

Heterodox Economic Newsletter

ECONOMICS FOR EVERYONE: A SHORT GUIDE TO THE ECONOMICS OF CAPITALISM, by Jim Stanford. Ann Arbor, Michigan: Pluto Press, 2008, ISBN 978-0-7453-2750-1; 350 pages.

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“The purpose of studying economics is not to acquire a set of ready-made answers to economic questions, but to learn how to avoid being deceived by economists” Joan Robinson (quoted in Stanford 2008, 4).

The ordinary workers and citizens taken by the economists’ latest deception—i.e., that financial innovations in the U.S. housing market were acting to reduce risk and democratize credit—could have benefited from the kind of course in ideological self-defense presented in Jim Stanford’s new book *Economics for Everyone*. Instead of deferring to the experts, with their sophisticated mathematical models and statistical techniques, workers and citizens could have felt empowered to question the conventional wisdom regarding the benefits of a deregulated capitalist system. They also could have attempted, through their own organized efforts, to play a greater role in making the economic and political decisions which impact their lives without fear of contradicting the universal laws of “the market.” A significant theme throughout this book is an emphasis on the social nature of economic and political institutions and, thus, their malleability. And while these institutions can be made to bend to human will, it is also necessary to first understand their constitution and functioning.

The framework utilized by Stanford in achieving this type of understanding will be familiar enough to those well-versed in heterodox economic theory. What makes Stanford’s book unique, however, is not the concepts of endogenous money, effective demand and mark-up pricing, or the role of history, institutions and culture for understanding the social provisioning process, which underlie the narrative. Rather, the most outstanding accomplishment of this book is that Stanford is able to discuss these, and other important issues, without resorting to the modes of expression familiar to academics. For example, Stanford discusses the essence of the Cambridge capital critiques (pp. 81-85) and the value theory debates (pp. 69-75) without naming them as such and without burdening the flow of the narrative with extensive footnotes and references (in fact, all references are to be found at the book’s companion website, www.economicsforeveryone.ca, along with other supplemental materials). In addition, Stanford is continually at pains to connect the abstract concepts and theories of economics to the lived experiences of those workers and citizens towards whom it is directed. This is particularly apparent in the chapters on what would traditionally constitute the theory of the firm.

The book itself reads like a well-written story, complete with illustrations by political cartoonist Tony Biddle—including the progressive building of an economic “road map” that details the circular flow of production and income, finance and trade, and people and their environment. While the format may put off more academically oriented teachers, this deceptively simple book represents popular education at its best. By communicating the basic principles of heterodox economics in a manner that is not only clear and accessible, but also relevant to the

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concerns of ordinary people, Stanford prepares the way for more advanced study as well as provides the means for enlightened citizenship.

The coverage of topics is also quite comprehensive, with the book being divided into five main parts. In “Part One: Preliminaries,” Stanford introduces the reader to the history and methodology of contemporary economics as well as to the origins and history of contemporary capitalism. The chapters in “Part Two: The Basics of Capitalism: Work, Tools and Profit” lay out the microeconomics of capitalism from a heterodox perspective, including a chapter on nonmarket activity (i.e., caring work).¹ The basic elements outlined in the previous part are brought together in “Part Three: Capitalism as a System,” where the standard faire of macroeconomics—i.e., employment, growth, inflation and distribution—is presented. The discussion in “Part Four: The Complexity of Capitalism” adds a number of complicating factors such as finance and instability, business cycles, government policy, and international issues such as globalization and development. The concluding chapters of “Part Five: Challenging Capitalism” provide an overall evaluation of capitalism in addition to examining ways of both improving it and envisioning non-capitalist alternatives.

Any discussion of the limitations of the book would most likely depend on the reader’s view of the underlying theoretical perspective employed by the author. While Marxists might take issue with the book’s treatment of the labor theory of value, and neo-Chartalists may chafe at the idea that national governments finance spending by taxing and borrowing, these differences are minor in relation to the overall success of this book in developing a lucid account of the central features of the economics of capitalism. The core framework of the book provides ample room for instructors to delve into specific issues in greater detail and/or from alternative perspectives. In addition, the teaching aids available at the book’s website—including a glossary, a number of how-to research guides, and resources for teachers (sample course outlines, lecture slides and student exercises)—make this book ideal for introductory courses with a significant economics component. Furthermore, the book is easily adaptable to less formal activist and community education projects—in fact, the book originated out of an on-line popular economics course for union members developed by the Canadian Autoworkers Union in conjunction with McMaster University in Hamilton, Canada. In the end, *Economics for Everyone* is the kind of blend of theory and practice, hard-headed realism and revolutionary idealism that will hopefully become increasingly prevalent in these troubling, yet exciting, times.

¹ Particularly commendable in this section is Stanford’s treatment of “capital” in terms of its separate meanings—i.e., tools, money and social relationships—as opposed to a single ambiguous concept called “capital.”