

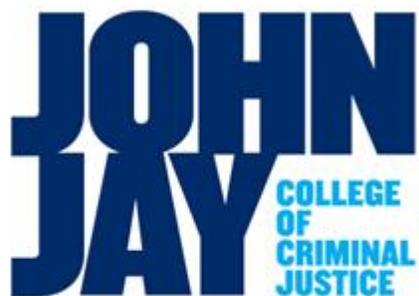
DEPARTMENT OF ECONOMICS

Working Paper

The Use of Dichotomies in Introductory Economics

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Abstract

The explanation of complex issues usually requires techniques that imply some sort of abstraction. In economics, and popular discourse in general, dichotomies are an example of such devices. Be it the opposition between monetary and real phenomena, free trade and protectionism, or idealism and materialism, dichotomies are pervasive heuristic techniques. Students taking introductory courses in economics already come with preconceived ideas that are, in many senses, shaped by dichotomies, which makes them a useful but tricky teaching tool. In this article we outline a way to make use of this to transcend these priors and foster critical thinking, using one of the prominent dichotomies, that between the market and the state.

Introduction

Economies are complex sets of phenomena and it is tempting to make use of various simplifying tools to study them. This temptation is all the stronger in a classroom setting, where tractability is an objective in itself, as it is important to render the analysis accessible to students. Oftentimes, simplifying devices indeed prove useful in illuminating important concepts or dynamics and their use should certainly not be generally shunned. However, simplification can also mean misrepresentation. This is not only a question of degree, of oversimplifying instead of reducing complexity by just the right amount, but also in the way it is done. One particular oft-employed strategy is especially problematic: the use of dichotomies.

Dichotomies come in many forms. A typical example are questions framed with only two alternatives, which restrict the analysis to either of these alternatives or, at best, to a linear continuum of which these alternatives represent end points. In this case, the moderate and reasonable position is usually presented as a statement that life is not all black or white, but rather gray, which exclude the possibility that it could be blue instead. For instance, asking whether free trade is good or bad will likely obscure the historical, institutional, and social context in which trade policy is enacted and thus its place in the broader system.

Perhaps more pernicious than questions with polarized alternatives is the framing of complex issues as two separate and opposed categories. A classic example in economics is the division between a real and monetary or financial economy, as if the two were not entirely intertwined

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as constitutive components of a modern capitalist economy. The opposition between idealism and materialism also comes to mind, especially amongst progressives, as does that of state and market. Such divisions will tend to obscure many aspects of the overall phenomena they attempt to simplify and thus trade complexity for inaccuracy. Yet the need to render complex issues accessible to students remains...

In this essay, we propose to analyze this quandary in the context of an introductory course in economics, one where a fair amount of simplification is typically sought. This course is often crucial in the formation of students' vision of economic issues, which makes it imperative that it be well-structured to promote critical thinking both about issues and paradigms. Students will also come with few priors regarding economic science, but several about economic issues themselves, conveyed through popular discourse. This popular discourse is often both superficial and unilateral, which pushes students to pick a side rather than provide them with a broad analysis. This itself foments a vision of economic issues framed in dichotomies. In its role as antidote to this mode of thinking, introductory economics must thus address the question of dichotomies head on.

Furthermore, introductory economics is an important moment when different economic paradigms can be introduced and their richness be made manifest. This can be done in part by exposing the problems inherent in a dichotomous vision of economic issues. In this essay we will focus on one particular exercise, which we devised to address a dichotomy that figures prominently in popular discourse and economic analysis: the market-state dichotomy. The Keynesian tradition is often caricatured as siding with the state in its opposition to the market. Delving into the problems of viewing state and market in those terms is thus useful to further the study of economics in general and from a Keynesian viewpoint in particular.

Introductory Economics

Taking students where they are is key to the success of any pedagogical endeavor. Most students who come to an introductory economics course have had little exposure to economics and, by and large, have had it through the mass media and popular discourse. As such, they tend to be partial to simple, commonsensical explanations, many of which take the form of dichotomies, of a separation in two often opposed polarized alternatives. Given that they form the basis of much of students' a priori reading of economic phenomena, they cannot be rejected off-hand. At the same time, if employed carefully and subsequently properly deconstructed, they can be useful points of departure for the analysis of complex economic phenomena. Consequently, we do integrate dichotomies in our teaching of introductory economics, but as a tool rather than a finality.

In terms of structure, introductory economic classes are often divided between macro and microeconomics, itself a dichotomy of some significance. The usefulness of such a division, especially at that level, is not readily apparent to us. Singling out individual behavior on one side and focusing on aggregates on the other ignores their interrelatedness and the ways in which they are both constitutive of the totality. For this reason, we favor an integrated

introductory course in which it is possible to go back and forth between various levels of analysis in an attempt to describe the economic system.³

Furthermore, in designing our introductory course, a course we have both taught multiple times, we have elected to distance ourselves virtually entirely from mainstream curricula. However critical the approach, teaching off a mainstream structure largely limits the inquiry to themes that are important within that structure, both because of the time spent covering them and their use as points of departure. Moreover, most students have no particular interest in having an approach about which they did not know before walking into the class critiqued for the length of a semester; what they want is to have a coherent vision of the economy presented to them. We have therefore found it more efficient - and subversive - to abstract from the way economics is taught in the mainstream in designing a curriculum on the basis of the way we believe the capitalist system ought to be presented to students who, for the most part, have not taken an economics class before. We don't shy away from criticizing the mainstream at its core, but we do so on our terms, within a curriculum that has its own logic.⁴

Our overall strategy is to oscillate between the general and the particular, which allows for a contextualization of the various elements studied. While the focus on the totality is always present in the background, different elements are studied individually to delineate some of their internal logic. Throughout the semester, we zoom in on different analytical components of the system, spending some time on people, the production process, markets, industrial organization, public policies, etc. Every time, we present these topics as being embedded within the broader system and its historical trajectory - individuals are largely socially constructed, markets don't operate autonomously and have particular historical developments, etc. - and we go back to a more general viewpoint to gradually shape the totality we are analyzing.

We start at a general level, by describing the capitalist system in broad strokes, using a wealth of data to describe both the current era and changes over time, thus bringing in historical background to convey the dynamic and contingent development of the system. We talk about the origins of capitalism, of how it appeared relatively recently and spread under fairly specific circumstances, such as colonial ventures in the Americas. In the process, we define capital, outline some of the basic dynamics of the system, notably using circuits of capital, and discuss some of the theoretical underpinnings of the approach we adopt throughout the semester.

Using circuits of capital rapidly conjures a "main street" vs "wall street" opposition from the students, in which other components, such as merchants, are either forgotten or amalgamated with main street (after all, merchants are the main interface between them and industrial capital). In a first instance, there is some use to this in establishing a distinction between

³ In terms of the program at John Jay College, this has the further usefulness of freeing space up for a complimentary introductory course. We designed a practical course on economic data, where students get to learn how economic statistics are generated and play with them. This course has proven a very good basis for the rest of the program.

⁴ The success of this general approach to the curriculum of the economics department at John Jay College has made it one of the fastest growing departments in all of the college.

financial capital and other forms, like industrial capital, which can be done while showing the synergies between them. As a second step, we can then start to deconstruct it by showing how various forms slowly became intertwined over time through processes of financialization. This allows, in passing, for a demonstration of dialectical processes, at type of dynamic to which we come back throughout the semester. The opposition between finance and industry also brings forth the topic of regulation, which in turn is typically understood by students in terms of an opposition between state and markets. We make use of the market-state dichotomy (MSD hereafter) as an entry point to the next portion of the course, which revolves around history of thought. For this one, we use a more intricate exercise, for which we drew inspiration from Stephen Resnick, one of our professors in graduate school.⁵

The Market-State Dichotomy

The strength of the market-state dichotomy is apparent once one notices how concepts like capitalism and socialism are usually defined, political affiliations identified, and economic policies understood. It has been our experience that, consciously or unconsciously, many students' analytical lens and opinions are biased through this particular dichotomy, which has become part of their *common sense* and which we, as critical teachers/thinkers, want to undermine.⁶ At the same time, the MSD provides a good way to delve into some history of thought, which itself proves very useful to convey a critical approach to social inquiry.

In this exercise, we single out four thinkers whose thought can be located in relation to the MSD dichotomy and that also reflect, in one way or another, important positions within the political spectrum in many places around the world. These thinkers are Thomas Hobbes, Adam Smith, Karl Marx, and John Maynard Keynes. We start with Hobbes for a variety of reasons. First, chronologically, he is the earliest of these thinkers (17th century).⁷ Second, his thought provides a perfect example for students to see how a thinker's assumptions guide his analysis. Third, his understanding of the birth, development, and role of the state - one of the extremes of the MSD dichotomy - is shared by many. Finally, his thought can easily be understood in relation to the times at which he was writing and to his class position in society.

For the purposes of the course, we provide the general argument contained in Hobbes' *Leviathan* concerning the "plausible" outcome of a hypothetical society composed of individuals guided by self-interest who compete against each other, in which a strong-coercive

⁵ For a general view of Resnick's thought and contributions, refer to Bhattacharya and Seda-Irizarry (2015).

⁶ The multiple reasons as to why the MSD has become common sense are complex and cannot be touched upon in this article, but they can and should definitely be discussed with students in the classroom.

⁷ A potential problem with starting with a thinker from the 17th century is that the 16th century risks being erased from the history of the constitution of the modern age of capital, and with it the role of countries like Spain and Portugal in transferring massive amounts of wealth (gold and silver) from Potosí, Zacatecas, and other Latin American regions. This tends to promote a Eurocentric account in which the fundamental contribution of Latin America for primitive accumulation is ignored (Bhattacharya and Seda, 2015). To avoid this problem, we do mention this period of mercantile accumulation when doing the circuits of capital and the uses of the surplus in the previous section.

state is needed to avoid the implosion of society. At this stage, we take a moment to analyze the methodological individualism implicit in Hobbes' approach, which conditions the vision of the state he ultimately constructs. The influence of methodological individualism in the study of the state and other aggregate phenomena remains very strong in economics and we feel it is important to make that epistemological stance explicit. This sows seeds in students' minds that we reap later, notably when we get to a Keynesian analysis of macroeconomic phenomena and discuss the need to study aggregates as such. We then provide a general overview of the contributions of *social-contract* theorists in terms of conceptualizing the state as an intermediary/referee that will settle disputes among contesting parts. Finally — and crucially — we locate Hobbes in the tumultuous English 17th century, so that students see how the opposition between state and chaos/anarchy was constructed in part as an attempt maintain the status-quo.

From Hobbes, we proceed with the thought of Adam Smith (18th century). Leaving the complex thought of Smith to more advanced courses, at the introductory level we like to highlight those issues that a) are part of the accepted "canon" of economics, and b) are particularly relevant to the MSD dichotomy in relation to Hobbes. In some sense it can be said that the Smith of the "Wealth of Nations" deploys the same assumptions about human beings than Hobbes.⁸ However, in the face of what seems to be an unavoidable anarchy, he prefers a solution that articulates potentially negative traits (i.e. self-interest) into positive outcomes without limiting individual liberty.⁹ That is to say, instead of a Leviathan and its social constraints, the institutional solution needed to avert social implosion and to promote a society of plenty is a "free market," combined with the institutional incentive of private property. In this setting, individuals can be given free rein and have the wherewithal for self-fulfillment, while society works just fine.

Both the "invisible hand theorem" and the "Leviathan" argument are presented as "plausible" conclusions coming out of the same assumptions, the difference being, to a great extent, the ideological purpose and historical background of both thinkers.¹⁰ This fits well with the view espoused by most students a priori, which is akin to a reification of that dichotomy, whereby they see capitalism as working autonomously by default and state intervention as being alien to it. In this case, the MSD takes the form of a continuum with free market capitalism at one end and state control at the other. Along this continuum, state intervention is seen as constraining or opposing the default state of things that free market capitalism represents. In other words,

⁸ The important issue of behavioral assumptions is one that can either be discussed at this moment or later, when Marx is introduced, as a way to contrast his approach with that of his precursors. We also assign Harris (1974) and Johnson and Johnson (1978) to try to deconstruct the commonsensical view of our students that human nature is about self-interest, not a minor matter in trying to comprehend the interaction between human beings and institutions, and for grasping the possibility of a post-capitalist society.

⁹ We leave discussions pertaining to Smith's complex conceptualization of human beings for more advanced courses, but make mention of it in class.

¹⁰ We use the expression "invisible hand theorem" to refer to the popular and academic use of the "invisible hand" metaphor, taking into account that Smith's own explicit use of the metaphor in the "Wealth of Nations" has a different context and meaning than that employed by most economists.

state intervention infringes on a free market capitalist state of nature. A variety of opinions are present amongst the students with respect to the desirability or sustainability of different arrangements along this continuum, but the continuum itself is taken for granted.

The next step is to illustrate how this plays out in popular discourse. One of the main axes we explore is the general opposition between *constraint* and *freedom* contained in the MSD. For example, we go over arguments from various leading economists regarding the regulation of markets in relation to the general MSD and in the context of discussions regarding the latest capitalist crisis. Regulation, seen as constraint, can fit within an MSD framework, but already, various questions can be brought forth to enrich the picture, such as who or what regulates or de-regulates markets? Who enforces private property? How have markets been created? Etc. Broadening the discussion to other interventions, such as monetary and fiscal policy, further illustrates the limits of a strict MSD. In the ensuing discussion, we highlight the fact that capitalism has historically taken many forms. In other words, we show the students how, under capitalism, markets and state are intertwined, working together in many instances, and are both fundamental for the functioning of the system. In particular, once it is shown that institutions associated with markets are historically created through purposeful interventions, the distinctions between them and state intervention fade. It is in this context that we introduce the third of our thinkers, Karl Marx (19th century).

With Marx, we seek to highlight various issues. First, that a critique of capitalism can be one where, instead of blaming either the market or the state for the economic and political shortcomings of the capitalist system, one focuses the analysis to the workings of a system guided by the expansion of value, irrespective of the form that this process takes. That is to say, we want to first approach capitalism as a *totality* instead of focusing on this or that institution in an independent way.

To do this, we start by connecting the emphasis we put on the circuits of capital at the beginning of the class with Marx's explanation of where the profits come from, that is, we bring the social relation of *exploitation* into the picture. Key to this is the separation of workers from the means of production, notably via property relations that are actively created, supported, and enforced by the state. We then combine exploitation with the division of labor to introduce students to the concept of alienation in all of its dimensions (separation of worker from the

fruits of his labor, subjective experience, psychological mood, etc)¹¹. We follow up by providing examples as to how the profit motive has shaped societal outcomes in a variety of ways.¹²

Here we directly address the MSD by using the current lingering financial crisis as a case study. Marx's observation that "as long as capital is weak, it relies on crutches" (Marx, 1973, 651) provides a nice formulation of how the private sector might seek the help of government. The recent bailouts of financial and industrial firms by governments around the world are discussed in the context of the overall impacts of the crisis on various groups and austerity policies put in place to finance the response, so that the connection between politics and economics becomes more transparent.¹³ While the link becomes more evident in times of crises, it underlies the ongoing connections under different circumstances. In a way, crises make manifest what is otherwise in the background.

We then bring back Adam Smith and his observation that the "principal architects" of policy of his time, the merchants and manufacturers, had advanced policies for their own interests, irrespective of how "grievous" the effects to others could be (Chomsky, 2010).¹⁴ We then proceed to locate Smith's insight in the present context. Thomas Ferguson's "investment theory of politics" (1995) serves as a good source, in that students can see the correlation in the United States between sources of party funding, with an emphasis on financial corporations, and the policies enacted by the government.¹⁵ That way they can also see that to identify Adam Smith as merely a champion of laissez-faire does not do justice to his analysis.

We end the discussion around the financial crisis with a comparison with the Great Depression. Contrasting the sets of policies that came out of each episode relativizes the sense, which many students start having at that stage of the conversation, that the state and capital are simply in cahoots. While state and market institutions are intertwined, they relate to each other in contradictory ways and various forces are at work in each of them. Outcomes will depend on a complex set of circumstances and markets may well end up being curtailed as a result of state

¹¹ The study of exploitation and alienation always lend themselves to lively discussions with students, given that many of them have ample work experience and also because these concepts mean different things for different people. Therefore, it is also a way to remind them that the same word might have different connotations and that one has to be mindful of those differences when making an argument. Important in our presentation of these topics is the use of various sources from popular culture as illustrations to make them relatable. Movies like "Fight Club", "Taxi Driver", or "Office Space" provide great props for discussions of alienation, while "Modern Times" remains a funny and effective way to talk both about exploitation and alienation.

¹² We make them read sections of *The Communist Manifesto* so that they can see that a critique implies both a multi-angle appreciation of a phenomena, where one can highlight both the positive and the negative of the object under inquiry.

¹³ Dufour and Orhangazi (2008, 2016) offer such an analysis in the context of a crisis in Turkey and the latest crisis in the United States.

¹⁴ A good case to discuss with students is that of the sugar industry in the U.S. Specifically, Fanjul Corporation is run by two brothers, each of whom is a major contributor to both the Republican and Democratic party. The Koch brothers and their contributions to the Republican Party also provide another example.

¹⁵ In this case, we use documentaries like "The One Percent" and "Inside Job" so that students can see who has composed the advisory board on economic matters for the U.S. government.

intervention, just as they may be supported and expanded in different cases. We postpone a deeper discussion of what conditions may promote certain outcomes until later in the semester,¹⁶ but this introduction already provokes students to look for connections between conditions and outcomes. Talking about the Great Depression also serves as an entry point for a discussion of Keynes, our last thinker in this exercise.

Before turning to Keynes, the last step in the study of Marx's position is to connect his critique of exploitation and alienation to alternative forms of organizing production and distribution where, for example, the concept of workplace democracy is examined. For us, this ties in with our initial observation regarding the importance of taking students where they are.

It is a reality that most students will not blink when asked if they believe in democracy. Yet, when further pressed on this subject, it becomes clear that in most cases their position is not backed by any substantial argument; it is merely an unsustained opinion. Given our objective to foster critical thinking, we use this moment to reflect with the students about the virtues of democracy, its forms, and its limits. The workplace is a fantastic opportunity to do this, given the direct experience that most of our students have with working to sustain themselves and others.¹⁷

We proceed by discussing the basic democratic principle that those who are affected by decisions should actively participate in the decision-making process and connect it to alternative ways of organizing production, like the cooperative model. The point of this is to discuss with them how the democratic principle expounded above can potentially lead to a different set of outcomes depending on the ways it is operationalized. That is to say, we want to discuss how the representative democracy that is constantly celebrated in popular discourse, but displays a variety of problems as we highlight in our discussion of Smith and Marx, sometimes to the point of becoming vacuous, is not the only alternative. Perhaps more to the point, that principle is not confined to the political process and can be applied elsewhere, such as in economic organizations. Conversely, having important zones of social experience that are not democratic influences the ways in which democracy can be lived and exercised where it is the nominal mode of organization.

Delving into the topic, we discuss property arrangements and internal decision-making processes through various past and contemporaneous examples.¹⁸ In this way, we show that it

¹⁶ Just to whet students' interest, we contrast Warren Buffett's call for more taxation of the rich (Stein 2006) with Joseph Kennedy and other leading capitalists' support for the New Deal. While there is a support for reform in both cases, there is no feeling of danger for the overall system now as there could have been in the 1930s (save for a few isolated warning calls, e.g. Farrell 2011). Accordingly, there is less appetite for measures to "save capitalism from itself" than there could have been in Keynes' time and thus less space for a discourse based on his ideas.

¹⁷ It is clear to us that the working class profile of our students at John Jay College explains in part the success we have had in implementing this new way of teaching introductory economics in the last few years.

¹⁸ For this we discuss the case of the Mondragón Cooperative Complex, show them the film "The Take," and mention other examples that drive the point that this alternative way of organizing production is not utopian and has proven to be capable of being successful even when evaluated by the standard criteria of capital.

is possible to organize economic activity in ways that differ fundamentally from a typical private capitalist or state-run firm, both in the ways it functions and the outcomes it produces. This is not to say that having to relate to private and state firms in a mixed setup does not come with its own set of constraints or that collectively-owned and -managed firms will never mimic their private or state-run counterparts, but simply that the MSD and its associated continuum are not inevitable. It may not be a matter of figuring out the right shade of gray in between the black and with poles of the MSD, but rather to shoot for something altogether different, like a blue alternative.

Keynes (20th century), the fourth and last thinker, brings us back to the MSD. In some sense, it could be said that he occupies a space within the continuum, but his assumptions and conclusions are different. Using aggregate and systemic dynamics, rather than the methodological individualism of Hobbes and Smith, and writing in an era when the system seems to have hit a wall, Keynes gives an explicit analysis of the role of the state in preserving the system, so that there is no real possibility of free market capitalism devoid of state intervention. The other end of the continuum is just as unpalatable, though perhaps more in terms of the social and political consequences. For him, the only viable option lies somewhere in the middle, where the dynamism of the market can be harnessed while its destructive tendencies are kept in check.

From this, he elaborates a project whereby capitalism can be saved from itself and made to benefit large parts of the population by integrating elements of state intervention into free market dynamics. Once that is laid out, we take a moment with the students to reflect on the fact that calling Keynes or his policies socialist does not do justice to his thought and policy recommendations. Keynes' project is for a more viable capitalism, whose positive potential would be unleashed and the destructive consequences of downturns reduced to a large extent. This is perhaps a discussion that is mostly relevant in the United States, given the tenor of the popular discourse in this country, but we feel it is important to give a proper representation of what Keynes' is striving for.

While Keynes more or less rejects the possibility of a system at either end of the spectrum, he remains trapped in it to some extent. Rather than a dialectical reasoning whereby the contradictory relationship of different elements could give rise to a distinct alternative that resolves some of the contradictions, he strives for a marriage of each side, which leave much of the contradictions present. As a result, some of his recommendations tend to sound hollow. An actual "euthanasia of the rentier" is implausible in a setup where much of financial activity remains privatized, for example. Attacking the income share received by rentier has more to do with looking at the symptom than the issue itself. Moreover, the absence of an explicit analysis of the social relations of production will tend to obscure the fact that industrial capitalism itself does not need finance to be unstable, as the crisis of the 1970s suggest (Bowles et al, 1985; 1990)

Consequently this arrangement cannot be but fleeting. If the state is to constrain without subverting, then the constrained will strive to break free. In a way, this is what the whole

neoliberal episode is about: A gradual but successful attempt by private capital to unbridle itself, with more or less permissive responses from the state throughout. Illustrative of Keynes' point about the instability associated with that end of the continuum, crises ensued at higher frequency than before, until one was big enough to bring back some of the regulatory apparatus. There is no stable bliss point to strive for as long as thought stays stuck within the continuum, a conclusion that mirrors what Post-Keynesians would say about some markets (e.g. Minsky's financial fragility hypothesis (Minsky 1982).

As we outline the ideas and postures of Hobbes, Smith, Marx, and Keynes, we build the diagram represented in Figure 1 to illustrate their relationship. First Hobbes and Smith at the two ends of a continuum, surrounded by an ellipse to denote a common system of thought. We then add Marx outside of the continuum, in his own ellipse, to situate him outside of that system. Finally, we put Keynes within the big ellipse and somewhere above the continuum, but within his own small ellipse to denote his use of a distinct set of assumption.

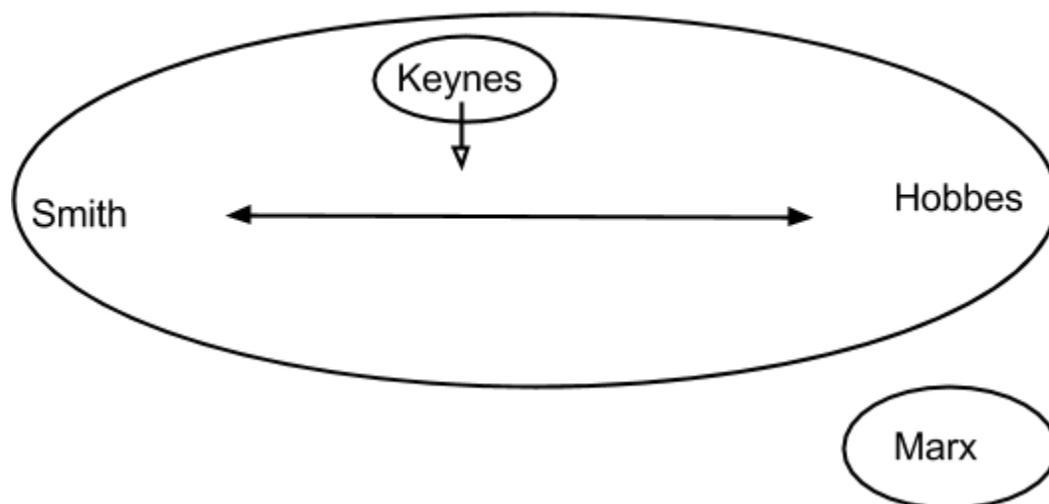


Figure 1: The large circle denotes the totality, i.e. the economic system from a MSD perspective, with Keynes working within the confines of the system and the MSD while Marx's work has an understanding of the system not defined by the MSD, and ultimately with the purpose of trying to go beyond it.

This concludes the presentation of four thinkers whose contributions span four centuries. Once their thought has been put in dialogue with each other, and the MSD has been set up and deconstructed, we proceed to show the students an actual debate between economists in which various dimensions of the material presented to them make their appearance. This debate takes place between Milton Friedman, Gary Becker, and Samuel Bowles and was broadcasted in Friedman's TV show "Free to Choose."¹⁹ Some of the topics covered are:

- 1) government spending and regulation
- 2) private and public property

¹⁹ The debate and the documentary that precedes it are readily available in the internet (e.g. Youtube).

- 3) worker ownership and self-management
- 4) conceptions of what capitalism and socialism are
- 5) markets and power

This debate takes place in 1990, as the Eastern Bloc is crumbling and neoliberalism seems like the only way forward. While this is a very particular moment in time, what is striking for students is that the debate could easily have taken place twenty years later, at a time when it is neoliberalism itself that was under attack.²⁰ The discussion of various topics within the MSD framework reveals the hegemonic position that it occupies in economics, notwithstanding the strength of the pull towards one end of the continuum or the other. That is to say, an oscillation along the continuum is an inherent component of the dominant paradigm. Bowles does attempt a mention of other possible arrangements, such as worker-owned firms, but even then he has to do so within the terms of the debate defined by the MSD. For example, he justifies cooperatives on the basis of a competitive advantage they would have compared to their private counterparts and thus as a viable form within a market otherwise populated by private capitalist firms.

This concludes that particular exercise on the MSD, which spans a couple of weeks, but allows us to start all sorts of threads we exploit subsequently. In the rest of the course, we try to shape an overall vision of the capitalist system via an oscillatory process of our own, going from a general narrative to particular aspects of the system and then back to the narrative. In this way, we discuss the various aspects of relations of production, market institutions, industrial organization, macroeconomic dynamics, government policies, and the like. The general intent is to give a coherent vision of the capitalist system and the way it functions to the students, many of whom will not take another economics course, but also to make the inquiry fascinating enough to convince a few of them to persevere. The study of the MSD helps on both accounts: it equips students with tools to have a more critical approach with respect to the popular discourse that surrounds them and reveals some of the various analytical layers present in economics, most of which can only be touched on during the course.

Conclusion

Teaching introductory economics offers many possibilities, as the students come in with little exposition to economic theory and the instructor gets to steer them in the direction he or she wants without having to contend with previous theoretical habits. At the same time, the lack of prior exposure to economic theory makes it imperative to render the material accessible and relatable. The strong presence of economics in popular discourse makes this challenging, in that

²⁰ We also assign *Commanding Heights*, a PBS documentary about the rise and fall of Keynesian ideas and policies throughout the 20th century and the subsequent rise of neoliberalism, in which Friedman figures prominently. The documentary provides a historical narrative precisely based on the state market continuum and thus serves as an illustration of the discourse, in addition to being a nice historical sketch. Later on, we assign *The Corporation* and *Shock Doctrine*, so that the students can see some of the same people in a different context and gain further perspective regarding their discourse. .

students will often come in the course with a whole set of priors on economic issues. Specifically, students are used in thinking in terms of dichotomies, a frame that is pervasive both in popular discourse and some theoretical paradigms. It is tempting to have recourse to these dichotomies to introduce topics that could otherwise be deemed too complex, at least as a first pass, but this risks reinforcing students thinking habits that we may want to push away later on.

Framing public policy as curbing markets, for example, resonates with students used to reading or hearing about such an opposition in the media. Similar reflexes are to be found in the separation of different components, such as an opposition between real and financial sectors (main street and Wall street in the US), and of course, in the opinions voiced by students who, in various ways, are constantly being interpellated to pick a side regarding different economic issues. Making the class into a dynamic conversation with students involves contending with these reflexes. Conversely, the view that capitalism is a system rife with internal contradictions, in which various elements are at the same time opposed and mutually constitutive, does not come as naturally to most students. Since we want to focus on the capitalist system as a whole, on the totality, as we teach introductory economics, we have to resolve this quandary. To do this, we have devised an exercise to address the market-state dichotomy, which is particularly prominent in popular discourse and one with which the students are very familiar. So we do start from a point familiar to students, but with the explicit intent of transcending it. In addition, addressing the MSD allows us to touch on many themes that we explore throughout the course and thus serves as a great entry point early on.

One of the important uses of the exercise is to allow us to apply the dialectical method that we introduced when we discussed the real and financial sectors earlier. This part is not evident off hand for students used to viewing hard categories and it helps to take ample time to deconstruct one such dichotomy while being conscious of the different epistemological stances implicit in various postures. While we don't hope to succeed in entirely reversing years of habit in the span of a couple of weeks, the exercise is detailed enough for us to be able to build on it for the remainder of the semester and later in the program. Another key objective, one which is more within grasp, is to free students' imaginaries beyond the frame projected by popular discourse. The seeds for this are sown at the outset, when we discuss the recent emergence of capitalism and its historical contingency. This point is then reinforced by showing explicitly the assumptions underlying the MSD and how they preclude alternatives outside of the continuum, alternatives that become visible again once we abandon the terms of the MSD. Students are then provoked throughout the semester to find some such alternatives as we present various topics, notably when we discuss economic institutions.

A third, more straightforward, objective is simply to convey that state and market are not in opposition that much and, conversely, that what seems at first glance like a diverse spectrum of thought on these issues actually operates on the basis of many shared assumptions. In discussing this, we want to foster a critical stance vis-à-vis popular discourse about economic issue, of which the MSD is a particular instance. At the most general level we want students to stay away from the superficiality in analysis that is unfortunately very common, not only in

economics, but also in other disciplines and practices. To questions like is “government spending good?”, “are markets efficient?”, we want them to take a step back, and instead of answering with an immediate and blind yes or no, start from an “it depends” perspective to then slowly try to explore the multiple dimensions of the problem posed and the questions asked. At the same time, this approach should make it easier for them to try to understand positions that might contradict theirs, and also get a better grasp of how their own perspectives come about. Promoting critical thinking in this fashion is both a pedagogical aim, in terms of the learning posture we would like students to adopt, and a political one, in equipping the students as much as we can to play an active role in the economic environment that surrounds them and try to shape it.

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