topics:*

- Property, wealth, income
- Deskilling and regimentation of work
- Command and control in the workplace
- Cooperative production

#### *Readings:*

- R: E4E, Ch. 7 & 8
- R: Field Guide, Ch. 1 and 2
- R: Harry Braverman- *Labor and Monopoly Capital*, Ch. 4 (Scientific Management) & 5 (The Primary Effects of Scientific Management) (PDF)
- R: You Tube Documentary: [Democracy in the Workplace \(27 min.\)](#)
- Frederick Taylor- *Principles of Scientific Management*, available online at <http://www.marxists.org/reference/subject/economics/taylor/principles/index.htm>
- Karl Marx- *Capital Vol. 1*, Ch. 10, The Struggle for the normal working day <http://www.marxists.org/archive/marx/works/1867-c1/ch10.htm#S6>

### **6. THE MARKET SYSTEM** (Sept. 30, Oct. 2)

#### *Topics:*

- Supply and Demand
- The “Invisible Hand”
- Markets versus “The Market”

- Fictitious commodities: Land, labor and money

*Readings:*

- **R:** Nelson *et al*, *Macroeconomics in Context*, Ch. 4 (Supply and Demand), pp.1-14 (PDF)
- **R:** Karl Polanyi- *The Great Transformation*, Ch.6 “The Self-regulating Market” (PDF)
- Understanding Capitalism, Ch. 9

**7. UNEMPLOYMENT AND BUSINESS CYCLES (Oct 7)**

*Topics:*

- The labor market
- Labor supply and labor demand
- Structural unemployment or the reserve army of labor
- Booms and busts- The Ups and Downs of the Economy

*Readings:*

- **R:** E4E, Ch. 13, 24
- **R:** Field Guide, Ch. 9
- **R:** Karl Polanyi, *The Great Transformation*, Ch.7, “Speenhamland, 1795” (PDF)

**Assignment Two: Handed Out- Oct. 7, Due in class- Oct. 16**

**8. COMPETITION AND INVESTMENT (Oct 9)**

*Topics:*

- Role of competition in capitalism
- Competition and the profit motive
- Investment, overinvestment and underinvestment
- Centralization and decentralization (subcontracting) of production

*Readings:*

- **R:** E4E, Ch. 11 & 12
- Understanding Capitalism, Ch. 11

**Oct 14- No class**

**Oct. 16- Video Screening: “Inequality Matters” with Barbara Ehrenreich and Bill Moyers**

**OCT. 21- MIDTERM EXAM**

**9. GOVERNMENT (Oct 23)**

*Topics:*

- Role of Government in the Economy
- Taxation
- Spending
- Class conflict and government

*Readings:*

- **R:** E4E, Ch. 19 & 20
- **R:** Field Guide, Ch. 5

**10. FINANCE (Oct 28)**

*Topics:*

- Money and banking
- Inflation and the Federal Reserve

- Neoliberalism, deregulation and the rise of finance
- Financialization and the working (wo)man
- The current economic crisis

*Readings:*

- **R:** E4E, Ch. 16, 17 & 18
- **R:** VIDEO- UMass Professor Rick Wolff puts the current crisis in long historical perspective: [Part 1](#) (30 min) and [Part 2](#) (only the first 16 min of Part 2)
- **R:** Robert Pollin- Economic Prospects (PDF)
- VIDEO- [Clip from "It's a Wonderful Life", the Bank Run scene](#) (5 min)

**Oct 30**

- **Film Screening and discussion: The Motherhood Manifesto**
- **Discussion: Political Economy and the Presidential Election**

**PART THREE: NON-CLASS CRITIQUES OF CAPITALISM**

**11. GENDER** (Nov 4)

*Topics:*

- Patriarchy in History
- Accumulation and Patriarchy
- Valuing non-market work

*Readings:*

- **R:** Political Economy of Gender: Selections from the Center for Popular Economics Summer Institute Curriculum (PDF)
- **R:** E4E, Ch. 9
- **R:** Nancy Folbre- Supporting Care (PDF)
- **R:** Field Guide, Ch. 3

**12. RACE** (Nov 6)

*Topics:*

- Race and accumulation
- Racism and the genesis of Capitalism
- Immigration

*Readings:*

- **R:** Political Economy of Race: Selections from the CPE Summer Institute Curriculum (PDF)
- **R:** Field Guide, Ch. 4
- **R:** The New Latino South- An Introduction (PDF)

**Nov. 12- Film Screening and discussion: Morristown in the Air and Sun**

**Assignment Three: Handed Out- Nov. 12, Due in class- Nov. 18**

**13. ECOLOGY** (Nov. 13)

*Topics:*

- Economic Growth and limits to growth
- A new type of environmentalism: Environmental Justice
- Can the whole world be as rich as us?

*Readings:*

- **R:** E4E, Ch. 15

- **R:** Field Guide, Ch. 8
- **R:** VIDEO- [Majora Carter's inspiring talk on "greening the ghetto"](#) (20 min)

#### **14. CONSUMPTION (Nov. 18)**

##### *Topics:*

- Role of savings and consumption
- Creation of consumer demand
- Consumer choice and sovereignty

##### *Readings:*

- **R:** Juliet Schor- *The Overspent American*, Introduction and Epilogue (Print Reserve)
- **R:** Thomas Princen- *Confronting Consumption* (PDF)
- VIDEO: [The Story of Stuff](#) (20 min)

### **PART FOUR: SPECIAL TOPICS**

#### **15. TRADE AND GLOBALIZATION (Nov 20, 25)**

##### *Topics:*

- So what's new about globalization?
- Flat World or Uneven Development?
- Free Trade and Comparative Advantage

##### *Readings:*

- **R:** E4E, Ch. 21 & 22
- **R:** Field Guide Ch. 10
- **R:** Tom Friedman, *The World is Flat*, Ch. 1 (While I was Sleeping) & 5 (America and Free Trade)
- Ha-Joon Chang- *Kicking away the ladder: The "Real" History of Free Trade*, **ONLINE** at <http://www.fpif.org/pdf/papers/SRtrade2003.pdf>
- Anwar Shaikh- *Globalization and the Myth of Free Trade* (PDF)

#### **Assignment Four: Handed Out- Nov. 25, Due in class- Dec. 4**

Nov 27-Dec 1: Thanksgiving Recess

#### **16. OIL AND CLIMATE CHANGE (Dec 2)**

##### *Topics:*

- Political Economy of Oil
- Climate Change and International Political Economy

##### *Readings:*

- J. B. Foster: *Peak Oil and Energy Imperialism* at <http://www.monthlyreview.org/080707foster.php>
- F. Magdoff: *The Political Economy and Ecology of Biofuels* at <http://www.monthlyreview.org/080714magdoff.php>
- Baer *et al*: *Equity and Greenhouse Gas Responsibility* (PDF)

#### **17. WELFARE (Dec. 4)**

##### *Topics:*

- The politics of welfare spending
- Poverty and Homelessness
- Houses or Prisons?

##### *Readings:*

- Field Guide, Ch. 6

- TBA
- VIDEO: [The Private Prison Problem: Not Here, Not Anywhere \(2 parts\)](#) (17 min total)

## **PART FIVE: ECONOMIC ALTERNATIVES**

### **18. BEYOND CAPITALISM (Dec 9)**

#### *Topics:*

- Evaluating Capitalism
- Reform
- Revolution

#### *Readings:*

- R: E4E- Ch. 25, 26, 27

### **19. THE SOLIDARITY ECONOMY AND SOCIAL WEALTH (Dec 11)**

#### *Topics:*

- Social Wealth
- The New Social Movements and the Solidarity Economy

#### *Readings:*

- R: "[Making sense of Latin America's Third Left](#)," Marie Kennedy and Chris Tilly, New Politics, V11(4)
- R: [New Revolts against the System](#) by Immanuel Wallerstein
- [The Silent Revolution](#): An article about the factory take-over movement in Argentina.

**FINAL PAPER DUE: DEC. 20, 2008**