



Three's a Crowd:
My Dinner Party with
Karl, Leon, and Maynard

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PREFACE

This working paper is one of a collection of papers, most of which were prepared for and presented at a festschrift conference to honor the life's work of Professor Thomas Weisskopf of the University of Michigan, Ann Arbor. The conference took place on September 30 - October 1, 2011 at the Political Economy Research Institute, University of Massachusetts, Amherst. The full collection of papers will be published by Elgar Edward Publishing in February 2013 as a festschrift volume titled, *Capitalism on Trial: Explorations in the Tradition of Thomas E. Weisskopf*. The volume's editors are Jeannette Wicks-Lim and Robert Pollin of PERI.

Since the early 1970s, Tom Weisskopf has been challenging the foundations of mainstream economics and, still more fundamentally, the nature and logic of capitalism. That is, Weisskopf began putting capitalism on trial over 40 years ago. He rapidly established himself as a major contributor within the newly emerging field of radical economics and has remained a giant in the field ever since. The hallmarks of his work are his powerful commitments to both egalitarianism as a moral imperative and rigorous research standards as a means.

We chose the themes and contributors for this working paper series, and the upcoming festschrift, to reflect the main areas of work on which Tom Weisskopf has focused, with the aim of extending research in these areas in productive new directions. The series is divided into eight sections, including closing reflections by our honoree himself, Professor Weisskopf. Each section except for the last includes comments by discussants as well as the papers themselves.

The eight sections are as follows:

1. Reflections on Thomas Weisskopf's Contributions to Political Economy
2. Issues in Developing Economies
3. Power Dynamics in Capitalism
4. Trends in U.S. Labor Markets
5. Discrimination and the Role of Affirmative Action Policies
6. Macroeconomic Issues in the United States
7. Applications of Marxist Economic Theory
8. Reflections by Thomas Weisskopf

This working paper is 1 of 3 included in Section 1.

- Jeannette Wicks-Lim and Robert Pollin

Three's a Crowd:
My Dinner Party with Karl, Leon, and Maynard

A ONE ACT PLAY IN SEVEN SCENES TO CELEBRATE
THE LIFE AND WORK OF TOM WEISSKOPF^{1,2}

Samuel Bowles

PROLOGUE

Narrator

Years ago, a time when Tom and Sam were young colleagues and neighbors, one of Sam's daughters would ask if she could have some friends over to play. When Corinna would ask, he'd say sure you can invite Lizzie, or else it should be Joey, Susan and Lizzie. Two kids have fun. Or four. Not three.

He had learned the hard way that with three kids somebody is going to feel left out.

Looking back, he still can't figure out why, after a long absence, he had invited Maynard, Karl, and Leon to dinner that evening. He'd have to spend most of the evening in the kitchen, and with three around the table there was bound to be trouble.

"I should have invited Tom." He mused. (Pause)

It started well enough...

ACT ONE

SCENE ONE: ACADEMIC SCRIBBLERS

Open onto a professor's dining room as Karl enters. Leon and Maynard are already seated at the table..

Karl

(warmly shaking Leon's hand as he rises)

Leon, I am very sorry that we were not able to meet that summer in 1862 when we vacationed on the same lake in Switzerland.

(Pause, Leon starts to say something but Karl continues)

Perhaps I could have persuaded you that even your modest market socialist reforms could be implemented only by a revolutionary working class.

Leon

Had I known of your interest in mathematics, Karl – may I call you Karl? – I certainly would have looked you up.

Maynard

(suddenly interested)

You, Karl, interested in math?

Leon

(cutting in)

Why surely, Maynard, you know that Karl wrote extensive notes on the calculus and had told his friend Fred in 1873 that one could “infer mathematically ... an important law of crises.”

Maynard

Sorry, Leon, but that was exactly ten years before I was born.

Karl

(quietly)

...and I died.

Maynard

(having not heard Karl’s comment)

But it does suggest a way that we can avoid the usual polemics when liberals, market socialists and revolutionaries perchance meet: we can restrict ourselves to mathematical statements.

(Pauses)

Let’s see if we can model the determination of the real wage and the level of employment.

(Pauses again, then with detectable condescension).

That’s what socialists are interested in, right?

They three set to work.

Karl

That's a linen napkin you're writing on there, Maynard!

Maynard

(startled)

You don't write on your napkins here?

Narrator

It *was* Sam's grandmother's fancy napkin, but he realized he could now sell it on E-Bay for a bundle.

Sam enters with a stack of napkins.

Sam

These are left over from one of Eve's birthday parties; don't mind the balloons.

(suddenly)

You haven't even touched the crackers and cheese!

He refills their glasses. Maynard, Leon, and Karl do not look up from their work. The silence continues.

Sam

(to himself)

Academic scribblers.

Sam exits.

After a long while, one by one, Maynard, Leon, and Karl eventually put aside their pens, and when they do, each smiles a bit.

Leon

(with a twinkle in his eye)

You're the youngster, Maynard. You go first.

Maynard

Not at all, Leon. Karl has been around a lot longer than either of us, and he should give us his thoughts.

SCENE TWO: KARL'S NAPKIN

Karl

You all remember my reserve army of the unemployed?

Maynard and Leon both nod.

Karl

(continues)

Well, since I passed on there are some fancy new models of this; the most famous one -- “Unemployment as a worker discipline device” – was written by two guys who had never even *heard* of the reserve army; they thought it was something like ROTC or the national guard.

(pause)

But who cares? It tickles me to think that after a century of economics following your lead, Leon, the term “worker discipline” has crept back in.

The tension in the room builds, but Karl continues.

Karl

(continues)

Does that tell you something about your idea that you could eliminate people entirely from your models and as you once wrote: “‘simply consider the productive services as being, in a certain sense, exchanged directly for one another?’

Leon

Karl, we both have read Shapiro and Stiglitz, so you can skip the commentary...

(pause)

...I mean, details.

Karl

(unfazed)

These models are based on the fact that while a worker's time is something that can be contracted for, *her* effort is not.

Leon

(ironically)

Excellent use of the feminine pronoun, Karl.

Maynard

(with equal sarcasm)

Yes, bravo.

Karl

(appearing not to notice the others' comments)

That's where the "worker discipline" comes in; and the threat of unemployment does the job.

Leon

We understand your idea, Karl, let's see your equation.

Karl

Effort...

(he beams particularly brightly as he says the word)

...is determined by workers in response to the incentives and sanctions devised by the employer. These include monitoring and the threat of job termination if the worker is observed shirking.

Leon

Wait just a minute, Karl. Since when does a worker who refuses to work at the break neck speed demanded by his – OK her – employer get to be called a shirker?

Karl

It's just a word.

(gaining momentum)

The worker's effort choice depends on the present value of having the job, so it varies positively with her wage and inversely with her fallback position.

Leon

When did you learn to talk like that, Karl?

Maynard

Fallback position?

Karl

Yes, that's a new one, too, Maynard; it comes from game theory, something those Princeton boys figured out right after World War II, when you were reorganizing the world financial system and, it seems, not reading any economics.

Maynard manages to keep quiet...

Karl

There's a lot of evidence for this model. It was taken up by Bob Sutcliffe and Andrew Glyn and Jim Crotty and Raford Boddy.

Leon looks at his watch.

Karl

(continues)

Later Tom Weisskopf and his friends used it to show that periods of high employment are associated with a profit squeeze and a productivity slowdown.

(beaming)

They named it after me, the "Marx effect", and the Brookings Institution even published it.

Leon and Maynard smile too.

Karl

(continues)

Tom and his *Freunde* also showed that the labor discipline model predicts empirical movements in real wages just as in my figure.

Maynard

(sarcastically)

Don't keep us in suspense.

Karl holds up his napkin.

Maynard & Leon

(together)

Very nice.

Karl

Just in case anyone failed to get the point, I've added two arrows indicating how the wage would change for states not on my "reserve army locus."

(He smiles.)

The juxtaposition of the archaic and modern terminology amuses me.

Narrator

Nobody had said a word about how good the chicken had tasted, but Sam didn't really expect them to notice. He brought in some dessert.

Leon

Okay, Karl. I'll go next.

Karl

One more thing about my picture, before you start, Leon. Given the level of the unemployment benefit, any point in w, H space determines how hard the worker is working.

[see Figure 1]

SCENE THREE: LEON'S NAPKIN

Leon

I'm glad you added that, Karl, because this solves the remaining problem I was having with my picture.

Leon is silent for a minute; he is writing another equation.

Leon

(continues)

Ok, *allons-y!* You just said that I can write the worker's effort as

$e = e(w, H, b)$

and I'll assume that this determines the level of output per worker.

The other two frown, Karl whispers something inaudible to Maynard. .

Maynard

Doesn't that depend on the technology in use and the capital stock per worker?

Leon

Not in my model. The capital goods per worker is identical for all workers. And just in case anyone is going to worry about relative prices let's say that there is just a single commodity in the economy and it is used for both investment and consumption.

Karl

(smiling)

Like corn?

(aside)

Leon is sounding like David Ricardo.

Leon

(impatiently)

Yes, like corn.

Leon

(continues)

Well, if we know the wage, the output per worker and the capital stock per worker, then we know the rate of profit on the capital stock that is in use. We'll suppose that capital is mobile between sectors so that there tends to be a single common profit rate in the economy.

Karl

(scowling)

You're kidnapping my model, Leon.

Leon

I'm just paraphrasing what you wrote in "Equalization of the General Rate of Profit Through Competition" in *Capital, Volume III*.

Karl

(to himself)

You actually *read* that?!

Leon

So we can write the profit rate as

$$\pi = \pi(w, H; b)$$

where the function is decreasing in all of its arguments.

Karl

It's just my reserve army of the unemployed in action.

Leon

If the profit rate on capital goods in use exceeds the opportunity cost of capital, which I'll call δ , then new firms will form, increasing the level of employment. And this will go on until $\pi = \delta$.

I call this equation the zero profit condition.

Karl

(impatiently)

What's the take home message, Leon?

Leon

The take home message, if you insist on calling it that, is that for a given level of the unemployment insurance benefit (b), opportunity cost of capital (δ), and the wage (w), there is just a single level of employment H^* such that the number of firms in the economy will be unchanging. So I can write the zero profit condition like this:

Voilà!

Leon displays his napkin.

Maynard

Why don't you put in those little arrows like Karl did so we can know what happens 'out of equilibrium,' as I'm sure you would put it.

Narrator

Leon did, but here the arrows were horizontal rather than vertical because it was n , and therefore H that was adjusting.

Leon returns to his chair. He looks pleased, which Maynard decidedly does not. He is already on his feet, pacing before the two of them.

[see Figure 2]

SCENE FOUR: MAYNARD'S NAPKIN

Maynard

You don't have to be an Eton Mathematics Prize winner to figure out where this is going, and I don't like it.

Leon looks like he had been physically attacked.

Leon

Chill, Maynard!

... but Maynard is not even looking at him.

Maynard

(continues)

I'll tell you why.

(staring at Leon)

The next thing you're going to do is to slap your silly zero whatever you call it curve on top of Karl's and think you've solved the problem: two equations in two unknowns.

Leon

(quietly with a smile and a nod)

C'est ca.

Maynard is not listening.

Maynard

(picking up steam)

You've been eating too many of Sam's brownies, Leon.

No one laughs.

Maynard

(continues)

Okay, let's get back on track. And who's going to buy the goods that are produced?

Silence.

Maynard

(continues)

Karl, are you going to go along with Leon invoking this Say's law crap? You had some pretty harsh things to say about Jean Baptiste when you were alive, called him 'mindless' as I recall.

Karl

(conciliatorily)

I thought you'd like my part of it, Maynard, it shows why you don't need any wage rigidity or other 'market imperfections' to have unemployment.

Maynard and Leon react in surprise.

Karl

(continues)

And along with Leon's 'zero-whatever-it-is' thing we have a general equilibrium with unemployment.

(Aside)

I would point out the problems with Maynard's theory of the labor market, but I have never favorably quoted a University of Chicago economist, and I'm not about to start at this age (which I guess would be 193).

Maynard

(incredulously)

Let me instruct you boys on some basics.

(pause; calmer)

I'll try to fit my ideas into the model you've proposed so far. (Pauses briefly) I can write the determinants of aggregate demand as functions of the wage and the employment level because that's all I need to know to determine savings, investment and government borrowing (if I assume that that's how the unemployment benefit is financed). .

Karl

How does this fit into what Leon and I have done?

Maynard

Well, that's what I'm getting at, Karl: it doesn't. You'll see. In order for total supply to equal total demand, intended savings – that's just profits minus government borrowing – must be equal to intended investment: I write this as

$$s - g = i.$$

How it connects to your graphs is that each of these terms can be written as a function of the real wage and the level of employment.

Leon

What do you get when you do that.

Maynard holds up his napkin. He had already added the little arrows showing what happens when there is excess demand.

[see Figure 3]

Leon

(working the logic of Maynard's picture on his napkin)

I see that your function has the pleasant implication that higher wages are consistent with greater employment. But depending on the savings and investment functions, it go the other way, your function could slope downward.

Maynard

Right you are, Leon, but when dining with two socialists one has to present ideas in as palatable a way as possible to avoid disruptive outbursts.

Leon

(smiling)

Very kind.

Karl smiles, too.

Narrator

But a cloud of impending doom crept through the open window and hung in the room. They all sensed that things were bound to head South now that everybody's napkins were on the table.

A foreboding silence ensues.

Maynard

(breaking the silence)

What we have here, gentlemen, is an embarrassment of riches.

(aside)

I must admit, it's rather generous of me to describe the others' equations as riches, but this is, after all a dinner party, not the Cambridge Union..

Maynard snatches the three napkins up, places them one on top of the other, and holds them up to the light.

Maynard

(pointing at his napkin)

Come 'round here gentlemen and tell me what you see.

[see Figure 4]

SCENE FIVE: THE IMPASSE

Karl

The system is over-determined.

Narrator

Sam, listening behind the kitchen door, wished that his friends Steve Resnick and Rick Wolff could have heard that. It didn't really matter that

Karl had not used the word exactly as they do: he had actually *used* the word. But Sam said nothing.

(Pause)

Maynard wrote the letters **a**, **b**, and **c** at the three intersections in the figure; you could tell he was putting on his professorial hat. He placed a hastily scribbled table before the other two

[see Table 1]

Maynard

Here's the bad news. At point **a**, Karl, both your equation and mine are satisfied (that's what M K means), so wages and the employment level of firms are stationary. But because the profit rate exceeds the opportunity cost of capital, new firms are entering, so H cannot be stationary. At point **b** total employment is stationary because both the zero profit condition and the zero excess demand condition hold, but workers are receiving more than the wage that maximizes employer profits, so wages must be falling.

Maynard

(continues, resigned)

I won't even bother explaining point **c** its the same story.

Leon

Had we all drawn our functions in different positions, there would be a different set of three intersections. For example at point **a** it could be that the profit rate falls short of the opportunity cost of capital, so firms would exit rather than enter.

Karl

This doesn't really change anything.

Leon and Maynard nod. The room is silent again.

Narrator

At that point they might have simply taken their leave and gone to bed a little depressed. Sam wasn't happy either, but he was pretty sure this was the best he could hope for. But that's not what happened.

Maynard

One of your equations is going to have to budge.

(to Leon)

Leon, why don't we drop Karl's equation? It's all based on his daft idea that the labor market is special, that labor is not something you can buy on a market, or rent, I guess would be better.

Karl

What I guess, Maynard, is that you haven't read any microeconomics since you passed on. Incomplete contracts are now standard fare especially for labor market models. They've discovered my distinction between labor and labor power without even knowing it. Stiglitz had never heard of it.

Maynard

(to Karl)

Well, Karl, I wouldn't mind if we dropped Leon's equation either...so we could have a model --

Leon

(interrupting Maynard)

-- in which the profit rate could remain well below the opportunity cost of capital indefinitely.! What planet are you on, Maynard?

Narrator

And that's when the wheels *really* began to fall off the wagon. Leon and Karl reverted to their native tongues so as to be able to draw on a richer array of insults. Sam thinks he heard *cretin*, *Schwachsinniger*, *dummkopf*, and bloody imbecile but only the last would have meant anything to him

Maynard hurls a bun at Karl. Leon, using his fork as a catapult, fires a brownie back at Maynard.

SCENE SIX: THE MIRACLE

There is a knock at the door.

Sam

(entering from the kitchen)

A knock on the door! Never good news at this time of night. Who?

(He peers offstage.)

Good. Not the neighbors or the cops. But what is Tom doing here?

Leon, Karl, & Maynard

(at once)

Tom? !

Tom

(surprised)

Hello, Maynard. Karl. *Bon soir*, Leon. I didn't realize I was interrupting.

Leon

Not at all! Please, join us for *une petite gorgée du vin*.

Tom

Ah, bon. Avec plaisir.

Sam

(he fills their glasses)

Gentlemen, you'll both have to speak in the local language, please.

Narrator

Leon quickly brought Tom up to speed about the impasse

Leon

Karl, Manyard, have I left anything out?

Both men shake their heads.

Maynard

(playfully)

Tom, I wonder if those clever chaps at MIT that might have taught you something that would help us break our impasse.

Tom

(smiling)

Not really. But I wouldn't want to speak ill of my former teachers after all these years. .

Maynard

(packing his briefcase, including the linen napkin)

Well, we are very pleased you have joined us.

Tom

But I do have an idea about how you can get your curves – class struggle, aggregate demand, and competition – to work together.

(Pauses)

I am the only one here – excepting Sam, who is still hiding in the kitchen – born in a democratic country.

Maynard

(interrupting)

What are you talking about Tom? My *grandfather* voted!

Tom

(continues, without addressing Maynard directly)

There were property ownership requirements for suffrage in England until Maynard was 35 years old, for example, not to mention women being disenfranchised until even later.

Maynard

What does that have to do with our impasse, Tom?

Tom

Everything. Typically when economists face a problem of over-determination like this they think of some market – real or imaginary – that will automatically adjust one or more of your pesky equations so that all three coincide at some point. But, instead, sometimes politics does the adjusting.

Maynard had returned to his chair at the table. All the men listen to Tom.

Tom

(continues)

Let's think about pont c. Workers are being laid off and unemployment is rising. The public is worried both for the unemployed and about their own

jobs. A bill to raise unemployment benefits is quickly passed. What's that going to do?

Karl

It will raise my class struggle function in the figure: the higher fallback position of workers will lead employers to raise wages (for any given level of employment).

Karl drew the new curve on the impasse napkin. Maynard barely waited for Karl to finish.

Maynard

(interrupting)

And the increase in government borrowing (and the consumption of the unemployed that it financed) would shift my aggregate demand function to the right.

Maynard drew his new curve, placing it exactly where the process of adjustment to the increase in the unemployment benefit would come to a halt because the three functions coincided.

Maynard

(continues)

And that takes care of our over determination problem

Leon

Voilà!

[see Figure 5]

The three elders smiled, nodding. They resume cheery conversations with each another, happy to put an end to the arguing. One hears the sound of clinking glasses. Tom sips his wine. Leon looks at his watch.

Leon

It's getting late *Au revoir*, Sam!

Karl

Tschüss, Tom!

Maynard

Good evening, friends.

Leon

Oh! The chicken was *delicieux*. *Au revoir!*

Sam shuts the door behind his guests and faces Tom.

SCENE SEVEN: POST MORTEM

Sam

Well, what do you think about my guests?

Tom

A convivial bunch.

Sam rolls his eyes.

Sam

If only you knew what had been going on when you knocked on the door.

(pause)

There's something else, Tom.

(long pause)

If it was so easy for you to figure this out, why did we adopt such a limited model in our papers and books with David?

Both pause and remain a few moments in silence.

Sam

(continues)

We basically took a Marxian system of production and wage determination as the supply side of our model and married that to a classical profit driven investment system for the demand side.

Tom

Not quite. We did not think aggregate demand was unimportant, but rather we had view that the position of Maynard's excess demand equation was a political football.

Sam

Football?

Tom

When profits are falling, due to what employers considered to be ‘excessive labor demand,’ fiscal and monetary authorities would be pressed to restrict aggregate demand so as to restore a more employer-friendly labor market situation.

Sam

You’re right, Tom – that was our story about the productivity slowdown, profit squeeze and policy reaction in the late 1960s and 1970s.

Tom

(smiling)

It fits perfectly with the model these three guys put together this evening.

Sam

(skeptically)

It does?

Tom

(continues, looking around)

Have we used up all the napkins yet?

Sam gives Tom the last napkin, and Tom scribbles.

Tom

(continues)

Have a look at this.

Tom turned it around towards Sam.

[see Figure 6]

Tom

(continues)

Point **a** as before is a case where the class struggle and aggregate demand functions are satisfied but the zero profit condition is not, but now profits are less than the opportunity cost of capital, so firms are leaving. What happens? Employers press for more restrictive macroeconomic policy to put some teeth back into the threat of unemployment, shifting the aggregate function to the left and restoring a three way coincidence of the functions

Sam

And the result would be a restoration of the profit rate brought about by a fall in wages and employment.

Tom

We even estimated functions representing the fiscal response to the declining cost of getting sacked. Just like Glyn and Sutcliffe and Crotty and Boddy.

Sam

...just like Crotty and Boddy and Glyn and Sutcliffe.

(pauses)

One more thing, Tom, before you go?

(again, pauses)

After David passed away, you stopped working on these things and moved on to study the transition economies and affirmative action.

Tom

(interrupting)

...and *you* drifted off into the economics and biology of human cooperation.

Sam

Are you ever sorry you moved on?

Tom

(pauses, thinking)

No.

Sam

And about tonight, Tom? Maybe I was wrong about three's a crowd. Perhaps what goes for kids doesn't go for economics. It really would have been less fun if it had been two rather than three -- only Karl and Leon, or Leon and Maynard or Maynard and Karl. It would have been too easy for them to agree. And you would have just been another guest sipping wine around the table.

Tom

(muses for some time)

Three really worked for us, Sam.

Sam

(looks at is watch)

Thanks for coming by, Tom, you worked a miracle.

Tom

Don't be ridiculous. Good night!

Sam

Good night, Tom!

THE END

SOURCE NOTES

vacationed on the same lake in Switzerland. The playwright recalls that in his youth Wm Jaffe (Leon's biographer) mentioned this to him, but it may not have really happened.

infer mathematically ... an important law of crises. Marx (1983)

"Unemployment as a worker discipline device" Shapiro and Stiglitz (1984)

"simply consider the productive services as being, in a certain sense, exchanged directly for one another" Walras (1954 [1874]):71

taken up by Glyn and Sutcliffe (1972) Crotty and Boddy (1975)

a series of papers showing that periods of high employment are associated with a profit squeeze and productivity slowdown. Most of them collected in Bowles and Weisskopf (1998)

predicts ... movements in ... wages Bowles (1991) See also Blanchflower and Oswald (1994)

any point in w, H space determines how hard the worker is working. Bowles and Boyer (1988)

"Let me instruct you both on some basics." Maynard's model is from Bowles and Boyer (1995), Bowles and Boyer (1990) and Bowles and Boyer (1988)

slap your silly zero whatever you call it curve on top of Karl's and think you've solved the problem As is done in Bowles (2004)

requirements for suffrage in England Therborn (1977)

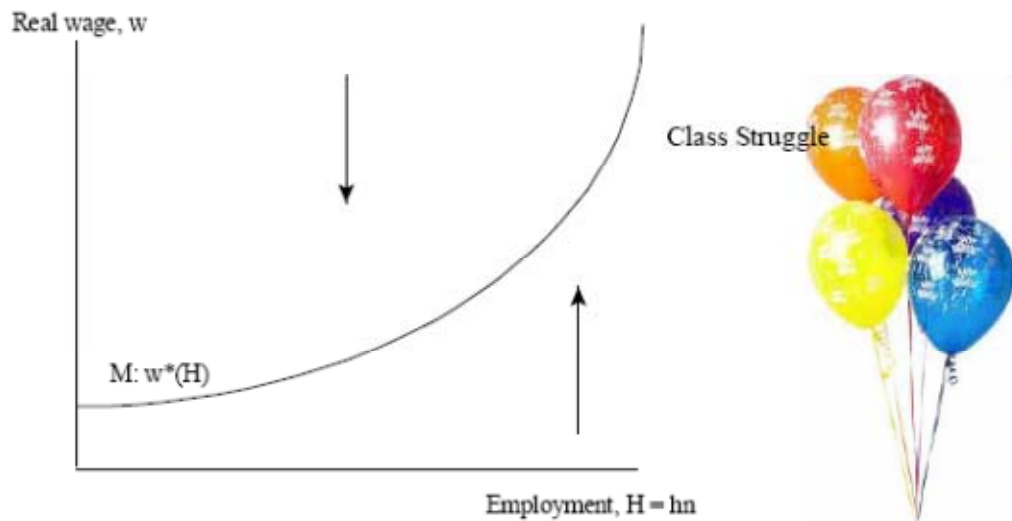
our papers and books with David [Gordon] "Bowles, Gordon, and Weisskopf (1983b), Bowles, Gordon, and Weisskopf (1983a), Bowles, Gordon, and Weisskopf (1989) and Bowles and Weisskopf (1998)

estimated fiscal response functions to the declining cost of getting sacked Bowles, Gordon, and Weisskopf (1983a):

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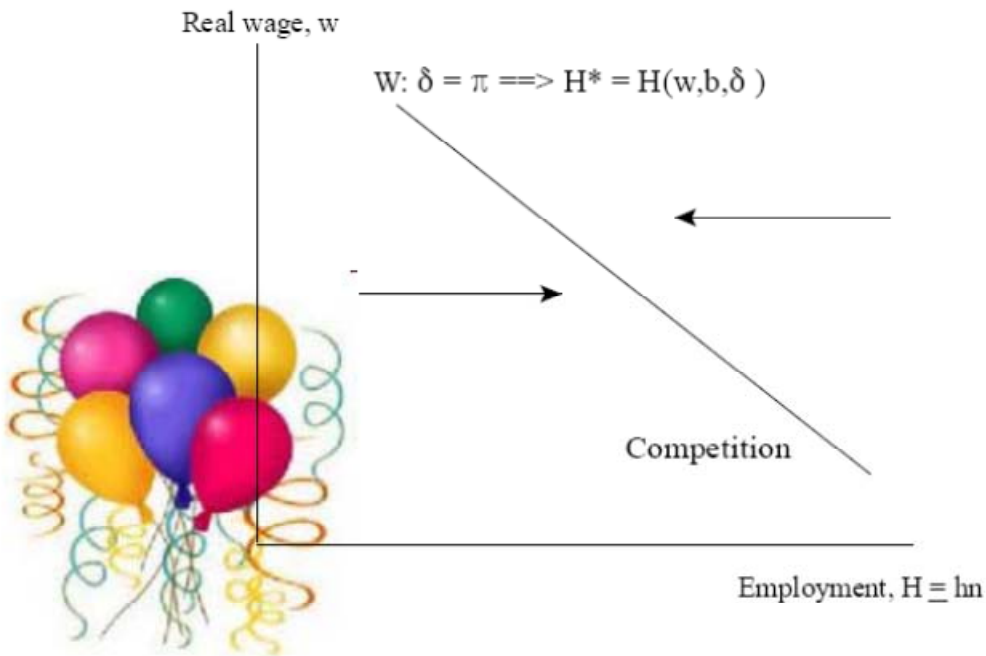
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Figure 1. Karl's Napkin: Class Struggle



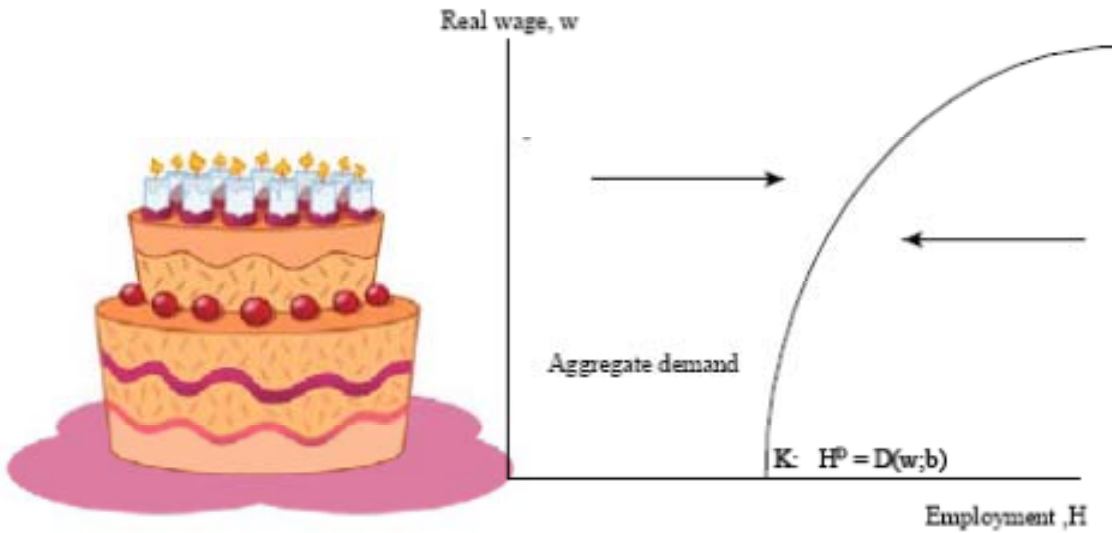
Notes: The letter h is the number of workers hired per firm and n is the number of firms. The arrows indicate changes in wages that firms adopt when the Marx (class struggle) function: $w^*(H)$ is not satisfied.

Figure 2. Leon's Napkin: Competition.



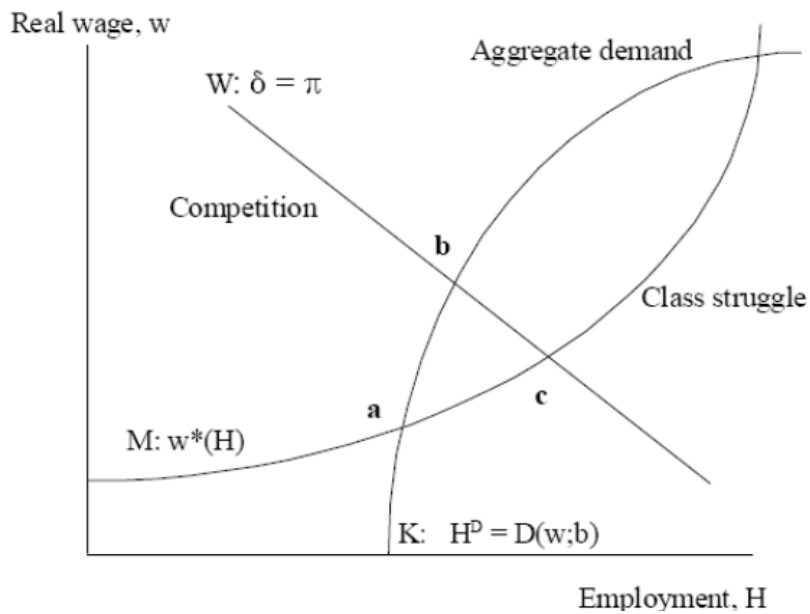
Notes: As in Figure 1, h is the number of workers hired per firm and n is the number of firms. The arrows indicate the change in employment resulting from the entry and exit of firm when the Walras (competition) function $\delta = \pi$ is not satisfied.

Figure 3. Maynard's Napkin: Aggregate demand



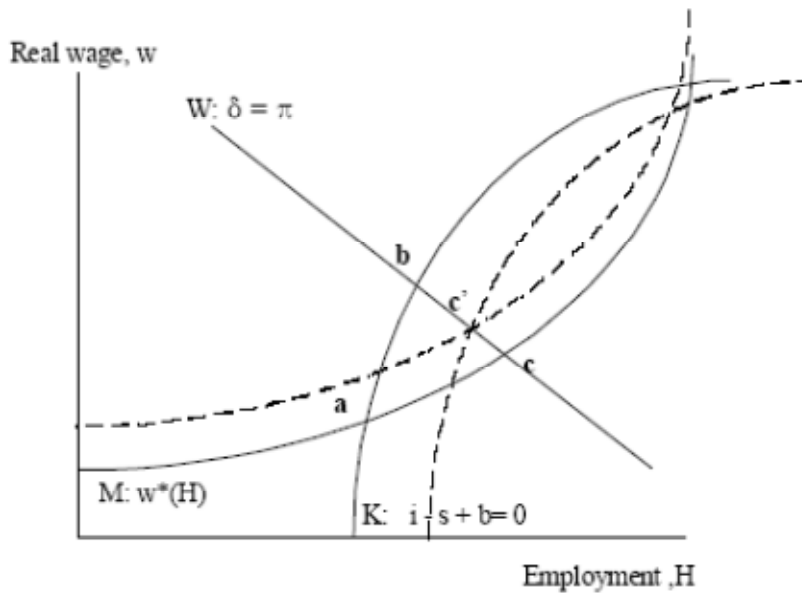
Notes: The arrows indicate the changes in employment due to excess aggregate demand or deficient aggregate demand when the Keynes (Aggregate demand) function $H^D = D(w; b)$ is not satisfied.

Figure 4. The Impasse



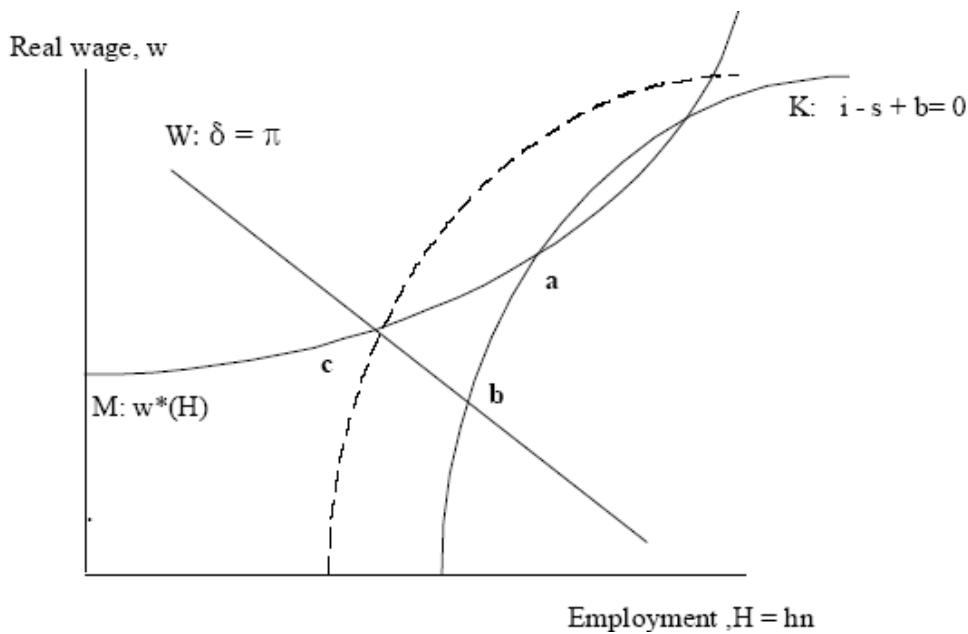
Notes: Over-determination by Class struggle (the M equation), competition (W) and aggregate demand (K)

Figure 5. Tom's solution



Notes: As employment falls (from point c) workers demand greater unemployment benefits, increasing workers bargaining power and raising aggregate demand. The dashed lines indicate the upward shift in the class struggle function and the increase in aggregate demand due to the increase in unemployment benefits. The new (not over-determined) outcome is c' .

Figure 6. Tom's version of the model in his joint works with Sam and David



Notes: Capital responds to the high employment profit squeeze (point a) by restricting aggregate demand, and establishing a new (not-over determined) outcome at c with lower wages, higher profits and lower employment.

Table 1. Maynard’s taxonomy of over-determinations

Intersection	Stationary	Not stationary: reason	Change
a: $M \cap K$	w, h	n: because $\pi > \delta$	Firms enter, total employment increases
b: $K \cap W$	n, h	w: because $w > w^*$	Wages and effort fall
c: $W \cap M$	n, w	h: because $D^x < 0, H^D > H$	Total employment falls

Notes: $M \cap K$ means that both the Marx and Keynes equations are satisfied (and therefore the Walras equation is not). $K \cap W$ and $W \cap M$ are defined analogously. Notation: w = wages; h = workers per firm; n = number of firms; π = profit rate; δ = opportunity cost of capital, w^* = equilibrium wage given by the class struggle function; D^x = excess demand; H = total employment; and H^D = employment level for which $D^x = 0$.

¹Thanks to Tess Lerner Byars for assistance in the playwright’s debut.

² Historical note: This play was first performed at the Political Economy Research Institute at the University of Massachusetts on 30 September, 2011 as the opening of the commemoration of the life and work of Tom Weiskopf with the following roles: Marx (Herbert Gintis); Keynes (Gerald Epstein); Walras (Nancy Folbre) with the author and the Festee playing their own parts.