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Towards a Just Economy with Video Clips

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Introduction

In a bid to shift the focus from the technicalities of stylized mathematical problems and towards addressing real world issues, I came across Romeo (2024) which was promoted at the CORE website.[1] This is not to take away from the important task set up by Keen (2022, p. 143) who opines that "failing to do mathematical modelling cedes to the Neoclassicals" and that "the mathematical foundation of a post-Neoclassical economics is system dynamics". However, my approach at the ECON 101 level has been to expose students to pluralist perspectives through short video clips, and there is some literature that connects heterodox economics and critiques with animation clips (Jahangir, 2021; 2023). In this regard, Romeo (2024) provides an excellent opportunity to introduce students to alternative ways of achieving a more just economy. This is because each of his book chapters can be paired up with short videos of less than 5 minutes each that do not take much of class time and which can be helpful in retaining student interest. As Sexton (2006) mentions, the use of 3–5-minute short video clips to highlight economic principles can "break up the monotony of a straight lecture". In what follows, seven short videos are showcased along with a synopsis of the main ideas offered by Romeo (2024).

Romeo is clear that a just economy includes fairness and sustainability, which necessitates solutions to real world issues of economic inequality, climate change, loss of good jobs, casualization of jobs, and erosion of democracy (pp. 3-4). His book illustrates practical solutions of true prices that reflect the impact of goods on humans and the environment, job guarantee that addresses community needs, gig work based on a public platform, worker cooperatives that limit the wage gap between CEOs and workers, trusts where the goal of business is not profit maximization but purpose like environment protection or profit sharing with employees, and participatory budgeting where citizens decide democratically (pp. 9-11).

However, before delineating the practical solutions chapter by chapter, he sets up the stage with the state of economics education. Like other popular writers, he is critical of neoclassical economics and argues that its technocratic jargon that pretends to be value neutral is based on certain ethical and political positions (pp. 8-9). Often, such positions serve the status quo by rationalizing doing nothing to combat economic inequality and by arguing for minimal governments. Additionally, through education based on self-interest and utility maximization, neoclassical economics prepares undergraduate economics students to be less cooperative (p. 42). In terms of alternatives to neoclassical economics, he illustrates the critique by Ha-Joon Chang who finds the CORE textbook as "fundamentally neoclassical" and one that lacks genuine economic pluralism (p. 44). However, Romeo's objective is not to critique economic theory or to provide alternative ways of teaching

[1] "CORE in the news" section (news item from 18 January 2024), https://www.core-econ.org/press/.

economics, as there already exist options like Keen (2011) and Komlos (2023) respectively. Rather, his objective is to illustrate practical solutions towards achieving a just economy as follows.

True Price

https://www.youtube.com/watch?v=MiO6w_mn5Us
Join the movement of True Price Stores!
3:42 min

This video clip can be shown to illustrate the concept of a true price, which, according to Romeo, accounts for externalities by covering various categories of damage during production, i.e., impact on climate, water, land, and workers (p. 51). He argues that no amount of value added for shareholders, consumer convenience, or job creation can justify the exploitation of child labour or elimination of biodiversity (p. 57). However, he is critical of labelling or certification, as many labels do not include all externalities or damages. For instance, he illustrates that Fairtrade labels do not guarantee that the workers involved earned a living wage (p. 119). Likewise, organic products may have a large carbon footprint, produced by workers that don't earn a living wage, and may come from a farm based on the destruction of a biodiverse rainforest (p. 52). Overall, a true price offers an alternative that minimizes the limitations of other labels like Fairtrade or Organic.

Living Wage

https://www.youtube.com/watch?v=GT85WC0qhBc
What is a Living Wage?
1:28 min

This video clip can be shown to illustrate the difference between a minimum wage and the superior alternative of a living wage. An example of the latter is the company Well Paid Maids in Washington D.C. where the job is based on predictable work schedule, health and dental benefits, and commuting costs paid by the employer (p. 84). Romeo argues that society faces a choice to either pay a living wage or pay indirectly through taxes when the working poor access hospital services or social safety programs (pp. 86, 101). He also argues that shareholder right to dividends should be subordinate to worker right to a living wage, and therefore, corporations that do not pay a living wage should not pay dividends (p. 100). Alternatively, corporation success should be gauged by the ability to pay a living wage, therefore those unable to pay a living wage should go out of business (p. 101). Overall, compared to the minimum wage, the alternative a living wage brings greater stability in the lives of the precariat through higher paying stable jobs instead of low paying casual jobs.

Job Guarantee

https://www.youtube.com/watch?v=grlGk6U9U7k
Say Goodbye to Lousy, Low-Paying Jobs: The Benefits of a Jobs Guarantee | Robert Reich
3:24 min

This video clip can be shown to illustrate a job guarantee that would connect discouraged workers and others with good jobs in the green economy and the care economy. Additionally, a job guarantee would act as an automatic stabilizer during economic downturns. According to Romeo, a job guarantee can put pressure on the private sector including gig companies, Amazon, and fast-food corporations to improve wages and work conditions (pp. 123, 138). This is important as work offers a source of esteem, structure, and purpose in life whereas unemployment is associated with depression, addiction, suicide ideation, and domestic problems (p. 124). Thus, a job guarantee offers the benefit of increased mental and physical health, which may allow it to be budget neutral, and by reducing unemployment it can help prevent the rise of extremism, as in the 1930s (pp. 138, 148). Romeo also argues that just as we do not want to argue for a natural rate of starvation, we can avoid rationalizing the natural rate of unemployment (p. 137). Overall, a job guarantee offers a viable alternative to a UBI (universal basic income), which is increasingly being considered with a future with impending automation.

Gig Work on a Public Platform

https://abc30.com/prop-22-california-2020-ca-what-is/6557878/
What is Prop. 22? Voters to decide if app-based drivers should be classified as employees or contractors
1:28 min

This video clip can be shown to illustrate the power differential between unions and corporations in the context of proposition 22 in California that denied gig workers benefits like paid sick time and employment insurance (p. 149). Romeo notes that corporations including Uber, Lyft, and Doordash spent over $200 million in their campaign to support Proposition 22, and consequently Uber and Lyft valuation increased by $13 billion after the proposition passed (p. 149). He highlights that operating gig work on a public platform means workers can see a diverse array of jobs offered by various employers instead of only one type of work on a private gig work platform (p. 152). He adds that a public platform for gig work would include health care and retirement benefits, access to job training, and would have smaller transaction fees thereby leaving more for wages and benefits (p. 160). Moreover, a public platform for gig work can put pressure on private gig work platforms to improve wages and benefits and leave corporations with the choice to “adapt or perish” (pp. 154, 157). Overall, like a job guarantee, a public platform for gig work offers a viable alternative that helps restructure the economy away from low paying gig work without benefits.

Worker Cooperatives

https://www.youtube.com/watch?v=8Zol0C1mPek
The Mondragon Cooperatives
2:41 min

This video clip can be shown to illustrate that companies can have objectives other than profit maximization, as in the case of cooperatives that emphasize job creation. According to Romeo, at the Mondragon cooperative, workers vote equally on decisions related to salary and policy, and during economic downturns, they reduce their salaries or work hours to preserve jobs (p. 184). Additionally, executive pay is capped at 6 times the pay of the lowest paid workers (p. 184). This helps limit economic inequality, as in the case of the U.S. where CEOs earn as much as 350 times the workers. Moreover, contrary to the stereotype that cooperatives are inefficient, Mondragon has many businesses including a grocery store chain, industrial manufacturing, technological research and consulting services, has more than 500 patents, and owns subsidiaries in China, Germany, and Mexico (p. 185). Romeo adds that many academic studies show that cooperatives are at least as profitable as conventional firms because worker incentives are aligned, as they benefit when the firm does well, and because they suggest improvements through democratic participation (p. 199). Overall, a worker cooperative offers an alternative to corporations by broadening the focus from shareholder value maximization to other stakeholders like workers and the community.

Purpose-based Companies

https://www.youtube.com/watch?v=4kPTDVil9tk
Meet Trust Neighborhoods
2:17 min

This video clip can be shown to showcase Trust Neighbourhoods, which according to Romeo, are based on a MINT (mixed income neighbourhood trust) whose purpose is to provide affordable housing by purchasing a portfolio of real estate (p. 242). This is achieved by subsidizing the majority of housing units in the portfolio by the minority of units that are offered at market rates (p. 242). Moreover, a MINT removes real estate from the speculative market (p. 244), which facilitates the provision of affordable housing. Generally, such purpose-based companies have other objectives like sharing profit with workers, protecting the environment, or hiring former incarcerated folks (pp. 215-216). Overall, like worker cooperatives, purpose-based companies shift the focus away from shareholder value maximization and towards alternative goals like the wellbeing of workers and the community.

Participatory Budgeting

https://www.youtube.com/watch?v=XQTPcbGC1ko
Cascais Participatory Budget
4:10 min

This video clip can be shown to showcase participatory budgeting in the city of Cascais in Portugal. According to Romeo, participatory budgeting facilitates citizens to democratically debate on the use of public funds, which improves the quality of public works (p. 248). Overall, the case of participatory budgeting in Cascais provides one practical example of participatory socialism, which according to Piketty (2021) requires citizen involvement, as change will not come from the top echelons of power.

Building Equity

In the final chapter, Romeo highlights the alternatives of ESOPs (employee stock ownership plans) and a National Investment Authority. Both options are ways to address the hollowing out of the middle class by allowing them a share in capital ownership (p. 283). According to Romeo, the benefits of technological development predominantly went to capital owners and not workers and therefore ESOPs were created to remedy for unequal access to technology driven profits (p. 225). However, he cautions that worker ownership is no substitute for taxation or regulation, as not everybody works including the retirees, the sick, and the unemployed (p. 282).

Romeo mentions that a National Investment Authority can mobilize private capital towards long term investment in the green economy and essential supply chains (p. 306). By obtaining an equity share in companies, it can improve wages and work conditions, and divert private capital away from

speculative activities, asset stripping and layoffs (p. 307). This is because such equity investment can be made contingent on companies offering a living wage, capping CEO-worker pay ratios, or providing employee ownership (p. 309). Overall, while the proposal for a minimum inheritance for all has already been offered by Piketty (2021), Romeo provides practical examples to achieve the goal of sharing capital ownership through the alternatives of ESOPs and a National Investment Authority.

Concluding Remarks

In conclusion, Romeo highlights inequality and climate change as the two defining problems of the 21st century, which must both be addressed, as neither a green economy with wealth inequality nor wealth equality on a destroyed planet are appealing options (p. 281). He breaks the binary of public versus private by stating that public-private initiatives can start from the private sector with living wage and true price or with the public sector with job guarantee and public platform for gig work (p. 320). Overall, through practical examples of a true price, living wage, job guarantee, gig work on a public platform, worker cooperatives, purpose-based companies, participatory budgeting, and broad-based equity, he provides viable alternatives to the neoclassical model of the economy based on the myopic goal of shareholder value maximization. Based on his book, it becomes clear that the alternative towards a just economy is already here.

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