

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

An online conference from the WEA, 20th October - 21st December, 2014

**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!**

## **The WEA Textbook Commentaries Project**

The World Economics Association has developed an **online platform** for commentaries and discussion of standard introductory level textbooks, plus links to related resources. A shell now exists for this platform, and material is gradually being developed and uploaded. It can be accessed via:

<http://www.worldeconomicsassociation.org/textbook-commentaries>

The idea is that commentaries should comprise short points, largely stand-alone, giving further explanation, critical comment or alternative perspectives. They should be designed so as to be easily incorporated into a lecture or tutorial and/or added via a link on a course web page. The focus should be on a specific chapter or theme, individual points should be brief, perhaps up to 500 words, stand-alone and easy to follow. Where commentaries comprise a collection of points they should be numbered and comprise no more than about 1500-2000 words in total.

The **TCP**, as it grows, will provide a resource for lecturers and students who have had to follow the standard texts, but want to take a more pluralistic or critical approach. Some commentaries can draw on material in alternative, non-mainstream texts, thereby increasing awareness of them and hence influencing the way economics is perceived. Links have been set up so that related chapters and themes can be found easily, and commentaries have a “comments” feature so that readers can actively contribute to the resource.

The aim has been to design the **TCP** platform so as to be effective for young people who are used to participating interactively online. The **TCP** provides an **independent and universally accessible platform** for enhancing existing courses, traditional and otherwise, and offering students diverse perspectives and wide-ranging literature, including aspects of political economy, economic history, history of economic thought, and comparative economic systems.

### **Why would you contribute to the TCP?**

- It may involve little preparation time. You may already have material that you have developed and used in lectures or tutorials, or that has been through some form of peer evaluation (including alternative texts).
- Contributors’ names are included with their commentaries, so you are raising your profile for a wide audience and getting extra benefit from your work.
- It is easy to contribute. If you are thinking of providing one or more commentaries, just **send an email to Stuart Birks** with contributions or suggestions for contributions. Alternatively, you may wish to add a comment to an existing commentary, in which case use the comments facility at the end of the commentary and press “Post comment”.
- You may get feedback on your ideas either directly

or through submitted comments.

- You can include links and/or references to commentary source documents or to other available work such as your journal articles or books.
- You are participating in a communal effort to disseminate critical and alternative material.
- This is an opportunity to include aspects of more economics approaches into mainstream courses. As already mentioned, these can include political economy, economic history, history of economic thought, and comparative economic systems.
- It is a quick and easy way to reach a wide audience.

### **Who might use the TCP resources?**

- Lecturers - either for additional points in lectures or as a component of their courses.
- Tutors – as a teaching tool or for additional discussion points in tutorials, workshops or online discussion forums.
- Students - for additional insights, to raise issues with their lecturers or tutors, or for more searching input into their assignments.

### **Why might you use TCP resources?**

- They are easy to use. Commentaries are short, easily understood and, stand-alone. You just have to give a link to the commentary URL on a course web page or in a course on-line discussion forum.
- They give ready access to a broad range of material.
- There is quality control of the material through its public nature and opportunities for discussion and feedback.
- They provide scope for perspectives from different countries, economic systems, sub-branches of economics, political economy, history, etc.. Courses can be enriched to suit particular environments and types of student.
- The web-based platform provides a familiar medium for students, with brief entries and links for further investigation.
- The web-based platform and comments feature lends itself to interactive participation.
- Material is available globally.
- It only takes one person to introduce it into a course.

The platform can be used to share preferred perspectives on economics and to observe the alternative perspectives that others around the world and of different cultural and political persuasions may have. All that is needed now is for people to actively use and develop the resource. You are warmly invited to do so.

<http://www.worldeconomicsassociation.org/textbook-commentaries>

[More project background details here.](#)

## The WEA Textbook Commentaries Project: an example commentary

Rather than referring directly to textbook material, themed commentaries offer an alternative perspective. Here is an example. It is available [here on the TCP site](#).

### Stilwell – Marx on capitalism

Neoclassical economics presents perfect competition as an ideal, against which markets may 'fail'. This ideal arises in a theoretical structure with 'atomistic' individuals maximising their utility from consumption of goods and services in a world where resources are allocated through markets. Politics and government are absent from the ideal, and people are perfectly informed, with there being no false information.

In contrast, economists working in the critical analytical tradition pioneered by Marx emphasise perceived problems with the organisation of capitalist societies.

In the following extract, Frank Stilwell describes some of the concerns raised by Marxist economists. It is from pp.103-104 of Stilwell, F. J. B. (2012). *Political economy : the contest of economic ideas* (3rd ed.). Australia: Oxford University Press.

#### **The scope of Marxism**

*The following nine themes illustrate the broad range of concerns.*

##### **The study of social classes**

*The emphasis is on people, how the economy structures their interests, and how their conflicting interests are expressed. Marxists deride the tendency for other currents of economic analysis to focus on things, rather than people, as commodity fetishism.*

##### **The analysis of exploitation**

*The relationship between classes under capitalism is not symmetrical. Because capital hires labour, and not vice versa, there is the possibility—indeed, the inevitability—of exploitation. Marxist analysis treats this as a systemic feature, dependent not on the rapacious inclinations of individual employers, but rather on the structural imperatives of the capitalist economy.*

##### **The growth of monopoly power**

*Competitive markets are sometimes held to be the essence of capitalism, but Marxists emphasise the tendency for them to be supplanted by monopolistic enterprises. This further accentuates the disparities of economic power as 'the big fish eat the little fish'.*

##### **The expansionary nature of capitalism**

*Marxist analysis focuses on the reproduction and growth of the economy, emphasising the dynamism of the capital accumulation process. This directs attention to the process of imperialism and, in modern capitalism, to the role of transnational corporations in driving the globalisation of capital.*

##### **Uneven development**

*Capitalism has always been characterised by great variability—spatially and temporally. Its uneven development over space is manifest in the contrast between rapidly expanding cities and economically stagnant regions. Its uneven development over time is manifest in alternating periods of boom and slump. These, too, are focal points of Marxist analysis.*

##### **The commodification of social life**

*It is important to understand how economic forces shape and reshape our social activities. According to Marxists, the expansionary character of capitalism tends, little by little, to transform social pursuits into marketable commodities. Sport, popular music, and education are pertinent contemporary examples.*

##### **Alienation**

*Here, too, is a tendency that Marxists see embedded in the economic structures of capitalism. Alienation arises because workers have no control over their own labour or the products of their labour. However, alienation is not limited to the workplace. According to radical political economists, it extends into other forms: economic, social, political, and environmental.*

##### **The role of the state**

*...[C]apitalism is not, in practice, a purely free-market economy. The state plays a major role in relation to competing class interests. In general, Marxists take the view that the state serves capitalist class interests, although there are many variations on that theme.*

##### **Social change**

*The Marxian approach emphasises the processes causing economic and social transformation, sometimes evolutionary and sometimes revolutionary in nature. Capitalism followed other systems of economic organisation, and can be expected, eventually, to be replaced by other arrangements.*

## Inequality in Mexico



By **Alice Krozer** (PhD Student, Cambridge University) and **Juan Carlos Moreno-Brid** (Deputy Director, ECLAC-Mexico). The opinions here expressed are the authors' sole responsibility and do not necessarily coincide with those of the United Nations Organization or ECLAC.



For decades in Mexico, like in many developing countries, inequality was of little interest for economists. It was recognized as a challenge for social policy makers, but not as relevant as poverty, and in any case, it was seen as having no impact on economic growth. Those that were concerned with equality conceived it as a by-product of the specific developmental stage through which countries went, in line with Kuznets' inverted U path. Given Mexico's traditional fiscal weakness – a tax burden under 12% of GDP, among the lowest in Latin America - inequality and poverty were tackled through income transfers and public expenditure on health, social security and education. This approach to poverty and inequality marked the radical neo-liberal reforms put in place since the mid 1980s to reduce State's intervention in the economy and open domestic markets to foreign competition. This agenda was assumed to put the Mexican economy in a path of strong expansion. Also, to the extent that its engine of growth would be the exports of manufactured goods, produced with intensive use of non-qualified labor (Mexico's abundant resource), it was supposed to lead to systematic and major reductions in poverty and in inequality.

Today, Mexico has a GDP of US \$1.178 trillion and ranks as the 14<sup>th</sup> largest economy in the world (World Bank 2014). Its GDP per capita of US\$9,750 puts it just beneath the world average (US\$10,300). However, more than thirty years down the road since the launch of the neoliberal reforms and notwithstanding its extraordinary boom in exports of manufactures, Mexico's economic growth - an annual average of 2.4% - has been disappointing. In 1980-2013 the economy expanded at such a slow pace that the gap of Mexico's GDP per capita vis-a-vis the United States is larger today than thirty years ago. It should not be surprising that today more than half of its population is poor (CONEVAL, 2014), a proportion similar to the one prevailing three decades ago. Thus, more than 55 million Mexicans live in conditions of poverty.

In these years, what happened to inequality? Well for anyone that visits Mexico, the words of Alexander Von Humboldt (1811), more than two hundred years ago, still ring true:

"Mexico is the country of inequality. Nowhere does there exist such a fearful difference in the distribution of fortune, civilization, cultivation of the soil, and population. ...The capital and several other cities have scientific establishments, which will bear a comparison with those of Europe. The architecture of the public and private edifices, the elegance of the furniture, the equipages, the luxury and dress of the women, the tone of society, all announce a refinement to which the nakedness, ignorance, and vulgarity of the lower people form the most striking contrast."

As the writer Augusto Monterroso wrote in 2002 (p.60): "the unique, truly hyper-real characteristic of Mexico is its social inequality; the misery that marks the everyday life of the immense majority of Mexicans."

The figures corroborate this image. As Table 1 shows there is an almost 27-fold difference between the average incomes of the top and the bottom deciles. This difference is in stark contrast with the average ratio of 10 to 1 in the OECD (OECD 2014). More worrying, the top 1% of Mexico's distribution has an average annual income 47 times that of the poorest 10% (del Castillo Negrete Rovira 2012). It is very likely that, were there numbers for smaller slices at the top, the ratios would be astronomical.

**Table 1: Income share and per capita in Mexico, by deciles in 2012 (in pesos, Mx)**

Deciles	1	2	3	4	5	6	7	8	9	10
Per capita, \$	461	887	1180	1488	1843	2216	2742	3505	4906	12412
% total income	1.5	2.8	3.7	4.7	5.8	7.0	8.7	11.1	15.5	39.2
Ratio Ypc to previous decile	--	1.9	1.3	1.3	1.2	1.2	1.2	1.3	1.4	2.5

Note: the Gini Coefficient for 2012 was 0.49, the "Palma indicator" (i.e. the ratio of the top 10% income earners to that of the bottom 40%), was 3.09; the mean income was Mx\$3,164 and the median income Mx\$2,030. Source: authors' calculations based on data from SEDLAC 2014.

Table 2 illustrates the evolution of income inequality in Mexico in terms of the Gini coefficient, the Palma ratio and the relative shares of the first four deciles and the top decile. It shows that, with some fluctuations, there have been three phases. The first one goes from the late 1960s to the mid 1980s, with income becoming more evenly distributed. The Palma ratio fell from nearly 6.0 to close to 3.5, and the GINI went from 0.59 to 0.50. The second one covers

from then until the early 2000s, with income becoming more concentrated. Thereafter, there is an overall improvement until 2010; later deteriorating. All in all there has been a, in our view insufficient, reduction in income inequality. Indeed, by 2012 the overall picture is of an economy where income is highly concentrated. If the calculations had been carried out focusing on the top 1%, this conclusion would be even more evident.

How can such inequality be perpetuated and collectively accepted in the face of vast poverty? Well, Mexico was unequal in Pre-hispanic times, and even more so during the 300 years of Spain's colonial reign. Equality was an inspiration for independence and subsequent struggles. More economic equality, for peasants and workers, was a key demand of the Mexican Revolution in 1910. Notwithstanding, there have been periods towards greater equality in Mexico. For example, prior to 1976, there was a relatively stable relationship between productivity growth and wage growth in manufacturing (Palma, 2011). Their subsequent delinking under trade liberalization meant that increasing export competitiveness had little effect on living standards (ibid). In fact, by the end of the 1990s, the average wage was only just recovering to its 1976 level, although productivity had increased by about 80% in the meantime; in the same period the real minimum wage fell 80% and the share of wages and salaries in GDP fell from 40% to 18.9%. Profit margins greatly increased. All this, coupled with several economic crises, weakened organized labor's bargaining power. According to Palma (2011), this "liberalization package" decoupling wages and productivity is the result of political-ideological change in the 1980s. In addition the abrupt economic slowdown in the aftermath of the oil crisis brought about a vast deterioration in the labor market.

Two decades of deep reforms – the 1980s and 1990s - aligned with the Washington Consensus contributed to consolidate a tendency to reduce the share of wages in national income. The political transition from its traditional one-party ruling authoritarian regime towards a more consolidated electoral democracy has not altered this.<sup>1</sup> Indeed, a number of social programs targeting the poor population were created. The star has been Oportunidades, a pioneer conditional cash transfer program to poor households in return for obligatory schooling and health checks. There are other programs, akin to non contributive pension schemes such as "Seventy and More" and the Universal Elderly Pension in Mexico City to benefit the elderly. These programs do have a progressive, albeit small, influence on income distribution. In contrast, tax policy in Mexico fails to have a significant influence on income redistribution. Indeed, most OECD countries with not markedly dissimilar pre-tax income distributions manage to almost halve the GINI coefficient in the post-tax income distribution. However, Mexico's redistributive capacities through taxes are significantly less effective. In addition they have declined considerably since the 1960s, to the extent that during the last two decades, on average they have barely been able to lower the country's Gini by more than .02 points vis-à-vis its pre-tax levels. To illustrate this point, in Table 3 we compare it with Denmark, where the decline in the GINI coefficient before and after taxes is ten times higher.

According to, inter alia, Cornia et al, the decline of inequality in the 2000s is the result of various factors, including changes in the skill premium, social policies and hours worked. But income inequality in Mexico is still very high. The bottom decile, that allegedly benefited most from the transfer programs, has maintained a stable share of between close to 2% of total income since 1992.

In short, despite the shift in the Presidency from the PRI to the PAN and back, a massive increase in social spending as a share of GDP, including conditional cash transfers and other programs targeted to the poorest, low inflation and fiscal budgets, the im-

**Table 2. Mexico, indicators of income inequality, 1968-2012**

	<i>Gini</i>	<i>Palma</i>	<i>D1-D4</i>	<i>D10</i>
1968	0.586	5.963	8.1	48.3
1977	0.518	3.856	10.4	40.1
1984	0.501	3.663	10.4	38.1
1989	0.512	3.377	12.2	41.2
1992	0.535	3.839	11.2	43.0
1994	0.541	4.009	10.8	43.3
1996	0.543	4.155	10.3	42.8
1998	0.531	3.843	10.8	41.5
2000	0.536	3.963	10.8	42.8
2002	0.510	3.387	11.9	40.3
2004	0.507	3.273	12.1	39.6
2005	0.509	3.342	12.0	40.1
2006	0.495	3.079	12.7	39.1
2008	0.502	3.172	12.2	38.7
2010	0.472	2.713	13.6	36.9
2012	0.491	3.055	12.8	39.1

Note: the last two columns show the share of income of the deciles 1 to and 4 and of the decile 10. Source: Authors' calculations based on SEDLAC 2014

**Table 3 Income Distribution in Mexico and Denmark, Differences in GINI coefficients before and after taxes, 1968-2010**

Year	Mexico	Denmark
1968	0.030	0.310
1970	0.029	0.297
1975	0.030	0.250
1980	0.022	0.177
1985	0.014	0.156
1990	0.012	0.176
1995	0.016	0.215
2000	0.016	0.198
2005	0.022	0.198
2010	0.023	0.214

Source: Authors' calculations adapted from Solt (2009)

<sup>1</sup> Cornia et al. (2012) argue that a lagged democratization effect does exist. If this is the case, we will still have to wait for quite some time to see any results.

plementation of NAFTA<sup>2</sup> and of a series of radical market reforms Mexico has been unable to significantly reduce its high concentration of income. As mentioned above there are certainly historical roots that explain the magnitude of the challenge, but in our view, the main reason behind the prevalence of such stark inequality is the lack of political will by relevant actors to change the situation. For some this reflects the assumption that economic growth will by itself alleviate poverty and inequality. For us it seems more likely that the ones on top, the 1% or even lower percentage, refuse to lose in any significant way their economic and social privileges, thus they block any relevant measure oriented towards a more progressive distribution of income.

Since the 2008-09 international financial crises, the external market stopped being a dynamic engine of growth of the Mexican economy. Thus, strengthening its domestic market - i.e. a more even income distribution - has become a requisite for stimulating Mexico's economic expansion. In addition, the commitment to build a more equal society and economy in Mexico with human rights being fully respected and impunity finally eliminated is, in our view, the only long-term solution to eradicate the alarming, deplorable violence by drug cartels that has taken thousands of lives in Mexico in the last years and the tragic disappearance of many men and women; the most recent and notorious being the still missing 43 young students in Ayotzinapa who wanted to become teachers to show children that a fair, just and prosperous Mexico is possible. Our hope is that they will soon appear, safe and sound, to keep working to make their dream come true.

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<sup>2</sup>North American Free Trade Agreement signed in 1994. Mexico is one of the most trade liberalized countries in the world, having signed over 40 free trade agreements.

## Does studying economics make us less happy?

Mainstream economics describes individuals as having the objective of maximising utility. This is presented in an atomistic way with the focus being placed on consumption of goods and services. Findings in a study recently published in the journal *Personality and Individual Differences* suggests people with such a perspective may be less satisfied with life than those without.

The article is Tsang, J.-A., Carpenter, T. P., Roberts, J. A., Frisch, M. B., & Carlisle, R. D. (2014). Why are materialists less happy? The role of gratitude and need satisfaction in the relationship between materialism and life satisfaction. *Personality and Individual Differences*, 64(0), 62-66.

The article cites other literature that is consistent with this theme. It includes the following description, while focusing on the first facet:

*Richins and Dawson (1992) outlined three key facets of materialism: (1) centrality, or making acquisition of material possessions a central focus in one's life, (2) happiness, or making the pursuit of material possessions one's main source of life satisfaction, and (3) success, or viewing possessions as a marker for success. (p.62)*

According to the literature, materialists are likely to have "unmet psychological needs". Lower satisfaction is likely to arise because, among other things, materialism is associated with loneliness, depression, low self-esteem, and less involvement in community events.

There is a saying that people should "practice what they preach". If the results of these studies are correct, then for our own wellbeing as economists either we should not follow that maxim, or we should change what we preach.

## New IIPPE Working Group Teaching Political Economy, Interdisciplinarity and Pluralism

### Focus and aims

This working group will focus on:

- how to improve the methods of teaching political economy and economics
- on gathering data regarding
  - the extent to which forms of pluralism are present in various economics curricula around the world
  - the challenges in introducing pluralism in the economics curriculum

The aim is to build better teaching and learning practices. We hope through this initiative to contribute towards the health of economics as a discipline. Members of the group will undertake relevant research. Outputs if the initiative will include:

- Education of better and more socially responsible economists
- Impacts on the education policies in various academic systems worldwide.

The working group will also disseminate suitable course-related material through the [WEA Textbook Commentaries Project](#).

### About the IIPPE

The International Initiative for Promoting Political Economy (IIPPE) was founded in YEAR? and has as main objectives:

- engagement with Marxist political economy,
- the advancement of political economy across other social sciences,
- engagement with activism through progressive policies but also critical engagement with other political economy and heterodox schools in economics.

The distinctive nature of IIPPE is its academic structure. This is organized around various working groups that “facilitate the pursuit of IIPPE’s aims within a specific existential, theoretical or political field “ (Constitution of IIPPE, point 4, available at: [http://iippe.org/wp/?page\\_id=47](http://iippe.org/wp/?page_id=47)).

### Why this initiative?

The past 2-3 years have experienced strong student movements in UK that have challenged the ways economics is currently taught in UK universities, asking for the presence of pluralism in teaching economics, including more variety of economic methods, heterodox ideas and theories, the re-introduction of history of economic thought courses on the curriculum, and so on. This wave of criticism against the homogeneity in teaching economics has culminated with the creation of various student societies in UK and worldwide such as the [WEA Young Economists Network \(YEN\)](#), [Rethinking Economics](#), the [International Student Initiative for Promoting Pluralism in Economics](#), the [Post-Crash Economics Society](#), and the [Cambridge Society for Economic Pluralism](#).

During the summer of 2014, following a meeting in London to discuss the future of IIPPE in London, Susan Newman suggested the creation of a working group focused on Teaching Political Economy. This would build on the social activism tradition of IIPPE and also liaise with the student societies. It would contribute to the worldwide discussion on how to advance progress in economics as a discipline. At the same time, Kevin Deane proposed a discussion session around the issues of teaching political economy at the 5<sup>th</sup> Conference of IIPPE organized by Università Degli Studi Orientale, Naples, 16-18<sup>th</sup> of September 2014. The session was held and speakers included Annina Kaltenbrunner, Elisa van Waeyenberge and myself. There was wide-ranging discussion covering the experiences of participants and the challenges faced in various cultures in introducing forms of pluralism into the economics classroom.

As a result, this working group has been formed around subjects of interest in teaching political economy. It includes a strong sub-group focused on research projects and events around issues of *pluralism* in economics and in teaching political economy.

**To participate, or for more information, email me,  
Ioana Negru, at: [ioana\\_negru@yahoo.com](mailto:ioana_negru@yahoo.com)**

## Macroeconomics and the Phillips Curve Myth

By [James Forder](#)

One particular idea about the history of macroeconomics seems to be almost universally accepted. It starts with Phillips (1958) discovering a negative relationship between wage change and unemployment – ‘the Phillips curve’ as it came to be called. It continues with this relationship being understood as offering policymakers a durable, or ‘stable’ policy menu; and their readily accepting inflation as a price worth paying for higher employment. Then, supposedly, Phelps and particularly Friedman (1968) pointed out that on-going inflation would be recognized as such by wage bargainers, so that when it became expected the Phillips curve would shift upwards and there could be no long-run tradeoff. Sometimes it is said or implied that this idea caused a great debate, but in any case, in the end mainstream opinion accepted it.

It is a remarkable story. First of all, it tells of two revolutions in thinking in just about a decade. Just as notable, it is a story that has often featured in textbooks. There is not much history of macroeconomics students learn, but the main lines of this story is one piece that is easily found. And thirdly, it is remarkable because in every particular it is quite false. Let me be clear: It is not that there are pedantic points to be made – Brown noticed a Phillips type relation a few years before Phillips, or Fisher did so a few decades before; or there are one or two stray discussions of expectations before Friedman and Phelps. Not at all. The idea of negative relationship between wage change and unemployment was a commonplace of 1950s economics; so was the expectations argument. The famous presentations of those points were nothing like revolutionary breakthroughs. As to pursuing inflationary policy – there was very little of that, and none arising from Phillips’ work or anything closely related to it. Some economists did say very slow inflation should be tolerated – but their reasons were quite different from anything featuring in the Phillips curve myth. And policymakers certainly did not try to do anything resembling ‘choosing a point on the curve’. The whole story, in other words, is a myth; a thoroughgoing and comprehensive distortion of the history of thought and policy; a fabrication. An argument for that conclusion, and some ideas about how the whole story came to be believed are presented in my book *Macroeconomics and the Phillips curve myth*.

It is a depressing thought that economists have made so much out of falsely disparaging their own past, but no doubt part of the reason this story is so often repeated is that it lends itself to presenting economic theory as making progress. I suspect there is a bit more to it than that. There is a great condescension of the past as well – not just in textbooks, but in certain kinds of policy advocacy: ‘My dear boy, you are too young to remember when we used to think we could simply inflate our way out of recession, and just choose a point on the Phillips curve ...’. Yes, well. We can leave my age out of it. No one ever thought that. It is interesting, though, that in this kind of

way, the fake history can become part of the advocacy of specific points of view. All the more reason to get the history right.

There are cheerier points as well. One is that there is no doubt that this period provides a wealth of material that might still find important applications. It is sometimes said that the study of the history of economics is useful in providing ideas that can be formalized. That may or may not be true, but this period provides ideas that could be immediately valuable in critical analysis of contemporary theory. Folklore has it those economists were trying to determine the exact parameters of the tradeoff, or arguing over whether expectations adjust to reality. I have tried to describe what they were actually doing. Summarized, it would be that they were bringing the best theory and an intimacy with the data to the problems of their times. They were trying to understand the outcomes of wage bargaining in terms of all the relevant considerations; and then – in the 1970s – determining to what extent the deterioration of performance was due to changing expectations, to what extent due to changes in wage bargaining, to what extent to other factors, and taking seriously the problems of measuring expectations, so they had a chance of testing the different views. In all that there was certainly some rubbish written – I went looking for it, in search of something with a resemblance to the Phillips curve myth. But the work, and seriousness of purpose of the best economists, and of the average, and of most of the rest, far exceeded its later reputation.

So it is not just a matter of getting the history straight – though surely, it is important that the economist of the post-War period was never so foolish as we have been told. Nor is it just a matter of reviving old ideas to show the inadequacies of the new – though that too could pay dividends. In the applied macroeconomics of the 1960s and 1970s, there is also an inspiration there for those who believe that economics is about understanding the problems of the world.

### References

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- Phillips, A. W. H. (1958) ‘The relation between unemployment and the rate of change of money wage rates in the United Kingdom, 1861-1957’. *Economica* 25(100) pp. 283-299.
- [Editor's note: James Forder is a Fellow of Balliol College Oxford and author of *Macroeconomics and the Phillips curve myth*. Oxford University Press, 2014, UK: <http://ukcatalogue.oup.com/product/9780199683659.d>,  
US: <http://global.oup.com/academic/product/macroeconomics-and-the-phillips-curve-myth-9780199683659>]





## RESEARCH AND RÉGULATION INTERNATIONAL CONFERENCE PARIS, FRANCE, 10-12 JUNE 2015

‘Régulation theory in times of crisis’

### INDUSTRIAL RESTRUCTURING AND POLICIES IN THE ERA OF FINANCIALISATION

#### CALL FOR PAPERS

LYNNE CHESTER & SUSAN NEWMAN

**REMINDER: DEADLINE FOR PROPOSALS IS 1 NOVEMBER**

*[Editor's note—this might be flexible, but please don't quote me...]*

Financialization has become integrated and embedded in different ways across the industrial sectors of national economies. A number of studies about the phenomenon of financialisation have revealed the relationships between finance, profit and production. Nevertheless we do not have a systemic explanation of the structural transformation of national economies over recent decades. This raises significant issues for understanding the ongoing accumulation process and the development of national industrial policies. Industrial policy has been a key means to promote national economic growth and development. Major rethinking about industrial policy has occurred as de-industrialisation has accelerated, and even more so since the 2008-09 financial crisis and the ensuing economic crisis.

This workshop aims to extend understanding and theorising of the concrete forms in which the contemporary industrial structure is impacted by the multi-dimensional forms and processes of financialisation, and the implications for industrial policies in both developed and developing countries.

FULL DETAILS OF THE WORKSHOP CAN BE FOUND [HERE](#)

FULL DETAILS FOR SUBMITTING PAPER PROPOSALS ARE [HERE](#)

A FULL LIST OF THE CONFERENCE WORKSHOPS CAN BE FOUND [HERE](#)

## The Ragged Trousered Philanthropists, Robert Tressell

A Kindle edition of this classic book (originally published in 1914) is available free at:

<http://www.amazon.com/Ragged-Trousered-Philanthropists-Robert-Tressell-ebook/dp/B0082R9UDQ/>

It is described as follows:

“The Ragged Trousered Philanthropists is a classic representation of the impoverished and politically powerless underclass of British society in Edwardian England, ruthlessly exploited by the institutionalized corruption of their employers and the civic and religious authorities. Epic in scale, the novel charts the ruinous effects of the laissez-faire mercantilist ethics on the men, women, and children of the working classes, and through its emblematic characters, argues for a socialist politics as the only hope for a civilized and humane life for all. It is a timeless work whose political message is as relevant today as it was in Tressell's time. For this it has long been honoured by the Trade Union movement and thinkers across the political spectrum.”

Dave Harker's analysis of the historical significance of this book can be found in Harker, D. (2003). *Tressell : the real story of The ragged trousered philanthropists*. New York: Zed Books.

## Open Access Publishing—Panel discussion

There has been little informed debate within economics of Open Access Publishing. We have organized this panel to open up a discussion of the issues and implications from the point of view of authors, editors and publishers.

ALL WELCOME!

**WHERE:** AEA-ASSA 2015, Boston, Sheraton Boston, Berkeley Room

**WHEN:** Friday 2 January, 4:30 – 6:00 pm

(Please note this is the day before the official conference program commences.)

Lynne Chester & Steve Pressman, Editors, *Review of Political Economy*

### 'The question begged by open access' Professor John Willinsky, Stanford University

#### Discussants:

Gerard Wormser, *Sens public* – Author perspective

Ed Gamer, Co-editor, *Eastern Economic Journal* – Editor perspective

Kirsten Purcell, Routledge/Taylor & Francis & David Bull, Palgrave Macmillan (TBC) – Publisher perspective

**Abstract:** This talk reviews the current state and potential futures of "open access" publishing models for scholarly journals and books. It will present the extent to which these models are a growing, positive influence on the scholarly publishing market or may result in publishing charges which bear little relation to publication costs, quality, or quantity.

**Biography:** John Willinsky is Khosla Family Professor of Education and Director of the Program in Science, Technology, and Society at Stanford University, as well as Professor (Part-Time) of Publishing Studies at Simon Fraser University, where he directs the Public Knowledge Project, which develops open source scholarly publishing software. His books include the *Empire of Words: The Reign of the OED* (Princeton, 1994); *Learning to Divide the World: Education at Empire's End* (Minnesota, 1998); *The Access Principle: The Case for Open Access to Research and Scholarship* (MIT Press, 2006) and *The Intellectual Properties of Learning: A Prehistory from Saint Jerome to John Locke* (Chicago, forthcoming).

## Master of Political Economy, University of Sydney

(by coursework, 18 months full-time)

The Political Economy program at the University of Sydney offers unparalleled insight into the key trends underlying the global economy and its transformation. Designed and taught by the largest group of political economists at any Australian university, this program looks at economic questions in their social and political context and from different theoretical perspectives. You will gain a deep understanding of issues of power and inequality, the forces of globalisation and their impacts on national economic policy settings, and trade-offs between the free market and broader social concerns. You will also engage with issues such as: finance, economic and social policy, development and trade, economic management for sustainability, labour and migration, regional economies and economic rights.

You can find full details of the program [here](#).

You may also like to contact **Bill Dunn**, the PG Coursework Coordinator ([bill.dunn@sydney.edu.au](mailto:bill.dunn@sydney.edu.au))

Applications close on 31 January for commencement in Semester 1 and 30 June for a Semester 2 start.

**The Society for Pluralistic Economics Vienna  
at the University of Economics and Business Vienna  
Call for Papers  
1st Vienna Conference on Pluralism in Economics  
Date: 10-12 April 2015**

GESELLSCHAFT  
PLURALE  
ÖKONOMIK  
WIEN

The scope of the conference is rooted in the increasing importance of theoretical and methodological pluralism in economics. As the complexity of real world issues regarding economics requires multiple perspectives – to avoid one-sidedness and intellectual stagnation – a renewed understanding of economics has to be pluralistic. Multiple claims towards pluralism, like the [open-letter](#) by the international student initiative [ISIPE](#), have been launched to reinvigorate the debate within the discipline. The purpose of this conference is twofold: to contribute to this effort and further develop relevant concepts and approaches for economics.

The following topics will therefore be at the core at the conference:

- Addressing contemporary policy challenges from a pluralistic economics perspective
- Philosophy of science & methodology in pluralistic economics
- Pedagogy of pluralistic economics teaching

Specific contributions may be in the fields of e.g. environment, wealth, power, distribution, labour, or financial markets. Further, we highly welcome inter- and transdisciplinary approaches; more than one approach in one contribution is possible but not necessary. All theoretical assumptions should be explicitly reflected upon within the submissions. More information on the scientific sessions is provided [online](#).

Advanced students are highly encouraged to participate. Submissions with a strong focus on the role of pluralism in economics will be invited to contribute to a publication.

Abstract for Application: 300-500 words.

Final Submission: either extended abstract 4-6 pages, or full paper of max. 12 pages.

Where: Vienna University of Economics and Business, Austria

Website: <http://conference.plurale-oekonomik.at>

Questions: [conference@plurale-oekonomik.at](mailto:conference@plurale-oekonomik.at)

Registration: [www.conference.plurale-oekonomik.at/registration](http://www.conference.plurale-oekonomik.at/registration)

Submission deadline for abstracts: 11.01.15

### Why Economics Courses Must Change

There are ongoing discussions on the state of economics and the requirements of the curriculum. These issues have been featured in the Newsletter of the Royal Economic Society in the UK. See, in the October edition, a piece by Jamie Morgan, [Necessary pluralism in economics: the case for heterodoxy](#). There are also links to numerous related articles from past issues of the RES Newsletter.

And here is a piece, [Changing the subject](#), by Alvin Birdi of the Economics Network. It also includes some useful links.

### Marshall - The living and ever-changing economic organism

"But amid all the historical learning and reforming enthusiasm of the age there is danger that a difficult but important part of the work of economic science may be neglected. The popularity of economics has tended in some measure to the neglect of careful and rigorous reasoning. The growing prominence of what has been called the biological view of the science has tended to throw the notions of economic law and measurement into the background; as though such notions were too hard and rigid to be applied to the living and ever-changing economic organism. But biology itself teaches us that the vertebrate organisms are the most highly developed. The modern economic organism is vertebrate; and the science which deals with it should not be invertebrate. It should have that delicacy and sensitiveness of touch which are required for enabling it to adapt itself closely to the real phenomena of the world; but none the less must it have a firm backbone of careful reasoning and analysis." P.769 of Marshall, A. (1920) *Principles of Economics* <http://oll.libertyfund.org/title/1676>

## Frederic S. Lee, 1949-2014

### A campaigner to remember

*One of the characteristics of broad exclusion is that the excluded find themselves in isolated groups and thereby too demoralized and powerless to confront the order that excludes. Fred Lee will be remembered for his success at opening communications and initiating cooperation between the disparate economists who were victims of the toxic blend of ideology and scientism that came to rule economics at the end of the millennium. Fred Lee's success was a beginning of the hope for regeneration, moral and intellectual, of the economics profession that now lives in the hearts and minds of thousands of its members*

Edward Fullbrook

Read [an obituary by Tae-Hee Jo here](#).

Read [numerous comments and reflections about Fred here](#).

## Economic Thought

### WEA online journal - latest issue now available

History, Philosophy, and Methodology

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Vol 3, No 2, 2014 Download issue

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*Claudio Gnesutta* [abstract](#)

## Contact the Association

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