*ECON/COLL 100—03:*

**The Market as a BIG Idea in Forging Modern Society**

(Spring 2024)

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**A Big Idea from Economics**

COLL 100 courses focus on big ideas that have transformed society. The idea of a market-driven economic system has had a profound impact on society. Today, about one billion of the eight billion people of the world live in prosperous and democratic societies. The bottom billion are destitute. The contradictory facts inform an acrimonious debate: Has capitalism been an engine of polarization and destruction or an engine of prosperity and freedom?

The central concern of *oikonomists* has historically evolved literally from “ household management” to “market-mechanism management” today. Ideas about how markets work matter greatly. Economic anthropologists study reciprocity, power preoccupies political scientists, and the mechanics of decentralized market exchange are what economists analyze by melding theory and evidence.

The clue to the answers is the institution called the Market. Commodity markets are as old as society, but the modern and complex version is as misunderstood as it is ubiquitous. Modern markets pervade almost every aspect of life outside of the household: markets for land, labor, finance, and ideas (entrepreneurship). Since the mid-1700s, each of these “factors” of production has been associated with a social class: landlord, labor, capitalists, and managers/owners.

The puzzles we will “solve” in this class are encapsulated in the following questions: How and when is the market system a handmaiden of prosperity for some (landlords and capitalists) and misery for others (serfs, slaves, Jim Crow, Apartheid, or low-wage workers)? What kind of a market economy lifts all boats and creates a large middle class? And, politically and socially speaking, how does market-driven prosperity enhance democratic freedom in some historical contexts/countries and the twinning of tyranny with prosperity in others?

Eighteen century "liberal or Classical" economists, such as Adam Smith, thought of the emergent capitalist economy in Europe and its offshoots as the solution to the mass poverty and universal franchise as the solution for the ubiquitous tyranny. They used the (guided as if by an) **invisible hand** metaphor to explain the seemingly mysterious workings markets. [Parenthetically, William & Mary was the first college to teach political economy in the late 1700s using Adam Smith’s *The Wealth of Nations* as the textbook].

To answer these monumental questions, we will tap into the history of economic thought and industrialization. Historically, the imperatives of competition and cooperation were met by four dominant networks of institutions (i.e., the rules of the economic game): **altruistic reciprocity** (mutual social gifting of unequal values, cooperatives, communes), **rent seeking** or appropriation of wealth from producers by the specialists of violence (serfdom, slavery, anarchy), **altruistic state paternalism** (socialism), or **self-interested market transactions** (voluntary exchange of equal values).

The Classicals turned out to be largely right, but the way to heaven has been hellish for ordinary subjects and citizens alike—triggering rebellions and revolutions (French, American, Russian, Chinese), including the socialist system that engulfed nearly half of the world's population for almost half a century. However, the emergence of a middle class in the capitalist countries by spreading the wealth to lay down the foundations of democracy.

We will debate the paradoxical features of modern markets that define contemporary capitalism: the invisible-hand metaphor of decentralized coordination, the incredible power of private ownership tethered to competitive discipline to innovate and incessantly save on labor cost, and the innovative organization of the limited-liability corporation, and the uneasy co-existence of internal bureaucracy and external horizontal market interactions. Our aim, briefly, is to critically contemplate the making and working of the modern market-driven economic order.

**Learning Objectives**

COLL 100 courses are mandated to build communication skills so that you can effectively share your substantive knowledge to various audiences in the forms of oral, written, podcast, or website presentations. At the end of this course, you will be able to:

1. Critically examine the insights and biases embedded in the Invisible Hand metaphor of how and why deeply interconnected markets have produced enormous wealth as well as misery over the past 250 years.
2. Appreciate the application of scientific reasoning in a social science discipline where the intentionality of the study subjects matters greatly.
3. Upgrade your presentation skills to convey your nuanced ideas and interpretations clearly and persuasively to classmates, opinion makers, and the general public.
4. Develop collaboration skills that are essential for providing responsible, constructive, and practical feedback to classmates and work colleagues.

**Textbooks and Readings**

The course is somewhat reading intensive, but the materials are non-technical and (hopefully) fun to read. We will read the canonical classics and modern interpretations. You are expected to read for the main ideas; so, do not get lost in less important details. A good rule of thumb is to scan the readings before the lectures and give them a close reading after. Most, if not all, books are available online from Swem. However, they are inexpensive and time-worn classics worth acquiring for your personal library. Articles and chapters are available in Blackboard:

1. Robert L. Heilbroner, *The Worldly Philosophers: The Lives, Times and Ideas of the Great Economic Thinkers,* Touchstone, 1999. $15.
2. Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, Beacon Press, 2001 [1944]. $26.
3. Daron Acemoglu and James Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty,* Currency, 2013. $18.
4. William Magnuson, *For Profit: A History of Corporations*, Basic Books, 2022. $26.
5. Abegaz, Berhanu (2023), “Economic Systems,” in *Understanding Economic Transitions*, Palgrave-Macmillan, pp. 1-30.
6. Nelson, Richard (2011), The Complex Economic Organization of Capitalist Economies, *Capitalism and Society*, 6(1).
7. Smith, Adam (1776), *The Wealth of Nations* (The Modern Library): Book I, chapters 1-3, pp. 1-21.
8. Wong, Felicia, et al. (2023), “*Sea Change: How a New Economics Went Mainstream*.”

**Assessment and Grading**

We need to be transparent about our mutual expectations. This course is a hybrid in two senses: It combines substantive knowledge of a profound economic idea with the presentation skills needed to articulate and defend your understanding of it. Most of the questions we will grapple with, as you will see in the synthesis lectures, do not have definitive or authoritative answers—your informed perspective is as good as mine. This is why you will, by design, speak 70 percent of the time. Half of your grade reflects your grasp of content while the other half your multimodal presentation skills.

Communicating your ideas clearly and effectively is essential for success in academic work and on the job. We will cultivate the elements of effective presentation in this course with the help speech and library experts. The basic toolkit includes such things as know your audience, create a logically clear structure to convey your central message, stay on message, use visual aids as appropriate, engage your audience to capture attention and make an impression, and display self-confidence as a knowledgeable person on the subject matter.

You will do two types of presentations in the course of the semester for a total of three:

(1) **Critical Reading:** individual reactions to the reading materials and the lectures,

(2) **Collaboration:** team-based participation in debates on the assigned questions, and

(3) **Application:** individual presentation on your editorial (aimed at the Washington Post, New York Times, or Wall Street Journal) or an advisory memo to the President of the United States to explain a notable misconception about how markets work or a novel policy recommendation to solve an important societal problem.

Although you can limit yourself to the assigned readings, you are encouraged to do additional research on suggested or self-chosen topics with the help of the supportive research librarians at Swem. Do feel free to consult the many excellent pop econ books (such as Freakonomics, and Undercover Economist) and podcasts (Planet Money, Freakonomics Radio, Capitalisn’t, The Economist Asks, and Upstream). We will have a guest speaker from the speech faculty and a class trip to SWEM.

Evaluations will be based on knowledge of content of written work, and the skills with which you convey your ideas verbally. I will provide a detailed rubric for each assignment.

Your course grade will be based on your results on the midterm exam (to ensure that you have adequately digested the core readings) and the three opportunities to present your ideas and interpretations in class. Though not required, please feel free to create a website (using the free Google Sites, for example) or produce podcasts to share your thoughts and interpretations to a larger audience.

**A Note on Academic Rules**

You are strongly urged to refer to the Undergraduate Catalog for all academic rules, including attendance, the venerable Honor Code, missing graded work, and accommodations. Since multitasking is overrated, you are not allowed to use electronic devices in class. You are welcome to consult AI chatbots (ChatGPT, Bard, or Bing) to get you started with your presentation or writing. **Buyer Beware:** These database-trained bots are powerful but also lend themselves to plagiarism and offer non-existent references.

**Syllabus and Readings**

***Weeks 1-7 (40% of your grade)***

Economics is hard for beginners because it has its own conceptual vocabulary and theoretical framework that looks too abstract. Active learning and close reading are key to success in understanding its claims. I will give one background lecture per week. The second session of the week will be devoted to student-led discussions that critique the lecture and bring fresh interpretations of the assigned readings:

* Student Response to Lecture Materials 10%
* Week 7 (Midterm Exam) 30%

***Total 40%***

***Weeks 8-14 (60% of your grade)***

For the Group Presentations, I will divide you into several debating teams. I will also provide eminently debatable resolutions and let you choose between pros and cons. For the Individual Presentations, each of you will pick a topic you found intriguing from the lectures and readings and write a short response paper. You will present your preliminary arguments and receive constructive feedback from the class. I will also provide you a list of illustrative topics to pick from.

The weights are as follows:

* Group Debates 10%
* Individual Presentation of Editorial/Memo 20%
* Written Editorial/Memo 20%
* Attendance and Participation (peer review) 10%

***Total 60%***

**Weekly Schedule**

Week 1: The Economists’ Way of Thinking (Heilbroner, chs. 1-2; Palanyi,

Foreword and Introduction).

Week 2: Perspective 1: The Invisible Hand Metaphor (Smith, chs, 1-3;

Heilbroner, chs. 3-4).

Week 3: Perspective 2: The Double Movement Metaphor (Polanyi, Parts I-III;

Heilbroner, chs. 5-6).

Week 4: Modern Economic Systems: Capitalist and Socialist (Abegaz; Nelson;

Heilbroner, ch. 9).

Week 5: The Modern Corporation as an Organizational Innovation (Magnussen)

Week 6: The Fusion of the Economic and the Political (Acemoglu & Robinson, all

chapters; Wong; Heilbroner, ch. 11).

***Week 7: 🡺 Mid-term Exam (March 6, 2024)***

Week 8 Trip to SWEM (3/18) & Prof. Len Neighbors, Speech (3/20)

Week 9: Group Debates 1 and 2 (4 teams, 3 members each)

Week 10: Group Debates 3 and 4 (4 teams, 3 members each)

Week 11: Individual Presentations 1 and 2 (3 students per class hour)

Week 12: Individual Presentations 3 and 4 (3 students per class hour)

Week 13: Individual Presentations 5 and 6 (3 students per class hour)

Week 14: Individual Presentations 7 and 8 (3 students per class hour)

* ***Editorial/Memo due on May 7, 2024***

**A Useful Online Glossary from The ECONOMIST--The A to Z of Economics:**

<https://www.economist.com/economics-a-to-z>

See also my pedagogical notes, “The Core Principles of Economics,” available in Blackboard.

I reserve the right to make minor adjustments to this syllabus and readings.