

# *World Economics Association Newsletter*

To *plurality*. The Association will encourage the free exploration of economic reality from any perspective that adds to the sum of our understanding. To this end it advocates plurality of thought, method and philosophy.

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**WEA young economists**

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## WEA Pedagogy Blog

...welcomes posts about your experiences and suggestions on teaching and learning economics, with a strong focus on methods leading to deep understanding of current real world economic issues.

## WEA National Chapters

**Get involved!**  
**Is your country listed?**  
**Become a contact!**  
**Add a link or post!**

## An international student call for pluralism in economics

It is not only the world economy that is in crisis. The teaching of economics is in crisis too, and this crisis has consequences far beyond the university walls. What is taught shapes the minds of the next generation of policymakers, and therefore shapes the societies we live in. We, 42 associations of economics students from 19 different countries, believe it is time to reconsider the way economics is taught. We are dissatisfied with the dramatic narrowing of the curriculum that has taken place over the last couple of decades. This lack of intellectual diversity does not only restrain education and research. It limits our ability to contend with the multidimensional challenges of the 21st century - from financial stability, to food security and climate change. The world should be brought back into the classroom, as well as debate and a pluralism of theories and methods. This will help renew the discipline and ultimately create a space in which solutions to society's problems can be generated.

United across borders, we call for a change of course. We do not claim to have the perfect answer, but we have no doubt that economics students will profit from exposure to different perspectives and ideas. Pluralism could not only help to fertilize teaching and research and reinvigorate the discipline. Rather, pluralism carries the promise to bring economics back into the service of society. Three forms of pluralism shall be at the core of curricula: theoretical, methodological and interdisciplinary.

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Theoretical pluralism emphasizes the need to broaden the range of schools of thought represented in the curricula. It is not the particulars of any economic tradition we object to. Pluralism is not about choosing sides, but about encouraging intellectually rich debate and learning to critically contrast ideas. Where other disciplines embrace diversity and teach competing theories even when they are mutually incompatible, economics is often presented as a unified body of knowledge. Admittedly, the dominant tradition has internal variations. Yet, it is only one way of doing economics and of looking at the real world. This is unheard of in other fields; nobody would take seriously a degree program in psychology that focuses only on freudianism, or a politics program that focuses only on state socialism. An inclusive and comprehensive economics education should promote balanced exposure to a variety of theoretical perspectives, from the commonly taught neoclassically-based approaches to the largely excluded classical, post-Keynesian, institutional, ecological, feminist, Marxist and Austrian traditions - among others. Most economics students graduate without ever encountering such diverse perspectives in the classroom.

Furthermore, it is essential that core curricula include courses that provide context and foster reflexive thinking about economics and its methods per se, including philosophy of

economics and the theory of knowledge. Also, because theories cannot be fully understood independently of the historical context in which they were formulated, students should be systematically exposed to the history of economic thought and to the classical literature on economics as well as to economic history. Currently, such courses are either nonexistent or marginalized to the fringes of economics curricula.

Methodological pluralism stresses the need to broaden the range of tools economists employ to grapple with economic questions. It is clear that maths and statistics are crucial to our discipline. But all too often students learn to master quantitative methods without ever discussing if and why they should be used, the choice of assumptions and the applicability of results. Also, there are important aspects of economics which cannot be understood using exclusively quantitative methods: sound economic inquiry requires that quantitative methods are complemented by methods used by other social sciences. For instance, the understanding of institutions and culture could be greatly enhanced if qualitative analysis was given more attention in economics curricula. Nevertheless, most economics students never take a single class in qualitative methods.

Finally, economics education should include interdisciplinary approaches and allow students to engage with other social sciences and the humanities. Economics is a social science; complex economic phenomena can seldom be understood if presented in a vacuum, removed from their sociological, political, and historical contexts. To properly discuss economic policy, students should understand the broader social impacts and moral implications of economic decisions.

While approaches to implementing such forms of pluralism will vary from place to place, general ideas for implementation might include:

- Hiring instructors and researchers who can bring theoretical and methodological diversity to economics programs;
- Creating texts and other pedagogical tools needed to support pluralist course offerings;
- Formalizing collaborations between social sciences and humanities departments or establishing special departments that could oversee interdisciplinary programs blending economics and other fields.

Change shall be difficult - it always is. But it is already happening. Indeed, students across the world have already started creating change step by step. We have filled lecture theatres in weekly lectures by invited speakers on topics not in the curriculum; we have organised reading groups, workshops, conferences; we have analysed current syllabuses and drafted alternative programs; we have started teaching ourselves and others the new courses we would like to be taught. We have founded university groups and built networks both nationally and internationally.

Change must come from many places. So now we invite you - students, economists, and non-economists - to join us and create the critical mass needed for change.

Visit <http://www.isipe.net> to connect with our growing networks. Ultimately, pluralism in economics education is essential for healthy public debate. It is a matter of democracy.

## George Soros' INET: A conspiracy theory assessment

Let's assume that there is a financial oligarchy which exerts strong political influence due to the vast amounts of money it controls. Let's further assume that this financial oligarchy has caused a serious financial crisis. If such a situation occurs, the leading figures of that financial oligarchy might recall that during and after the financial crisis of the 1930s, laws were passed which broke the power of the financial oligarchy and taxed their profits steeply.

To prevent a loss of power as it happened hence, they might want to make sure first that economics, their most important ally, will continue to downplay the role of money and the power of the financial oligarchy and of power in general.

However, the economic mainstream itself will have lost credibility due to its obvious failure to promote the public good. Students will not so gullibly trust their professors and their textbooks any more. Young and bright researchers, who have not yet invested too much into the old discredited theories and methods, might turn to the question of how the finance industry can be made to serve the public interest. This would contribute to turning public opinion against the interest of the financial oligarchy. Thus, it will be important for the financial oligarchy to identify the brightest and most influential critics and leading figures of reform initiatives and to neutralize them.

This can best be done by putting yourself at the forefront of the movement. This requires money, notoriety and credibility. Credibility is in short supply. However, it can fairly easily be acquired. One of the more famous representatives of the financial oligarchy would have to publicly criticize economics for failing to prevent disaster. The failure of economics and of the finance industry will have become so obvious that an industry representative who acknowledges them will gain a lot of credibility without saying much that is not widely discussed already.

The chosen finance representative should found an institute that is dedicated to the renewal of economics. He should provide the institute with very large funds, at least relative to what other initiatives with the same goal can command.

First the institute has to build up its credibility with the critical crowd. It should hire people who really mean to reform economics, because it is hard to consistently fake it in a credible way. It will be important at the start to engage and fund even the most dangerous critics of the old mainstream and of the financial oligarchy. This will transfer their credibility with the critical crowd to the institute.

A second focus would have to be on identifying the brightest and potentially most influential young critical thinkers. This can be achieved by organizing lavish con-

ferences with the most renowned and established economists and letting the youngsters apply for (funded) participation. The meetings could also be used to check out and create a good rapport with leading representatives of initiatives and organizations which aim to reform economic research and teaching. On the other hand, significant financial support of initiatives that function independently from the institute would need to be avoided..

After the institute has put itself successfully at the forefront of the movement and has identified all the potentially relevant reforms, the next task is to neutralize them as much as possible. The most important representatives of dangerous currents in economics should slowly be marginalized. Invitations to the prestigious meetings of the institute should increasingly be reserved to researchers whose critique is either harmless or who may even support the status quo in a new and original way. After a while, the more dangerous ideas and researchers to the interests of the financial oligarchy will be even more marginalized than before. They will continue to be shunned by the mainstream, but on top of that they will not even be part of the avant-garde of the challengers as defined by the institute.

Young researchers with the highest potential should be given the opportunity to pursue an excellent international education and career. The challenges of this career and the temptations of gaining the respect of the most important people should suffice to domesticate most of them.

Remaining grass root initiatives at the universities can be neutralized, if needed, by cutting them off from the supply of potential activists. The institute could form local groups of affiliated young researchers, preferably at universities with a strong base of independent initiatives. Since the competing local groups of the institute's young affiliates will have the institute's network and money of the institute in the background, they should be able to be more effective and more attractive to yet unaffiliated young minds.

With a strategy as outlined above it should be straightforward for the financial oligarchy to secure the power to define what are viable new theories and methods and what is to be disregarded as outlandish deviations from scientific common sense. They will be able to make sure that the only kinds of new thinking that can take hold are those which do not fundamen-



By Norbert Haering

tally challenge the supremacy of the financial oligarchy.

### Is there such a Trojan horse being built?

A rich and famous hedge fund manager called George Soros has gained notoriety for criticizing the economic mainstream and the dealings of the financial elite after the crisis broke out. He contributed \$50m to the foundation of the Institute for New Economic Thinking (INET) in October 2009. Other members of the financial elite and their foundations, including David Rockefeller, the Carnegie Corporation and former Federal Reserve Chairman Paul Volcker multiplied that sum with their contributions.

However, this does not really prove anything about the real motivation. Neither do the next few criteria that I will mention, as they cannot distinguish between an honest strategy for improvement of economic science and a cynical maneuver to control and domesticate any reform movement.

Since spring 2010 the institute has been organizing annual conferences. It has a Young Scholar Initiative (YSI). Students and young researchers can apply to be invited to the prestigious and lavish conferences, which always take part in one of the best large hotels in town.

INET provides grants to researchers for projects "aimed at finding solutions for the world's most pressing economic problems." The grantees of the first years include many well-known critics of the economic mainstream and of financial deregulation, such as Steve Keen, for example.

An indication for intentions that are not 100% constructive could be the institute's restrictive policy regarding support of initiatives which function independently from INET, be they initiated by students and

young scholars, or by professors, critical of the mainstream.

It is already quite visible that the institute would like to control the movement that it funds. On its website, INET states about grants for student initiatives that these are supposed to serve conversation between new economic thinkers of the future and those of the present. The latter are being defined as "INET-grantees and other members of the INET-community". Students have to document support from their university and the cooperation of at least one member of their faculty. This should eliminate the more radical reform groups from consideration. For the others, there is a chance to have their conferences or other projects funded with up to \$5000, or "preferably less". According to my talks with representatives of independent initiatives of students, young researchers and professors of economics in Germany, these are hardly ever successful in obtaining financial support from INET.

How is grant-giving of INET developing? There is a steep decline in volume from about \$7m in 2010 to \$2.1m in 2013. In the first three years, many grantees and their projects have been quite far from the mainstream and have been proposing a radical rethinking of the workings and regulation of the financial system. In contrast, the [list of sponsored projects for 2013](#), which is [here](#), reads a bit like a mix of the contents of an economic history journal and any good mainstream economic journal.

The programs of INET's annual meetings including the 2014-meeting in Toronto are [here](#). My own take is that there has been a trend toward increasingly mainstream themes and researchers at these meetings.

The longer version of this text is available in German and English on <http://norberthaering.de>

## Real world problems in the Real World Economics Review *By Edward Fullbrook*

Post-Autistic Economics and then the Real World Economics Review emerged as a response to a collective dissatisfaction with the economics profession's lack of focus on real world economics. In this spirit the editors would like to encourage work on significant aspects of contemporary capitalism that are currently under-represented amongst our submissions. We will be adding new sections here on an ongoing basis.

### **Issues created by alternative finance organizations and investment strategies**

The finance system is a complex web of interacting instruments, organizations and strategies. Many of these create issues in regard of perpetuating income inequality, in terms of creating injustice, and in terms of creating new and possibly hidden vulnerabilities in the system. If you are working on or are interested in

hedge funds, private equity finance, shadow banking, tax efficiency strategies, high frequency trading, or issues in derivatives markets we would like you consider contributing to RWER. We are particularly interested in contributions that can explain how these work and what their significance is in a simple but not simplistic way for a general interested reader.

### **The human consequences of work and globalization**

As the international Labour Organization (ILO) and many others have noted, globalization has perpetuated old forms of exploitation of labour and provided a platform for new forms. If you are working on the social and economic issues surrounding modern forms of quasi-slavery in work, or related issues such as human trafficking and sexual exploitation then we would like you to consider contributing to RWER.

## Institute for Dynamic Economic Analysis

The Seattle-based start-up nonprofit Institute for Dynamic Economic Analysis ([IDEAeconomics](#)), opened its virtual doors officially May 9. Under the leadership of Steve Keen, IDEA has been organized to channel support for the work in dynamical analysis and real world money and to help mobilize the broader effort to reform economics. Pre-opening emphasis has focused on gathering resources for a couple of big projects, providing economists with practical data and analysis tools, and finding ways to bring the discussion to the broader public, through media and other means. The gap between this quasi-science and a rigorous, evidence-based discipline is not widely appreciated.

Prof. Keen is known for his approach based on endogenous money and dynamic systems. His classic [Debunking Economics](#) is a comprehensive critique of the neoclassical approach. As most of the readers here know, he was cited by RWER with the Revere Prize for being the economist who most correctly predicted the Great Financial Crisis. Steve is currently engaged in the enormous effort of drafting *Finance and Economic Breakdown*, which will carry the theory to its conclusion and expand the dynamical analysis and critique.

The second very large project in hand is the full development of *Minsky*, the dynamic economic modeling software Steve designed and being developed by Russell Standish, which incorporates endogenous money and dynamics, and which features the Godley table, a realistic accounting for money flows. [Minsky 1.0](#) is available for download. It is a truly unique tool that puts dynamics and endogenous money, and thus real world assumptions, into practical analysis. This and the other tools from IDEA are free and open source.

IDEA is by no means alone in its goal to reform of economics into a coherent, empirically sound and theoretically consistent discipline. A great number, including those in the World Economics Association share it. Steve's efforts are a significant contribution, and IDEA intends to provide him the platform for his theoretical work, but we also intend to support and enable his facility with media and live audiences, and help bring this essential discussion to a wider constituency. Many of the other projects and activities of IDEA have this aim, and are executed with the talent we can organize.

For research -- in addition to the *Minsky* project -- IDEA has developed the TSL/IDEA Data Store. Conceived and designed to assist Steve in his work on debt, TSL has expanded and is now in its demonstration phase. The acronym TSL stands for "Time Series Language." It is a simple script language which allows sophisticated retrieval and manipulation of data. It functions similarly to the FRED tools, but offers more operations. The companion IDEA Data Store also allows more powerful research than available elsewhere, since it is based on an OLAP structure, as opposed to a relational structure. While the content of the Data Store will never rival that of FRED, it does come with a distinct advantage -- data can be entered by the user and then manipulated and displayed with the tools. A unique or idiosyncratic series can be uploaded into the Data Store through a simple online interface, manipulated with TSL in

the context of the powerful OLAP structure, and the results downloaded, all online. TSL and the Data Store are fully functional, but limited by the extent of the data. Populating the database is a nontrivial task, and there is an additional ongoing (much more modest) monitoring function that is looking for collaborators.

The mission of IDEA is to reform a broken science. A good deal of that effort is educational. The World Economics Association and its organs are doing yeoman's work, with members often sacrificing academic careers for intellectual integrity. IDEA will collaborate as much as possible with the economists represented in the WEA, and hopes to bring their work to some underserved constituencies.

The first constituency is a growing group of highly educated people from outside the profession, from mathematics, engineering, climate science, the arts, labor and education. (One could add a contingent from the finance profession, where people deal with serious decisions in the context of an education which did not include many of the situations in which those decisions must be made.) These people realize something is seriously wrong, and economics is it. Often they are time-constrained or simply lack the patience to traverse the minutia and balance the arguments. The second constituency is the new student, who will benefit from an easily understood critique at the outset of his or her training to the extent it prevents credulous acceptance of a one-dimensional curriculum. The third constituency is the general critical-thinking public who accede to the profession an authority it does not deserve, often repressing their own intuitive understanding.

These constituencies are also the targets of several projects, including Econ101R (R for "remediating," as in remediating the traditional instruction) "A Pundit's Guide to Economics" (a book-length dash through economics purportedly for the benefit of media talking heads), and materials introducing dynamics in non-math terms, with more in the queue awaiting further development. IDEA also provides connections to the economics and economists represented on our advisory board: Ann Pettifor, Michael Hudson, Edward Fullbrook, Dirk Bezemer and James K. Galbraith.

To change economics, it is essential to support and collaborate with serious economists doing disciplined analysis. That group is well represented here at the WEA. In IDEA's case, it is furthered considerably by the theoretical work of Steve Keen and by the analytical tools we are developing and disseminating. But there is no good example of a reform without the participation of a broader, though not necessarily universal, understanding. ) understanding. The orthodoxy will fail as its underpinnings crumble, but that cannot take forever. There is an urgency to current conditions that does not allow complacency. When crisis comes, as we have seen, the opportunity is sometimes brief. When people look for answers, they need to be available within their communities and institutions. IDEA hopes to do its bit in that preparation.

contact: [impact@IDEAeconomics.org](mailto:impact@IDEAeconomics.org)  
Alan Harvey, Executive Director

## HETERODOX ECONOMICS: What? Why? Whither?



The editors of JAPE announce a forthcoming special issue on the nature of heterodox economics, its current state and future possibilities.

Sub-themes may include:

- Heterodox economics in Australia;
- How heterodox economics challenges mainstream economics;
- Currents within heterodox economics;
- Possibilities of synthesis;
- Methodological issues;
- Teaching heterodox economics;
- Prospects for heterodox economics.

Submitted articles for this proposed special issue would be welcome. The maximum word-length for each article is 8000 words. Significantly shorter papers would be particularly welcome, as the editors would like to include a good range of contributions in the issue. Submissions will be refereed, as normal for the journal.

**If you would like to make a submission, please do so by 10 June, 2014.  
Submissions should be emailed to [frank.stilwell@sydney.edu.au](mailto:frank.stilwell@sydney.edu.au).**

Centre of Social and Organisational Studies



## Inter-Disciplinary Symposium on Business Ethics & Business/Economic History: “The Challenges of Capitalism for the Common Good”

**This one day research symposium takes place at:**

**Henley Business School, the University of Reading on Tuesday 17 June 2014.**

The symposium focuses on the evolution of relations and constructions of moral values in key social classes influencing the definition of common good, and how it affects the economy and society.

**The first part of the day** is a historical focus on the pre-modern, medieval and modern relations between merchants and kings and their relevance in current challenges of business ethics in a forward-thinking academic community. It explores competing and complementary perspectives on societal perceptions of virtue and morality. Distinguished speakers are [Professor Agustín González Enciso](#), [Professor Daryl Koehn](#), [Dr Alisdair Dobie](#) and [Prof. Dr H. H. Hoppe](#).

**The second part of the symposium** critically reflects and extends current theory on organisational and individual virtue ethics to evaluate assumptions regarding how the firm is governed and managed, and the resulting habituated assumptions on its morality, work and agency of key internal firm stakeholders and individual agents. Speakers will offer thought on changes on the common good and the firm morality to address the current challenges of capitalism for the common good. In the second part of the symposium distinguished speakers are [Professor Alejo José Sison](#), [Professor Geoff Moore](#), [Professor Ron Beadle](#) and [Dr Kleio Akrivou](#).

Finally, [Professor Mark Casson](#) will provide a synthesis of the accumulated knowledge, including insights from the day.

This event will be hosted by the Centre of Social and Organisational Studies (CSOS), in Henley Business School in association with the Centre of Economic History, the University of Reading. The event is chaired by [Dr Kleio Akrivou](#), Associate Professor of Business Ethics and Organisational Behaviour.

View the full programme including timings [here](#).

**Fees:** External Academic faculty - £70  
Research students - £25  
UoR / HBS faculty - £40

Research students within the University of Reading may have the attendance fee waived upon request. Researchers should email [commongood@henley.ac.uk](mailto:commongood@henley.ac.uk) with their request, copying in their supervisor.

For further information, please contact: [commongood@henley.ac.uk](mailto:commongood@henley.ac.uk)

**[Book your place now](#)**



## Measuring advantage and disadvantage

By [Stuart Birks](#)

A common feature of policy debate is the discussion of whether chosen groups are advantaged or disadvantaged. Such claims can be analysed using a basic three step structure:

1. Define groups for comparison;
2. Choose a measure for which values vary over groups;
3. Interpret differences as advantage or disadvantage for the chosen group.

These three steps can be used to look critically at any claims of advantage or disadvantage. Needless to say, given the reasons for wanting to show advantage or disadvantage, any real world examples that I use will be politically sensitive. Common ones today might relate to gender or ethnicity. Fifty years ago class distinctions or a division between capital and labour might have been more common. With the publicity surrounding Thomas Piketty's book, [Capital in the Twenty-First Century](#), we may now be moving back in that direction. In an attempt to retain attention on the broader issues, it may be helpful to use a politically neutral example (i.e. one currently without 'traction'), such a height or age. Let's consider the three steps applied to age.

First, we choose our groupings. This can be a highly political act. The chosen framing sets up an "us and them" scenario. This is despite wide variations in circumstances often occurring within groups along with large overlaps across groups even when group averages differ. We could compare the elderly with the rest of the population, or with the rest of the adult population. We could take the elderly as those over 65, or over 75. The choice could make a big difference to the results. This is an aggregation issue, as groups will be represented by some average measure. Hence, if we want a policy shift favouring those in their late 60s, we could group them together with those 70 and above, for example.

Then we choose our measure(s). Note that comparisons would differ according to whether we used income, wealth, home ownership, income from paid work, hours worked, health expenditure, benefits received, savings out of income, number of dependents, education levels, overseas trips, sporting activity, computer-literacy, food consumption, sick days per year, and so on. Should we look at individual incomes, or consider intra-family transfers, household or family income and the number of dependents? Should wealth be considered along with income? Should current and future entitlements such as state benefits and inheritances be included? Are material measures the right ones to use, or are there other dimensions of wellbeing (social inclusion, family-connectedness, freedom from crime and abuse)? If we are interested in elder abuse, should we use police data on incidents or offences, or justice data on charges or convictions, or survey data? Each will give a different picture.

Given the chosen measure(s), there is then the interpretation of differences. Does lower average income of older people indicate disadvantage, or should the focus

be on transfers from younger to older people? Is the health difference an indication of disadvantage for the elderly, or are they actually advantaged and overly supported by the health services after 'controlling for' age-related health differences? Are working age people disadvantaged by putting in many more working hours per week, or are they advantaged by having higher income from work (should we focus on effort or reward)?

These points do not mean that assessments of advantage and disadvantage are of no use. They are important for any decision making in that this involves comparison of the desirability of available options. The points do highlight the nature of the framing underpinning the comparisons, however. Consequently they can be used to critically assess the decisions and perhaps to identify what would otherwise be 'unanticipated consequences'.

It is inevitable that we undertake analyses based on groupings, if only as a result of the constraints of classifications through the use of language and the nature of quantitative data. There is a danger that this leads us to focus too heavily on these measures. They may be used to construct performance indicators whereby the objective is to improve those indicators even when this may conflict with broader, but more nebulous, aims of policy.

International comparisons of school performance use influential measures such as the OECD's [Programme for International Student Assessment \(PISA\)](#). This is described as "[Measuring student success around the world](#)", although it focuses on performance in three core subjects and there is a danger that countries have a strong incentive to "teach to the test". It is also not clear to what extent student performance is a result of the input from schools as compared to home background, additional tutoring, social pressure to do well in tests, etc..

We could similarly consider measuring country differences in performance in university economics courses. How are we measuring this performance? What skills are we assessing? How closely do the perspectives in the theory match the culture and values of the students in different countries? How broad are the courses (as in the three types of pluralism described on pages 2-3 of this Newsletter) and is this breadth being assessed?

In summary, comparisons over groups are an important component of the rhetoric of policy debate. They have implications for the choice and implementation of policies. They are central components of the framing that shapes our perceptions of society and the world around us. They shape what issues we see and do not see, and the values that we place on those issues. Quantitative analyses commonly take the measures as given, as the data that are available and suitable for the techniques of analysis. A more pluralist perspective would involve critical assessment of the concepts and construction of the measures, recognising additional reserves, qualifications and adjustments that must be made when attempting to use findings to make real world decisions.

## World Economics Association Conference

### Greece and austerity policies: Where next for its economy and society?

20<sup>th</sup> October - 21<sup>st</sup> December, 2014

#### INTRODUCTION

Since the onset of the public debt crisis in Greece, the term 'austerity' rather than 'fiscal contraction', has prevailed in economic and socio-political jargon. The fact that in 2010 it was the most looked up-word online indicates both its spreading use and its opacity. The current use of the term is subject to certain theoretical fallacies, while it carries particular ideological undertones.

More specifically, according to Robert Skidelsky, public debt 'fetichism' contains five theoretical fallacies. Namely, it overlooks the fact that *a.* governments have "monetary sovereignty"; *b.* reducing the public deficit shrinks the economy; *c.* public debt is the transfer of wealth from taxpayers to bond holders, not a net burden; *d.* there is no connection between the size of public debt and the price a government must pay to finance it; *e.* low borrowing costs for governments do not necessarily reduce the cost of capital for the private sector<sup>1</sup>.

Furthermore, empirically, there is no evidence of a threshold beyond which public debt impedes growth. The so-called '90 per cent rule', coined by EU Commissioner Olli Rehn, on the basis of the work by economic historians Carmen Reinhart & Kenneth Rogoff, has been shown to be more of a fiction than a fact.

Hence, the post-crisis fixation with austerity is best understood as an attempt by the financial industry to shift public discourse from the need for radical changes in the financial sector to the 'living-beyond-one's means' narrative in order to secure more bail-outs for the banks and deflect pressures for financial policy reform. In any case, proposing one and single strategy of austerity policies as the only possible "rescue plan" for all troubled economies around the globe (EU- Latin America and Asia) overlooks the complexity of the socio-economic reality and causes serious and systemic turbulences.

Greece joined the Eurozone in 2001. By that time, its financial sector was already highly deregulated. Before the onset of the current crisis the Greek economy experienced high economic growth. However, this was accompanied by a rise in the twin deficits, that of the public sector and of the current account, resulting in an increase in both the public and private debt that rendered the Greek economy extremely vulnerable to potential macroeconomic and financial shocks. This was especially the case in view of the architecture of the single currency, rendering the euro a 'hard currency' for the Eurozone member states.

Greece did not have a financial crisis per se. However, by 2009 the effects of the economic crisis became evident, as GDP declined while public finances worsened. The restrictions of the Eurozone meant that the economic crisis soon turned into a sovereign debt crisis. At that point, the 'Troika' (European Commission, European Central Bank, International Monetary Fund) moved in by of-

fering a rescue plan that was based on the implementation of austerity policies, which did not include only fiscal contraction measures. They also comprised wage austerity, labour market deregulation and widespread privatisation.

Four years after the implementation of the austerity policies, the declared targets of the austerity programme have not been achieved: the economy is in a recession which is deeper than that of the USA in the 1930s; the unsustainability of the public debt has been made worse; the fiscal deficit has been reduced at a much slower pace than expected; the current account deficit has declined mainly through the fall in imports as a consequence of lower incomes; the financial system remains extremely fragile; and the unemployment rate has more than trebled. Moreover, Greece has experienced higher poverty rates, increasing inequality, and many other adverse economic, social and political developments, including the emergence of a neo-Nazi political party.

The failure of the austerity policies in Greece calls for radically different approaches to the Greek crisis and for the implementation of alternatives to austerity policies. Otherwise, the possibility of a prolonged period of economic, social and political instability in Greece is extremely high. The implications of such instability for the European Union, indeed for Europe more generally, should not be underestimated. The lessons of the Greek case are of a more general applicability particularly because austerity policies are now applied in many countries in Europe and beyond. These are the reasons which led to the organization of the present conference.

#### CALL FOR PAPERS

The conference will focus on on the policies and politics of austerity and on the various aspects of the Greek crisis. Papers dealing with similar experiences in other countries that may bring light on the effects of austerity policies in Greece will also be considered.

In particular, the conference will be structured into three parts:

#### **Part 1: Greece on the eve of the financial crisis – Challenges and opportunities**

- The Greek economy: regional development, de-industrialisation, research and innovation, banking sector, shipping, current account deficit, fragile growth, functional and personal income distribution; the role of transnational companies in the Greek economy.
- Public finances and the role of the state: tax system, welfare system, education, health care, public debt, 'Greek statistics'.
- The Greek society: institutions, politics, group interests and social actors, social inequalities and social mobility, emigration, immigration.
- Greece in the Eurozone: financialisation, structural

imbalances, external debt, core-periphery divisions.

### Part 2: The Greek crisis and austerity policies

- The handling of the financial crisis by the EU vis-a-viz the European banks
- The banking – sovereign debt crisis nexus
- The Troika – issues of economic governance
- Bailing out Greece, Economic Adjustment Programmes and debt restructuring
- Fiscal austerity: fiscal multipliers, inequality effects of fiscal measures
- Wage austerity: employment, productivity and inequality effects of the cut in minimum wages, wages and trade balance, wages and investment, wage cuts in the private sector and government revenues
- Privatisation: Effects on the public debt over the short and the long run, economic and social implications
- Labour deregulation and flexibility: changes in the labour law and their implications
- The Greek banking sector in crisis
- Critical appraisals of the austerity programme: institutional background, theoretical underpinnings, implementation, international and intra-EU comparisons
- The crisis of the political system and the strengthening of fascist forces

### Part 3: Where to now for Greece?

- Public debt sustainability
- Public debt and Welfare system
- Growth and unemployment
- Economic sustainability and social cohesion
- On-going economic transformation and prospects
- In or out of the Eurozone (fiscal policy, monetary policy, financial system, industrial policy, exchange rate policy)
- The political system in a state of flux
- The Greek society in the post-austerity era

Papers falling within the broad topic of the conference though on aspects not explicitly noted above are also welcome. We welcome contributions from economists, economic historians, sociologists and political scientists.

#### CONFERENCE LEADERS

**Yannis Dafermos** is a lecturer in economics at the Bristol Business School, University of the West of England. He is also a research associate at the New Economics Foundation. His research interests include financial macroeconomics, fiscal and monetary policy, inequality and poverty, and ecological macroeconomics. His publications have appeared in *Cambridge Journal of Economics*, *Journal of Post Keynesian Economics*, *International Review of Applied Economics* and *Review of Political Economy*. He holds a PhD in economics from the University of Athens.

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**Marica Frangakis** is a British trained economist (LSE; Univ. of Sussex), who has worked for many years in the banking sector (Agricultural Bank of Greece; National Bank of Greece Group). She is at present an independent researcher, with a special focus in the areas of macroeconomics and finance, especially pertaining to the European Union. She is a member of the Board of the “Nicos Poulantzas Institute” and a member of the Steering Com-

mittee of the European Economists for an Alternative Economic Policy in Europe ([www.euromemo.eu](http://www.euromemo.eu)). She has published widely on the public debt crisis in Greece and in the Eurozone (*Journal of Contemporary European Studies*, *LUXEMBURG Gesellschaftsanalyse und linke praxis*, *TRANSFORM! Journal*, *Z-Zeitschrift Marxistische Erneuerung*, etc)

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**Christos Tsironis** is Assistant Professor in *Contemporary Social Theory* at the School of Theology, sector of Ethics and Sociology, Aristotle University of Thessaloniki. He studied in Greece and in Germany. For more than one decade he took part in various Seminars and Long Term Training courses of the Council of Europe and other organizations focused on the issues of Intercultural Communication and Human Rights. He worked as social researcher in national and international research programs. His research interests focus on the ambivalence and challenges of Late Modernity. They include: Social and cultural Theory; the Welfare State; Social Policies and Social Problems; Epistemology of Humanities and Social Sciences; Sociology of Religion, Human Rights and Education. He has authored the following books:

1. *Consumerism in Contemporary Social Theory: A critical appraisal of Z. Bauman*, Thessaloniki: Barbounakis, 2013 (Gr pp.295)

2. *Man and Society: A contribution on the Dialogue between Theology and Social Theory*, Thessaloniki: Vantias, 2013 (Gr pp. 330)

3. *Globalization and Local Communities: Social Ethics and Community Work*, Thessaloniki: Vantias, 2007, (Gr pp.267)

4. *Social Exclusion and Education in Late Modernity*, Thessaloniki: Vantias, 2003, (Gr pp.531)

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#### TIMETABLE

**Deadline for abstracts: 30 August, 2014**

**Deadline for papers: 27 September, 2014**

**Discussion Forum begins on 20 October, 2014,**

**Discussion Forum ends on 21 December, 2014**

Abstracts and papers should be submitted to: [weagreececonference@gmail.com](mailto:weagreececonference@gmail.com)

<sup>1</sup> Skidelsky, R., 2012, Does Debt matter? The Project Syndicate, 20 Jan.

<sup>2</sup> Reinhart, C.M. and K. Rogoff, 2010, “Growth in a time of debt”, *American Economic Review*, vol. 100, no.2, pp. 573-578; this was challenged by Herndon, T. et al., 2013. “Does public debt consistently stifle economic growth? A critique of Reinhart and Rogoff”, *Cambridge Journal of Economics*, vol. 38, pp. 257-279.

<sup>3</sup> See also: R. Boyer, “The Four Fallacies of Contemporary Austerity Policies: The Lost Keynesian Legacy”, *Cambridge Journal of Economics*, Vol. 36/ 2012, pp. 283–312.

<sup>4</sup> Papadimitriou, D.B. et al, 2013, The Greek economic crisis and the experience of austerity: A strategic Analysis, Levy Economics Institute of Bard College, July

## The Non-Equilibrium Social Science group (NESS)

In November 2011, our co-ordinated action on Non-Equilibrium Social Science (NESS) received a three year grant from the Commission.

The purpose of NESS (<http://www.nessnet.eu/>) is to try to ensure that the social sciences are put on a proper footing for the 21st century. A key focus of the group is economics, where the equilibrium approach (though dominant) struggles to capture the economic realities we observe in the world today. But we are interested in all the social sciences.

The Real World Economics Association Newsletter was good enough to carry a piece about NESS shortly after the project started (see p.4 of [Issue 2.1](#)). It is now in its final year, and time for an update.

The topics we have discussed in conferences and workshops have been wide ranging. Full details are available on the NESS website. But examples which give a flavour include: economics for the internet; NESS for policy and business; the concept of agency in complex information systems; re-evaluating the concept of value; standards for validating agent based and social simulation models; media opinion dynamics; macro prudential policy.

We have evolved the style of our meetings. The initial style of the meetings was the more traditional conference format, in which people presented papers, followed by discussion. Our timetables were more generous than in most conferences, but the meetings were run along standard lines.

We now focus on small workshops, in which individual

presentations are limited to around 10 minutes. The purpose is to facilitate active discussion amongst all participants, and to produce from the meeting a positive document about how to take the particular topic further. Researchers involved in innovative social science might consider this format. We need as a community to move things forward, rather than simply having interesting conferences amongst those who have already 'see the light' on the need for non-equilibrium social science.

A very positive outcome has been the way in which other groups have welcomed collaboration with NESS. We have used small amounts of the project money to help finance a number of meetings, which has certainly widened the network of non-equilibrium social science researchers. For example, the Firenze Manifesto group. Other examples include the [Simulating Knowledge in Innovation Networks group \(SKIN\)](#), and sessions organised at the European Conference on Complex Systems in both [2013](#) and [2014](#).

Such sponsorship has proved to give extremely good value for money in terms of achieving the aims of NESS and has connected us to groups of researchers which might otherwise have been hard to reach. There may still be a bit of money left for more!

The current project comes to an end in December this year, but we are keen to keep a grouping of this kind in operation. There are several possibilities at the moment, so watch this space.

## Adam Smith: tariff protection for strategic reasons

"There seem, however, to be two cases, in which it will generally be advantageous to lay some burden upon foreign, for the encouragement of domestic industry. The first is, when some particular sort of industry is necessary for the defence of the country. The defence of Great Britain, for example, depends very much upon the number of its sailors and shipping. The act of navigation, therefore, very properly endeavours to give the sailors and shipping of Great Britain the monopoly of the trade of their own country, in some cases, by absolute prohibitions, and in others, by heavy burdens upon the shipping of foreign countries."

[Smith, Adam (2012-05-16). [An Inquiry into the Nature and Causes of the Wealth of Nations](#) (Kindle Locations 6910-6914). University of Chicago Press. Kindle Edition.]

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