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