

Siena College Economics Department

Course Information

ECON 300—Political Economy
Section MY, TR 1:00pm – 2:20pm
Siena Hall 224
Spring 2010

Professor Information

Professor: Dr. Aaron Pacitti
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Office hours: T 10:30am-12:30pm, W 1:30pm-4:30pm, and by appointment

Course Description

Political economy is the study of economic systems, institutions, and outcomes from the perspective of who gains and loses. Conflict over the distribution of these gains and losses and the use of power to obtain a desired economic outcome will be the focal points of much of our analysis. As such, the methodology used in this course will differ substantially from that used by mainstream economics, which focuses primarily on efficiency and growth and ignores different concepts of economic justice and the role of distribution and power in affecting economic outcomes. To facilitate this approach, this course takes a critical look at American capitalism from contrasting theoretical perspectives, where the interaction of political, social, and cultural forces is brought to bear on economic interactions. This will allow us to develop a broader and more sophisticated perspective on how the American economy actually works, why it doesn't always work, who it works for and against, and why it changes over time. (ATTR: ARTS or BUS)

School of Business Mission

The mission of the School of Business is to offer values oriented, intellectually stimulating educational programs that prepare students for business careers and continuing intellectual and professional development. The School of Business places paramount importance on teaching and learning in an atmosphere enriched by business collaboration, professional activity, and scholarship. This is accomplished by integrating the College's liberal arts and Franciscan traditions with current business theory, skills, and practices.

School of Business Learning Goals

Each School of Business graduate will attain the following outcomes:

Problem Solving

Think critically and creatively to solve complex organizational problems using appropriate and analytic and quantitative techniques and integrating knowledge and skills from various disciplines.

Communication

Communicate orally and in writing using language appropriate to the audience.

Teamwork and Leadership

Demonstrate respect, responsibility, and a focus on serving others as a leader and team member.

Moral Consideration

Work toward a just, peaceable, and humane solution with thoughtful consideration of the impact on all stakeholders, the external environment, and the natural world.

Life-Long learning

Pursue opportunities that provide growth as an individual and as an organizational member.

Business Specialization

Develop competency in a chosen business discipline.

Student Learning Objectives

By the end of this course, students should be able to think critically and creatively to solve complex economic problems using appropriate analytic and quantitative techniques and integrating knowledge and skills from various disciplines.

By applying economic theory to current economic issues, students should be able to integrate and synthesize knowledge from different perspectives and apply them to policy recommendations.

The assessable learning objectives for this course are:

- (1) demonstrate understanding of how conflict over the distribution of economic gains and power relations affect economic outcomes
- (2) use quantitative data and qualitative analysis to explain and critique the manner in which American capitalism functions and changes over time
- (3) identify and evaluate the merit of competing theoretical perspectives
- (4) identify and critique different principles of economic justice

Required Readings

Bowels, Samuel, Richard Edwards, and Frank Roosevelt. *Understanding Capitalism: Competition, Command, and Change*, 3rd ed. New York: Oxford University Press, 2005.

Hahnel, Robin. *The ABCs of Political Economy: A Modern Approach*. London: Pluto Press, 2002.

Hirschman, Albert O. *The Passions and the Interest: Political Arguments for Capitalism before Its Triumph*. Princeton: Princeton University Press, 1997.

Baker, Dean. Beat the Press Weekly Roundup (critique of economic reporting in the media).

<http://salsa.democracyinaction.org/o/967/t/9788/signUp.jsp?key=1013>

Check the appropriate box halfway down the page. (They will not send you spam.)

Everything Econ (Siena College Economics Department blog): <http://sienaecon.blogspot.com/>

You should check this regularly and I will inform you when new material is posted.

Recommended Readings

The New York Times or *The Wall Street Journal*. *The New York Times* is available for free on campus. If interested in subscribing to *The Wall Street Journal*, please see me and you can get a discounted

student subscription for the semester. We will spend part of each class discussing current events, so I expect you, on a very basic level, to be familiar with current economic conditions. Staying abreast of current events provides a link between the theories we discuss in class and how they unfold and affect policy in the business world.

Additionally, the following books are supportive and offer novel extensions of the material we cover in class. You might also find these sources to be useful in writing your research paper.

Baker, Dean. *The Conservative Nanny State*, 2006. Available for free, from the author, at:
<http://www.conservativenannystate.org/cnswebbook.pdf>

Blecker, Robert. *Taming Global Finance*. Economic Policy Institute, 1999.

Cornwall, John. *The Theory of Economic Breakdown: An Institutional-Analytical Approach*. Basil Blackwell, 1990.

Cornwall, John. *Economic Breakdown and Recovery: Theory and Policy*. M.E. Sharpe, 1994.

Cornwall, John and Wendy Cornwall. *Capitalist Development in the Twentieth Century: An Evolutionary-Keynesian Analysis*. Cambridge University Press, 2001.

Foley, Duncan. *Understanding Capital: Marx's Economic Theory*. Harvard University Press, 1986.

Galbraith, James K. *The Predator State*. Free Press, 2009.

Hahnel, Robin. *Panic Rules!* South End Press, 1999.

Harvey, David. *Brief History of Neoliberalism*. Oxford University Press, 2007.

Lavoie, Marc. *Introduction to Post Keynesian Economics*. Palgrave Macmillan, 2009. (Especially ch. 4)

Marglin, Stephen A. and Juliet B. Schor. *The Golden Age of Capitalism: Reinterpreting the Postwar Experience*. Oxford University Press, 1992.

Pollin, Robert. *Contours of Descent*. Verso, 2005.

Rosenberg, Samuel. *American Economic Development since 1945*. Palgrave Macmillan, 2003.

Wolff, Richard. *Capitalism Hits the Fan*. Olive Branch Press, 2009.

Reserve Readings

Many of the recommended readings are available from the library or through the course's Blackboard site, under eReserves. Copyright restrictions prevent me from making all readings available electronically. Occasionally I will distribute supplemental articles via email.

Performance Evaluation

Exams

There will be one in-class exam for this course—a midterm, given on Tuesday, March 9th. More details will be discussed at a later date when I distribute a set of review questions that will help you focus your studies. You may use a calculator on the exams; however, language translators, PDAs, cell phones, and other similar devices may not be used.

Homework

Students are required to submit a total of two analytical homework assignments. Homework 1 is due on Tuesday, February 16th and homework 2 is due on Tuesday, March 30th.

Research Paper and Presentation

Students are required to submit and present an original research paper that covers a topic to be discussed at a later date. This will be a collaborative research project, with groups of three students assigned by the professor. Groups are required to submit a two-page outline, due on Thursday, February 18th; a five-page first draft, due on Tuesday, April 13th; and a 10-12 page final paper due on the date of the final exam (TBD). Additionally, groups will present their findings to the class in lieu of a final exam. Groups will also have to periodically meet with the professor. More details on all of these requirements will be discussed at a later date.

Grading

Students' final grades are determined by their performance on the above-listed assignments. I do not give extra credit assignments for any reason, nor do I grade on a curve. However, I reward academic sacrifice and effort. Therefore, significant improvement in your work and a clear dedication to the course material will count favorably toward your final grade, in addition to your objective performance on assignments. I weigh this subjective factor on an individual basis upon final evaluation.

Class Participation

Class participation is an important part of this course. Constructive and thoughtful contributions to classroom discussion can not only help you make sense of the material covered, but they can also raise your final grade by up to one letter grade. You should be sufficiently engaged and interested in the material that you feel like contributing to classroom discussions. I expect you to offer your own views on topics covered in class and I encourage you to question what I say.

The specific weights of assignments that will determine your final grade are as follows:

- Midterm: 30 percent
- Homework: 10 percent each (20 percent total)
- Paper Outline: 5 percent
- First Draft of Paper: 5 percent
- Final Paper: 25 percent
- Presentation: 15 percent

Evaluation of a student's performance in this course will be determined by the following criteria:

A: demonstration of superlative work in fulfillment of course requirements

A: 93-100; A-:90-92

B: excellent work in fulfillment of course requirements

B+: 87-89; B: 83-86; B-: 80-82

C: satisfactory work in fulfillment of course requirements

C+: 77-79; C: 73-76; C-: 70-72

D: unsatisfactory or incomplete work in fulfillment of course requirements

D: 60-69

F: failure to meet minimum course requirements

F: 0-59

Please note that to earn an A or B you must work very, very hard—remember, a C means you performed adequately; there wasn't much wrong with your work, but it was not too impressive either. A C is not a bad grade; it reflects the average work of a typical student. To do well, you should read the assigned material before class and use the lectures to cement your understanding. You should also explore the recommended readings to broaden your knowledge of the subject. Economics is not an easy subject and to demonstrate to me that you comprehend the material, you will have to invest a significant amount of time in this course. Of course I am always available to answer questions that are giving you difficulty, but to receive an A or B you must work hard on your own.

Course Policies

Attendance

Come to class; it will be fun and you will learn a lot of if you do. You are expected to attend all of the lectures during the semester. You are expected to be in class on time. I pay attention to who attends class and will go through the roster regularly to learn your names and assess your attendance. You are allowed to miss N classes per semester. Only I know the value of N. If you miss more than N classes you will fail the course regardless of how you performed on the assignments. Do not try to guess the value of N; students who do usually overestimate it, much to their detriment.

Late Assignments

All assignments must be submitted in class on the day they are due. Late assignments will lose one letter grade for each *calendar day* they are late.

Make-up Exams

No student will be permitted to make up an exam without documented evidence of a medical or other emergency. That is, you will receive a zero on your exam. Make-up exams will be oral exams held privately in my office and must be scheduled immediately. They will be different than the in-class exam and must be taken within one week of the original exam date.

Cell Phones

Please turn off your cell phone (or set it to silent) before coming to class. If your phone rings during a lecture, 5 points will be deducted from your midterm or final exam score.

Quality of Written Work

There is no substitute for sharp and focused written work. Regardless of your desired profession, you will have to write. Part of my job is to help you write well. Your written assignments (including exams) must read like an essay. That means no lists, bullet points, or incomplete phrases. You should write in complete and clear sentences, and your assignments should be well-organized and researched (if applicable). Points are deducted for typos and poor grammar. The Writing Center can assist you if you are having difficulty crafting your work. For more information, see: <http://www.siena.edu/pages/2249.asp>.

Academic Integrity

The concept of academic integrity lies as the heart of any college. This is particularly true of Siena, with its strong Franciscan tradition and dedication to fostering moral growth. I take plagiarism and academic dishonesty very seriously and will not tolerate either. I expect all work that you do for this course to be your own. Students who violate the Academic Integrity Policy expose themselves to punishments as severe as dishonorable dismissal from the College and as minor as failure for the assignment and/or the course. The following quote is from the Siena College Catalog:

Academic dishonesty can take different forms, including, but not limited to: cheating [dishonesty in a test situation], plagiarism [dishonesty in the presentation of written materials], and computer abuse. In any situation in which a student is unsure of what constitutes academic dishonesty, it is the student's responsibility to raise the question with his or her instructor.

In writing assignments, you must properly cite all sources (1) directly quoted, (2) paraphrased, or (3) consulted in any fashion. Sources include all printed material as well as the Internet. Proper citation means using a formal citation format, such as that detailed in the *Chicago Manual of Style* (aka Turabian).

It is also considered plagiarism if you merely rework source material, placing an author's thoughts in other words without contributing your own ideas. For that reason, you must include some kind of source note whenever drawing on someone else's interpretation. A source note can be a sentence or more in your paper, or it can be a footnote. A source note should clarify the extent to which your interpretation is indebted to your source, explaining both (1) what you use and (2) where you depart or differ from the source.

It is also considered plagiarism to submit drafts, response papers, and other informal assignments without properly citing sources and acknowledging intellectual debts.

This only briefly covers what constitutes academic dishonesty. It is your responsibility to become familiar with the student guidelines on academic integrity. Information on "Academic Integrity and the Siena Student" is available at: http://www.siena.edu/level3col.aspx?menu_id=530&id=1548

Information on "Academic Integrity Policy and Forms" is available at: <http://www.siena.edu/academicintegrity/>

Students suspected of violating the Academic Integrity Policy will be referred to the Academic Integrity Committee for final determination.

Accommodations

Siena College is committed to ensuring that students with documented disabilities are provided with the resources and supports necessary to effectively address their individual educational needs. Students with disabilities in need of accommodations pertaining to courses must first register with the Director/Office of Services for Students with Disabilities (OSSD) at 518-783-4239. To register with OSSD, a student must complete a data sheet, release form, and provide current, comprehensive documentation of her/his disability as defined by Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 (ADA). Upon receipt of written notification from the Director (OSSD) of the accommodation/s that a student needs for a particular course, the faculty member will work in collaboration with the student (and the Director of the OSSD, as needed) to address this request to the fullest extent possible. As part of this process, a student requesting course accommodations must meet with each course instructor no later than the first week of class. For more information, students can view online the Siena College Academic Policy Manual section entitled: "Student Registration with the Office of Services for Students with Disabilities" located under the Academic Affairs section at: <http://www.siena.edu/academicpolicy>

Pandemic and Emergency Preparedness

You are instructed to bring all texts and a copy of the syllabus/course schedule home with you in the event of a college closure. The Academic Calendar will be adjusted upon reopening; so be prepared for the possibility of a short mini-semester; rescheduled class or exam period; and/or rescheduling of the semester, depending on the length of the closure.

If your situation permits, you should continue with readings and assignments to the best of your ability, per the course schedule.

You will be given instructions regarding how to deal with paper assignments requiring library or other required research by me, as needed.

Online office hours will be used by me in order to maintain contact with students. You will be able to check-in with questions that you have. If you do not have internet access available, I will also provide my home phone number and home address, as needed. Remember, internet, mail delivery, and telephone services may also be impacted by a pandemic or other emergency event.

Finally, stay connected with information regarding the status of the College's status and reopening schedule by monitoring the Siena website or the emergency preparedness website, www.siena.edu/emergencyinfo.

Miscellaneous

The relevant College policies and other information related to academics can be found in the Academic Policy Manual, available at: <http://www.siena.edu/academicpolicy>.

My Expectations

This syllabus is a contract between myself and you. By remaining enrolled in this course, you agree to the terms and standards set forth in this syllabus.

To make this class enjoyable and enriching, I will always be in class on time. My lectures will always be clear, thorough, and prepared. I will also make myself available to you not only in my scheduled office hours, but by individual appointments (email me if you wish to set up an appointment). It is my goal to provide reasonable assistance outside of class to anyone who requests it.

I will never adversely change the due date of an assignment. If I do need to change a due date, I will give you ample notice and additional time to submit it.

Enough about me—what about you? I mentioned that economics is not an easy subject, but it is not difficult to do well in this course if you supply the necessary effort. Here are some suggestions on how to get the most out of this course and get a good grade:

Come to class on time and be prepared. You should stay current with readings. That means coming to class having read the required texts. My lectures should supplement the material from the text. However, you may have to *reread* the texts after the lecture to cement your understanding. Falling behind on the readings is a guaranteed way to do poorly on exams and assignments.

If you wish to perform above average, I suggest you read the recommended sources listed on the syllabus. They are provided so that you may deepen and broaden your understanding of economics. You should reference them in your assignments, tests, and classroom discussions.

Turn in your assignments on time—there is no conceivable reason you should lose points because of lateness.

Participate in classroom discussions. Talking through economic topics aloud helps you better comprehend the material. Also, question what I say; if you disagree with something said in class, say why! You must always be respectful of other students when they participate.

Befriend a few students and form a study group. Answer questions from the end of each chapter in the texts and go over my review questions before an exam. Talk through the topics covered in class with others. This helps—believe me.

If you find yourself having difficulty with a concept, come to my office hours. That is why I am here—to help you learn and understand economics.

Treatment of Others

I expect you to be polite to myself and your classmates. We should learn in an environment as free from unnecessary distractions as possible. You are to respect your classmates' opinions and comments.

Communication

I will communicate with you primarily through email and will use the course's Blackboard site to do so. Make sure you regularly check your Siena email and have your email preferences are set so that

you can receive emails from Blackboard. Also, course materials and handouts—the syllabus, review sheets, required articles, etc.—will be posted electronically on the course’s Blackboard site.

Course Schedule

The dates provided below are tentative—most of the time they are accurate, sometimes they are not. I will always keep you abreast of changes to the course schedule and will let you know where I expect you to be with the readings. All of the readings, aside from the required texts, are available on Blackboard under eReserves or on reserve in the library. Additional readings may be assigned as appropriate.

My lectures will complement and extend the material covered in the textbook. It is your responsibility to make sure that you have done the required reading *before* class so that you are familiar with the basic themes of each chapter and section. This will give you an opportunity to cement your understanding of the material and will allow for richer in-class discussions.

UC = *Understanding Capitalism*

ABC = *The ABCs of Political Economy*

PI = *The Passions and the Interests*

* = recommended reading

1. Introduction to Political Economy (Jan. 19, 21)

UC, chs. 1-4 (skim 4)

ABC, ch. 1

Corey Pein, “Born Poor.” *Santa Fe Reporter*, 2/3/2010.

2. Whence Capitalism? (Jan. 26)

PI, all

* Micahel Perelman, *The Invention of Capitalism*

3. Capitalism, Conflict, and Change (Jan. 28, Feb. 2)

UC, chs. 5-7

4. Economic Justice and Distribution (Feb. 4, 9)

ABC, chs. 2-3

5. Markets as Institutions (Feb. 11, 16)

UC, chs. 8-9 (skim 8)

ABC, ch. 4

Bowles, Sameul and Herbert Gintis. “The Revenge of Homo Economicus: Contested Exchange and the Revival of Political Economy.” *Journal of Economic Perspectives* 7, no. 1 (1993): 83-102.

Stiglitz, Joseph E. 1993. “Post Walrasian and Post Marxian Economics.” *Journal of Economic Perspectives* 7, no. 1 (1993): 109-114.

*Stiglitz, Joseph E. “The Contributions of the Economics of Information to Twentieth Century Economics.” *Quarterly Journal of Economics* 115, no. 4 (2000): 1441-1478.

Homework 1 due: Tuesday, Feb. 16

6. Production and Profits (Feb. 18, Mar. 2, 4)

UC, chs. 10-11

Bowles, Samuel. "The Production Process in a Competitive Economy: Walrasian, Neo-Hobbesian, and Marxian Models." *American Economic Review* 75, no. 1 (1985): 16-36.

* Coase, R. H. 1937. "The Nature of the Firm." *Economica*, 4 (16): 386-405.

Paper Outline due: Thursday, Feb. 18

Winter Break: No Class Feb. 23, 25

Midterm: Tuesday, Mar. 9 (Sections 1-6)

7. Command, Conflict, and Labor (Mar. 11, 16, 18, 23, 25)

UC, chs. 12-13

ABC, ch. 5

Marglin, Stephen A. "What Do Bosses Do? The Origins and Functions of Hierarchy in Capitalist Production." *Review of Radical Political Economics* 6, no. 2 (1974): 60-112.

* Marglin, Stephen A. "What Do Bosses Do? Part II" *Review of Radical Political Economics* 7, no. 1 (1975): 20-37.

* Landes, David. "What Do Bosses Really Do?" *Journal of Economic History* 46, no. 3 (1986): 585-623.

8. Bargaining Power, Aggregate Demand, and Unemployment (Mar. 30, Apr. 6, 8, 13, 15, 20)

UC, chs. 16-17

Schor, Juliet and Samuel Bowles. "Employment Rent and the Incidence of Strikes." *The Review of Economics and Statistics* 69, no. 4. (1987): 584-592.

Solow, Robert. "On Theories of Unemployment." *American Economic Review* 70, no. 1(1980): 1-11.

Kalecki, Michal. "Political Aspects of Full Employment." *Political Quarterly* 14, no. 4 (1943): 322-331.

Pacitti, Aaron. "Efficiency Wages and Class Conflict." Working Paper 6, Siena College, January (2010).

* Hallock, Kevin. "Job Loss and the Fraying of the Implicit Employment Contract." *Journal of Economic Perspectives* 23, no. 4 (2009): 69-93.

* Yellen, Janet. "Efficiency Wage Models of Unemployment." *American Economic Review* 74, no. 2 (1984): 200-205.

* Shapiro, Carl and Joseph Stiglitz. 1984. "Equilibrium Unemployment as a Worker Discipline Device." *American Economic Review*, 74 (3): 433-444.

* Pollin, Robert. "The Relevance of Hyman Minsky." Working Paper 183, Political Economy Research Institute (1997).

Homework 2 due: Tuesday, Mar. 30

Easter Break: No Class Apr. 1

Draft 1 of Paper due: Tuesday, Apr. 13th

9. Bargaining Power and Inflation (Apr. 22, 27)

UC, ch. 18

Friedman, Milton. "The Role of Monetary Policy." *American Economic Review* 58, no. 1 (1968): 1-17.

Pollin, Robert "The Natural Rate of Unemployment: It's All about Class Conflict." *Dollars and Sense*, September/October 1998.

Pacitti, Aaron. "Labor Market Institutions, the Cost of Job Loss, and the Phillips Curve." Working Paper 7, Siena College, January (2010).

* Setterfield, Mark and Ted Lovejoy. "Aspirations, Bargaining Power, and Macroeconomic Performance." *Journal of Post Keynesian Economics* 29, no. 1 (2006): 117-148.

* Ball, Laurence and Rober Moffitt. "Productivity Growth and the Phillips Curve." In Alan B. Krueger and Robert M. Solow, eds., *The Roaring Nineties: Can Full Employment Be Sustained?* New York: Russell Sage Foundation, 2001.

* Setterfield, Mark and Kristen Leblond. "The Phillips Curve and US Macroeconomic Performance during the 1990s." *International Review of Applied Economics* 17, no. 4 (2003): 361-376.

10. Looking Forward (Apr. 29)

UC, ch. 20

ABC, chs. 10-11

* Albert, Michael and Robin Hahnel. *Looking Forward: Participatory Economics for the Twenty First Century*. South End Press, 1999.

Final Draft of Paper due: TBD (date of final exam)

Paper Presentation: TBD (date of final exam)