

# 15.031 Recitation

## Recitation 2

# Concepts of Capitalism

- What is it?
  - Method of organizing the economy
- Studying the dichotomy between the state and markets in organizing the political, social and economy
- Role and size of the state
- Is there a 'best' model? Do countries converge as they develop? US, Europe, BRICS?

# Ways of Looking at the World (Paradigms)-Debate Prep

- In Natural Science—Only One Paradigm
  - Theory of the Natural World
- In Social Science—Oligopolistic Competition
  1. Liberal Neo-classical (Friedman, Hayek)
  2. Marxist
  3. Sociological/Anthropological (Horkheimer & Adorno, Mills)
  4. Things that have a ring of a paradigm but might not-Institutionalism

# Social Science tends to justify one's position in the world

- Paradigm is a statement of priorities
  - They are somewhat incompatible
  - Different set of lenses when looking at the world
  - Tightly coordinated, coherent way of looking at connections between politics, society & economy
- Problem of Social Science is explanation of behaviors
- Give best possible listening to each paradigm
- Suspend Belief When Reading!

# Things To Think About

- Unit of Analysis
  - Liberal Neo-classical—Individual
  - Marx-Class
  - Sociological—Society
- Assumptions?
  - Liberal Neo-classical
    - Natural problem—scarce resources and unlimited desires
      - Nature limits resources, humans have unlimited desires
    - How do individuals behave? Rational ? Groups?
    - Capitalism preserves freedom—keeps power away from state
    - The question becomes optimizing: self-interest is built into humans
    - No one questions where the resources are from nor the preferences

# More assumptions

- Marx (Why even read Marx?)
  - Not the human mind that controls consciousness (liberalism) but social circumstances (historical materialism)
  - Technology is the fundamental driver of society (sound familiar?)
  - As states develop, politics converge
  - Societies have inherent stress & tension
    - Change is discontinuous, not incremental

# And Sociological

- Not universally accepted as paradigm
- View society as way to understand human behavior
- Society prior to individual, prior to economy, prior to the state
- Humans as sensemaking creatures
- Sensemaking as collective activity
  - Networks, social capital, economic sociology
- Visceral reaction to economic determinism (Marx)

# Debate Tuesday

- Carter v Carter Coal (1936)
  - What's being decided?
  - What are the distinctions between the majority and dissenting positions?
- Context
  - Roosevelt's New Deal
  - Labor Rights (NLRB)
  - Relationship between labor and prices
  - Who sets conditions on labor and commerce?
- Two Teams, A & B—Need 50/50 split

# Film Citation

- Enron, the Smartest Guys in the Room,  
Dir. Alex Gibney, Magnolia Pictures, 2005

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