Toward a New Paradigm: Political Economy in the 21st Century

Alexander M. Betley

St. Olaf College
“It is not only species of animal that die out, but whole species of feeling. And if you are wise you will never pity the past for what it did not know, but pity yourself for what it did.”

— John Fowles, *The Magus*

Sir Robert Harry Inglis Palgrave’s *Dictionary of Political Economy* is not a short work. The extensive three volume collection, published between 1894 and 1899, is a full-blown compilation of most knowledge on economics and political economy at the turn of the century, comprising, according to Palgrave’s introduction, “an absolutely new field in English literature” (Palgrave, 1908, p. vii).

Broad in scope, Palgrave sought for his dictionary to move beyond the “old and formerly well-recognised boundaries” of past study. New and burgeoning fields such as the “historical school” and the “mathematical method of study” (a harkening to the works of figures such as Francis Edgeworth, Stanley Jevons, and Léon Walras-- what would later come to be termed the neo-classical or marginalist revolution) would supplement the topics developed by the Adam Smiths, Thomas Malthuses, John Stuart Mills, and Karl Marxes (Palgrave, 1901, p. v). Yet it was clear to Palgrave that even these new fields, important as they were (and remain), were “far from exhausting the countless ramifications of inquiry… rightly thought necessary for the complete investigation of a study bounded only by the requirements of human life in every social relation” (Palgrave, 1901, p. V; emphasis my own).

It is a bit difficult to ascertain what Palgrave exactly meant by the “requirements of human life in every social relation.” Did he mean, as many political economists before him did, that economics was only concerned with the production and consumption of commodities,

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1 For more on this, see the chapter entitled ‘The Victorian World’ in Robert Heilbroner’s esteemed *The Worldly Philosophers*. 
particularly the means and relations by which these commodities were consumed and produced?\(^2\)

Or did he mean, as J.S. Mill believed, that political economy merely referred to a science of wealth, considering “mankind as occupied solely in acquiring and consuming wealth” (Mill, 1948, p. 138)? I find it more likely that Palgrave, like his dictionary, was intentionally broad, employing the term “bounded only” to express the porous nature of political economy as a somewhat limitless and imaginative field transcending—though these topics certainly make up much of its base—the mathematical technicalities of production, consumption, and wealth. Indeed, one would find immense difficulty limiting the “requirements of human life in every social relation” to the formal field of “economics” alone. Would such a broad boundary not call upon its students to investigate the psychology of human relations, the politics, and perhaps even the artistic output? Moreover, if we are to submit ourselves to the foundational concepts of production and consumption, wealth and capital, distribution, and so on, is it not possible (dare I say necessary?) that we look to fields beyond orthodox economics to elucidate the ways in which these foundations operate within society at large?

This is precisely what this paper argues— for a political economy “bounded only by the requirements of human life in every social relation.” This includes an analysis and accounting for the role of the state and other actors on economic processes, as well as a role for normative thought. Tracing the historical division, and then following this tracing with the work of three of today’s most prominent political economists, this paper hopes to demonstrate that political economy is not just alive and well, but also pivotal to addressing today’s foremost social, political, and economic challenges.

\(^2\) Indeed, this is the manner in which many of the earliest political economists defined their field. Political economy, as James Mill defined it, is merely “to ascertain the law… according to which the production and consumption are regulated by those commodities…. which the intervention of human labour is necessary to procure” (Mill, J., 3).
Beginning to understand this complexity is political economy’s goal. For too long now the economics field, aided by “benevolent dictators” and godly knowledge, wielding the scepter of abstruse mathematical models, has pushed out its critics on “scientific” grounds. As we will see, this is not so much a matter of theoretical rigor (I myself feel quite comfortable leaving the labors of rational actor fictionalizing to theory once and for all), but one of practical application. If economics, as any serious social science demands, is going to posit and attempt to solve the issues society throws its way, it must transform its take on the field. As any field of critical inquiry requires, economics must avoid doctrinaire and dogmatic methodology and thought, dispense with the charade that normative valuation is somehow antithetical to the field (Indeed, if we are to strive towards a more perfect society, mustn't we have a normative barometer with which to gauge our successes and failures?), and embrace diversity of opinion, methodology, and thought. This belief, suppressed though it has been, is not revolutionary. In fact, it has been the method of some of the most groundbreaking and influential work in the economics field. As one political economist has noted, “The more interesting economists to most readers of the history of ideas are those who, from Adam Smith to John Maynard Keynes, offer such an avowedly normative perspective within a larger political economy framework, using tools of conventional analysis modified to meet their purposes” (Tabb, 1999, p. 16).

The fact is that there are real, complex problems to solve-- dealing with the economic, social, and political effects of global climate change, striving towards full employment, managing wealth and income inequality, handling the intricacies of globalization-- and it is the imperative of intellectuals, economists among them, to aid in solving these problems. Disinterested theoretical “objectivity” in economics, forever shielding itself behind the power
dynamic of its own underlying assumptions as scientific fact, and thereby obscuring these socially-fluid assumptions, undermines thoughtful, real-world, policy-oriented problem solving. This is not to say that we should forsake intricate and, no doubt important, abstract mathematical modeling, but abstract mathematical modeling cannot do it alone. It is true that models can be tinkered with to account for various social inputs in producing their outputs, but, as J.S. Mill correctly noted many years ago, politics and social processes are complex, and so, impossible to experiment with reliably. There is no laboratory for the human condition but time and society itself; the same laboratory historicists and empiricists, political economists and economic scientists alike inhabit. The human condition-- if the reader would allow me to invoke the broad sense of humanism running through literature and art and history and political theory-- is most marked by unpredictability and spontaneity; the desire to control for behavior is fraught with ethical and psychological, not to mention practical, dilemmas. In the world of social and political and economic reality, there is no, in Bacon’s terms, experimentum crucis (Mill, 1948).

And so, “economic science” must only be applied and considered within the bounds of culture, historical change, political institutions, and various social relations. All of these factors weigh in, oftentimes in unquantifiable ways, on economic processes. In what becomes something of an art-form, the political economist accounts for these features, and so can offer broad-based, holistic policy advice, as well as political vision. Indeed, if the ultimate goal of the social sciences is to more deeply understand our world, its social relations, and strive towards justice and equality, the considerate approach of the political economist is sorely needed now more than ever. As Edward Said has said, “Everyone today professes a liberal language of equality and harmony for all. The problem for the intellectual is to bring these notions to bear on
actual situations where the gap between the profession of equality and justice, on the one hand, and the rather less edifying reality, on the other, is very great” (Said, 1994, p. 94).

**The Difference Between “Economics” and “Political Economy”**

William K. Tabb begins his book, *Reconstructing Political Economy*, with a chapter aptly entitled “The Two Cultures in Economics (Tabb, 1999). Beginning with a Schumpeter quote on the “preanalytic cognitive act” called “vision,” Tabb proceeds to tell that there are two types of economists-- an “A” type and a “B” type (p. 18). Per the Schumpeter quote, much of one’s approach deals with their vision for economics as a whole. The A type of economist is today more common-- a logical positivist following in the tradition of economics as an a priori discipline, that is, one purely theoretical and divorced from the constraints of the real world such as time and political institutions. Indeed, neither of these matter much to many of the A type economists. Time is not only not of the essence, but it, in fact, sometimes doesn’t exist at all, making the logical empiricist always theoretically true. As for political institutions, some of the A type economists in the past have gone as far as suggesting their theoretical world be governed by a “benevolent dictator” with perfect knowledge, as well as complete charity and goodwill towards his subjects (Frey, 1978). Given infinite boundaries, liberties, and alternate universes, it is always possible to finagle oneself to justification of one’s point. The A type economist might be logical within their theoretical landscape, but would be far less comprehensible in the concrete life of everyday people.

The B Type of economist is one cut from the mold of the greats: Adam Smith, Karl Marx, Veblen, Keynes, Schumpeter, Galbraith, and so on. As mentioned in the introduction,
these political economists did not attempt to detach themselves from the real world, but to solve its very real issues. They believed in normative thought, varieties of human behavior, and the ways in which their ideas might be realistically applied or understood (Tabb, 1999, p. 16). Nor do they attempt to wiggle free of material and psychological constraints. Rather, these feature prominently into their analyses; such is the root of ideas like Keynes’s famed “animal spirits” (Keynes, 1936). These are the type of thinkers that would fully embrace Palgrave’s call to be bounded only by the “requirements of human life in every social relation.”

Tabb perhaps explains the distinction most succinctly:

The A group takes physics as its model. Not modern physics, with its interest in chaos and complexity, but seventeenth-, eighteenth- and nineteenth-century physics, bolstered by a theorem-driven mathematical fundamentalism. B science (which ironically is more like modern physics than is A type economic science) is historical, institutional, and comparative. Contingency and agency are important for B type economists” (p.18-9).

In a word (and if complete polarities must be drawn), A type economists are the economists of *homo economicus*; B types are those of *homo sociologicus*, along with her many creations. A type economists are economic “scientists.” B type economists are, essentially, political economists. The motto of the A type economist is “pure theory and pure theory alone.” The motto of the B type is “theory, practice, and social contingency.”

**Historical Change in the Profession**

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3 Keynes, for example, insisted that he was saving capitalism from itself: a lofty task to be sure, and one that requires a fair deal of consideration for how consumers and producers actually behave in the world. Marx is another example whose thought could not possibly be more dominated than by the material world-- indeed, it forms the basis of his theory of history.
This division in the economics profession didn’t occur overnight. While there was
disagreement over the epistemological bases of political economy in its early years,\textsuperscript{4} there was
little sign of the mathematically-driven, profit-maximizing determinism of today’s orthodox
mainstream. Tracing the evolution of Palgrave’s original dictionary through to its modern
counterpart, \textit{The New Palgrave Dictionary of Economics, 2nd Edition}\textsuperscript{5}, demonstrates this in quite
a profound way. For instance, the original Palgrave’s entry on “economic law” explicitly states
no such law is an exact science. Rather:

“In economics, where the conditions are dependent, not on the inanimate forces of
natures, but on the variations of human feeling, passion, sentiment, and taste, it may well
be thought that no generalisation, comprehensive enough to be useful, can be made…

\textsuperscript{4} This particularly relates as to whether or not economics and political economy are to be treated as an immutable
science. Within classical political economy, this related to iron laws that held at all times much in the same way
gravity holds at all times. At Tabb notes, David Ricardo would be firmly in the A type camp, where his law of rent
belongs. Thomas Malthus, Ricardo’s contemporary, friend, and intellectual sparring partner, would be of the B
type. This is perhaps most evidenced by Malthus’s introductory statement to his 1827 \textit{Definitions in Political
Economy}: “It has sometimes been said of political economy that it approaches to the strict science of mathematics.
But I fear it must be acknowledged, particularly since the great deviations which have lately taken place from the
definitions and doctrines of Adam Smith, that it approaches more nearly to the sciences of morals and politics”
(Malthus, 1827, p. 2). Moreover, as Malthus continues, not everyone will agree on definitions in “such sciences as
morals, politics, and political economy” (p. 3). Whereas Ricardo believed in hard-and-fast rules, Malthus
acknowledged that what used to be called moral philosophy (today’s social sciences) would inherently be a field
of Political Economy; And On the Method of Investigation Proper to It,” offers his nuanced, considerate approach.
He, like Malthus, attributes political economy to the “laws of mind” rather than the “laws of matter,” that is, to what
we would call today the social or soft sciences. For Mill, political economy is “the science relating to the moral or
psychological laws of the production and distribution of wealth,” especially as this science relates to the social state
(Mill, 1948, p. 133). In this sense, he falls in the B type camp. However, he also believes that political economy
“pretends as though man were only concerned with wealth alone” (p. 140). Furthermore, he ultimately deduces that
political economy as a discipline can only operate upon \textit{a priori} logical truths as opposed to \textit{a posteriori} experience.
\textit{A Posteriori} observation should only supplement an \textit{a priori}-determined theoretical framework. Experience only
serves as evidence to support or negate theoretical systems. And yet Mill also admits that the “moral sciences” and
politics are immensely complex and, if to be completely verified, are needing of the laboratory of the hard sciences.
However, no such laboratory exists and never will. Thus, the “affairs of states” are more an art than a science that
should only be partially informed by the speculation of \textit{a priori} political economy. In Mill’s own words: “No one
who attempts to lay down propositions for the guidance of mankind, however perfect his scientific acquirements,
can dispense with a practical knowledge of the actual modes in which the affairs of the world are carried on, and an
extensive personal experience of the actual ideas, feelings, and intellectual and moral tendencies of his own country
and of his own age” (p. 155). Thus, while political economy must make some unrealistic assumptions, its practical
implications must be highly qualified. In a sense, Mill is saying to the profession, “Yes, use your models, explore
mathematics; but do not presume such models should solve or direct the world’s affairs.”

\textsuperscript{5} One might also note that the original dictionary is a dictionary of “political economy,” whereas the edition released
roughly a century later is called a “dictionary of economics.”
indeed a science of economics on these lines is as inconceivable as a science of dynamics where every force is neglected excepting that of gravity. The great complexity and variety of circumstance which surround every economic problem are such as to render the enunciation of general laws, on a large scale, barely possible, and if possible barely useful… Economic laws are rather expressions of tendencies than actual predictions of cause and effect” (Palgrave, 1903, p. 676).

It is clear in this entry that absolute determinism of human behavior was not a dominating factor in the political economy / economics of the day. However, the original Palgrave’s entry on “economic science” does provide insight into where the profession’s mainstream would one day head. Because, as Palgrave notes, some were concerned with the “laws of political economy being violated,” by various political factions, “the terms ‘economic science’ and ‘economics’” had “recently come more and more into use, as preferable alternatives for political economy” so far as it was to be treated as a science (Palgrave, 1903, p. 678-9). However, as Palgrave makes clear:

As to the scope of this science,-- it would be generally agreed that it is a branch of a larger science, dealing with man in his social relations; that it is to an important extent, but not altogether, capable of being usefully studied in separation from other branches of this science; and that it is mainly concerned with the social aspect-- as distinct from the special technical aspect-- of such human activities as are directed towards the production, appropriation, and application of the material means of satisfying human desires, so far as such means are capable of being exchanged… But to attempt a more precise determination of its method and scope, and especially its relation to the art or system of practical rules which should guide the action of governments or private individuals in economic matters, would require us to enter into questions of a highly controversial kind; which will be more conveniently discussed when we come to deal with the older and wider term ‘Political Economy’ (p. 678-9).

Such definitions are a far cry from the spirit of the preface of the 2008 edition of the dictionary. The editors write that “the Dictionary has shed much of its historical character: from providing a record of the development of economic thought, it has become more a snapshot of contemporary economics… it places more emphasis on empirical work than have any of its
predecessors, reflecting the significant empirical advances that have occurred in the microeconomic fields in particular” (p. ix). Furthermore, the editors associate this “change in the stock of knowledge” with, by all appearances, a positive “growth in economics” (p. ix). They continue: “In order to accommodate this growth, much that interested Inglis Palgrave has been jettisoned… public exchequers, foreign coinage, land tenure systems, legal and business terms, social institutions, and many others, are all of interest but are… ‘only remotely connected with economics.’” (p. xi).

What is perhaps most fascinating about this marked shift in thought is that it is apparent to the editors that in their perceived positive growth of economic knowledge, historical economics and social institutions have little role. Rather, the “significant empirical advances that have occurred in the microeconomics field,” that is, the field of the fictionalized rational actor, apparently must replace other “irrelevant” topics. Whereas Palgrave’s field of political economy accounted for history and social institutions as a means to a study “bounded only by the requirements of human life in every social relation,” the new economics, dominated by the logical positivism of the Milton Friedman variety, grossly narrows its vision to a radically imaginative discipline of perfect knowledge and free markets (Friedman, 1953; Friedman, 1962).

In the contest between the A type of economists and the B type of economists, the A types, if one judges by the change in the nature of leading dictionaries, seem to have won the 100-year battle. However, as the next section will show, political economy is by no means dead. There exists an especially strong set of noble souls who reject the mainstream, and whose work has begun to gain significant traction in academic circles, popular society, and political debate. Particularly as human society faces down today’s global issues of transnational finance and
capital mobility, sovereign debt crises, migration, and emerging right-wing nationalism in Europe and the United States both, the work of political economists such as these must factor more regularly into the policy debates of today’s globalized world.

Three Views on Political Economy Today

I will now (very) briefly outline the thought of three of today’s most prominent B type economists (political economists) by analyzing each of them through their most prominent works. Each economist will deal with separate issues, though admittedly, there are areas of overlap. These economists demonstrate the role political economy can come to play in the twenty-first century, particularly in their embrace of diversity of methodology and scope. Thomas Piketty’s *Capital in the Twenty-First Century* deals primarily with wealth and income inequality. Dani Rodrik’s *The Globalization Paradox* considers the tensions between globalization, state sovereignty, and democracy. Lastly, Anwar Shaikh’s *Capitalism: Competition, Conflict, Crises* presents a grand scheme of heterodox economics on capitalism, especially relevant in its focus on the inherent turbulence and conflict within capitalistic modes of production.

Piketty

Thomas Piketty begins his masterwork, *Capital in the Twenty-First Century*, with a quote from the “Declaration of the Rights of Man and the Citizen” which reads that “social distinctions can be based only on common utility” (Piketty, 2014, p. 1) Immediately jumping into the normative debate on inequality, Piketty writes that “there will always be a fundamentally
subjective and psychological dimension to inequality, which inevitably gives rise to political
conflict that no purportedly scientific analysis can alleviate. Democracy will never be
supplanted by a republic of experts-- and that is a very good thing” (p. 2). Throughout the book,
Piketty takes the values of democracy, justice, and equality as the barometers of any serious
academic undertaking, including that of economists. While Piketty believes in rationality in
pursuit of knowledge, he believes the most rational means of pursuing knowledge are broad
approaches steeped in the often-times subjective interplay of history, politics, economics, and at
times, art and literature. Thus, in commenting on his use of historical data, he says that:

“The history of income and wealth is always deeply political, chaotic, and unpredictable. How
this history plays out depends on how societies view inequalities and what kinds of
policies and institutions they adopt to measure and transform them. No one can foresee
how these things will change in the decades to come. The lessons of history are
nevertheless useful, because they help us to see a little more clearly what kinds of choices
we will face in the coming century and what sort of dynamics will be at work. The sole
purpose of the book… is to draw from the past a few modest keys to the future” (35).

For Piketty, it is long-run historical tendencies for the rate of return on capital to supersede the
rate of economic growth that leads to large levels of wealth and income inequality. Piketty
justifies this hypothesis with the theoretical tools of two “fundamental laws of capitalism”
supported by a lifetime’s collection of historical wealth and income data. What is Piketty’s
ultimate goal in his undertaking? It is not, so to speak, to seek new ways to maximize wealth
production and reproduction, but to ask whether or not high (and growing) levels of wealth and
income inequality in Western society are justified when considering the norms of a democratic

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6 Though it should be noted that Piketty’s “laws” should not likely be treated in the same way the “iron laws” of past
economics have been. As Palgrave suggested in his original dictionary, an “economic law” is closer to a tendency
for something to occur given a particular set of circumstances. One may consider these circumstances in the same
way Marx did, by calling them “modes of production.” Indeed, Marx’s theories on capitalism largely rested upon
the social-relations constituting that mode of production. While not a Marxist by any means, I believe this is how
Piketty largely sees his “two fundamental laws of capitalism,” that is, as long-term trends inherent to a particular
mode of production (many thanks to Professor Paul Wojick for making this point clearer to me).
society founded upon egalitarianism. Piketty does not attempt to hide his sympathies. Indeed, the final lines of the 577 page work call on “all social scientists, all journalists and commentators, all activists in the unions and in politics of whatever stripe, and especially all citizens” to “take a serious interest in money, its measurement, the facts surrounding it, and its history.” And as Piketty wittily concludes in regards to money, “Those who have a lot of it never fail to defend their interests” (p. 577).

Yet all of this is part and parcel to the approach Piketty demands today’s economics profession to take. Piketty sees economics as a subdiscipline of the social sciences, weighed equally with history, sociology, anthropology, and political science. He rejects the notion of an economic science, and instead explicitly calls for political economy, providing economics with its true “political, normative, and moral purpose” (p. 574). This political economy concerns itself with the role of the state in society, public institutions, and, ultimately, the ways in which, collectively, a more ideal society might be achieved. It does not fully eschew abstract mathematical modeling, but believes much of abstract modeling is superfluous, and that it should only be used to outline and help solve concrete problems in society. Moreover, it should only be considered one piece of the puzzle, the intersections of the other social sciences aiding in filling the gaps. Echoing Edward Said’s remarks above, rather than removing themselves from public debate, Piketty believes that “social scientists, like all intellectuals and all citizens, ought to participate in public debate” (p. 574).

The role of political economist, then, becomes one intimately tied up with democratic society. The point is not to sit upon one’s mathematical laurels, but to engage with the real world, notwithstanding all its complexities and contradictions.
Rodrik

Much like Piketty, Dani Rodrik follows an unorthodox approach to economics of the B type variety. However, whereas Piketty deal with wealth and income inequality, Rodrik’s *The Globalization Paradox* is a reflection upon globalization’s effects on state sovereignty and democracy. Rodrik’s rather accessible work traces the ways in which states and markets accompany one another, and have done so throughout capitalism and early capitalism’s history. Citing both modern and historical evidence, he writes that, “If you want markets to expand, you need governments to do the same” (Rodrik, 2011, p. 18).

This has become more difficult with the effects of globalization. Given the status of today’s world of transnational finance and capital mobility, Rodrik develops what he calls the “political trilemma of the world economy” (p. 200). It is in this trilemma where one can choose only two of three options: democracy, state-sovereignty, and/or globalization. Democracy and state-sovereignty may reign, but this will surely undermine the economic benefits of globalization, Rodrik says. One could choose state-sovereignty and globalization, but then the state would largely result in being managed by a technocratic bureaucracy with a significant democratic deficit. The last option would be to choose global democracy and globalization, ceding state-sovereignty to supranational governance. Yet, as Rodrik points out, due to the

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7 Indeed, this is the route apparently being pursued by much of the far-right in Europe at the moment. Le Pen’s *Front National*, for example, calls for protectionist measures and a reclaiming of state sovereignty from the European Union. See Hugh McDonnell, “How the National Front Changed France.” It might also be worth reading the short article by Kate Connolly in the bibliography entitled “After the US, far right says 2017 will be the year Europe wakes up.”
diverging interests of nation-states in today’s international realm, it is unlikely this route will be pursued anytime soon.

In order to resolve this “trilemma,” Rodrik presents “the globalization paradox,” whereby a reinvigoration of national democracy, led by supporting institutions at the global level, manages today’s global market. Policy tools such as a Tobin tax on financial transactions would discourage the rapid movement of “hot-money” in and out of countries by currency speculators. Additionally, in much the same way the post-war Bretton Woods system allowed countries to put development strategy at the fore of their economic agenda, developing countries should be allowed wiggle-room to instate certain mild, protectionist barriers and capital controls.

As a political economist, Rodrik is explicitly skeptical towards orthodox, A type economists. In his introduction, he discusses the role of economists in the 2008-2009 Financial Crisis: “Economists (and those who listen to them) had become overconfident in their preferred narrative of the moment: markets are efficient, financial innovation transfers risk to those best able to bear it, self-regulation works best, and government intervention is ineffective and harmful” (p. xii). At one point, this was so extreme that when Rodrik presented a critique of the Sachs-Warner Washington Consensus in 2000, a prominent economist interrupted his presentation to ask “Why are you doing this?” (Rodrik, 2011, p. 167). In Rodrik’s words, “The idea of free trade had become such a sacred cow that someone who revisited the evidence needed to have his motives questioned” (p. 167).

As alluded to above, Rodrik has a different vision for politics, economics, and society. His vision is one in which many capitalisms are possible, and the state and economic processes

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8 For more information on this famous article, see Sachs and Warner, “Economic Reform and the Process of Global Integration” in the bibliography. Rodrik’s critique of Sachs and Warner’s study is also listed in the bibliography.
are considered partners, acting hand-in-hand (p. xviii). Rodrik understands the undue influence orthodox economists have had on the decision-making processes of governments. Sounding much like Piketty, Rodrik writes that, “Policy choices are surely constrained by special interests and their political organization, by deeper societal trends, and by historical conditions” (p. xx). He goes on to describe that “economists are humans too,” and that they make mistakes. The problem has been that economists are “architects of the intellectual environment within which domestic and international policy making takes place. They command respect and are listened to--ironically the more so the worse the economic situation. When economists get things wrong, as they occasionally do, they can do real damage” (Rodrik, p. xxii). Rodrik’s primary message is for policy-makers to be fully considerate of a holistic socio-politico-economics respective of the many social science disciplines. Perhaps most importantly, dissension in the ranks must always be permitted, lest we find ourselves staring once again over the economic precipice of financial catastrophe.

Shaikh

Anwar Shaikh’s gargantuan of a book, *Capitalism: Competition, Conflict, Crises* is the intensively researched result of his life’s work. In it, he has capitalism in its entirety as his target. Early on, he makes clear the distinguishing characteristic of his book: “The goal… is to develop a theoretical structure that is appropriate from the very start to the actual operation of existing developed capitalist countries. Its object of investigation is neither the perfect nor the imperfect but rather the real” (Shaikh, 2016, p. 5). Part of this take on reality is to account for the “multidimensional structures of influences” that are “deeply hierarchical, with some forces…”
being far more powerful than others.” Hence, Shaikh concludes, “The stage on which history plays out is itself moving, driven by deeper currents” (p. 5). This is not a world of static operatives, but one always on the move, social relations forever shifting.

What characterizes Shaikh’s textbook on capitalism is that, at a distance, capitalism’s processes appear smooth and forever expanding. Yet when one peers more closely, they quickly see the “turbulent trends” that undergird so much of this expansive growth (p. 56). It is within this framework that Shaikh flatly rejects the notion of the “representative agent” as an unsound model for real human behavior. Human behavior, rather, is random and spontaneous from person to person and culture to culture. Contradicting Shakespeare’s Hamlet, Shaikh remarks that humans are, in fact, “not noble in reason, not infinite in faculty” (p. 78). Instead of the orthodox, neo-classical homo economicus, Shaikh claims that “the individual must be conceived as socially-situated, structured and shaped by nationality, gender, ethnicity, and class” (p. 110). These constructive subjectivities play into what Shaikh terms “real competition,” as opposed to the neo-classical perfect competition or the post-Keynesian imperfect competition: “The economic dynamics of capitalism arise from competition itself. There was never any Garden of Eden, and our current condition does not stem from its loss” (p. 745-7).

Shaikh’s rejection of the economics mainstream puts him firmly in the B type economist camp. His political economy, while heavily reliant upon mathematical proofs, is considerate of the real world and its many intricacies, complexities, and subjective identities. Thus, it provides a firm grounding to challenge the dominant neoclassical discourse of the last 30-40 years.

The Political Economist of the 21st Century
As should be quite evident, the common feature these three economists share is that they are all skeptical of an “economic science” which purports to expound absolutist maxims for all people and all societies across all times. They recognize that there are many forms capitalism and economic society take, and that assuming static social conditions is neglecting the realities of human social life (indeed, economics never has and never will take place in a vacuum). As Shaikh aptly put it, “The stage on which history plays out is itself moving, driven by deeper currents” (Shaikh, 2016, p. 5). Cultures and civilizations, though most largely playing by the broad and malleable rules of capitalist society, are not homogeneous entities. Global commerce still reeks of the inequalities resulting from colonialism and imperial domination (Shaikh, 2016, p. 71). Moreover, as the popular work of economists such as Rodrik, Chang, and Stiglitz shows, the attempts of developed countries, through international bodies such as the International Monetary Fund, to dictate unto developing countries which development policies to pursue, have been fraught with hierarchical, patrimonial power structures reminiscent of formal imperialism. As the lesser-known, moral philosopher Adam Smith recognized, wealth is power, and where there is much wealth, there will be much inequality (Heilbroner, 1993). The political economist of today reckons with this reality.

The economists presented exemplify the best in the political economy tradition today. They seek out and address real-world problems, accounting for all possible variables: history, culture, government structure, political interest groups, among others; and they seek to offer rational, thoughtful solutions. They believe in the role of normative thought because they know that human society is not dictated by gravity-like laws. They are considerate of social-relations and how these relations change, and that many times these relations change because existing
relations are held up to a normative barometer. Of the three, Piketty comes through strongest on this front. He asks: if we are to be serious about equality and justice and merit, should we not be engaging with work that concerns itself with these ideals? Shaikh is more descriptive of the entire capitalistic framework, asking: Does the economics orthodoxy really help us understand the ever-shifting dynamics of capitalism? Underlying his thought is not so much an explicit normativity, but the implicit sense that the economics orthodoxy has only supplemented the ability of wealth and capital to exploit labor; one might go as far as saying cementing the “natural” master-slave relationship Aristotle believed was inherent to all social relations (Aristotle, Book I). Lastly, Rodrik, in his analysis of state-sovereignty, democracy, and globalization, laments the fact that A type economists exercise such powerful and influential groupthink. As any good social science researcher would, he believes in dissenting opinion and a healthy dose of skepticism from time to time.

These three thinkers are surely not alone, and as the world’s issues become increasingly complex, I suspect the ranks of the political economist in the twenty-first century will swell. Interdisciplinary research will grow. Stronger analyses of social relations will become more common, and, it is the hope of this writer, that the social sciences will work collectively as a problem-solving unit to solve many of the frightening issues of the twenty-first century. And, for a bit of optimism, why not? What could be more attractive than a “field of study bounded only by the requirements of human life in every social relation?”
Bibliography


