

Spring, 2024

*Preliminary syllabus, November 2023*

## **Values and Social Analysis Econ 438**

10:00-11:20 am Mon, Wed; [THH](#) 116

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Office: DMC 314

Office Hours: M 11:30-1:30 PM, and by email appointment

### **Course Description**

Factors that make values an essential feature of human society; how values develop, change, and are abandoned; the role of values in economic development.

### **Learning Objectives**

Overview of the history of Economic thoughts, the on-going debate about proper modeling and testing economic phenomena, the role of the state and policies and future challenges.

**Prerequisite(s):** Econ 303, Econ 305

## **Description and Assessment of Assignments**

**A Paper** – the paper should overview critically an academic paper or papers published during the last 20 years dealing with how values develop, change, and are abandoned; role of values in economic development, policies, and economic thinking. The paper should be not more than 20 pages, 1.5 space of text (this does not include the cover page, extended abstract, figures, tables and list of references). Outline of your papers will be presented in class during the last 2 weeks.

## **Grading Breakdown**

Midterm	(35%)	<b>Feb. 22</b>
Final	(45%)	<b>Apr. 12</b>
Final paper and problem sets	(15%)	
Participation	( 5%)	
Class Presentations: the last 6 meetings.		
<b>Final Paper Due Date:</b>		<b>May 2</b>

### **General readings include**

An online free resource (accessible via USC server) is The New Palgrave Dictionary of Economics [NPDE], covering all course topics at

<https://link.springer.com/referencework/10.1057/978-1-349-95121-5>

The list of NPDE links and other articles will be provided via the blackboard.

**Background readings** dealing with the history of economic thoughts on values and social analysis [available as kindle editions as well hard copies via Amazon]:

- Heilbroner, “The Worldly Philosophers : The Lives, Times and Ideas of the Great Economic Thinkers.” Touchstone; 7th Rev Edition, 1999.
- Hunt and Lautzenheiser, “History of Economic Thought, A Critical Perspective,” Third edition, Armonk: M. E, Sharpe, 2011.
- Reich, Sahami, Weinstein, “System Error: Where Big Tech Went Wrong and How We Can Reboot”, 2021.

## Course Schedule: Expected Weekly Breakdown

	Topics/Daily Activities	Readings and Homework
Week 1	Introduction	Khun's Paradigms hypothesis, evolution of research in natural and social sciences.
Week 2	Classical Theories of Value, Growth and Distribution, and non-Classical push back:	Beyond the Classical theories – the 19th and early 20th century: Adam Smith, David Ricardo, Malthus, Karl Marx, Alfred Marshall, Thorstein Veblen.
Week 3	“Modern Perspective?”	John Keynes, Friedrich Hayek, Joseph Schumpeter, Milton Friedman, Hyman Minsky, Gary Becker, Fama
Week 4	Current Debates I Behavioural Economics	Behavioural Economics versus neo classical Paradimes, Daniel Kahneman and Amos Tversky, Richard Thaler

Week 5	Current Debates II Controlled experiments, Econometric	Controlled experiments, Econometric use and abuse, Calibration use and abuse, and other challenges. Banerjee, Duflo, Kremer, Deaton
Week 6	Macro-Economics, Growth and Development Debates	Modern Neo-classical paradigm, Lucas, Kydland. Prescott
Week 7	Measuring economic progress: I	Income Comparisons, Happiness, Subjective well-being, the Easterlin Paradox and Public Policy; Relative income, income inequality and happiness inequality.
Week 8	Measuring economic progress: II	The Stiglitz Commission report The role of public policy in facilitating economic growth and happiness
Week 9	Performance and social progress.	Economic instability and crises. Institutions, values, history, polarization and inequality matters in accounting for the observed patterns.

Week 10	Post Global Financial Crisis Debates:	Tail Risks, Principle Agent, Shadow Banking, Rent seeking and economic performance. Financial Cycles. Tirloe, Schleifer, Rajan
Week 11	Finance, growth and instability	Is “too much finance” bad for economic growth? Save capitalism from capitalists. Modern incarnations of populism. Fintech and financial stability.
Week 12	Tragedy of the Commons	Global warming debate and policies, Pandemics and public health. Ostrom, Nordhaus, Weitzman
Week 13	‘System Error: Where Big Tech Went Wrong And How We Can Reboot.’	IT, Artificial Intelgence and the Robtic Revolution: promises and challenges Acemoglu; Reich, Sahami, Weinstein
Week 14-15	Class presentations, overviewing your final paper <b>The last 6 meetings</b>	There will be two extra weekend meetings for class presentations, April 21 and 22.

**Readings: the links below are accessible via USC server**

**Week 1: Introduction, Khun's Paradigms hypothesis, the evolution of research in natural and social sciences.**

**NPDE (New Palgrave Dictionary of Economics) Paradigms Publishing and Measuring Success in Economics and Science. VoxEu 2020  
Introduction and Chapter 6**

**Week 2: Classical Theories of Value, Growth and Distribution, and non-Classical Push Back**

**NPDE Classical Economics ;  
NPDE Marshall, Alfred (1842–1924), Veblen, Thorstein Bunde (1857–1929)**

**Week 3: Modern Perspective?**

**Keynes, John Maynard (1883–1946); Friedman, Milton (1912–2006); Fama, Eugene F. (1939–)**

## **Week 4: Current Debates, Behavioural Economics**

Kahneman, Daniel (Born 1934); Shiller, Robert J. (born 1946)

S Benartzi, RH Thaler Myopic loss aversion and the equity premium puzzle  
QJE, 1995.

## **Week 5: Current Debates, Controlled experiments, Econometrics, Simulations**

NPDE Lucas Critique ; Prescott, Edward Christian (Born 1940)

AV Banerjee, E Duflo, Giving credit where it is due Journal of Economic Perspectives 24 (3), 61-80

Deaton, Angus. Randomization in the tropics revisited: a theme and eleven variations. No. w27600. NBER. 2020.

## **Week 6: Macro-Economics, Growth and Development Debates**

Lucas, Robert, E Jr. 2003. "Macroeconomic Priorities ." American Economic Review, 93 (1): 1-14.

G Ramey, VA Ramey 1995 Cross-country evidence on the link between volatility and growth AER



J Aizenman, N. Marion. 1999 Volatility and investment: interpreting evidence from developing. countries. *Economica*

**Week 7-8: Measuring economic progress:**

**NPDE** Easterlin Hypothesis

Report by the Stiglitz Commission on the Measurement of Economic Performance and Social Progress

<https://worldhappiness.report/ed/2018/> ;

<https://worldhappiness.report/ed/2021/>

Perez-Truglia, R. 2020. "The Effects of Income Transparency on Well-Being." *AER*, 110 (4): 1019-54.

**Week 9-11: Instability and crises; Performance and social progress; Post Global Financial Crisis Debates**

R. G. Rajan Has Finance Made the World Riskier?

R. Rancière, A. Tornell, F. Westermann Financial Liberalization

JL Arcand, E Berkes, U Panizza Too much finance?- Journal of Economic Growth, 2015

A review of R. G. Rajan and L. Zingales's Saving Capitalism from the Capitalists, R Sylla - JEL, 2006

Ò. Jordà, M. Schularick, A. Taylor <https://voxeu.org/article/leveraged-bubbles> , 2015

Ò Jordà, B. Richter, M. Schularick, Alan Taylor What has bank capital ever done for us?. 2017

T. philippon The Great Reversal: How America Gave Up on Free Markets, Ytube 2019

## **Week 12: Tragedy of the Commons**

Olstrom [https://doi.org/10.1057/978-1-349-95121-5\\_2047-1](https://doi.org/10.1057/978-1-349-95121-5_2047-1)

Economics of Climate Change

Balint et al, 2017, Complexity and the Economics of Climate Change: A Survey and a Look Forward

## **Week 13: System Errors?**

Reich, Sahami, Weinstein, “System Error: Where Big Tech Went Wrong and How We Can Reboot”, 2021 (ytube)

D. Acemoglu Harms of AI, NBER 2021

## Statement on Academic Conduct and Support Systems

<https://dornsife.usc.edu/ase/statement-on-academic-conduct-and-support-systems/>

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### Academic Conduct:

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, “Behavior Violating University Standards” [policy.usc.edu/scampus-part-b](https://policy.usc.edu/scampus-part-b). Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, [policy.usc.edu/scientific-misconduct](https://policy.usc.edu/scientific-misconduct).

## Support Systems:

*Counseling and Mental Health - (213) 740-9355 – 24/7 on call*

[studenthealth.usc.edu/counseling](http://studenthealth.usc.edu/counseling)

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

*National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call*

[suicidepreventionlifeline.org](http://suicidepreventionlifeline.org)

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

*Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press “0” after hours – 24/7 on call*

[studenthealth.usc.edu/sexual-assault](http://studenthealth.usc.edu/sexual-assault)

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

*Office of Equity and Diversity (OED) - (213) 740-5086 | Title IX – (213) 821-8298*

[equity.usc.edu](http://equity.usc.edu), [titleix.usc.edu](http://titleix.usc.edu)

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

*Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298*

[usc-advocate.symplcity.com/care\\_report](http://usc-advocate.symplcity.com/care_report)

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity | Title IX for appropriate investigation, supportive measures, and response.

*The Office of Disability Services and Programs - (213) 740-0776*

[dsp.usc.edu](http://dsp.usc.edu)

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

*USC Campus Support and Intervention - (213) 821-4710*

[campussupport.usc.edu](http://campussupport.usc.edu)

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

*Diversity at USC - (213) 740-2101*

[diversity.usc.edu](http://diversity.usc.edu)

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

*USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call*  
[dps.usc.edu](https://dps.usc.edu), [emergency.usc.edu](https://emergency.usc.edu)

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

*USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120*  
*– 24/7 on call*  
[dps.usc.edu](https://dps.usc.edu)

Non-emergency assistance or information.

*Office of the Ombuds - (213) 821-9556 (UPC) / (323-442-0382 (HSC)*  
[ombuds.usc.edu](https://ombuds.usc.edu)



A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.