

Such accidents keep industry going.

Everybody has to make a living. What would become of the glaziers if no one ever broke a window?"

Economics Today: Dancing without Borders





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I. WHAT IS ECONOMICS?

or better

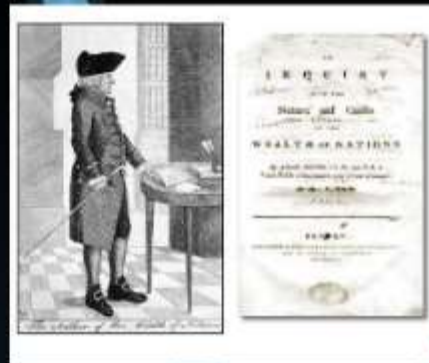
HOW ECONOMICS WORKS?





THE REAL SCHOOLS OF ECONOMICS OR POLITICAL ECONOMY SCIENCE

- Economics for understanding the human nature and PRODUCTION
- Adam Smith (Political Economy)

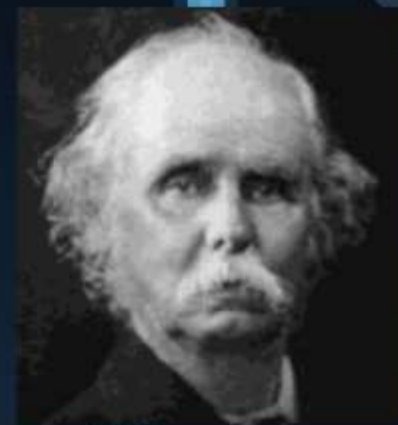


"Sell a man a fish, he eats for a day, teach a man how to fish, you ruin a wonderful business opportunity."

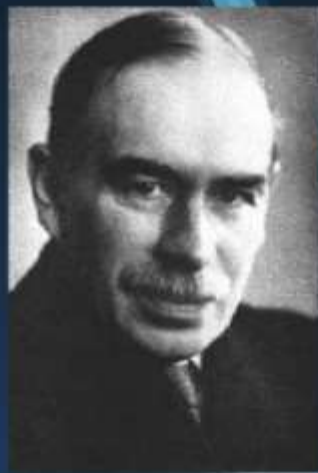


Economics for understanding the human nature and DISTRIBUTION
Karl Marx (The MARXIST SCHOOL)

Economics as a Social Science and NEW DISCIPLINE
The NEOCLASSICAL SCHOOL (Mathematics and Economic Theory)
Alfred Marshall and the Austrian School and almost all the NOBEL PRICES



Economics for "achieving or touching" REALITY
John Maynard Keynes (Macroeconomics) (THE KEYNESIAN SCHOOL)



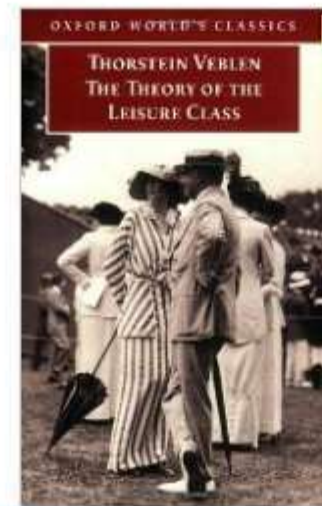
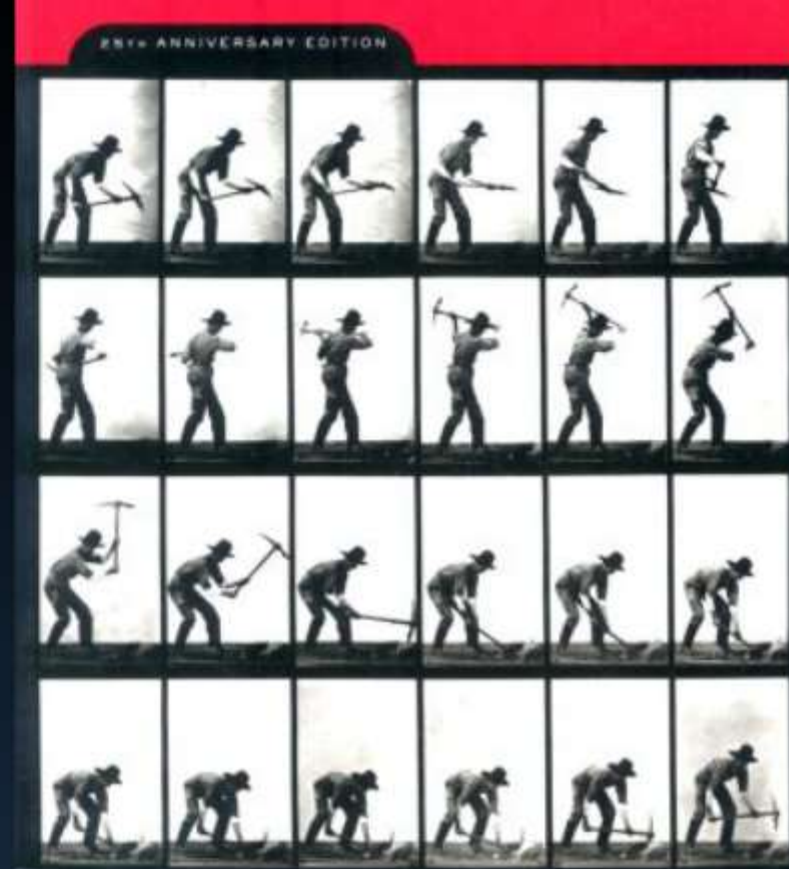
WHAT WE NEED NOW? Economics as a REAL / APPLIED SCIENCE...
Economics for learning about the World and for teaching People
to think CRITICALLY = The Economic Way of Thinking
(focusing on Reality and Complexity)



PAUL KRUGMAN

'Everything Krugman has to say is smart, important

Is this what we should teach?
Economic Theory for a Perfect World?
No more Science or Facts, no Ethics...?
What is behind this mathematical interest?



Some people
work and
others can
live thanks to
your work



Resources for teaching:
Students' preparation
Teachers' education

WELL... THERE ARE SOME FACTS





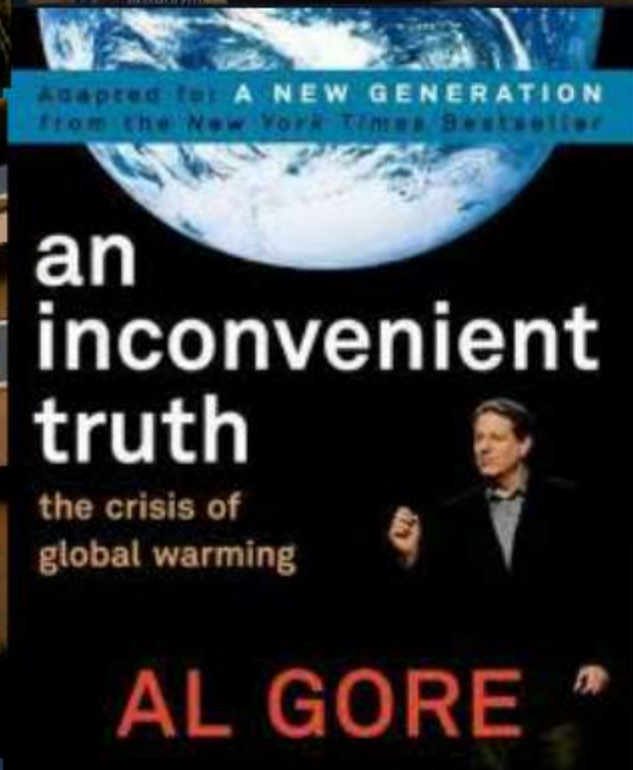
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11/01

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Mc Kitrick, R.R. (2011): Economic Analysis of Environmental Policy, [University of Toronto Press, Toronto]

talks us about the recent important movies as:

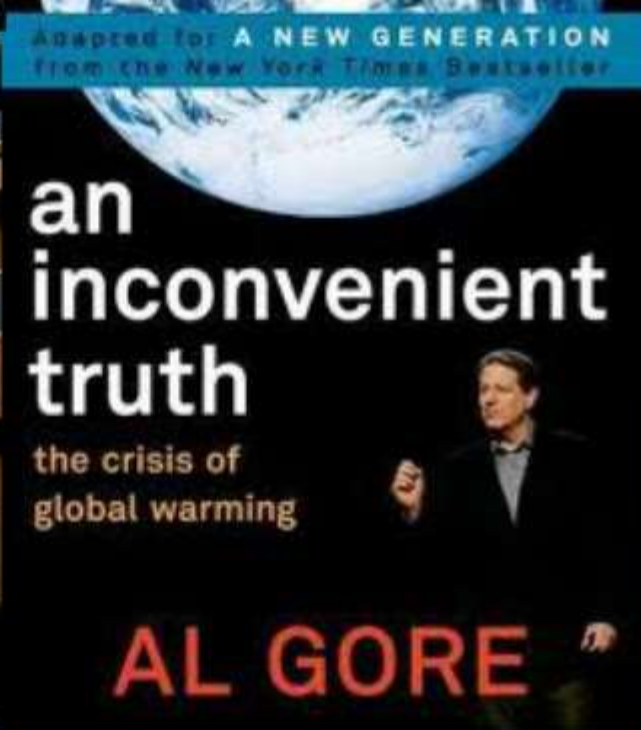
Al Gore "An inconvenient truth"
Leonardo di Caprio "The 11th hour"

and exposes the big problem which

Governments and corporations continue to operate on short time horizons.



Climate change challenges



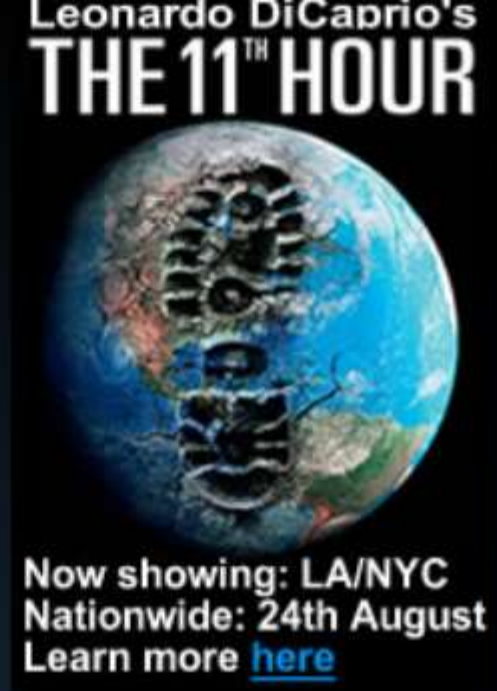
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operate on short time horizons...



Climate change challenges global corporations on all levels changes everything in corporate governance because it calls for the internalisation of externalities, to redesign and rethinking for the issues of waste management and pollution.

Malcolm McIntosh (2009):
'The Imperative of Rapid Adaptation to Climate Change:

Are the Lights On in the Boardroom?', pp. 266-278,
in Kakabadse, A. & N. Kakabadse (eds) (2009):
Global Boards. One Desire, Many Realities,
Palgrave Macmillan, New York.

There is not yet enough political support to overcome the interests that oppose changes

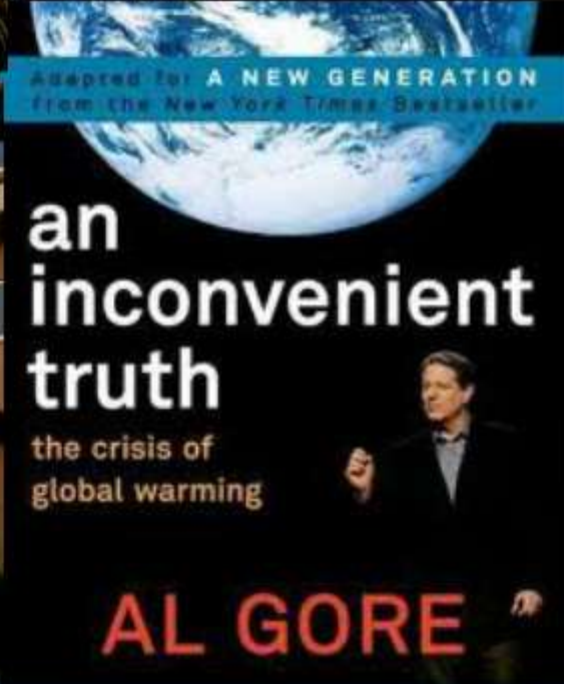
...

We have to leave behind the false choices and short-sighted policies. The goals of a prosperous economy and a clean environment are not mutually exclusive.



...my, which brought an
...economic good."

1999



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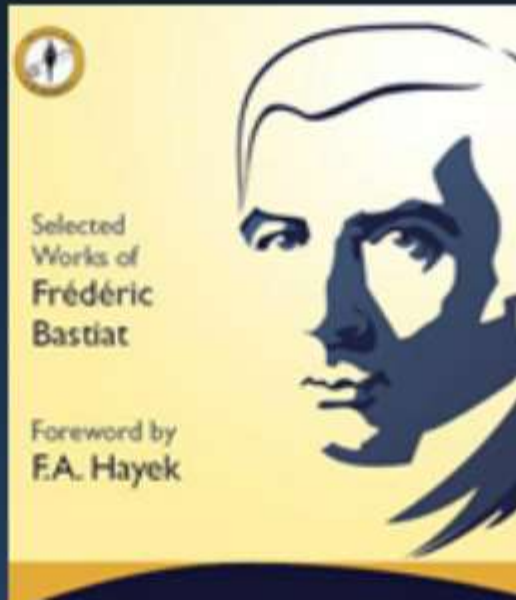
XVIII Century



Thomas Malthus (1766–1834)

Malthus was a political economist who was concerned about, what he saw as, the decline of living conditions in nineteenth century England.

He blamed this decline on three elements: The overproduction of young; the inability of resources to keep up with the rising human population; and the irresponsibility of the lower classes.



Darwin's Darwinism

In October 1838, that is, fifteen months after I had begun my systematic inquiry, I happened to read for amusement Malthus on Population, and being well prepared to appreciate the struggle for existence which everywhere goes on from long-continued observation of the habits of animals and plants, it at once struck me that under these circumstances favourable variations would tend to be preserved, and unfavourable ones to be destroyed. The results of this would be the formation of a new species. Here, then I had at last got a theory by which to work".

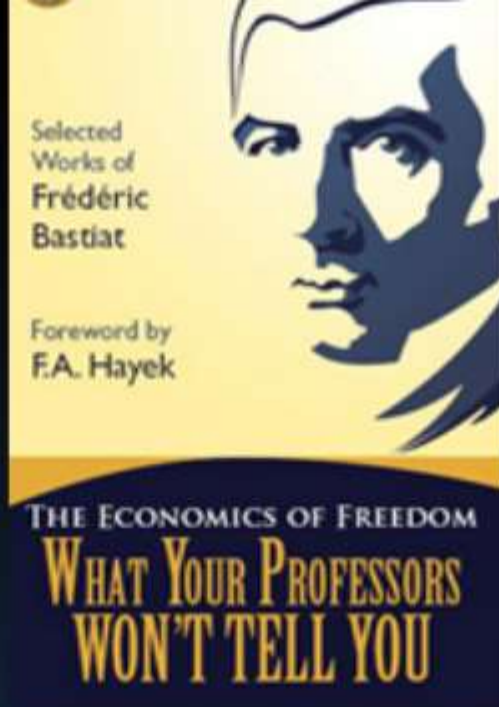
Charles Darwin, from his autobiography. (1876)

<http://www.ucmp.berkeley.edu/history/malthus.html>

Puzzled by the geographical distribution of wildlife and fossils he collected on the voyage, Darwin began detailed investigations and in 1838 conceived his theory of natural selection.

http://en.wikipedia.org/wiki/Charles_Darwin





elements: the overproduction of young; the inability of resources to keep up with the rising human population; and the irresponsibility of the lower classes.

Darwin's Theory of Evolution – A Theory In Crisis

Darwin's Theory of Evolution is **a theory in crisis** in light of the tremendous advances we've made in molecular biology, biochemistry and genetics over the past fifty years. We now know that there are in fact tens of thousands of irreducibly complex systems on the cellular level.

<http://www.darwins-theory-of-evolution.com/>

Herbert Spencer (1820–1903) is typically, though quite wrongly, considered a coarse social Darwinist. After all, Spencer, and not Darwin, coined the infamous expression “survival of the fittest”.

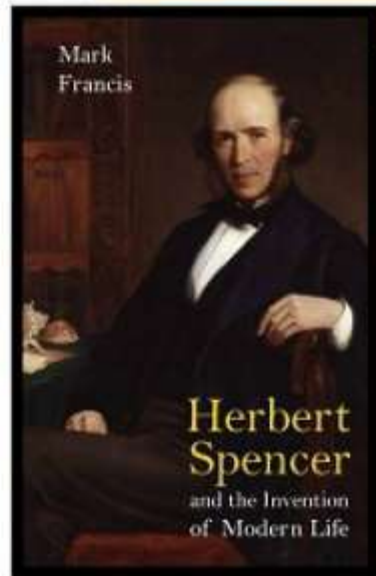
<http://plato.stanford.edu/entries/spencer/>

Bob Solow: "I know the wheel is crooked, but economics is still the best game in town"

JUST A GAME...

FORGOTTEN CLASSICS THE MISSED ECONOMISTS

He is best known for coining the concept "survival of the fittest,"
Principles of Biology (1864), after Darwin's On the Origin of Species.
As Spencer extended evolution into realms of sociology and ethics,
he made use of Lamarckism rather than natural selection.





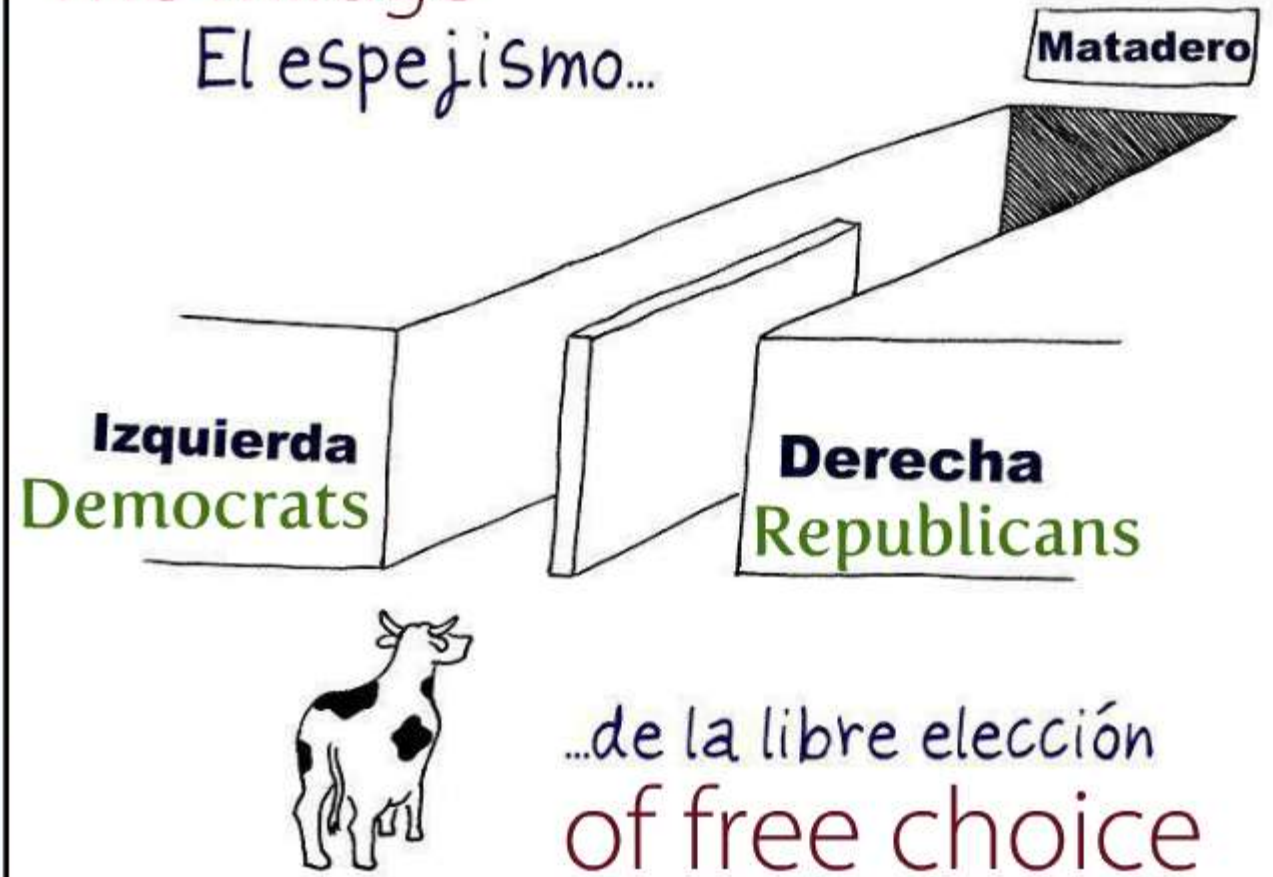
"bread and circus" ancient Roman metaphor for people choosing food and fun over freedom; free food and entertainment.

Today's equivalent

in the American world

with Food & Drinks
and Music & Dancing

The Mirage
El espejismo...



XIX Century

'That Which is Seen, and That Which is Not Seen'
by Frederic Bastiat, 1850

In the department of economy, an act, a habit, an institution, a law, gives birth not only to an effect, but to **a series of effects**. Of these effects, the first only is immediate; it manifests itself simultaneously with its cause – it is seen. The others unfold in succession – they are **not seen**: it is well for us, if they are foreseen.

Between a good and a bad economist this constitutes the whole difference = **the lesson**

EDOM

SORS

OU

DAY, BASTIAT



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Not Seen'

a habit, an
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not seen: it

this
lesson

Between a good and a bad economist this constitutes the whole difference – the bad one takes account of the visible effect; **the good one takes account both of the effects which are seen, and also of those which it is necessary to foresee.** Now this difference is enormous, for it almost always happens that when the immediate consequence is favourable, the ultimate consequences are fatal, and the converse. Hence it follows that the bad economist pursues a small present good, which will be followed by a great evil to come, while **the true economist pursues a great good to come, – at the risk of a small present evil.**

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The Broken Window

Have you ever been witness to the fury of that solid citizen, James Goodfellow, [In French, Jacques Bonhomme, used like 'John Bull' in English to represent the practical, responsible, unassuming average man.—Translator]

when his incorrigible son has happened to break a pane of glass? If you have been present at this spectacle, certainly you must also have observed that the onlookers, even if there are as many as thirty of them, seem with one accord to offer the unfortunate owner the selfsame consolation:

'It's an ill wind that blows nobody some good.

Such accidents keep industry going.

Everybody has to make a living. What would become of the glaziers if no one ever broke a window?"


World Trade Center
Attacks, NYC 9/11/01



"... the terror attack -- like the original day of infamy, which brought an end to the Great Depression -- could even do some economic good."

-Paul Krugman

New York Times, 9/14/01



World Trade Center Attacks, NYC 9/11/01

"... *economically* the net result of the terrorists' actions is likely to be beneficial to the United States." -**Timothy Noah**

Slate 9/12/01



Kobe Earthquake

Japan, 1/17/95

"Despite the devastation, experts said today that in some ways the earthquake could give a boost to an economy struggling to recover from a long recession." -**Nicholas Kristof**

New York Times, 1/18/95

That which is unseen...



TRNN.COM

THE REAL
news

Chomsky on the economy





THE REAL
news!

Noam Chomsky

Professor of Linguistics, MIT



Thank you = Gracias

