

Coyote Economist

News from the Department of Economics, CSUSB

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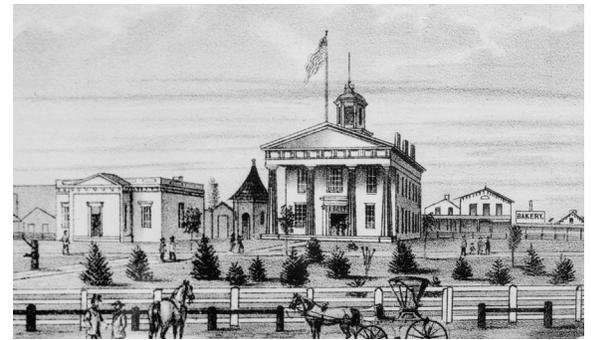
Fall 2013

“For Men Do Not Sow That Others May Reap”

Professor Daniel MacDonald will give a talk, “For Men Do Not Sow That Others May Reap,” on Wednesday, November 20, from 12 to 1 p.m. in SB-217. In his talk, Professor MacDonald will discuss married women’s property rights in the 19th century United States. The talk will also explore the extent to which courts overturned state laws that gave married women control over their separate property and labor market earnings.

The talk is based on MacDonald’s paper “For Men Do Not Sow That Others May Reap: On the Question of Court Activism and Economic Interests in 19th Century Married Women’s Property Law.”

While past studies have explored judicial activism in selected states, this paper is the first to investigate court policy in every state that passed a relevant statute prior to 1900. Using a new data set of over 250 court cases in 46 states, Professor MacDonald finds that judicial review in the 19th century was used less frequently than previously suggested by historians. He also looks at judges’ motives and differences in social conceptions of property between states and over time.



1870 Lithograph of Knox County, IL, Courthouse. Library of Congress Collection.

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Austerity and Anti-Statism

Previous issues of the *Coyote Economist* have highlighted the wrong-headed inclination of rightist politicians to push for austerity in the belief that austerity will somehow unleash a torrent of economic activity and raise the economy out of its current malaise.

Congressional Republican’s willingness to shut down the federal government in early October 2013 was the most recent manifestation of this wrong-headed belief. The government shutdown resulted from a Republican attempts to defund the Affordable Care Act and to reduce or eliminate spending on social programs such as Medicare and Social Security. These attempts were motivated by the GOPs distaste for many government activities.

Since the economic argument against austerity has been discussed in previous issues of the *Coyote Economist* (and in any case should be well known to all principles of macroeconomics students), this issue will explore instead the ideological underpinning the rightists’ conception of government.

Rightists see the government as unproductive and parasitical, as sapping the vitality
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Austerity

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of the “free” market and so hindering economic growth. Grover Norquist’s famous quip, “I simply want to reduce [government] to the size where I can drag it into the bathroom and drown it in the bathtub,” succinctly captures the anti-statist sentiment common to the GOP and its Tea Party faction. This is not the only critique rightists make, but it is the most persistent.

Let’s begin with the idea that government is an unproductive institution, and ignore rightists’ contradictory inclination to exempt the military and police from their anti-statist position. One way of defining unproductive economic behavior

...it ignores the importance of laws, regulations, and social infrastructure...

is that the output generated by an individual, institution, or sector of the economy is not used, either directly or indirectly, in the production of society’s gross product. Such an institution may very well be engaged in producing something, a good or service, but the output it generates is not necessary to the production of the gross product. What’s more, since the institution must sustain itself, it has no option but to live off the income generated by others: namely, those who do produce the gross product. In short, the unproductive institution is parasitical, feeding off the activities of

others in the system.

The problem with this conception of government is that it ignores the importance of laws, regulations, and social infrastructure to the production and distribution of a society’s gross product. In the absence of well-defined property laws, contracts would be suspect and the social relations needed to carry on production and exchange would weaken or collapse, leading to a decline in society’s gross output. Nevertheless, beyond the importance of stable laws and regulations, there is the fact that government does indeed produce output that is directly used by the rest of the economy,

such as public education, public transportation, public libraries, and public highways.

Closely related to this misconception is the equally incorrect idea that an individual’s income is the result solely of his/her own effort. From this, we get the common, and mistaken, belief that taxation involves a form of theft—taking away income earned entirely by the individual. The reality is that the production of anything

...all income has an individual and a social or collective component...

inevitably involves the use of inputs provided by others, including the use of knowledge (i.e. technology) inherited from the past or acquired through education. Production, and thus income, is impossible without relying on the inputs and knowledge provided by others.

The interdependence of the various “factors of production” is expressed in mainstream economics by the claim the marginal product of any input is dependent on the availability of other inputs. For example, the marginal product of labor is dependent on the availability of capital, so that changes in the amount and quality of capital will change the marginal product of labor, even if the quality of labor and

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Econ Department Moves; Student Lounge Opens

The Economics Department office has moved to SB 451 from its previous office on the third floor. Next to the new Department office is a lounge area designated for students. You are all welcome and encouraged to use the lounge for purposes of study, meetings, or enjoying the company of fellow students. When there, be sure to say hello to Jackie, Terrie, Elizabeth, and Jim.



National Zoo in Washington, D.C. Closed Due to Shutdown. Photo in public domain.

End of the Quarter Party!!

The End-Of-the-Quarter Party will be held on Friday, December 6, starting at 6 p.m. Don't be surprised if it is still going at 10 p.m. The party will take place at Trevor's Rustic Inn, 800 Kendall Dr, San Bernardino.

All Econ students and fellow travelers are welcome and encouraged to celebrate the end of the quarter with the Department.



Austerity

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its work intensity remains unchanged. In short, the income generated by labor depends on capital as well as labor. In like fashion, the income generated by business owners (and workers of course) depends on the context, and direct inputs, made available by government.

A related version of this same idea is present in the notion of multi-factor productivity, which in turn can be thought of as a version of Alfred Marshall's external economies of scale. The idea here is that the output that's generated by any one industry is due not only to the labor and capital that's available that industry but the way in which they're combined and interact, including managerial organization, economies of scale, research and development, new technologies, etc.

It is the combined use of all inputs, the synergy of their interaction, that explains output, not any one input by itself. When this idea is extended to the economy as a whole, indeed even when applied to a single industry, firm or worker, it should be obvious that government sets the context, and thus contributes to, the generation of real

...no income is generated independently of the contribution of others.

Econ Radicals Still Radical

Stephanie Attar and Dakota Hughes are reactivating the Department of Economics student club...Econ Radicals. They see the club primarily as an opportunity to discuss political economic ideas. All economics students are welcome to join the club and participate in its activities.

If you're interested in participating in Econ Radicals, you should check out their Facebook page, <https://www.facebook.com/econ.radicals>, and send them a message. The image below is taken from the club facebook page.



output and income.

In short, no income is generated independently of the contribution of others. Another way of saying this

is that, strictly speaking, all income has an individual and a social or collective component, and no one produces a product or generates income without the contribution of others. Government, in short, is a contributor to the output and income of individuals, firms, industries and the nation as a whole. As a result, the taxes the government collects are best seen as payments for government's contribution to production, and not a taking of income that was somehow generated without the input of the rest of society and of the government.

Government provides the context within which economic activity is

One does not need to be an econ major to understand the calamity that would follow.

carried out. The benefits it offers are often difficult to see, in part because they are so ubiquitous and taken for granted. The importance of government to the economy can be seen by imaging what would happen to the economy if all government activities were to suddenly stop: no fiat money, no public education, no Medicare, no Social Security, no property laws, no police, no military, no port authorities, no food inspectors, no public parks, no highway maintenance, no public sewer maintenance, and so on. One does not need to be an econ major

to understand the calamity that would follow. Yet, the GOP was willing to take the nation to the brink of such a calamity, precisely because it is convinced that government is parasitical.

However, perhaps it is not so much government per se they hate,

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Austerity

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but rather government programs that improve the condition of those least able to fend for themselves. If government were to eliminate all government programs laws—but keep those that pertain to property laws, police and military—then the relative power of the working classes would fall below its already low level today. In this new setting, businesses could hire workers at poverty wages, attack labor unions, ignore food safety standards, ignore the harm their activities cause to the environment, gut workers' pension funds, and more.

If the desire to create such a capitalist wonderland is indeed the true motivation for their anti-statist zeal, then what the right is upset about is that government is the one institution in society that is charged with the mandate to respond to the collective needs and wants of the people as a whole.

But this implies that the business class would be forced to comply with laws expressing the common good (such as food safety laws, environmental laws, minimum wages, recognition of unions, and so on).

If this is what rightist are truly upset about, then they are indeed endorsing the claim made by Adam Smith that “Civil government ... is in reality instituted for the defense of the rich against the poor...”



Change in Econ Offerings

The Department of Economics has made changes to when it offers some of its courses. First, we've begun to move most of our courses to a two-day per week schedule, either MW or TTH. We've eliminated most MWF offerings. Second, we are now offering two sections of Econ 300 per year (one in the Winter, at night, and one in the Spring, during the day) and two sections of Econ 302 per year (one in the Fall, at night, and one in the Winter, during the day).

The box below shows the pattern we *try* to follow in when we offer our courses (keep in mind that day means from 8 a.m. until 4 p.m.; night means 4 p.m. until 10 p.m.):

Econ 104, offered every Spring Quarter
Econ 200 & 202, offered every quarter days and nights
Econ 300, offered every Winter and Spring alternating between nights and days
Econ 302, offered every Fall and Winter alternating between nights and days
Econ 311, offered every quarter, not available to majors
Econ 322, offered every Winter quarter alternating between days and nights
Econ 333, offered every Spring quarter, days
Econ 335, offered every Fall quarter at night and every Spring quarter during the day
Econ 357, offered every Fall quarter during the day
Econ 360, offered every Winter quarter alternating between days and nights
Econ 372, offered every Spring quarter alternating between days and nights
Econ 410, offered every Fall during the day and every Spring quarter at night
Econ 421 offered every Fall quarter alternating between days and nights
Econ 430, offered every Winter quarter alternating between days and nights
Econ 435, offered every Fall quarter alternating between days and nights
Econ 443, offered every Winter quarter alternating between days and nights
Econ 445, offered every Spring quarter alternating between days and nights
Econ 450, offered every Spring quarter alternating between days and nights
Econ 460, offered every Winter quarter alternating between days and nights
Econ 475, offered every Winter quarter alternating between days and nights
Econ 480, offered every Fall quarter alternating between days and nights
Econ 490, offered every Spring quarter alternating between days and nights
Econ 500, offered every Spring quarter alternating between days and nights
Econ 520, offered every other Winter quarter
Econ 530, offered every Fall quarter alternating between days and nights
Econ 540, offered every other Winter quarter
Econ 600, offered every sixth quarter at night, not available to majors
Econ 630, offered every sixth quarter Spring quarter at night, not available to majors
Econ courses not listed above are seldom offered.

Staying Informed about Department Events and News

If you're receiving the *Coyote Economist*, then you're on our mailing list and everything is as it should be. But, if you know of an Economics Major, or an Econ Fellow Traveler, who is not receiving the *Coyote Economist* through email, then please have him/her inform our Administrative Support Coordinator, Ms. Jacqueline Carrillo, or the Chair of the Economics Department, Professor Mayo Toruño. Our phone number is 909-537-5511. You can stay informed by consulting:

Our Website - <http://economics.csusb.edu/>

Our Facebook Page - <http://www.facebook.com/pages/CSUSB-Department-of-Economics/109500729082841>

Chair of the Economics Department - mtoruno@csusb.edu

Class Schedule Winter 2014

Course	Sec	Title	Days	Hours	AM/PM	Instructor
200	1	PRINCIPLES MICROECON	MW	1000-1150	AM	ASHEGHIAN
200	2	PRINCIPLES MICROECON	MW	0400-0550	PM	ASHEGHIAN
200	3	PRINCIPLES MICROECON	TR	1000-1150	AM	MACDONALD
200	4	PRINCIPLES MICROECON	TR	1200-0150	PM	KONYAR
200	5	PRINCIPLES MICROECON	TR	0600-0750	PM	KONYAR
202	1	PRINCIPLES MACROECON	MW	0800-0950	AM	JORGENSEN
202	2	PRINCIPLES MACROECON	MW	0200-0350	PM	PIERCE
202	3	PRINCIPLES MACROECON	MW	0600-0750	PM	DILDAR
202	4	PRINCIPLES MACROECON	TR	1000-1150	AM	ALDANA
202	5	PRINCIPLES MACROECON	TR	0400-0550	PM	PIERCE
300	1	INTERMEDIATE MACROECON	MW	0600-0750	PM	PIERCE
302	1	INTERMEDIATE MICROECON	MW	1000-1150	AM	HARRIS
311	1	ECON K-8	MW	0400-0550	PM	CHARKINS
322	1	MANAGERIAL ECON	TR	0400-0550	PM	KONYAR
360	1	ENVIRONMENTAL ECON	TR	0600-0750	PM	DULGEROFF
430	1	INTERNATIONAL ECON	MW	0200-0350	PM	ASHEGHIAN
443	1	ORIGINS OF PE	MW	1200-0150	PM	NILSSON
460	1	LABOR ECONOMICS	TR	0200-0350	PM	MACDONALD
475	1	PUBLIC FINANCE	MW	0800-0950	AM	NILSSON
540	1	POLITICAL ECONOMY OF LA	TR	1200-0150	PM	TORUNO

Tentative Class Schedule Spring 2014

Course	Sec	Title	Days	Hours	AM/PM	Instructor
200	1	PRIN MICROECON	MW	1000-1150	AM	ASHEGHIAN
200	2	PRIN MICROECON	MW	0200-0350	PM	STAFF
200	3	PRIN MICROECON	MW	0600-0750	PM	JORGENSEN
200	4	PRIN MICROECON	TR	1000-1150	AM	ALDANA
200	5	PRIN MICROECON	TR	0200-0350	PM	MACDONALD
202	1	PRIN MACROECON	MW	0200-0350	PM	DILDAR
202	2	PRIN MACROECON	MW	0600-0750	PM	DIDAR
202	3	PRIN MACROECON	TR	0800-0950	AM	NILSSON
202	4	PRIN MACROECON	TR	0200-0350	PM	NILSSON
202	5	PRIN MACROECON	TR	0600-0750	PM	KONYAR
300	1	INTER MACROECON	MW	0200-0350	PM	PIERCE
311	1	ECON K-8	TBA	TBA		CHARKINS
335	1	TOOLS OF ECON ANALYSIS	TR	1000-1150	AM	MACDONALD
372	1	BUSINESS CYCLES	MW	0400-0550	PM	DULGEROFF
410	1	MONEY & BANKING	MW	0600-0750	PM	PIERCE
445	1	POLITICAL ECONOMY	TR	1200-0150	PM	NILSSON
450	1	GLOBAL ECONOMY	MW	0200-0350	PM	ASHEGHIAN
490	1	ECONOMETRICS	TR	0200-0350	PM	KONYAR
500	1	HIST ECON IDEAS	MW	1200-0150	PM	TORUNO
630	1	INTERNATION ECON ISSUES	T	0600-0950	PM	DULGEROFF