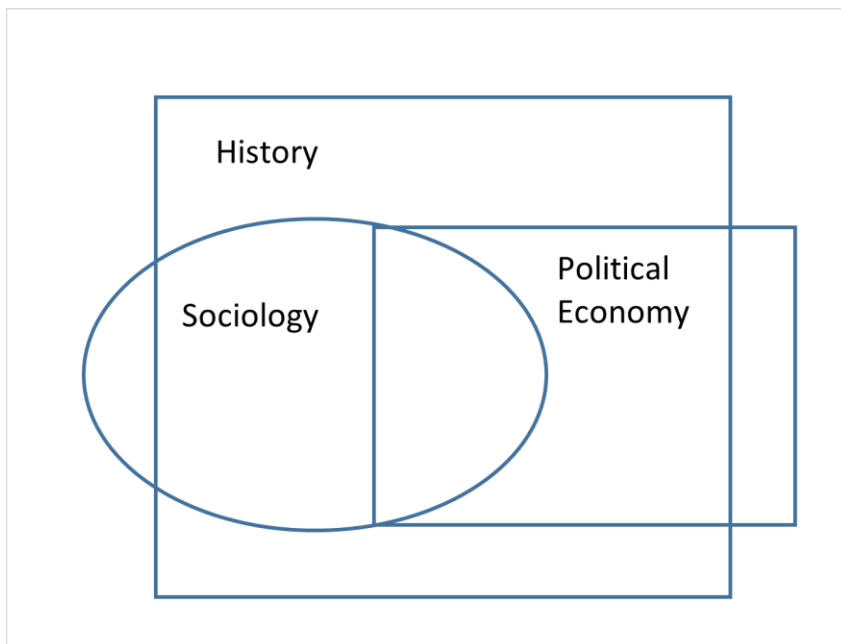


Cameron M. Weber

Research Statement for Political Economy

My overall research project in the field of political economy is a critique of the regressive distributional effects of many economic policies and policy-making, most specifically in the United States, although some of these political economy ideas may be generally applicable. My motivation for research is to help create awareness of the unintended consequences of normatively or positively bad policy, and therefore to then hopefully contribute to improvements in the human condition through the use of innovative, analytical and critical political economy.

Political economy is to keep in mind the relationships between historically-formed institutions and habits, and as a discipline which interacts with sociology and the paths of history. We can't isolate economics from the larger society in which the economy is embedded. My research method is interdisciplinary.



An example of research in this direction is a chapter I wrote for a book on the Basic Income (see CV), where I find that we can replace all US government corporate- and social-welfare programs and redistribute the savings to everyone 18 years and older in the United States at slightly less than one thousand dollars per month, an equal payment for everyone at just below the poverty level.

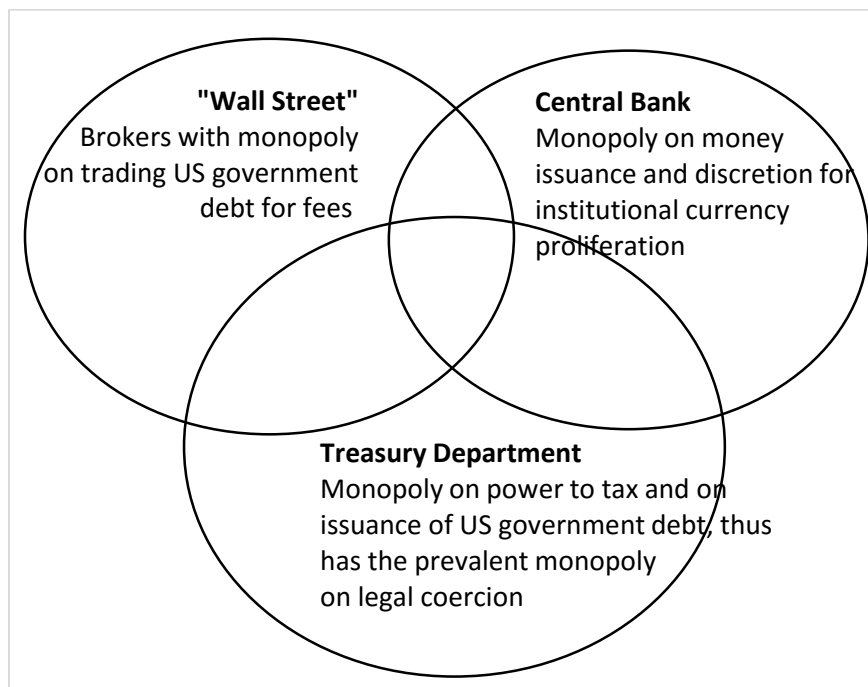
This way instead of only certain people and firms receiving social-spending, every individual receives the same amount and at the same rate and under a general-universal rule of law. In this Basic Income essay I also trace the historical roots of the growth of the federal welfare state in the US, to the detriment of local mutual-aid, and devise a method to categorize and quantify what is corporate and social welfare and what is not.

Another family-resemblance avenue of research in which I am engaged is the regressive nature of an expansionary monetary policy (attempts to lower the “natural” interest rate) by central banks over time. Monetary expansion brings both *consumer inflation* (Keynesian economics means that prices have an upward price-bias relative to a non-activist central bank which would be price-level neutral) and *asset bubbles*, such as in the real estate, fine art and stock markets, and as we have seen recently in the valuations of social media firm equity offerings. [See Weber 2013 <http://cameroneconomics.com/spainpaper.pdf> on the monetary foundations of the US and international housing bubble and crash of 2007-8 and Weber 2011 <http://cameroneconomics.com/eea-art.pdf> on the positive relationship between the money supply and the market for fine art over the long-term].

Relatively devaluing purchasing-power harms those with less disposable income (the staples of life cost more than had there not been monetary expansion by the central bank) more than those with greater disposable income (monetary easing creates a regressive sales tax).

In fact those with higher disposable income are positively effected by easy money because this class have more disposable income to invest in appreciating asset markets. We see this in the great monetary appreciation of the international modern art market over the last half-decade or so (we may also view the tapering-off of the Fall 2015 art prices at auction as reaction towards the Fed’s recent pronouncements signaling potential interest-rate increases).

In my research I am critical of orthodox central banking policy and orthodox economics and the fact that we have reduced human action down to a monopoly-driven benchmark interest-rate. Does economic activity really stand-still as we wait for the central bank oracle? The Fed chairs (and US Treasury executives) have been given too much discretionary power under the rule of law, and as especially realized during the financial crisis of 2007-8 (more on which below). I and others in this research field call this revolving-door relationship “crony-capitalism”.



Institutions of crony-capitalism in the United States

For example in the period set-off by the financial crisis of 2007-8, Hank Paulsen, who was *Republican* George W. Bush’s treasury secretary at the time of the crisis, allowed Lehman Brothers to fail while bailing-out AIG. Lehman was a competitor to Goldman and AIG owed Goldman sums of money in counter-party agreements. Prior to the Treasury Paulsen was the Goldman Sachs partner in charge of the China desk. The Peoples Bank of China owns more than \$1 trillion in US

government and US government-guaranteed debt (which of course has generated monopolistic fees and bonuses for Goldman Sachs and others while selling this debt). What's worse is that this debt pays for current spending while passing-off re-payment of the debt to future generations.

Timothy Geithner, who was *Democrat* Barak Obama's first treasury chief, was previously the President of the New York Federal Reserve Bank (the NY Fed is responsible for international dollar flows). The Obama administration nationalized the bankrupt General Motors and gave equity shares to the United Auto Workers. The UAW are big donors to Democrat party campaigns. Crony-capitalism is historically-derived and, despite contemporary political rhetoric to the contrary, bi-partisan in the United States.

I am currently researching how monetary easing and expanded federal tuition loan programs have meant tuition increases more than twice that of inflation since 2001, education being an asset-class; human capital (see Weber 2015 <http://cameroneconomics.ipower.com/cmw-canon.pdf>). My motivation for this research is that I have been teaching economics and economic history for over the last 6 years to at least 150 students per year, many of whom are facing this debt.

Another example is the US government guaranteeing mortgage-backed bonds at 100% through Fannie Mae and Freddie Mac, something which encourages banks to prioritize volume over quality in their lending standards [see my research proposal on how these policies helped lead to the financial crisis of 2007-8, <http://cameroneconomics.com/cantillon-housing.pdf>]. These policies create subsidized assets (socialized risk and private profit) and create the moral hazard of a "too big to fail" treasury department and central bank policy. People who are encouraged to buy homes they can yet afford are less mobile to find work or start businesses if they can't sell their home after a bust. And when its bailout time it seems to be the politically well-connected who receive transfers, not those that might create new value.

Related to policy consequences I have written on the negative influence of foreign aid on human rights in 'developing' countries and as aid as a tool and vestige of the Cold War, specifically in West Africa (Weber 2012 <http://cameroneconomics.com/jad-cmw.pdf>), where I worked on aid policy and projects as a member of the US Foreign Service and was a specialist on the West African Monetary Union (WAMU) prior to doctoral studies in New York.

Another avenue of research intersecting policy-making and value-creation is exploring the relationship between art, the individual, society and the state. This was the focus of my dissertation (completed August 2015, <http://cameroneconomics.ipower.com/dissertation.html>). For example as a critique of orthodox consumption theory, I find that the experience of art, and as consecrated through art museums, can offer a better utility of life-time consumption than if someone consumes only for comfort, in given, known and unchanging preference bundles as is usually assumed under neo-classical economics.

Art brings novelty value for those not used to fine art. However the consumption, appreciation, of fine art carries the risk of experiencing the unknown, it is for this reason that museum education programs can bring value to those less educated in art (education in art can improve generational equity and community cohesion). I am currently rewriting this dissertation chapter upon request for a special journal issue related to “time and economics”. Other research interests here are how art can be used by the state for control and how art can be used by those who are against state hegemony at a given time and place.