

## **A/ ASSIGNMENT RECAP**

- Write a **1000-word article** about an assigned contemporary economic or social issue.
- Accompanying a **concept map** comparing two diverse perspectives on how best to tackle the nominated issue.

### Suggested Structure:

- I.Statement of problem or issue (Suggested 150 words)**
- II.Comparative analysis of the 2 perspectives (Suggested 250 words)**
- III.Critical evaluation of the key economist's idea (Suggested 200 words)**
- IV.Recommendations(Suggested 250 words)**
- V.Conclusions (Suggested 150 words)**
- VI.Concept Map**

## **B/ KEYWORD EXPLANATIONS**

### **1. Classical Economics**

An 18th-19th century school founded by Adam Smith focused on how markets and capitalism operate through concepts like the invisible hand, emphasizing free markets and minimal government intervention.

#### **Key concept - Invisible hand**

The invisible hand refers to the automated nature of markets, where the decisions of self-interested individuals inadvertently promote the social good. Markets maximize efficiency when left alone.

### **2. Neoclassical Economics**

A 19th-20th century school based on marginal utility theory, rational choice theory and equilibrium analysis which formalized economics as a deductive mathematical science grounded in optimization.

#### **Key concept - Rational choice theory**

Assumes individuals act rationally to maximize utility/profits. People weigh costs and benefits rationally when making economic decisions. Provides a foundation for modeling behavior.

### **3. Marxian Economics**

A radical critique of capitalism pioneered by Karl Marx, analyzing class conflict, labor exploitation, historical materialism, crisis tendencies in capitalism, and advocating revolutionary socialism.

**Key concept - Class conflict**

Marx saw economic history as driven by conflict between social classes. He critiqued capitalism concentrating power and wealth, exploiting workers. Class dynamics shape society.

**4. Austrian Economics**

The estimated parameter values from a regression model quantify the effect of each independent variable on the dependent variable.

**Key concept - Opportunity cost**

Every decision has an opportunity cost - the value of the next best-foregone alternative. Opportunity cost theory studies decision-making and advocates people thinking at the margin.

**5. Post Keynesian Economics**

A school opposed to neoclassical economics that builds on Keynes' theories, incorporating ideas like fundamental uncertainty, endogenous money, and analyzing capitalism's instabilities.

**Key concept - Fundamental uncertainty**

Challenges rational expectations and focuses on true uncertainty in the economy, especially in investment and financial markets, that cannot be modeled probabilistically.

**6. Institutional Economics**

A school focused on studying how socioeconomic institutions like laws, culture, and social conventions shape economic behavior and outcomes. Pioneered by Thorstein Veblen.

**Key concept - Socioeconomic institutions**

Analyzes how social, legal, political and cultural institutions shape economic behavior and outcomes. Calls for designing effective institutions.

**7. Chicago School Economics**

An influential free-market school associated with the University of Chicago that advocates laissez-faire policies, deregulation, privatization, and rejects Keynesianism based on efficient markets and rational expectations.

**Key concept - Efficient markets**

Argues securities and commodity prices fully reflect all available information and are efficient. Provides intellectual basis for deregulation and free market policies.

**8. Behavioral Economics:**

A school integrating psychology that studies systematic cognitive biases and limitations of rationality that impact economic decision-making and frequently lead to suboptimal outcomes.

**Key concept - Heuristics and biases**

Documents systematic biases and mental shortcuts that lead to deviations from perfect rationality assumed in neoclassical economics.

**9. Feminist Economics**

A school highlighting gender biases in economics, analyzing the unpaid "reproduction economy", incorporating values into analysis, and advocating for egalitarian outcomes.

**Key concept - Reproduction economy**

Highlights the unpaid domestic and care work, predominantly done by women, that reproduces the labor force. Seeks to properly value this unpaid work.

**10. Buddhist Economics**

A school guided by Buddhist principles criticizing materialism and consumerism, while advocating ethical business practices aimed at improving well-being rather than profit maximization.

**Key concept - Mindful consumption**

Critiques consumerism and calls for mindful, ethical consumption and business practices that reject profit maximization in favor of social well-being.

**11. Globalization (Week 8)**

- Evidence of increasing global economic integration like rising trade, investment, multinationals
- Globalization driven by technology, transport, capital mobility, multinationals, trade deals
- Benefits: efficiency, growth, jobs, lower prices per comparative advantage and trade theories
- Critiques: inequality, job losses, instability, power imbalances, democracy-sovereignty tradeoff
- Different schools value globalization differently:
  - Neoclassical see benefits, comparative advantage
  - Marxists cite unequal power, imperialism
  - Post-Keynesians skeptical of benefits

- Institutionalists examine global governance needs
- Globalization's future uncertain after COVID - some see reshoring, others continued integration
- Contrasting views on managing downsides: local empowerment vs global cooperation.

## **12. Technology (Week 9)**

- Technology as a driver of economic change, like past industrial revolutions
- Debates on impacts: destroy/create jobs? Increase/reduce inequality?
- Schools of thought provide different perspectives:
  - Neoclassical: efficiency, growth
  - Marxian: labor displacement, wealth concentration
  - Evolutionary: innovation, creative destruction
  - Behavioral: psychological manipulation
  - Feminist: gender biases and discrimination
- Emerging technologies like blockchain promise decentralization but uncertain impacts
- Need for diverse perspectives to analyze digital transformation
- Managing downsides requires nuanced policies balancing interests
- Technology both a challenge and opportunity - potential for more inclusive innovation
- The key points capture the transformative power of technology and range of perspectives on its complex economic and social impacts, requiring pluralistic analysis and balanced policy responses.

## **13. Inequality (Week 10)**

- Inequality in income and wealth has risen globally, though progress made reducing extreme poverty
- Perspectives differ on causes, impacts, and solutions to inequality:
  - Classical/Neoclassical - necessary for growth, market determined
  - Marxian - inherent in capitalism's class structure and exploitation
  - Keynesian - can hurt growth, policies can reduce
  - Institutional - shaped by labor relations and social institutions
- Measurements - Gini coefficient, Palma ratio, income shares
- Drivers - globalization, technology, policies, intergenerational transmission
- Impacts - social unrest, health, economic growth, poverty
- Responses - redistribution, progressive taxes, education access
- Balancing equality and incentives remains contested

#### **14. Happiness (Week 11)**

- Happiness economics studies well-being and life satisfaction, not just income and wealth
- Determinants: income (to a point), social factors, freedom, health, relationships, leisure
- Easterlin paradox - happiness stagnates despite rising incomes after a threshold
- Subjective wellbeing metrics used instead of just GDP
- Critique of consumerism and growth focus - localism emphasized
- Schools of thought provide different perspectives:

- Institutional factors shape societal happiness via governance, policies, social structures

**Examples:** Countries with stable governments that uphold the rule of law tend to provide a sense of security and predictability for their citizens

Impact: Citizens in such countries are less likely to experience political turmoil, violence, or arbitrary actions by authorities, contributing to their happiness and peace of mind

- Behavioral economics - emotions and psychological factors matter, not just rationality

**Examples:**

**Impulse Buying**-Imagine someone goes to the supermarket with a shopping list and a budget in mind. While shopping, they see a display of their favorite snack near the checkout counter. Even though it's not on their list and it's expensive, they end up buying it because they feel a sudden craving and a sense of immediate gratification. In this case, their emotional impulse and desire for instant satisfaction override their rational budgeting plan

## **C/ FOOD FOR HUNGRY THOUGHTS**

### SOURCES FOR TECHNOLOGY TOPIC

- Has Globalization Passed its Peak? (Financial Times): <https://www.ft.com/content/0bb37fdc-71c6-11e7-93ff-99f383b09ff9>
- Globalization in Retreat? (Wall Street Journal): <https://www.wsj.com/articles/globalization-in-retreat-11546866229>
- The Economics of Globalization (New York Times): <https://www.nytimes.com/2020/10/06/business/the-economics-of-globalization.html>
- International Trade and Labor Markets (Journal of Economic Perspectives): <https://www.aeaweb.org/articles?id=10.1257/jep.32.2.163>

### SOURCES FOR TECHNOLOGY TOPIC

- How Technology Impacts Inequality (Financial Times): <https://www.ft.com/content/b6591fed-bcd1-4b35-ada4-8e94a3fa71f1>
- Economic Impacts of Artificial Intelligence (Wall Street Journal): <https://www.wsj.com/articles/the-economic-impact-of-artificial-intelligence-is-hereand-its-massive-1548748601>
- Perspectives on the Digital Revolution (New York Times): <https://www.nytimes.com/2018/02/07/business/economic-growth-technology.html>
- Technology's Impact on Labor Markets (Journal of Economic Perspectives): <https://www.aeaweb.org/articles?id=10.1257/jep.29.3.3>

### SOURCES FOR INEQUALITY TOPIC

- Why Inequality Matters (Financial Times): <https://www.ft.com/content/7de9165e-db72-11e6-9d7c-be108f1c1dce>
- Economics of Inequality (Wall Street Journal): <https://www.wsj.com/articles/the-economics-of-inequality-1477948002>

- Academics Reveal Grim view of Inequality (New York Times):  
<https://www.nytimes.com/2020/12/03/business/economy/inequality-economy-tax-rich.html>
- Drivers of Economic Inequality (Review of Income and Wealth):  
<https://onlinelibrary.wiley.com/doi/full/10.1111/roiw.12476>

#### SOURCES FOR HAPPINESS TOPIC

- The Economics of Happiness (New York Times):  
<https://www.nytimes.com/2016/02/28/magazine/the-economics-of-happiness.html>
- How Economists Measure Happiness (Wall Street Journal):  
<https://www.wsj.com/articles/how-economists-measure-happiness-11601396801>
- Economics of Happiness vs Economic Growth (Financial Times):  
<https://www.ft.com/content/79ec676c-adb4-11e9-b856-5404d3811663>
- Developments in Happiness Research in Economics (Journal of Economic Methodology):  
<https://www.tandfonline.com/doi/full/10.1080/1350178X.2020.1833266>
- Macroeconomics of Happiness (Review of Economics and Statistics):  
<https://direct.mit.edu/rest/article/85/4/809/58156/The-Macroeconomics-of-Happiness>
- Income and Subjective Well-Being (Journal of Economic Behavior and Organization):  
<https://www.sciencedirect.com/science/article/abs/pii/S0167268118303312>
- Easterlin Paradox Revisited (Journal of Happiness Studies):  
<https://link.springer.com/article/10.1007/s10902-017-9883-9>