

Critical Political Economy

Lecture 1: Introduction

What is critical political economy?

A form of analysis that attacks the status quo, dominant paradigm, ideology

Burkitt "Radical political economists unite in their distaste for capitalism and their preference for socialism".

But there are many possible definitions of socialism

- Most agree concern for equality for its own sake

- Vary on degree equality they want but general enough to provide framework of a classless society

See capitalism as inherently exploitative

- Private ownership of the means of production

- Wage contract implies exploitation

Exploitation reflects power and advantage ie class structure.

The critique of capitalism arose from a criticism of capitalist economies and the doctrines which justified them.

Economic liberalism and a separation of wage labour from capital became prevalent in the 18th century industrialisation in Britain.

Many economists argue for the benefits of this.

Radicals saw the downside of inevitable exploitation of labour under capitalism and argued for concepts of co-operation collective activity that excludes independent agents in competition.

Utopian socialists (Marx's term) are utopian not because their plans are unimplementable but that they have no strategy of transition or agency of transition.

They were influential

- Reflected aspirations of the non-ruling classes

- Provided useful tools and analysis and concepts

- Some enjoyed contact with mass movements eg Levellers in the Civil War

But Marx wanted to establish that there was a trend to socialism and that it was the role of the proletariat to be the agent of change.

Modern socialists came from the industrial revolution and Burkitt identifies:

Robert Owen

- New Lanark -paternalistic and profitable

Economic theorist and social reformer -benevolent autocrat
"economy of high wages", individualistic inequality
rudimentary LTV, against Malthus
Co-operation - worker coops
Transition through reason

Ricardian Socialists

First comprehensive theory of exploitation.
Labour seen as the only source of wealth so exploitation inherent in the system

Marx

Fundamental critique following on from Ricardo and the LTV.
Identification of a dynamic inherent exploitation, contradictory.
Revolutionary: could only change through overthrowing the relations of production of
CMP

Fabianism

Revisionism in the UK (Berstein abroad).
Didn't accept LTV.
Partially planned economy versus orthodoxy.
Economic internationalism with minimal government role.
Triumphed in Labour party.

Syndicalism and Guild Socialism

Unionists: Emphasised worker control of industry
Demise during the Depression

N-C critique: Schumpeter etc

Schools of Thought in Radical Political Economy are identified by Sawyer as:

Post Keynesians

Economy is a historical process
Expectations important in an uncertain world -different to risk
Institutions play an important role

Institutionalists

Primacy of organisation and control of the economic system
Structure and power
Market as an institution/ internal markets
Concern with production and its organisation

Marxists

Historical
Importance of social class and class struggle in dynamics
Focus on production
Etc

Neo Ricardians

Reasserted classical analysis to provide framework for critique of N-C economics

He also identifies themes:

Study of use and creation of resources

Need to take into account specific features of an economy including institutions

Notion of surplus -exploitation -investment

Growth and development: creation of wealth, production, and accumulation.

Growth not just more of the same but different.

Growth requires saving from profits and wages.

Importance of social class

Importance of income distribution: inequality created by CMP

Remarks

Can argue that within economics there was a paradigmatic shift

Production>>>> market

Capital accumulation >>> distribution

This has led to a tautological value theory and many of the problems with economic theory today reflect this

Want to argue that cannot understand the dynamics of capitalist economies within the framework of the orthodoxy

Need more classical approach >>> not as history of economic thought but as contemporary analysis

Marxism as critique of CMP will be the focus of the first part of the course and then we will look at some of the other Schools of Thought

Important to relate to orthodoxy at the time because as Marx said have to show how why orthodoxy sees things in the way it does.

Clearly N-C reflects bourgeois ideology.

Consider Marx's influences

1. Hegel

History not a random process but comprehensible and governed by objective laws

-cant control but can understand

-development of reason or spirit primary factor inhuman social development

-human consciousness embodied in institutions

-not uniform process but dialectical at each stage inherent contradictions and conflicts:

quantitative>> qualitative change

thesis -antithesis - synthesis

After Hegel's death his followers split into two groups:

>>>Old Hegelians - Prussian state and absolute monarchy ultimate development

>>New Hegelians - reason had a long way to develop Marx was one

Marx then influenced by Feuerbach a materialist which led to a critique of Hegel which replaced idealism with human 'essence' = human needs/consciousness

2. Socialism

Other socialist thinkers pre and post capitalist influenced Marx

Rejected 'utopian' socialism because no agent of change

History governed by objective laws >>> moral outrage irrelevant ie Hegel rather than Kant (no absolute 'reason')

Marx influenced by French socialists >> class politics

But he was anti reformist

3. British Political Economists -Smith and Ricardo

Economy and civil society as self regulating autonomy

A process with laws independent of peoples will

Concern with production and distribution of surplus

Marx tried to overcome the problems in Smith and Ricardo: in value theory

Important to remember when Marx was writing:

1. CMP not dominant
2. UK most advanced CMP: only one to have removed peasantry
3. Small businesses prevalent -mixed methods of production

A lot of Marx' analysis was picking out potential developments but he was very perceptive and often the prediction were accurate

These influences led to a particular approach that differs from the orthodoxy fundamentally

Had a particular method:

-Distinction between appearance and essence. Wanted to explain why things presented themselves as they did. Remove veil of appearances (ideology) from phenomena to analyse the underlying reality or essence. Explain the concepts economists simply took for granted as starting point for their analysis

-Treatment of historical processes as historical and social. Forces of production come into conflict with relations and the antagonism leads to social change. This is the motive force of historical change

-Use of dialectical analysis with materialist interpretation

-Use of concept of mode of production

-Reflexive theorising and immanent critiques

-Abstraction: from abstract to concrete -though complex . Shows in Capital Volume 1: high level abstraction in value domain >>> detailed concrete analyses.

Economics laws historically specific for Marx in contrast to the classical who looked for universal laws

Still considerable debates

Relative importance of these features

Importance of Hegel's influence

Role of dialectic -distinctive and important or a burden (rational choice

Marxists)

Materialist Conception of History

Or Dialectical Materialism (Engels)

See Preface to a Contribution to a Critique of Political Economy

Summarise:

Man distinguished from animals by fact of production

Organising production means entering into relations with each other

Relations independent of choice but historically determined -specific to mode of production, basis on which the whole of society constructed

Determines superstructure -self justifying

Dynamics -relations of production- hold back technological ability to produce -the forces of production. Attempts to accommodate the changing forces leads to breakdown of existing relations including the old superstructure

Form of next relations of production depends on outcome of class struggle