

The Evergreen State College
Syllabus

Course Title: Political Economy of Sustainability
Course Number: Graduate = 30202
Credits: 2.0
Instructor: John MacLean, jmaclean@eefinance.net phone: 360-339-3936
Dates: Spring, 2018. Class Schedule:

- Tuesday, May 1, 5 PM to 9 PM
- Saturday, May 12, 9 AM to 5 PM
- Saturday, May 19, 9 AM to 5 PM

Class Locations: Tuesday, May 1, 5 PM to 9 PM, SEM 2 E2107
Saturday, May 12, 9 AM to 5 PM, SEM 2 E2109
Saturday, May 19, 9 AM to 5 PM, SEM 2 E2109

Course Description: “Political economy” concerns principles on which our economy is organized, grounded in moral philosophy and understandings of human nature. Political economy and economics as a discipline developed during the beginnings of industrialization and rapid growth in humankind’s population, economic output and exploitation of fossil fuels and natural capital. With the unfolding of peak oil, climate change and collapse of multiple ecological systems and the opportunities inherent in our new technologies, information systems and evolving consciousness, we face a critical historical moment and are due for a “political economy reboot”. Topics covered include: ecological economics, market failures, externalities, public goods, government regulation and deregulation, critiques of corporate power and financial capitalism, community economics and theories of happiness.

Emphasis is on understanding the development of the market economy, limits of markets, the roles of government shaping markets and institutional alternatives to markets while elaborating principles for and steps to create a sustainable economy. Historical, policy and institutional examples are presented for illustration, especially from the professor’s clean energy finance experience. The course goal is to equip students to engage critically in political economy debate and draw links between current practical economic policy issues and the philosophical bases underlying competing viewpoints.

Required Text & Readings: Ecological Economics: Principles & Applications, Herman E. Daly and Joshua Farley, Island Press, Washington DC, 2004 Chapters 1-7, 10-14, 17-18, 20-23. Additional readings will be assigned during the course and made available via the E-Reserve system and .pdf e-mail distribution. Students are requested to complete an initial reading of chapters 1-7 in the Daly Ecological Economics text prior to the course start.

Teaching Methods & Course Requirements. Each class session will include one main lecture on a core topic followed by discussion. The second half of the class will then treat (a) selected glossary terms, and (b) practical applications. Students are asked to formulate and bring their questions to class for discussion and treatment; time will be made to examine current events in light of the course content.

Class Topics & Schedule. Core class & lecture topics are as follows, by class dates. We have twenty class hours, and the class is broken into 5 sessions x 4 hours each session. Some modifications may be made as the course evolves.

Class 1 Topics

1. Course Introduction & Main Theses: what is political economy; definitions of sustainability; limits to economic growth and our historical moment. *May 1.*
2. Ecological Economics, Introduction. *May 1.* Time in class for discussion & work on first essay. First exercise in “backcasting”: envisioning our preferred future!

Class 2 & 3 Topics

3. Political Economy I: Smith, key tenets & critique of classical market economics, economic anthropology; ecology and the politics of scarcity. *May 12.*
4. Political Economy II: Market failures; traditional environmental economics; externalities and public goods. *May 12.*
5. Political Economy III: critique of neo-classical economics; from normative to value-relativistic approach to economics; “sacred economics” and other contemporary schools of economic thought. *May 12.* Time in class for discussion to integrate and critique, to work on second essay and formulate sustainability application case study research topics. Selection of current events topics for treatment in Class 4 & 5.

Class 4 & 5 Topics

6. Political Economy IV: Keynes & development of the mixed economy. *May 19.*
7. International economics, international development & globalization; financial system and sustainability; financial system reforms and alternatives to promote needed investment in a sustainable economy. *May 19.*
8. Theories of Happiness, relation between affluence and well-being; lessons for economic policy; community economic development planning & local self-reliance; political economy: who we are and calling forth our highest capacities as human beings. Envisioning a sustainable society, social imagination workshop; discussion of student research on sustainable economics research case study topics. Plan and methods for further study. *May 19.*

Glossary. An initial list of sustainable economics terms is attached, which we will define and explore in class. We will add to this list and develop it into a glossary.

Applications. To ground our discussion, each class will include description and discussion of practical applications of sustainable economics; these may include government policies (international, national, state & local), new institutions, and for-profit or social business models and investment plans. Examples include: “smart” jitneys (ride sharing systems), utility demand side management programs, clean energy investment programs, packaging “take back” policies, community development finance and micro-finance institutions, etc.

Written & Course Requirements. Students are expected to have read required course materials prior to each class. Class attendance is required. Please notify the instructor by phone or e-mail if you are unable to attend a given class and we will arrange a make-up plan, including pairing up with other students for briefing & discussion. Please use my jmaclean@eefinance.net e-mail address.

The following written assignments are required:

1. Two short (2-3 page) essays, the first due May 12 at the beginning of class and the second due May 19 on the assigned topic outlined below or an optional selected glossary term selected by the student, as cleared with the professor. The assigned topics will be discussed in class and are indicated below, along with some related questions.

- a. First essay: your definition of sustainability. Growth vs. development: review this distinction; can a high-quality of life be achieved in a sustainable society? Why are equitable distribution and social justice essential aspects of sustainability? Intergenerational equity: explain this term and its relevance to sustainability. Are we close to a “full” world? Have we entered a period of “uneconomic growth”? Do we risk overshoot of carrying capacities? Ends-means spectrum & sufficiency: why are these concepts important to sustainability & ecological economics?
- b. Second essay: the limits of the market to achieve efficient allocation of resources & the social good. What are the key assumptions underlying the market thesis? Are these assumptions valid? Where do they hold? Where do they break down? What does the market do well? Where does the market fail? What can we learn from economic anthropology? What is the view of the human being underlying market economics? Is it valid? How does it jive with your view? Identify current government and economic policy topics that illustrate these principles.

2. Because this is a two credit course, no final research paper is required. However, in addition to the above written assignments, students are required to formulate and outline (for class discussion, not as a written assignment to hand in) a “sustainability applications case study” research topic; we will discuss these in class. The goals of this assignment are to apply course principles to student interests and to provide grist for class discussion.

Political Economy of Sustainability: Readings

All supplemental readings are available on the E-Reserve system. Some changes or additional materials may be assigned.

For Class 1 (May 1) Required Readings:

1. Daly text, Chapters 1-7
2. *Summary of Foundations of an Ecological Economics*, David Pearce, published in A Survey of Ecological Economics, ed. Neva Goodwin, Island Press, 1995
3. *Efficiency in the Steady-State Economy*, Herman Daly, chapter 4 of Steady State Economics, W.H. Freeman and Company, 1977

For Classes 2 & 3 (May 12) Required Readings:

4. Daly text, chapters 10-12 on market failures
5. *Ecology and the Politics of Scarcity*. by William Ophuls. W. H. Freeman & Company, San Francisco, CA. 1977. Chapters 5, 6 & 7; (= 57 pages).
6. *Primitive, Archaic, and Modern Economies: Essays of Karl Polanyi*. by Karl Polanyi, edited by George Dalton. Beacon Press, Boston, MA: 1968. Chapters 1, 2 and 4 (= 56 pages). Priority on Chapter 4.
7. *Alienation and Economics*. by Walter A. Weiskopf. Dell Publishing Co., Inc., New York, N.Y., 1971. Chapters 3 and 4.

Optional readings:

8. *Trust: The Social Virtues and the Creation of Prosperity*, chapters 2 and 3, Francis Fukuyama, The Free Press, 1995
9. *Operating Manual for Spaceship Earth*, chapters 4 and 6, R. Buckminster Fuller, E. P. Dutton, 1963

For Classes 4 & 5 (May 19) Required Readings:

10. Daly Chapters 13, 15, 17, 18, 20 & 21 on Macro-economics, International Economics & Globalization and Policy Principles for Sustainability
11. An Inquiry into the Poverty of Economics, Chapter 3, The Triumph of Keynesianism, by Charles Wilbur; and
12. The Age of the Economist, Chapter 9, The Keynesian Revolution, by Daniel Fusfeld.
13. When Corporations Rule the World, by David Korten, chapters 4, 14 and 15
14. Happiness, Lessons From A New Science, by Richard Layard, select chapters on E-Reserve, The Penguin Press, 2005.

Optional readings:

15. The Case Against the Global Economy, edited by Jerry Mander; **three short essays** by David Morris (on free trade), Herman Daly (on free trade), and Wolfgang Sachs (on “neo-development”)
16. Making Globalization Work, by Joseph Stiglitz, chapter 9 on reforming the global reserve system (international monetary system)
17. The Case Against the Global Economy, edited by Jerry Mander, essay by Susan Meeker-Lowry on local currencies.
18. Community and the Politics of Place, by Daniel Kemmis, select chapters; University Of Oklahoma Press, 1990.

Political Economy of Sustainability: Glossary

1	Capital; Natural capital Social capital	
2	Carrying capacity; Anthropocentric vs. Bio-centric; Overshoot	
3	Common property resources	
4	Bretton Woods institutions	
5	Common good, welfare, well-being	
6	Comprehensive anticipatory design science; “Backcasting”	
7	Consumer sovereignty; Revealed preference	
8	Defensive expenditures	
9	Demand side management	
10	Discount rate; discounting	
11	Distributional equity; Inter-generational equity; Gini curve for income distribution analysis	
12	Economic development	
13	Economic growth; Uneconomic growth	
14	Efficiency; productivity	
15	Ends-means spectrum	
17	Externalities; Pigouvian taxes & subsidies	
18	Invisible Hand	
19	Limits to Growth; social limits to growth	
20	Marginal utility, marginal cost, marginal benefit	
21	Market failure	
22	Millennium Development Goals	
23	Natural Monopoly; radical monopoly	

24	Natural Step Principles	
25	Neo-classical economics	
26	Non-renewable resource	
27	Peak oil	
28	Opportunity cost	
29	Positional goods	
30	Public Goods	
31	Renewable resource; Maximum sustainable yield	
32	Say's Law	
33	Social capital	
34	Sufficiency	
35	Substitutes; substitutability	
36	Threshold effects	
37	Throughput, stock, flow	
38	Value Market or exchange value Use value Labor theory of value	
39	“Washington Consensus” on international economic development policy	
40	Waste sink; waste absorption capacity	
41	Wealth	