

# Stanford's splendid book makes economics accessible to all

Review by Mel Watkins

*Economics for Everyone: A Short Guide to the Economics of Capitalism*, by Jim Stanford, CCPA and Fernwood Publishing, 350 pages, paperback, \$24.95.

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It would surprise most economists—it certainly surprised this veteran practitioner—to learn, in my case from historian Matthew Watkins (full disclosure: he's my son), that the word "economy" did not come into general usage, even among economists, till after World War II. I was studying economics when it happened, but missed the big story. Yet now the economy is everywhere—the provincial economy, the national economy, the global economy; it's part (the loudest part) of the background noise that passes for post-modernity.

You work in it, unless it decides you can't. You live in it, unless it forecloses the mortgage on your house. It floods the news: stock markets indices, economic growth rates, currency fluctuations. It pays for the ads that bring you that news and tells you what to buy with whatever you've earned from the job you hope you have. The circle is closed.

We read about the "well-being" of the economy, or of how it's "sick." It's a living, breathing thing—and ready to clobber you when you're not watching. A recent headline captures its worldliness: "The economy is flirting with recession."

What hope do you have of *understanding* the economy? You can take a course in economics taught by a certified economist and discover it too often feels like a course in geometry. If you had problems with math in high school, you'll probably leave, or, if you don't, you may be failed out.

If you've got math skills, you may ace the course, but whether you actually know anything about an actual economy is another matter. You can keep taking economics courses, but you'll quickly discover that, while they get theoretically, or mathematically, more sophisticated, they all teach you much the same: see how markets work on paper and how to live in the best of all possible worlds with your eyes wide shut.

Economists have the right to do what they do, and I'm not claiming that the economics they teach—which I spent many years mastering—doesn't have its insights and uses. The bothersome part is that they are intolerant of any other kind of economics. In a discipline that sings the praises of competition, no competition is tolerated. Call it a monopoly of knowledge. It's their way or no way.

Which brings me to Jim Stanford's concise, highly readable, and most informative introduction to economics for those who do not wish to have their brains cleansed of all unorthodox thinking as the price of admission. Stanford knows orthodox economics, but he knows more than that. His book is an eclectic mix—and I mean that as a compliment—of

economics and political economy, where political economy means an interest in real-world institutions like corporations rather than the abstract "firm," and in going behind the "market" and demand-and-supply to study "capitalism" and the struggle between capital and labour. Stanford is a member of today's *heterodox* economics—of many streams, post-Keynesian, Marxist, institutionalist—which rejects that monopoly of *orthodox* economics.

The trick that mainstream economists play, which greatly facilitates the math, is that they drain the political and the historical out of economics. To exclude politics is to exclude power. This enables the economist, for example, to let the market determine the distribution of income in the morning—which typically means great inequality—and then imagine that, if you don't like the result because there is too much poverty, the rich will let you change it in the afternoon. To exclude history is to willfully forget that the ideas of any time, economics included, are influenced by the time and that therefore there cannot be an economics good for all time—or for all places, too, for that matter. Failure to respect that causes economists to talk as if material self-interest is a constant—a kind of economists' version of "human nature being what it is"—which dismisses real alternatives to capitalist greed with an appeal to bad anthropology.

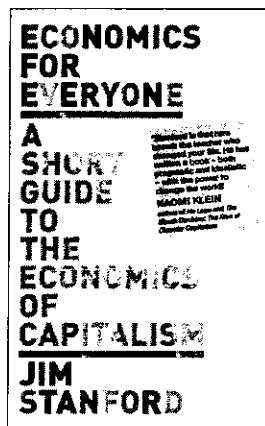
Think of Stanford's splendid book as popular economics, written in a language accessible to the average reader. Remember that this is an economist who writes a weekly column for the *Globe and Mail*. Remember, too, that Stanford works for a trade union, the Canadian Auto Workers, and does educational work within the labour movement and civil society rather than within the narrow confines of a university economics department. We should be grateful to him for taking time out of an incredibly busy life—if there's a productivity problem in this country it's in spite of Stanford—to write this much needed *Economics for Everyone*.

The organizing theme of the book is that elephant-in-the-room called Capitalism, which orthodox economists, fixated on the market, refuse to see the better to legitimize it. We are told about its basic features (above all, owners vs. workers), its complexities (like globalization), how to challenge it (how it might be reformed and how to imagine real alternatives). Good insights abound.

As Stanford so nicely puts it, exactly because the economy is so pervasive "you don't need to be an economist to know a lot about economics."

"Everyone experiences the economy." Everyone has "grass-roots sense." "This is the stuff economics should be made of." I've rarely read such a precise putdown of experts and how they should learn to listen.

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# "You don't need to be an economist to learn about economics"

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Stanford's approach is in the tradition of that greatest of Canadian economists, Harold Innis, who found gold in the details, the material circumstances, of such prosaic activities as the fur trade and the cod fisheries; he called what he did "dirt economics." It's about getting your hands dirty, even risking raking a bit of muck.

For Stanford, the centre of the economic universe is not the big boss who lives high off the hog, up in the air, at the top of the skyscraper or flying first class, but the worker who produces the value added down on the ground, or deep under it, sometimes risking life and limb, and struggles for a decent wage. The virtue of thinking that way is that it leads, as it should, to understanding the importance of the legal environment within which workers work, of the unions which bargain and lobby for them, of the progressive politicians who push their cause. This stands on its head the view, too often peddled by blinkered economists who persist in imagining they are value-neutral, that unions are unfortunate impediments to the proper functioning of markets. For Stanford, it leads to his last word: "This is a good time to put down this book, put on your boots—and go out to organize for a fairer share of the pie that you work so hard to produce."

Would that university instructors in Economics 101 would end the course that way!

In a book that is uniformly good, some chapters truly stand out for their clarity and good sense. There is a superb eight-page chapter on the economics of the household and the status of women—and of men—in the household and the labour market. Stanford understands, as does your average person these days, that the allocation of household work is an important matter, yet it is of limited interest to your average economist since unpaid labour in the home, having no market price, is not "valued" sufficiently to be counted in the GDP.

There's a first-rate chapter on the environment which manages judiciously to weigh the big issues. At the moment, a lot of time is being spent debating the relative merits of a carbon

tax and a cap-and-trade emissions system. Stanford stands back a bit and asks the hard question that economists like to dodge: both of these are market-based remedies, but can the "market," manipulated by monster corporations and corporate-friendly governments, be relied upon to yield up "sustainability"? And an even harder one: given the tight historical fit between fossil fuels and economic growth under the aegis of capitalism, can either economic growth or capitalism as we know it survive?

On a matter dear to my heart, that of international trade and free trade, Stanford walks us briskly through trade theory and exposes its limitations. He raises the cutting-edge question of how much more trade can be tolerated when it means more transport of goods and more carbon emissions and more climate change.

Likewise, Stanford takes seriously a matter much studied by economic historians and political economists, but neglected by economists: that of long waves, decades long, of alternating boom (like the 1950s and '60s into the '70s in this country and much of the world) and stagnation of living standards and slow and uncertain growth after the mid-1970s—which is certainly over for China and India, but less certainly so for North America. These waves can be slippery matters at times, but their pursuit makes one ask some big questions about the shifting institutional arrangements or so-called regimes of accumulation that prevail and persist and then give way to new arrangements. It's a way to escape from economics into political economy, to write contemporary economic history.

Good book reviewers know that it is not right to criticize a book by saying the reviewer should have written a different one. Still, I wish this book had been written for a Canadian audience with the Canadian content that would have permitted. It is a tribute to Stanford's reputation among progressive economists outside this country, as well as within, that this book is also published by Pluto Press for an international audience.

By Canadian content, I mean

some attention to the peculiarities and specificities of the Canadian economy, particularly its status as one of the "areas of recent settlement" (to use the felicitous phrase of the old League of Nations) born as a high-wage fragment of Europe, its bias toward the exports of raw materials with a deep carelessness about the environmental consequences of their exploitation, its constrained nature from never escaping the shackles of empire (French, British and American) and knowing its own nationalism, that secular religion so helpful to economic growth. I know that Stanford knows these matters, so I wish he had written on them. But as I said, this is his book, and an excellent one at that.

It is not Stanford's fault that this book will get few if any adoptions in Economics 101. When I was still teaching on a regular basis, I did a 300-level course on Contemporary Issues in the Canadian Economy—an innocuous title for a course in Radical Economics focused on Canada. There was no book like this around. Had there been this one, I would have been delighted to use it as a required reading. The students in the class, with introductory economics, and a year each of microeconomics and macroeconomics, would have welcomed it, too. Because it is, in every way, a very good read, offering them a different perspective on economics than they had been force-fed to that point.

Sometimes now I come out of the bullpen and teach the Political Economy of Canada as my effort to save the country. Here this book is essential. Economists boycott interdisciplinary programs in political economy, and their absence is costly to these programs. Stanford offers the perfect cure: an introduction to economics not written by your average economist.

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