

**“Economics for Everyone:  
How to Cut Through the Jargon**

Later Life Learning, Innis College  
Instructor: Dr. Jim Stanford  
Fall 2021

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**About Me!**

- Raised in Alberta.
- Educated in Canada, UK, US.
- PhD. in Economics (1995).
- Worked for a trade union for 23 years.
- Worked in Australia.
- Now Director of the Centre for Future Work.



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**About the Course**

- 10 sessions: every Friday 1-230 pm (Eastern) except November 12.
- Course outline posted on LLL site.
- Initial presentation: approx. 1 hour.
- 5 minute nature break.
- Q&A for the remainder.
- Core readings from the textbook.
- Supplemental readings as assigned.
- Input welcome:  
[jim.stanford@policyalternatives.ca](mailto:jim.stanford@policyalternatives.ca)

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3

## 10 Topics

- |                                       |  |
|---------------------------------------|--|
| 1. The economy and economics          | 6. Distribution, power and inequality      |
| 2. A little history                   | 7. The economy and the environment         |
| 3. Work and tools                     | 8. Money, banking and finance              |
| 4. Class: Bosses, owners, and workers | 9. The economy after COVID                 |
| 5. Government and the economy         | 10. Building a fairer, sustainable economy |

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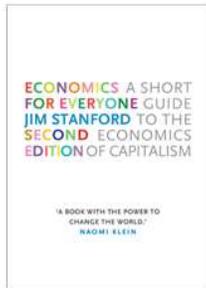
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## About the Textbook

- **Economics for Everyone** (2<sup>nd</sup> edition, Pluto Books, 2015).
- Started as a course for trade union members at CAW.
- Available at **Another Story** (Roncesvalles Ave., Toronto) and elsewhere.



<http://economicsforeveryone.ca/>

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5

## Continuing the Conversation

- Twitter:
  - @jimbostanford
  - @cntrfuturework
- Join our CFW mailing list: via <https://centreforfuturework.ca/contact/> or send request to [info@centreforfuturework.ca](mailto:info@centreforfuturework.ca).

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6

**Session 1**

**The Economy  
and Economics**

**Readings:  
Chapters 1-2**

*Illustrations © by  
Tony Biddle*

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7

**Key Topics Covered**

- The economy
- The purpose of the economy
- The economy and economics
- How we measure the economy
- Characteristics of a good economy
- Capitalism
- Capitalism and markets

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8

**Key Terms Introduced**

|                   |                         |
|-------------------|-------------------------|
| • goods           | • innovation            |
| • services        | • choice                |
| • work            | • equality              |
| • consumption     | • sustainability        |
| • investment      | • democracy             |
| • finance         | • accountability        |
| • environment     | • capitalism            |
| • GDP             | • production for profit |
| • economic growth | • wage labour           |
| • prosperity      |                         |
| • security        |                         |

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9



## The Economy in YOUR Neighbourhood

- You can identify the main ingredients of the economy walking around your neighbourhood.
- Take a walk, and keep track of what you see:
  - What **work** are people doing (paid & unpaid)?
  - What do people **consume**, in order to stay alive?
  - What is being **invested** – is enough output ploughed back into improving or expanding the local economy?
  - How do people **finance** their bills? Where do they get **money**?
  - Is the local **environment** healthy, or being degraded?
- This is the “economics of everyday life.”
- We can **ALL** learn enough to be confident questioning conventional wisdom, and defending our interests

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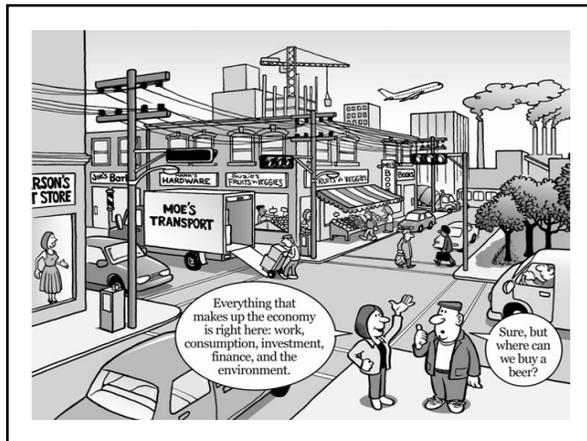
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## My Goal: Reclaim Economics for Ordinary People

- The rich and powerful of our society invoke claims about “economics” (many of which are false) to justify their own positions, and discourage us from fighting for change.
- And most economists also have a vested interest in the status quo.
  - Example: economists who work for banks.
- It's important for other parts of society to develop the capacity and the confidence to challenge traditional economic claims
- **Economic literacy** is thus an important priority.

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15

### The Purpose of the Economy: Meeting Human Needs

- The "economy" is the sum total of human work.
- Why do we work? Because we are living beings, and we must work to produce the things we need to stay alive.
  - a) The requirements of subsistence.
  - b) But we want more: a full, quality, enjoyable life.
- We work to meet human needs.
- An economy that does not meet human needs, is not doing its job very well.
  - There's nothing more "fundamental" about an economy's performance, than whether human needs are being met.

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16

### What We Produce

- **Goods:** tangible products that we can touch.
  - Examples: houses, cars, clothes, food, equipment.
- **Services:** functions we perform for other people.
  - Examples: restaurant meals, education, telecommunications, health care, transportation, entertainment, accounting.
- We need both goods and services.
  - Services are growing as a share of total output (about 70% of GDP today).
- Both goods and services are produced with the same ingredients: productive effort ("work", aided by tools), and raw materials (harvested from nature).

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17

### What is Economics?

- Economics is a **social** science.
  - How we work, and what we do with the fruits of our labour.
- **Microeconomics:** the study of individual firms & consumers.
- **Macroeconomics:** how these players interact in aggregate.
- Economics has never been value-free.
  - Economists don't just describe the economy.
  - They have views about how it **should** function.
- Economics is not static.
  - It evolves to reflect changes in the economy, and debates and conflicts over the economy.

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18

## Measuring the Economy

- Most common measure: Gross Domestic Product (GDP).
- **GDP** = the sum value of all the goods and services produced for money in the economy.
  - Business sector: production by private companies for profit.
  - Non-business sector: government and non-profit production.
- **Real GDP** = value of output adjusted for inflation.
- **GDP per capita** = GDP divided by population.

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19

## GDP: Use With Caution

- GDP should never be used as the measure of economic well-being or "progress":
  - Does not include work **not** performed for money (eg. caring work in the home, volunteering).
  - Does not consider the **distribution** of output ("average" per capita GDP says little about how most people live).
  - Does not consider whether output is **useful** or destructive (eg. child care vs. warfare).
- GDP is relevant, but be careful how we use it.
  - **Never** assume higher GDP is automatically "good."
- NB: Just changing the measure won't change the outcomes.

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## Evaluating the Economy

- The reason we work is to produce the goods and services we need to stay alive and get the most out of life.
- An economy functions well if it does that.
- Evaluating economic performance depends on the criteria chosen (subjective).
  - Evaluation must be broader than just "growing GDP."
  - Different individuals, communities, and classes will have different criteria.

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### Possible Criteria for Evaluation

- How would YOU evaluate the economy?
- Post one-word answers in the chat...

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22

### Possible Criteria for Evaluation (pp.28-30)

1. **Prosperity:** Do people have a good standard of living?
2. **Security:** Do people face risks of economic loss or dislocation?
3. **Innovation:** Do people improve their work to be more effective and productive? Are they creative?
4. **Choice:** Do people have the ability to make major economic choices (careers, consumption)?
5. **Equality:** Are there large differences between the living standards & opportunities of different groups?
6. **Sustainability:** Does the economy continually degrade the natural environment?
7. **Democracy & Accountability:** Is the economy subject to collective choice and oversight?

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### Evaluating Economies on Basis of Human Well-Being: One Approach

- UN Development Program's "Human Development Index" (HDI).
- Scores for each country (or region) on basis of 3 measures of well-being:
  1. GDP per capita
  2. Life expectancy
  3. Education
- Changes world rankings considerably.
- Still not perfect; there are other methods, too.

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**Capitalism:  
...the "C" Word**



A cartoon illustration of a man in a grey suit, red tie, and black top hat. He is smiling and holding several green banknotes in both hands, with more banknotes falling around him. The background is white with a faint circular glow around the character.

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**The Two Defining  
Features of Capitalism**

1. Most production is initiated & undertaken by private companies who aim to generate profit from this activity.
  - "Production for profit."
2. Most work is performed by individuals who work for someone else in return for money (wages or salaries).
  - "Wage labour."
  - We call this type of work "employment."

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**Capitalism and its  
Euphemisms**

- Usually called a "market economy" in textbooks (when it is given a name at all).
- This reflects the narrow focus of conventional (neoclassical) economics.
  - Tries to explain all behaviour as optimizing market transactions.
- But other economies have markets.
- And many things in capitalism are not determined through markets.
  - Especially inside a firm.

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**Thank You!**  
*Let's take 5 minutes...*

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