

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

Later Life Learning, Innis College
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Fall 2021

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- Other resources:

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ECONOMICS FOR EVERYONE

SECOND EDITION

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The textbook Economics for Everyone is a truly innovative, student-oriented, accessible, timely and practical educational resource available in 6 languages. It is free to use in high schools, colleges, universities and community colleges in all over the world. This new second edition has been completely revised, has updated data, statistics, examples, and exercises. The book includes a variety of new features – an introduction to social and global economics, and the book's coverage of the 2008-09 global financial crisis.

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Experts say 10 paid sick days needed

Quote taken from health experts' announcement. BC one up the rest of Canada

Updates

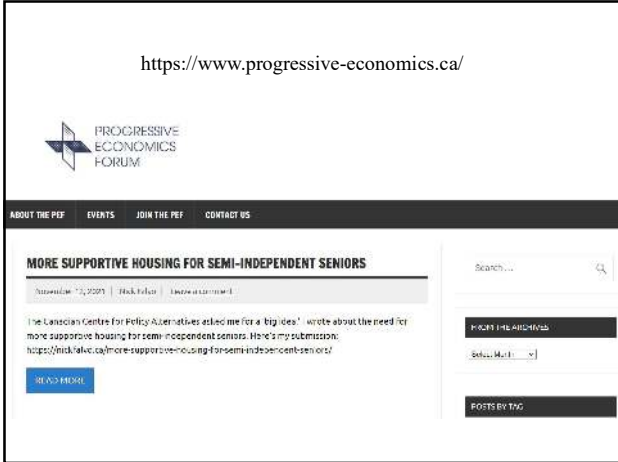
Mission Critical: A just and equitable recovery

Human rights advocate says legal action against Canadian, German, Norwegian and UK governments over global COVID vaccine inequality

CCPA Saskatchewan is proud to present our 60th Anniversary of Medicare calendar, documenting the struggle for universal medical coverage in Saskatchewan

MORE UPDATES

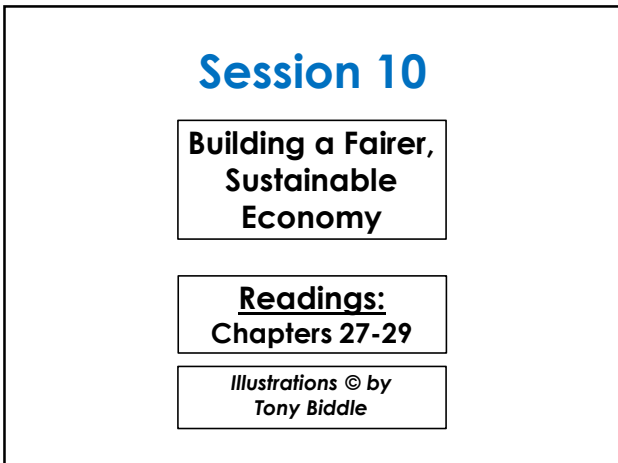
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Key Topics Covered

- Giving capitalism a report card
- Will capitalism survive?
- Improving capitalism
- How to pay for reforms
- Capitalism and socialism
- Capitalism and human nature

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Key Terms Introduced

- systemic instability
- financial fragility
- global imbalance
- environmental limits
- investment stagnation
- worker compliance
- social democracy
- socialism
- reforms
- high-investment sustainable economy
- public ownership
- economic planning
- market socialism
- benefit corporation

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Does Capitalism Work?



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Does Capitalism Work?

- 'Yes' and 'No'
- System is creative and flexible
- System not likely to collapse of its own accord
- Yet system consistently fails to meet human needs

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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 continually improve their work to become 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 and opportunities of different groups?
6. **Sustainability:** Does the economy continually degrade the natural environment?
7. **Democracy & Accountability:** Are economic outcomes subject to collective choices and oversight?

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(p. 362)

Table 27.1 Capitalism's Report Card

Subject	Grade	Comments
Prosperity	Uneven, Inadequate	Student has produced significant progress for some groups, but left many others behind.
Security	Precarious	Even those with decent prosperity can lose it all in an instant.
Innovation	Energetic, but Misguided	Student innovates very well, but needs to apply talent to more important priorities.
Choice	Abundant, Often Superficial	Lots of stuff in the stores, but what about constrained life choices for billions?
Equality	Abysmal Failure	Student shows no interest whatsoever in this subject.
Sustainability	Short-Sighted, Passes the Buck	Failure to protect environment undermines future economic progress and threatens human welfare.
Democracy and Accountability	One-Sided and Incomplete	Corporations are governed effectively - but to what end? Economic inequality is deeply anti-democratic.
Overall	Mediocre: Passes by Default	Student consistently underperforms, wastes enormous economic and human potential.

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Will Capitalism "Break"?

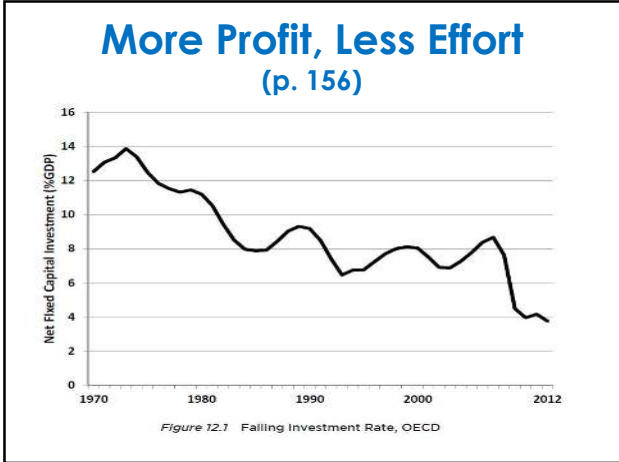
- Some have predicted internal problems will bring capitalism down.
- Marx: crises, falling profitability, immiserization of workers.
- Some environmentalists: growth will cause a collapse.
- I am not so sure, but the possibility of systemic crisis is there.
- I think human action, not internal collapse, is key to change.
 - Political, not economic, constraint.

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Sources of Systemic Instability

- Financial fragility.
- Global imbalances.
- Environmental limits.
- Stagnation: the missing 'work ethic' of capitalists.
- Workplace conflict.
- Popular acquiescence / crisis of liberal democracy?
- Crisis of state capacity?

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Can We Do Better?

- Failures of existing world economy are abundant:
 - Failure to meet human needs.
 - Wasted human & economic potential.
 - Chaos, war, premature death.
- Capitalism is supposed to generate abundance, yet we live in an ideology of "scarcity."
- Yet so far capitalism still "passes," for want of a convincing alternative.

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Our Key Economics Lesson

- All production starts with the gifts of nature.
- All value-added is then created by **work**:
 - Physical labour (brawn) or mental labour (brains).
- The economy is the sum total of our work.

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What is Truly “Scarce”?

- Not “money” (created out of thin air).
- Not “capital” (money used to start production).
- Not “revenues” (government budgets).
- Ultimately, the only things limiting us are **nature** and our capacity to **work**:
- Productive human activity generating useful goods and services.
...and our ability to ensure the fruits of our labour are used to better the human condition.
 SO: Let's put people to work.

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A High-Investment Sustainable Economy (p.381)

- Get more investment, and in better places, than would be forthcoming from capitalists on their own
 - Public as well as private
- Manage the overall impacts of growth to maximize social benefit, minimize environmental costs
- Internally consistent policy mix:
 - Fiscal –Macro –Infrastructure
 - Innovation –Trade/Industrial
 - Labour/Social –Financial Regulation

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A Jobs Engine Firing on All Cylinders

- Macroeconomic dimension:
 - Boost purchasing power.
- Sectoral dimension:
 - Boost strategic industries (through industrial, innovation, and trade interventions).
- Public sector dimension:
 - New demand and jobs through public spending.
- Labour market efficiency/planning:
 - Skills and LMI (increasingly important as economy approaches full employment).
 - Inclusion (racialized, women, youth, ability).

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Making Change

- Neoliberalism hasn't worked: EVEN on its own terms!
 - Weak investment, stagnation, deficits, instability.
- More "trickle-down" won't change the lives of those who are suffering.
- Individual solutions (get education, work harder) won't work either.
- Change requires rebalancing power to work better, work sustainably, and share the wealth workers produce.

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A Better Vision

- Top priority: maximise the capacity of Canadians to work and produce.
- Put people to work, in high-quality jobs: producing goods and services, generating incomes, paying taxes.
- Channel that production to meet human needs (the fundamental goal of the economy) and sustain the environment.
- Rebalance power to share the wealth and lift the quality of jobs.

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Alternative Federal Budget

- Collectively developed plan to:
 - Create more jobs (quantity).
 - Improve the quality of jobs (quality).
 - Enhance sustainability.
 - Share the wealth produced by workers more broadly.
- Includes many policy levers all pointing in the same direction: macro, fiscal, labour, social, trade, industry, regional.
- Good template for what could be done.

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How to Pay For It

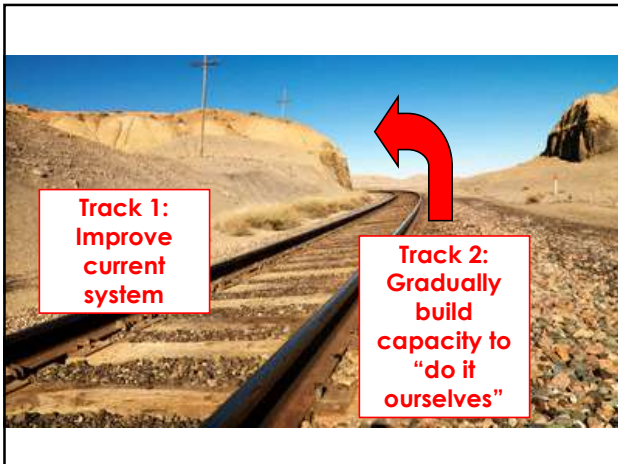
OECD Unemployment	48 million
Average Productivity per Employee	US\$85,000
New GDP from Eliminating Unemployment	US\$4 trillion
Average Revenue Share of Government	37.5%
New Government Revenues	US\$1.5 trillion

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Thinking Bigger?

- Challenge the legitimacy & credibility of the status quo.
- Make proposals for improving the equity and efficiency of the current system.
 - ... "high-investment sustainable economy"
- Build democratic capacity to do things differently in the long-run.
 - ... importance of democratic governance

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What is Socialism?

- Challenges dominance of for-profit private production.
 - One of defining features of capitalism.
- Socialise capital in various ways:
 - Real capital.
 - Finance.
- Pick places where it can make a practical difference:
 - Housing, food, transportation, municipal services, energy (green).

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Examples of Socialized Ownership (p.392)

- Socialized ownership in production:
 - State-owned, co-ops, trusts, B-corps, community & non-profit enterprise.
- Socialized ownership in finance:
 - State-owned, credit unions, public investment funds, pension funds, sovereign wealth, micro-credit.

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Capitalism, Socialism, and “Human Nature”

- Common claim: humans are naturally ‘greedy’; ‘sharing’ can’t work.
- Neoclassical theory based on this assumption: ‘maximize utility.’
- Anthropological reality: humans’ unique ability to cooperate is what explains our ‘success’.
- Collective self-interest, not ‘sharing’, is key ingredient for a better system.

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How Change Will Happen



- **Educate** people: this isn't inevitable.
- **Organise**: to give them collective power.
- **Mobilise**: to win an economy where everyone can work to their potential.

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The Good News

- It's not a problem of scarcity
- It's not a problem of motivation
- It's a question of our priorities, and our power to enforce those priorities
 - to organize our work
 - to meet human needs



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Thank You!

Let's take 5 minutes...

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