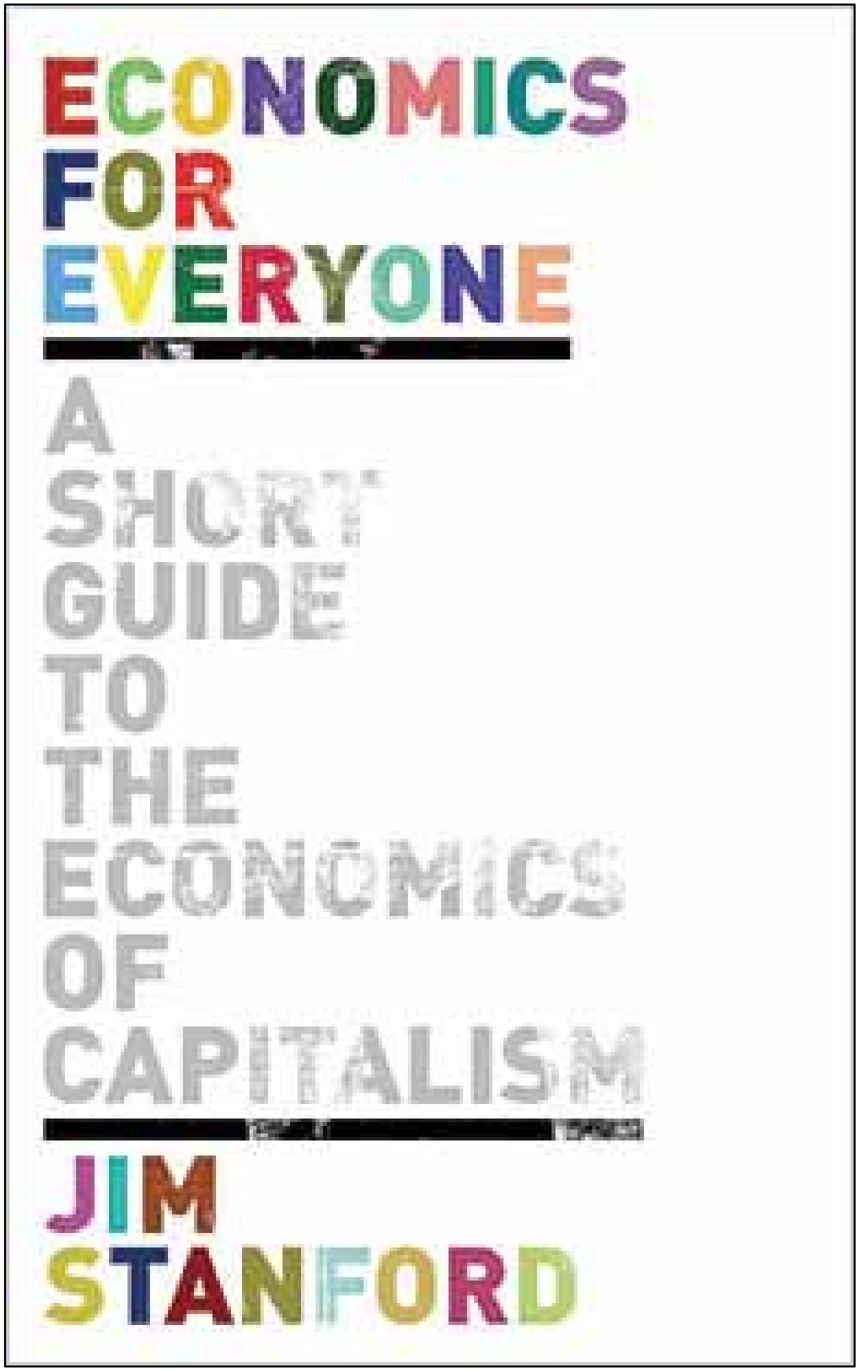

How Ordinary People Can Reclaim Economics...

...and Make it Work <u>FOR</u> Us Instead of <u>AGAINST</u> Us!

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I. Nontariff Barriers

(18) $$\hat{t}_{ij}^{rMeq} = \hat{t}_{ij}^{r} - \frac{\theta_{ij}^{rQ}}{(1-\theta_{ij}^{rQ})\sigma}(\hat{Q}_{ij}^{r} - \hat{D}_{ij}^{r} - \hat{n}_{rj}) \qquad r \neq i;\ r = 1,\ldots,m+1$$

WORLD EQUATIONS

J. Trade Balance and Income Determination

(19) $$0 = dB_i^T = \sum_{j=1}^{n}[X_{ij}\hat{P}_{wj}^{i} + \sum_{r \neq i}^{m} X_{ij}^{r}(\hat{D}_{rj}^{i} + \hat{n}_{ij}) + X_{ij}^{m+1}L_E] - \sum_{j=1}^{n}\sum_{r \neq i}^{m+1} M_{ij}^{r}(\hat{n}_{rj} + \hat{P}_{wj}^{r} + \hat{D}_{ij}^{r}) \qquad i = 1,\ldots m$$

K. Goods Market Equilibrium

(20) $$S_{ij}\hat{S}_{ij} = n_{ij}D_{ROWj}^{i}L_E + \sum_{r=1}^{m} n_{ij}D_{rj}^{i}(\hat{D}_{rj}^{i} + \hat{n}_{ij}) \qquad j = 1,\ldots,n \quad i = 1,\ldots,m$$

L. ROW Goods Market Equilibrium

(21) $$dS_j^{ROW} = \sum_{i=1}^{m} D_{ij}^{ROW}\hat{D}_{ij}^{ROW} \qquad j = 1,\ldots,n$$

(22) $$dS_j^{ROW} = S_j^{ROW}\varepsilon_j^{ROW}\hat{P}_{wj}^{ROW} \qquad j = 1,\ldots,n$$

M. ROW Import Licensing

(23) $$\sum_{j=1}^{n}(dS_j^{ROW} + S_j^{ROW}\hat{P}_{wj}^{ROW}) = L_E M_{ROW} + \sum_{i=1}^{m} M_{ROWj}^{i}\hat{P}_{wj}^{i}$$

S&P/TSX COMPOSITE
as of 17-Jun-2008
All-Time Record High (With GDP Shrinking!)
16000
14000
12000
10000
8000
6000
4000
2002
2004
2006
2008
Billions
1.5
1.0
0.5
0.0
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http://finance.yahoo.com/

There's nothing you can do about it...

It's just a matter of economics...

...supply and demand...

...inevitable...

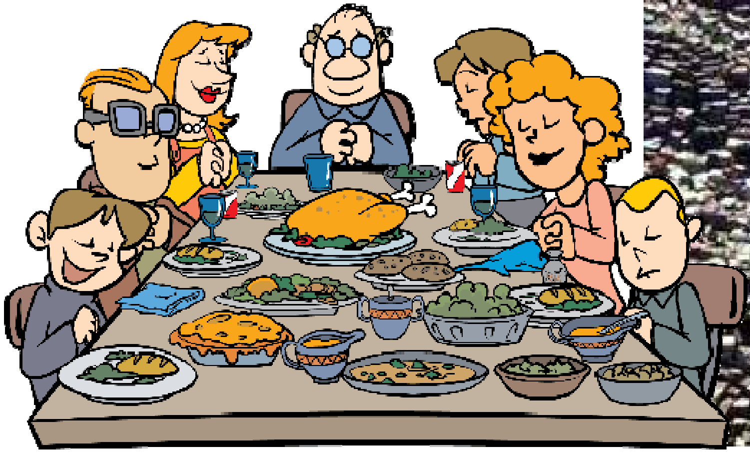
...irresistible...

My Goal:
Demystify Economics

1. **What is the Economy?**
2. **What is Capitalism?**
3. **Does Capitalism Work?**
4. **Can We Do Better?**

1. What is the Economy?

- Where we work
- What and how we
- Who gets what
- What we do w



All Kinds of Work

- Blue-collar / white-collar / pink-collar
- Paid / unpaid
- Employment / self-employment / managers
- Goods / services
- Private / public / non-profit sectors
- Working with tools

What is a ***GOOD*** Economy?

Evaluation Criteria:

- ✓ Prosperity
- ✓ Innovation
- ✓ Equality
- ✓ Democracy
- ✓ Security
- ✓ Choice
- ✓ Sustainability

Key Point: An economy only “works” if it meets human needs

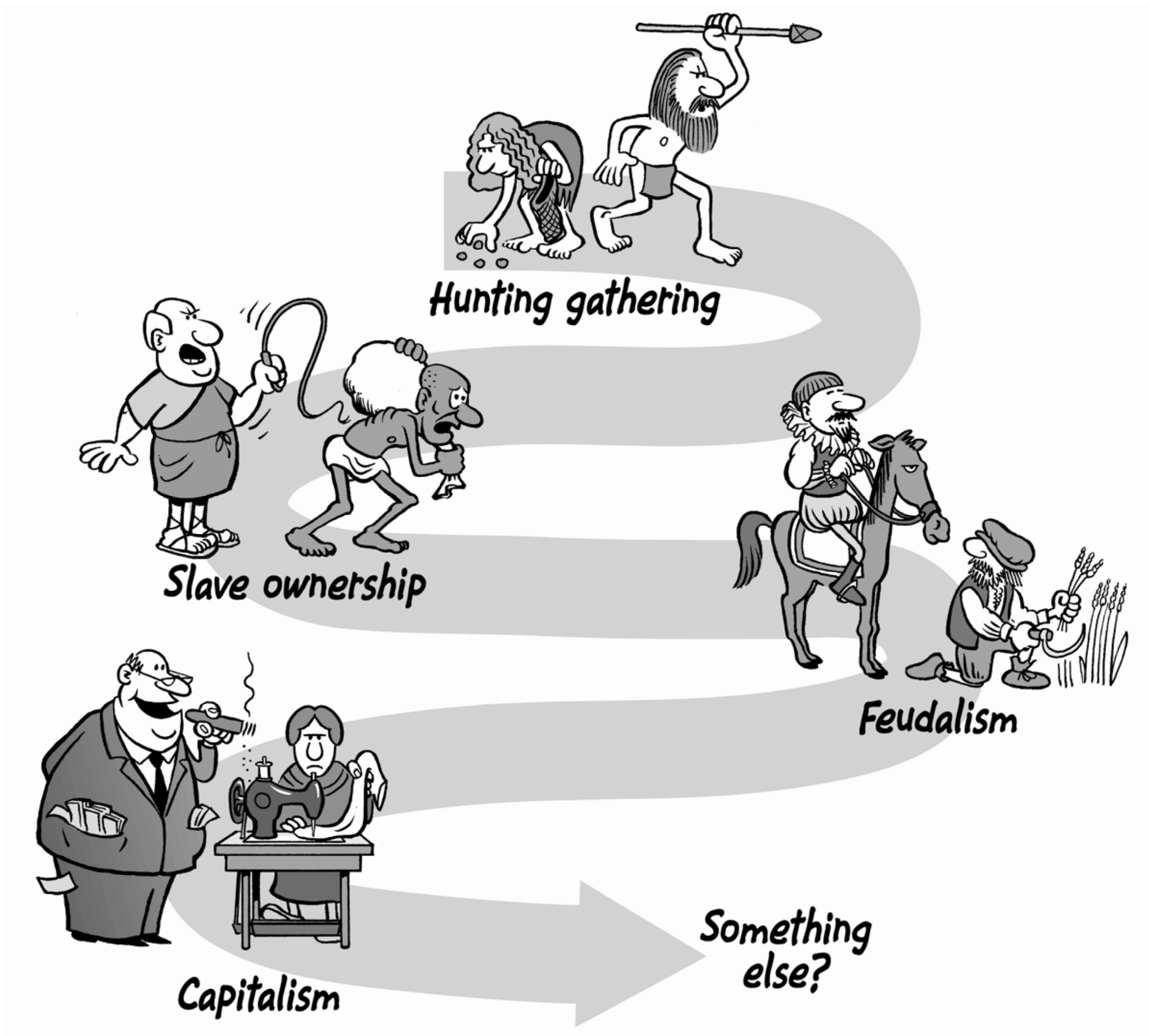
- There’s nothing more “fundamental”

2. What is [the "C"-word]?

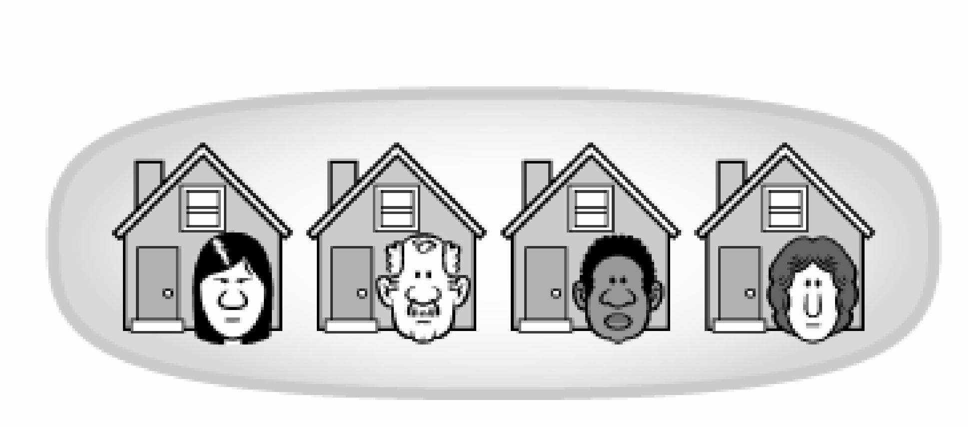
2. What is Capitalism?

- A particular kind of economy
- Hasn't always existed, won't always exist
- Has two defining features:

1. Most work is performed by employees in return for a wage or salary (***wage labour***)
2. Most production is undertaken to generate profit for a private owner (***production for profit***)


Hunting gathering
Slave ownership
Feudalism
Capitalism
Something else?

Meet the Players



Households support themselves through paid employment

Around 85% of population of developed capitalist countries

Major owners and top managers of firms

Under 2% of population of developed capitalist countries

Also: 10-15% of people who "work for themselves" in farms & small businesses (shrinking)

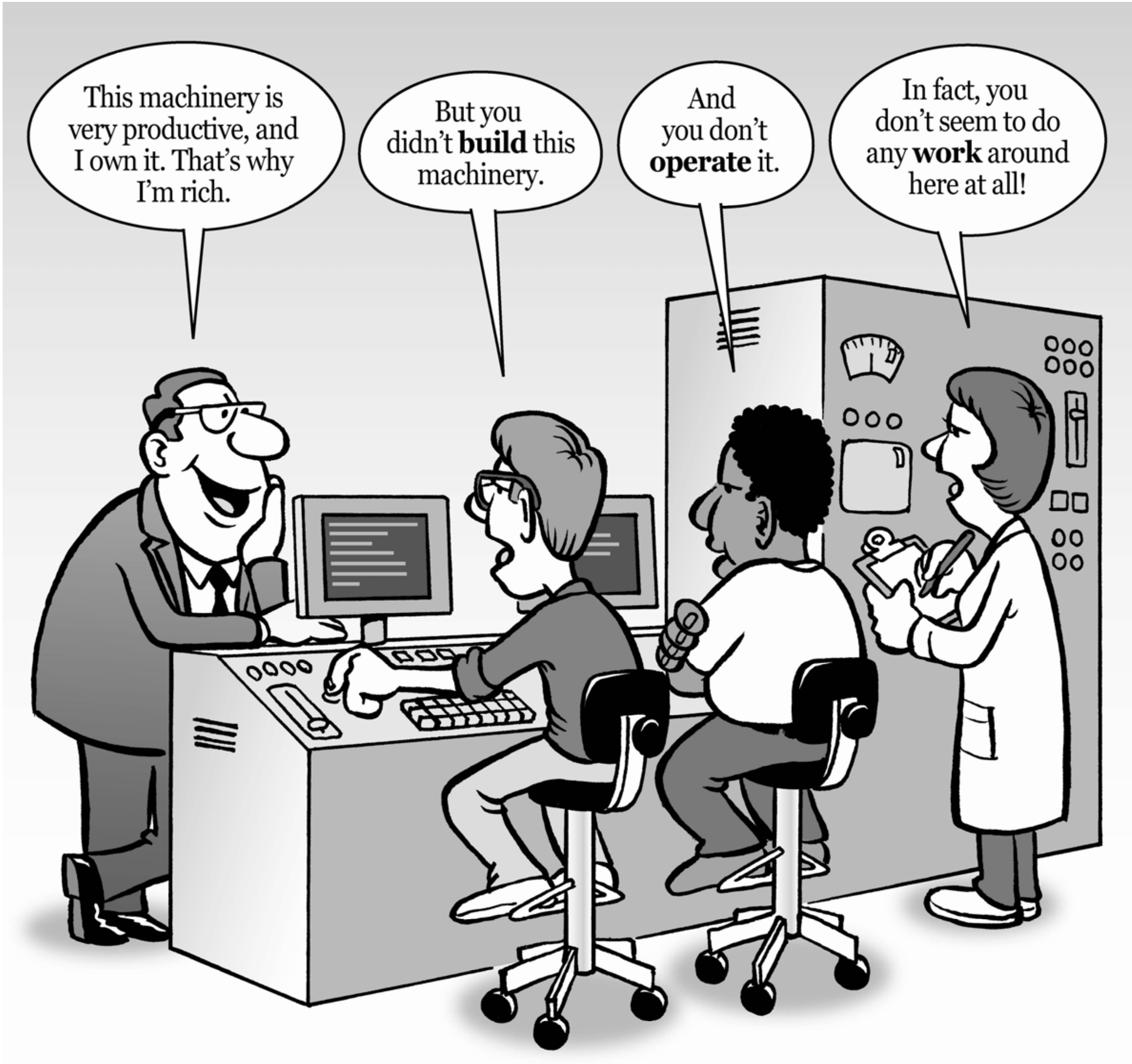
Statistics That Will Shock and Appal You... *(p.92)*

Distribution of Financial Wealth				
	Top 10%	**Top 1%**	**Billion-aires**	**Bottom 50%**
Canada	58%	n.a.	5% (54)	3%
U.S.	71%	34%	6% (≈500)	2%

Demystifying “Tools”

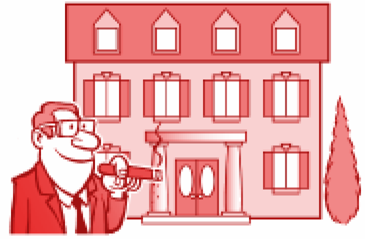
- Capital = all the tools we do our work with
- Technology = human knowledge that it’s more productive to ***first*** build tools, ***then*** do the final work
- Tools ***themselves*** are not productive
- Owning capital is not, in itself, a productive act

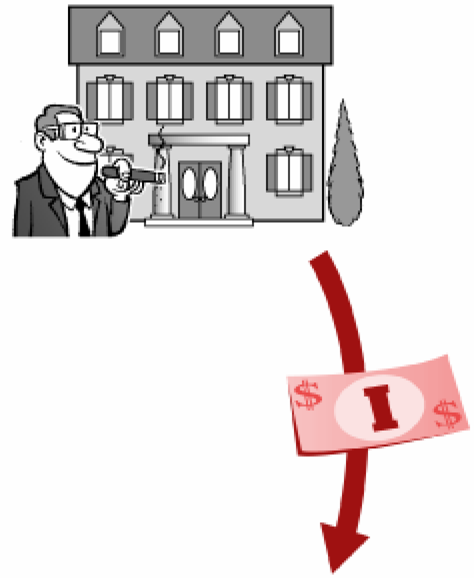
… it’s a social construction

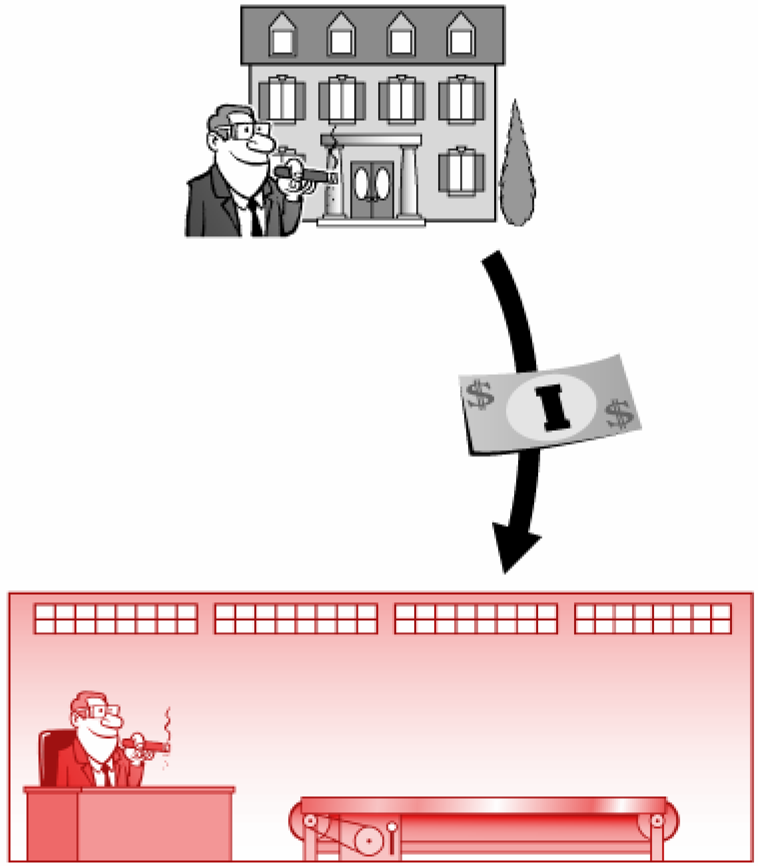

This machinery is very productive, and I own it. That's why I'm rich.
But you didn't **build** this machinery.
And you don't **operate** it.
In fact, you don't seem to do any **work** around here at all!

Demystifying Investment

- Capitalists set “money into motion”
- Capitalists accumulate “tools”
- The initial motive force that drives the whole system
- Workers depend on this happening
  - conflict, interdependence
- Understanding and ultimately challenging investment, is key to understanding and challenging the system



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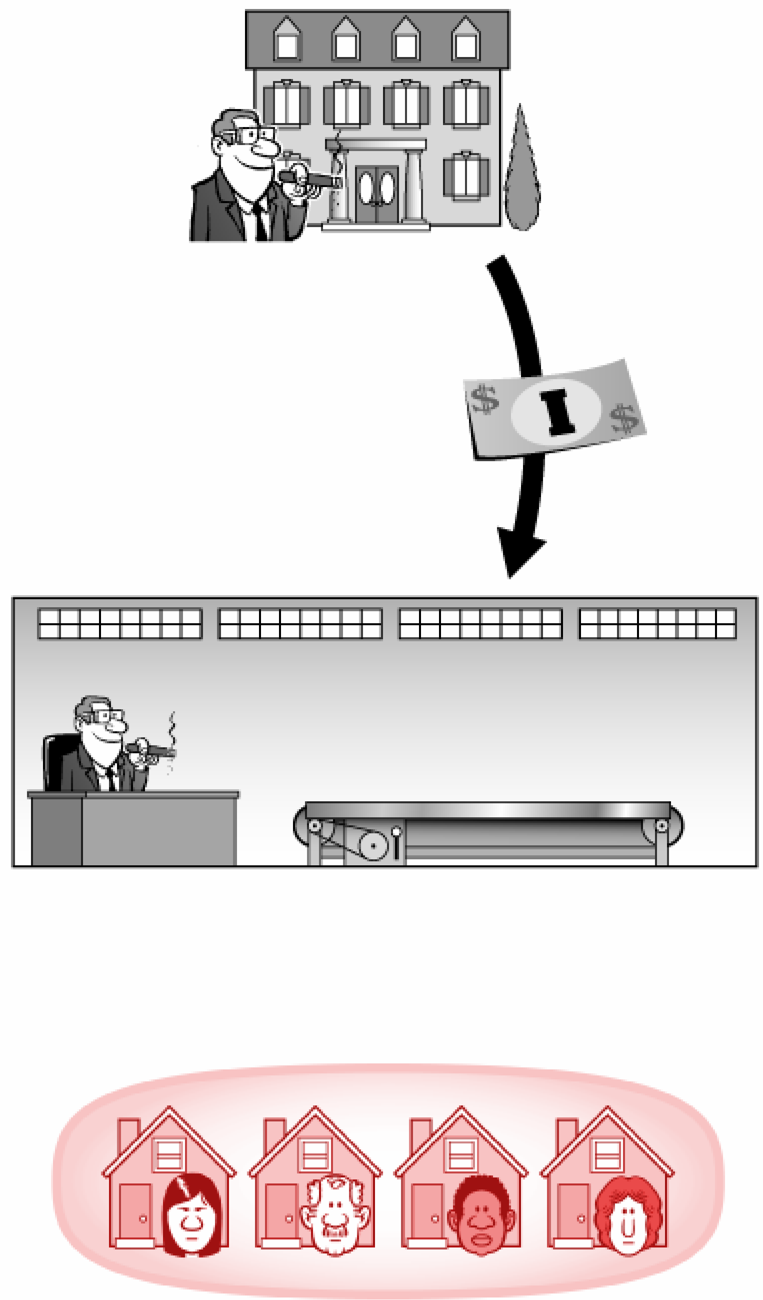
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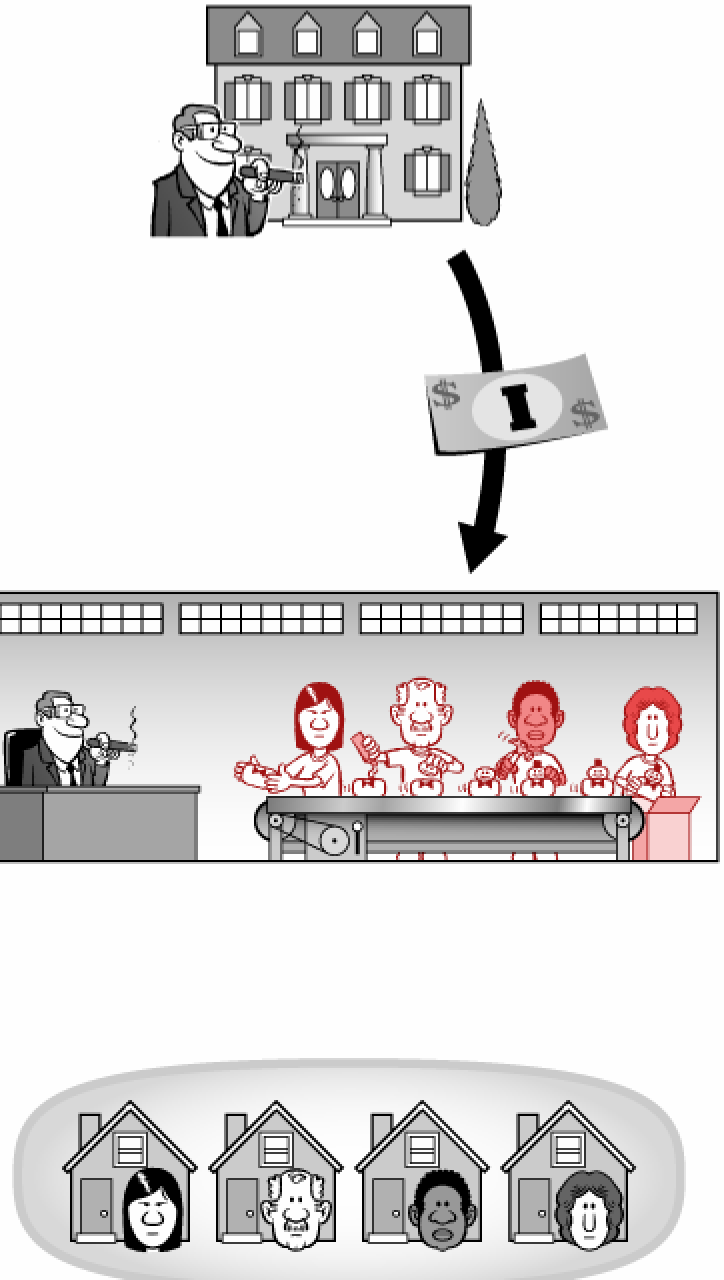
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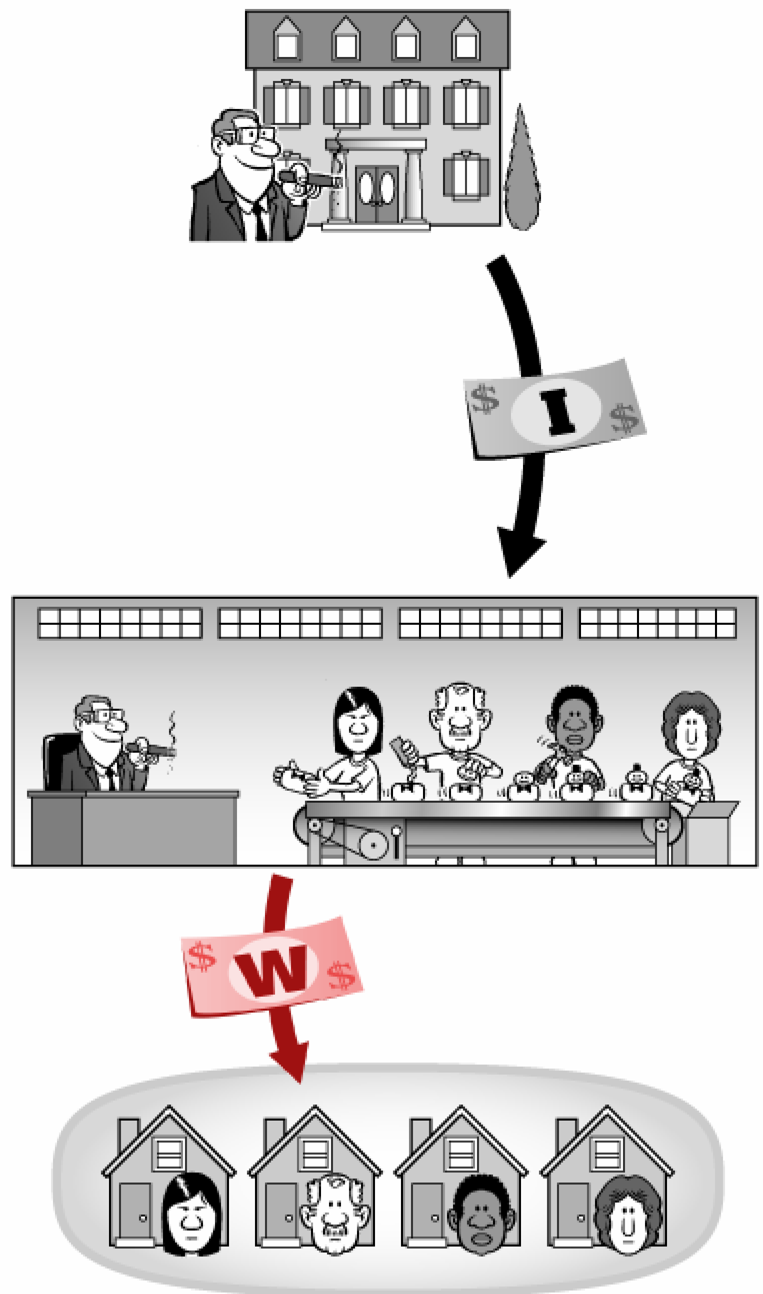
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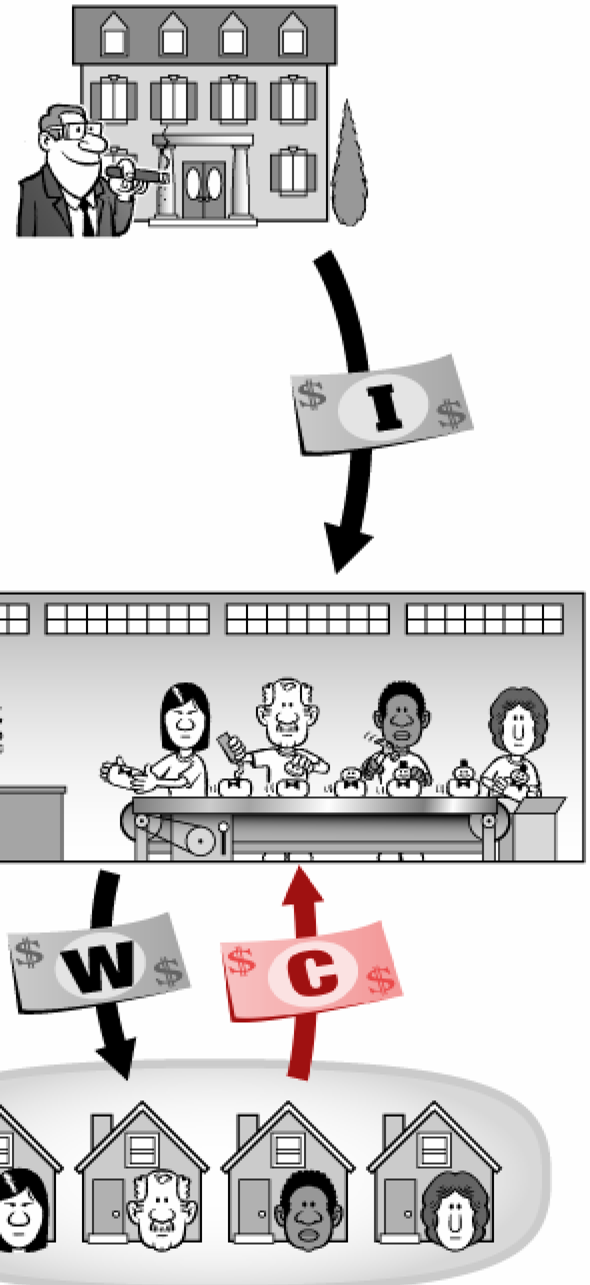

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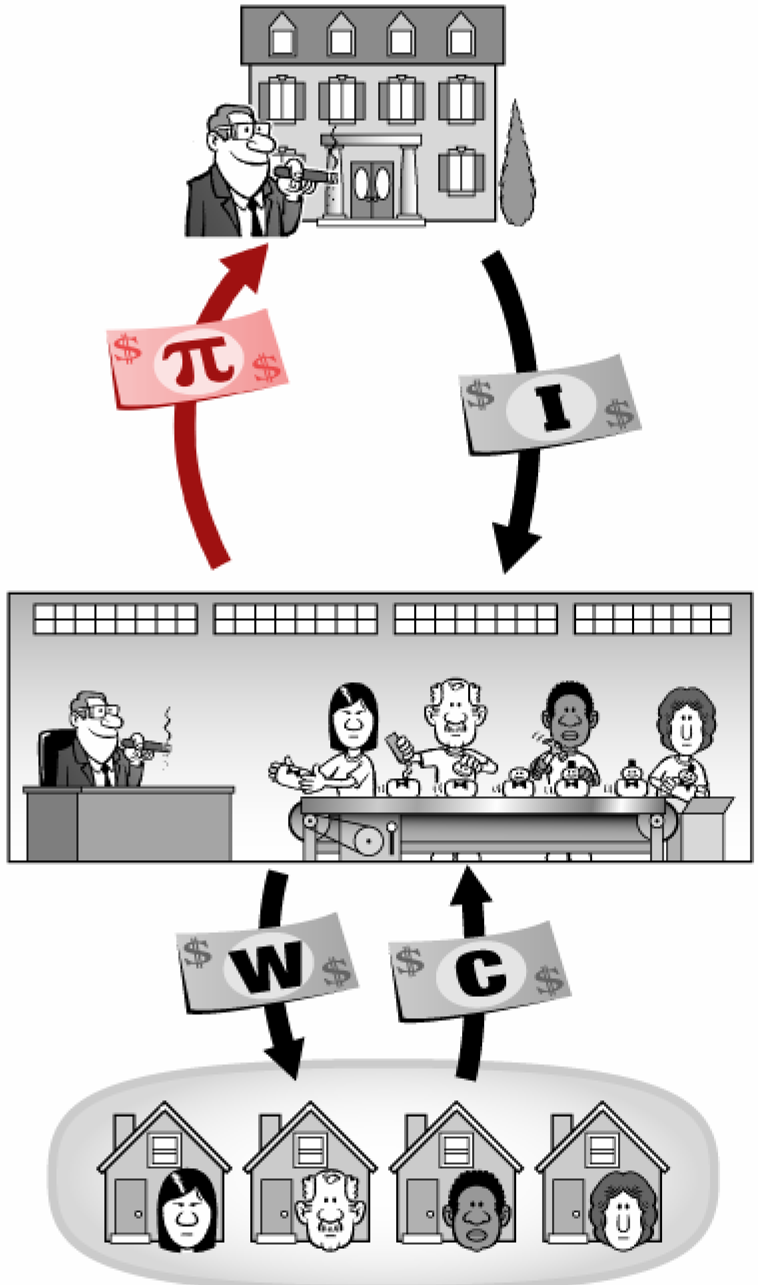
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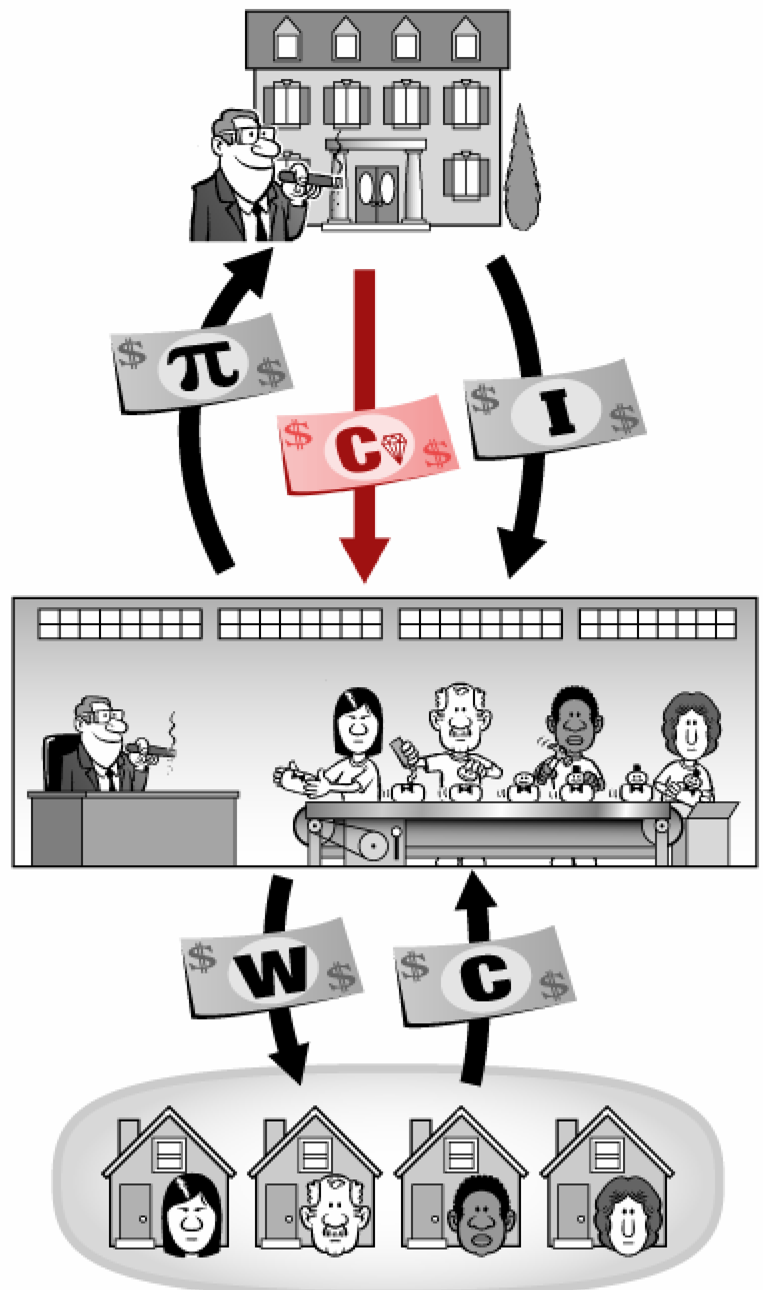
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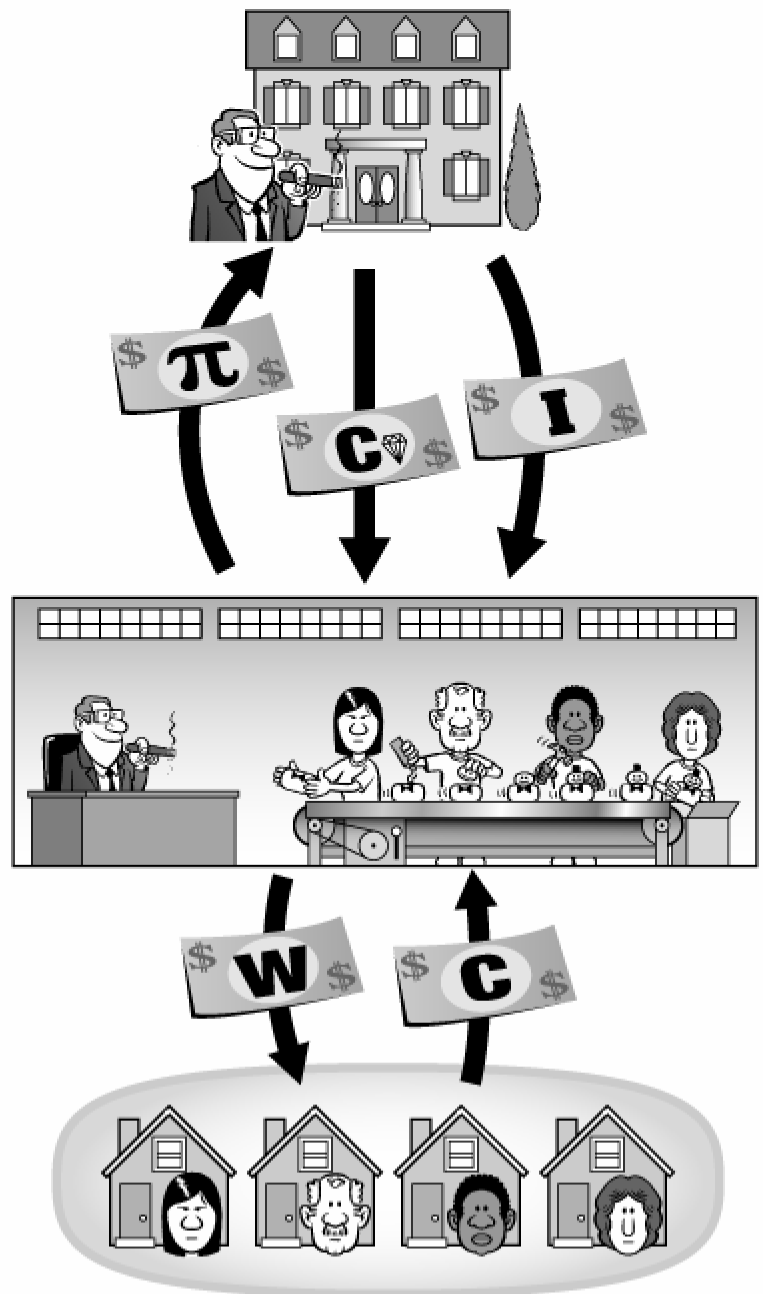
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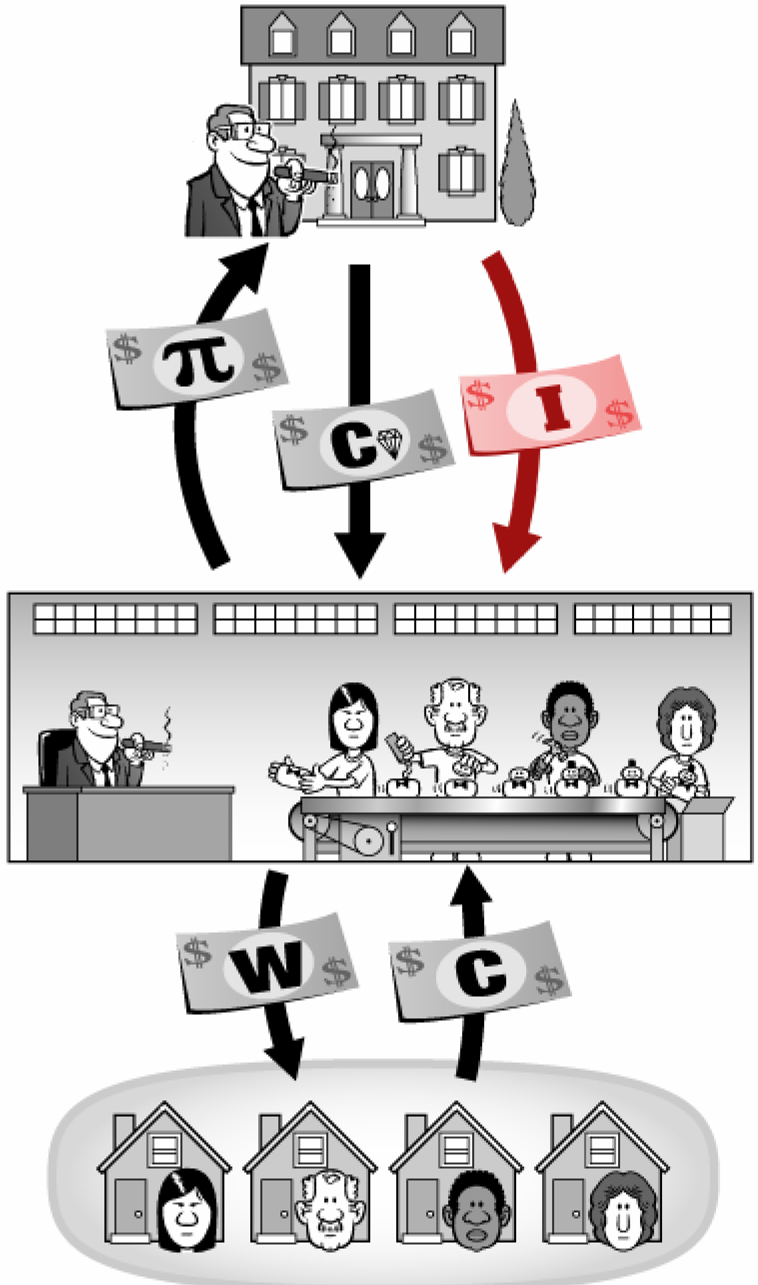

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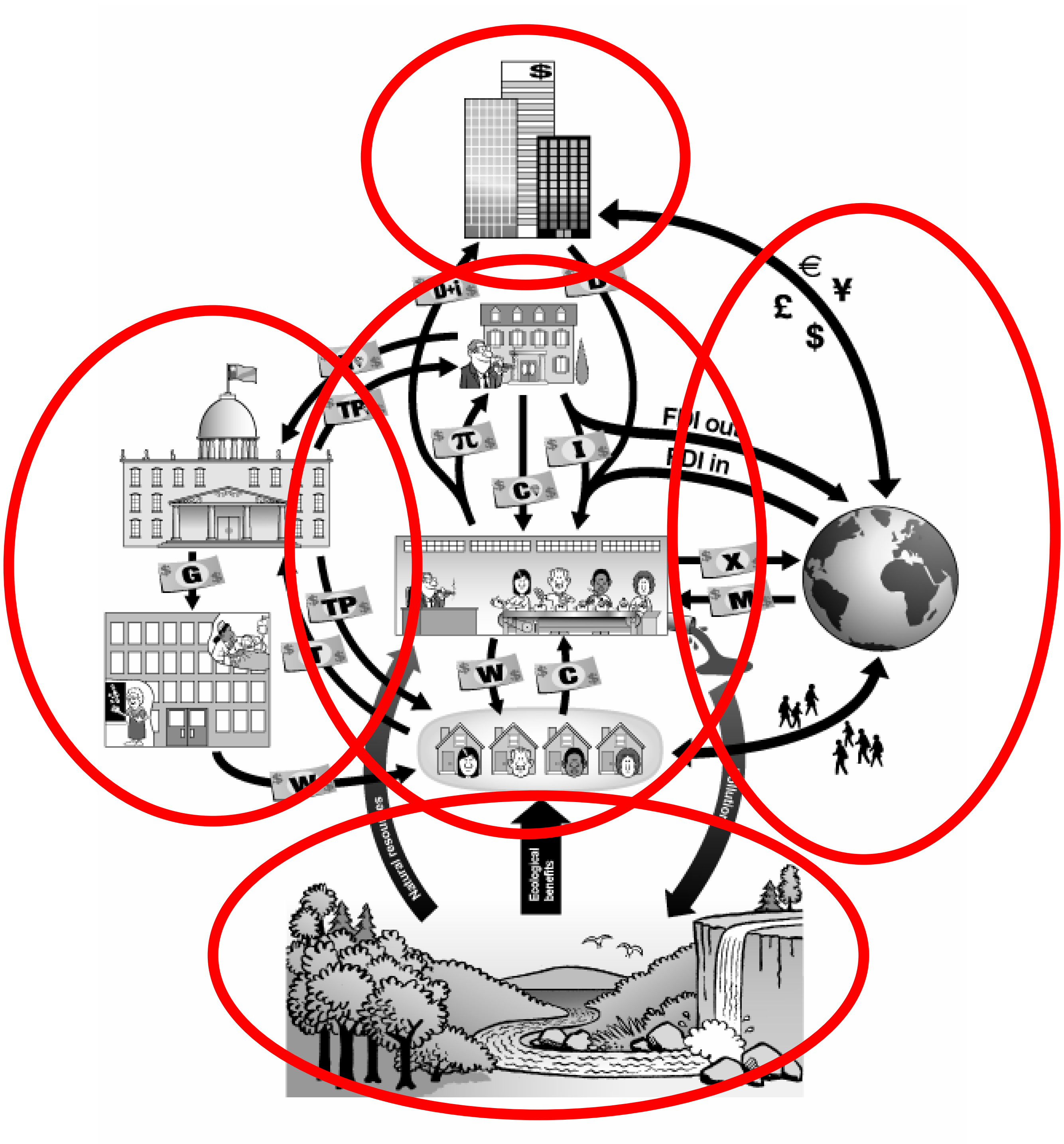
A More Complex, Flexible, Fragile System

- Competition
- Natural Environment
- Money, Banking, and Finance
- Government
- Globalization
- Instability



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Natural resources
Ecological benefits

3. Does Capitalism Work?

- ‘Yes’ and ‘No’
- System is creative and flexible
- System not likely to collapse of its own accord
  - finance
  - environment
  - global
  - investment
  - labour relations
- Yet system consistently fails to meet human needs
- Ultimate constraint on capitalism is political, not economic

Capitalism’s Report Card

C-

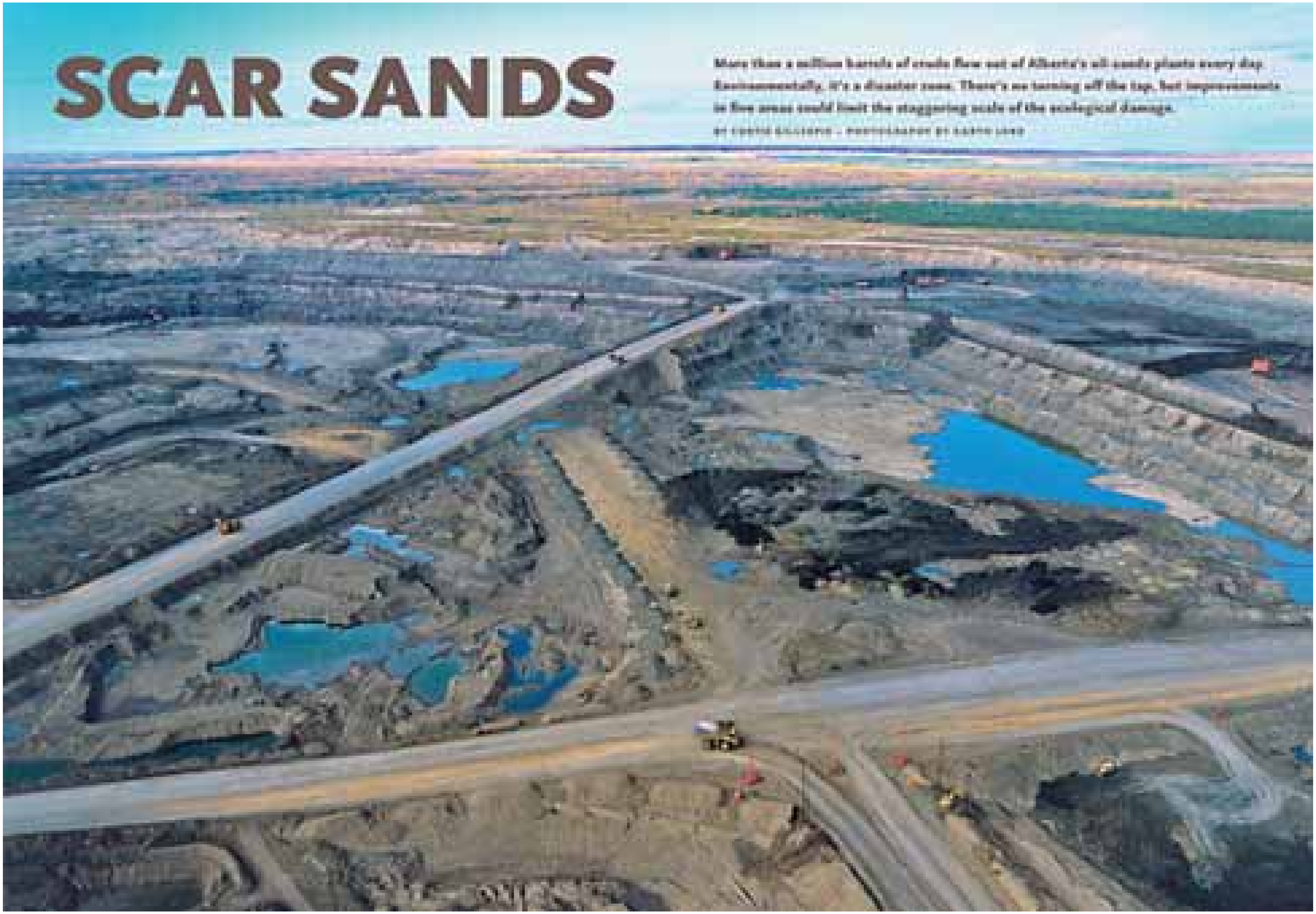
Just 5 examples of how the system fundamentally fails…

1.

SCAR SANDS

More than a million barrels of crude flow out of Alberta's oil-sands plants every day. Environmentally, it's a disaster zone. There's no turning off the tap, but improvements in five areas could limit the staggering scale of the ecological damage.

BY CURTIS GILLESPIE · PHOTOGRAPHY BY GARTH LENZ



Tar Sands Math

Recoverable reserves: 200 billion barrels

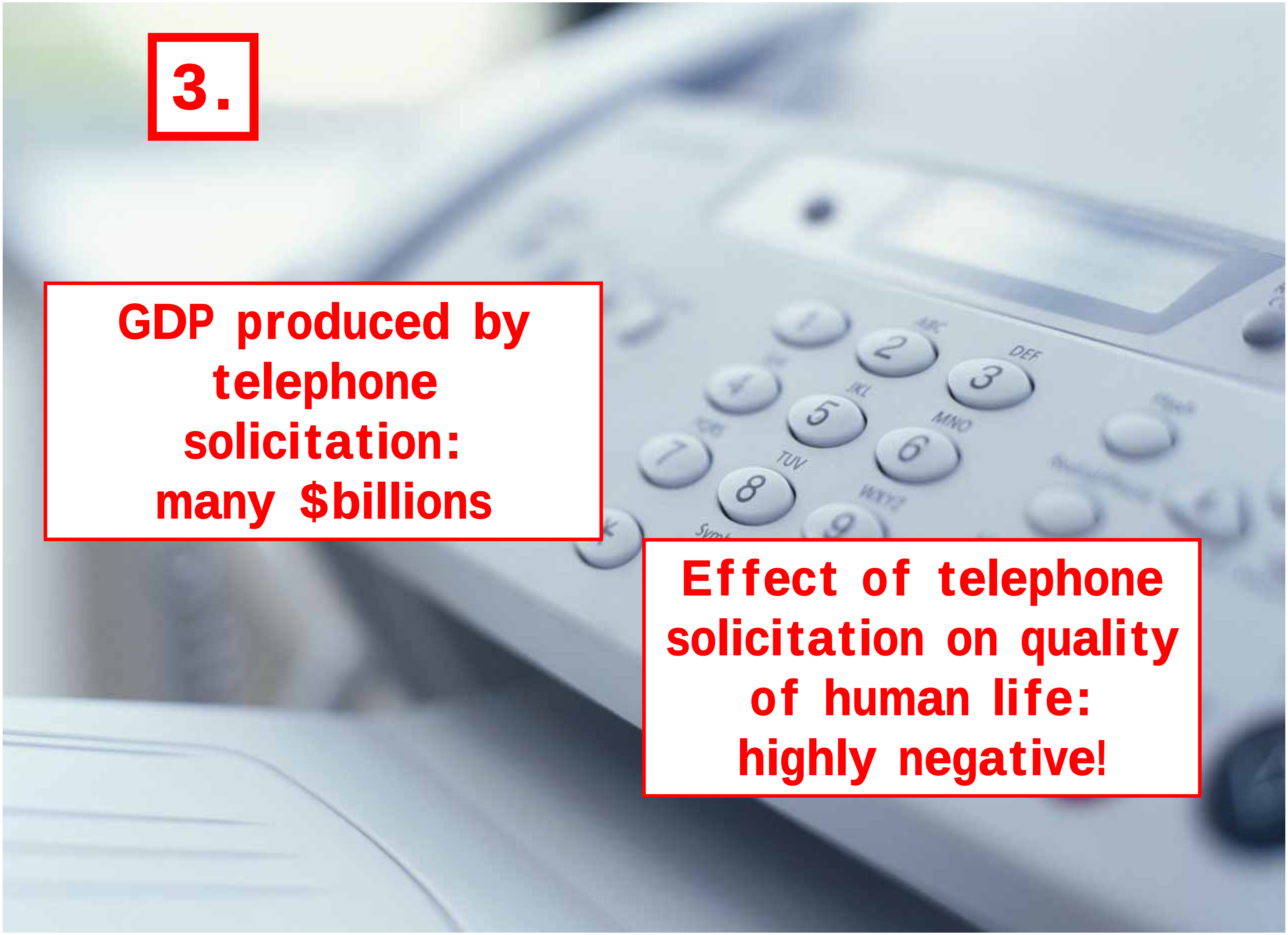
Current price: $135 / barrel

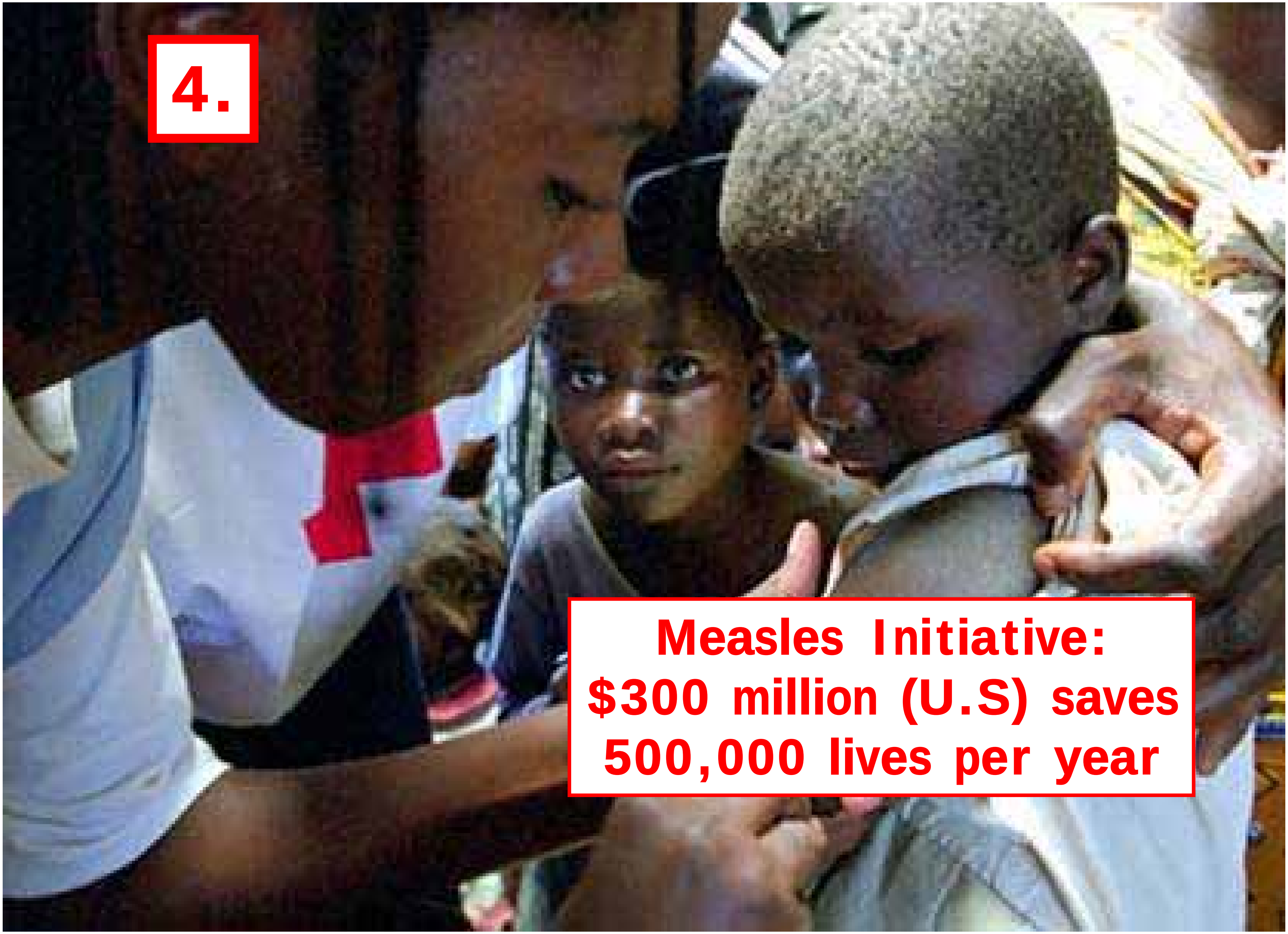
Cost of production: $40 / barrel?

Risk: near zero

Gross profit: $19 trillion


2.
BBG 001
YRU 001
Losses to date of sub-prime crisis: $250 billion
Government response: Leap into action!


3.
GDP produced by telephone solicitation: many $billions
Effect of telephone solicitation on quality of human life: highly negative!


4.
Measles Initiative:
$300 million (U.S) saves
500,000 lives per year

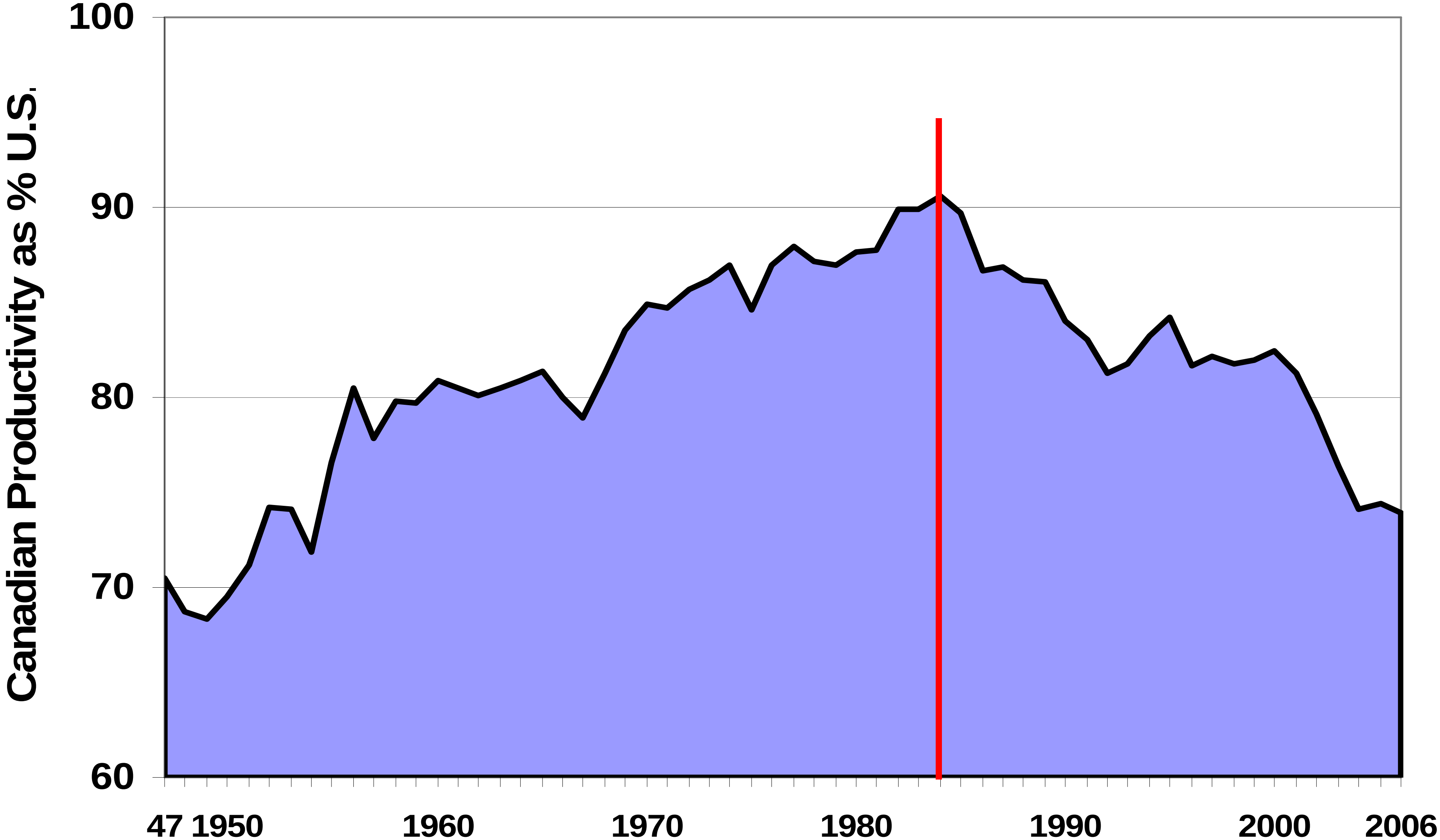
5.

Investment, Productivity, Prosperity

(…capitalism’s own terms!)

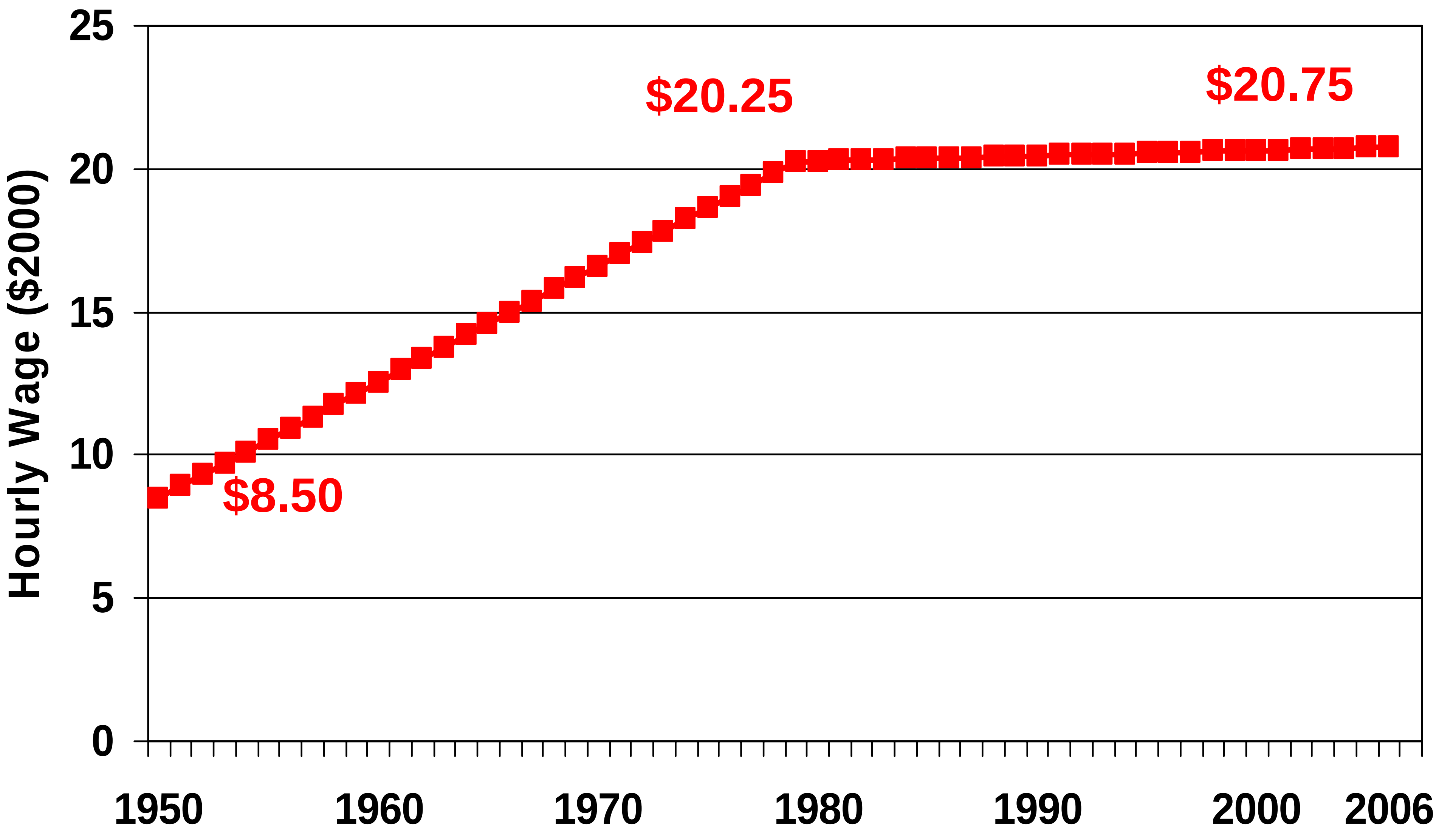
Capitalism’s Investment Slowdown *(p.149)*

Canada's Productivity Slowdown



Source: CSLS.

Canada's Stagnant Living Standards



4. Can We Do Better?

- Challenge the legitimacy & credibility of the status quo

  … including on its ***<u>own terms</u>***

- Make proposals for improving the equity ***<u>and</u>*** efficiency of the current system

  … "high-investment sustainable economy"

- Build our capacity to do things differently in the long-run

  … importance of democratic governance


Track 1: Improve current system
Track 2: Gradually build capacity to "do it ourselves"

The Good News

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

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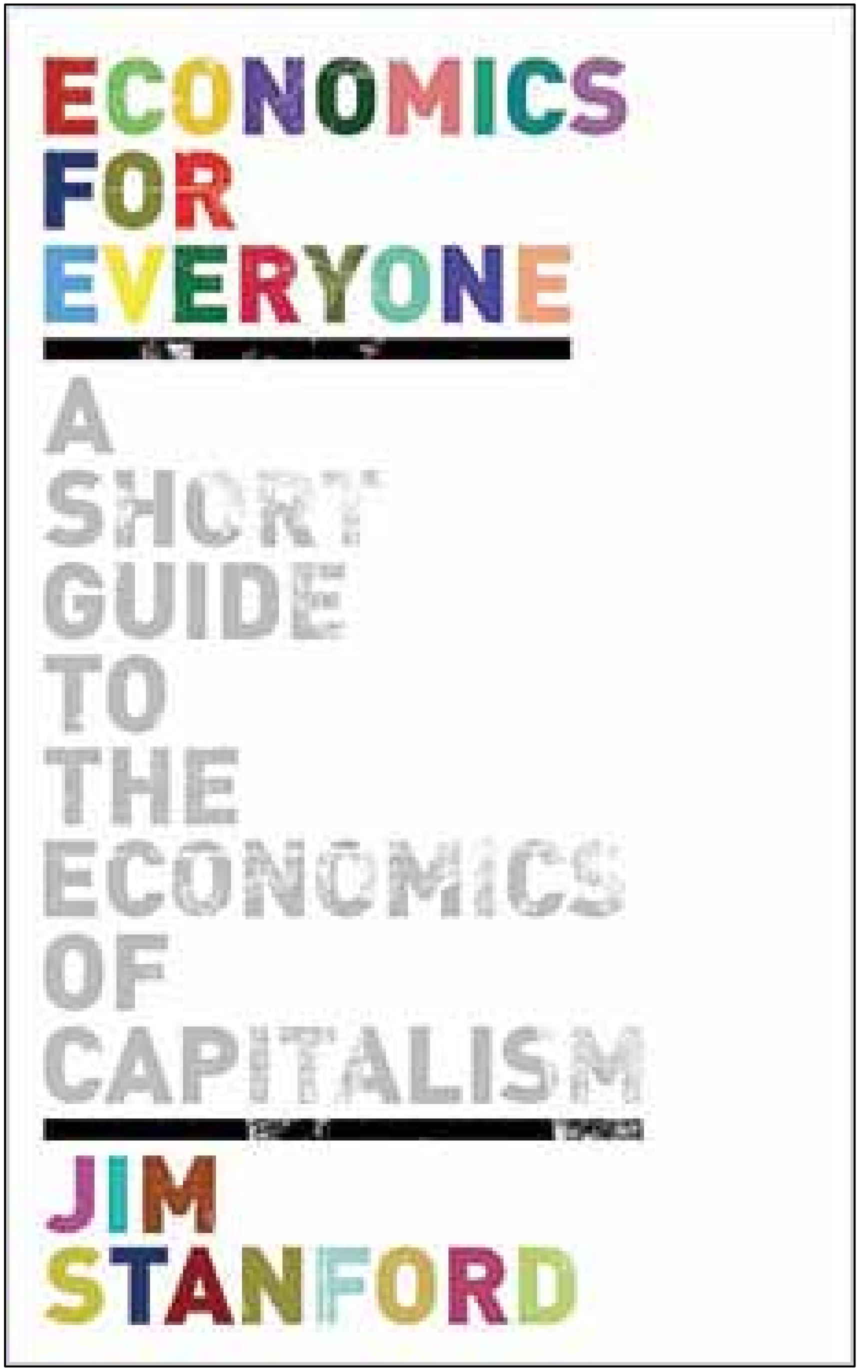
- Excerpts
- Lesson plans
- Resources
- Glossary
- Blog
- Feedback



How Ordinary People Can Reclaim Economics...

...and Make it Work FOR Us Instead of AGAINST Us!

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