

## 46. Radical political economy in the USA

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The rise and fall of radical political economy (RPE) in the USA (see Lee, 2009) is rooted in the rise and fall of the social radicalization there of the 1960s and 1970s. This radicalization was ideologically dominated by a (vague) New Left (NL) social critique of (US) capitalism, notwithstanding that many radicals rejected such critiques as inadequate.

### US RADICAL POLITICAL ECONOMY AND THE NEW LEFT

Since the term NL was created to refer to everyone with a radical critique of the system other than the 'Old Left' (OL), it included many different strands of political thought and ideologies. In addition, in the early years of the NL in the mid-1960s, many prominent members and groups pointedly declared themselves 'anti-ideological', asserting that pure activism would replace ideology. Most currents in the NL fairly quickly came to realize that they had an ideology whether they acknowledged it or not, and so turned to its conscious development. In practice this resulted in approaching one or another of the orientations that existed in the (small) US left, above all Stalinism, Social Democracy, Anarchism, (US) Radical Populism or Marxism. The various NL individuals and currents typically eclectically mixed these and, in addition, continually made major changes to their theories and ideologies over relatively short periods of time. All of these points together indicate the need for caution when referring to 'a NL ideology'. For a compact treatment of a significant number of the threads in the US NL ideological tapestry, see Young (1977). I will simply refer to 'the vague NL ideology'. It was largely a product of the specific history of that US radicalization. Above all, it was defined by things in the existing society that it was against. Critically absent was an alternative based on a radical social theory – by implication, the alternative was just to eliminate the problems.

Two central issues divided the NL from the OL. The first was the issue of class. The OL had always recognized the need to fight against all forms of oppression. For example, many though far from all of the leaders of the fight against racism both after and before World War II were part of the OL or strongly influenced by it. But the OL at the same time argued that class oppression played a special role in the maintenance and reproduction of capitalism. Capitalism's goal was the accumulation of capital which required and rested on class oppression and exploitation. Other forms of oppression could be just as individually damaging as class oppression, but they did not play the same role in the continual reproduction of capitalist social relations. The NL, to the contrary, argued strongly for the absolute theoretical symmetry of all forms of oppression as sources of exploitation, leading to the political idea of 'multi-vanguardism'. One of the founding documents of

the premier NL RPE group in the USA (discussed further below) reflected this concept: 'The organization opposes all exploitation on the basis of class, race, gender, ethnicity, sexual orientation and other social/economic/cultural constructs' (URPE, 1968). As the NL went on to develop its ideologies, it drew on (among other sources) C. Wright Mills's (1956) model of elites based on power, and consciously opposed this to the Marxist concept of class based at its deepest level on economic exploitation. Mills's concept was particularly suited to a view of multiple, conceptually equivalent, exploitations.

The other central issue for the NL presented itself Janus-like with two related but conceptually very different faces. Negatively (in several senses of that word), the NL exuded a politically primitive anti-authoritarianism. This was an important endogenous contribution to the NL's general inability to create sustainable institutions. Positively, the NL championed the concept of Participatory Democracy against both the OL and bourgeois democracy. Long after the NL disappeared, this latter idea has remained as a permanent contribution (or 'rediscovery', as the idea existed before the NL), and is still being debated and developed by many (proto) social movements in the USA that continue to fight against capitalism.

## THE DECLINE OF US RADICAL POLITICAL ECONOMY

Five considerations concerning the decline of RPE in the USA follow. Two are exogenous (to RPE) causes, one is an endogenous cause and two are measures of its decline.

The first and fundamental cause for the decline of RPE in the USA was the end of the social radicalization and the rise of social conservatism. Second, the field of economics in which RPE largely operated shifted from 'Bastard Keynesianism' (or 'neoclassical Keynesianism', or 'the neoclassical synthesis') to neoliberalism. Both in politics and in economics what used to be conservative became liberal (in the US sense of the term), and what used to be small far-right positions became standard conservative, which in turn became politically and especially ideologically dominant. Symbolically, for example, in many dimensions the economic, and even a number of social, policies of Clinton and Obama are more conservative than those of Nixon. Endogenously, the NL's general anti-authoritarian nature hamstrung its ability to form large and powerful organizations that could both protect its members operating in hostile job situations, and at a deeper level, carry out an ideological battle, with voices large enough to not be ignored, against the new dominant ideology in society and economics.

The first measure of the decline of RPE is conceptually straightforward. By and large, most of the RPE currents that formed organizations, including in particular those that published journals, did not disappear, and this entry will discuss a number of these below. However, the memberships in these organizations, and the number of RPE economists outside these groups, declined sharply.

The second measure of the decline was more subtle but more important in a number of ways, RPE's 'qualitative decline'. Some individuals and currents (not all) in RPE adopted (or shifted partially toward adopting) important parts of the core ideological presuppositions of neoclassical economics, and incorporated them into their work. The most important of these are the related axioms of methodological individualism, human nature as 'homo oeconomicus' and market fundamentalism.

As a first illustration of this, consider the large amount of work done by radical economists showing that there exist strategies that give cooperative solutions to repeated non-cooperative games such as the Prisoners' Dilemma. All this work rests on methodological individualism and homo oeconomicus. This includes in particular the unrealistic restriction that 'players' are not allowed the discursive interaction and meaningful bargaining that is pervasive in all social structures, and which gives rise to changes of intended behaviour. As a second illustration, consider the degree to which markets have been accepted as efficient, and, as an additional step beyond that, as therefore economically necessary. This contrasts sharply with the dominant assumption of RPE in the 1960s and 1970s that markets and their logic, including the shaping of non-market social institutions in accord with the needs of markets, were the central cause of the prevailing economic problems, and beyond that, of stunted human development. The solution then was either to have 'markets' that were so regulated that they no longer operated according to market logic but rather according to the democratically determined will of society, or to replace markets altogether by non-market democratically planned production and distribution. By the 1990s the majority in RPE of even those committed to socialism had adopted, specifically in the name of efficiency, some vision of 'market socialism'.

## RADICAL POLITICAL ECONOMY IN THE USA TODAY

Despite the decline just indicated, US RPE was never more than a small current in US economics, but nor has it entirely disappeared today. The following is a very brief sketch of a number of the major groups or currents in today's diminished US RPE.

The Union for Radical Political Economics (URPE) was the premier NL RPE organization in several senses: it was founded at the height of the NL; its founders were New Leftists; its programme was thoroughly NL; and it reached out immediately to NL-oriented economists (while being open from its birth to other currents, as discussed below). URPE's stated goals at its birth reflect the ideology of NL RPE: 'First, to promote a new interdisciplinary approach to political economy which includes also relevant themes from political science, sociology and social psychology. Secondly, to develop new courses and research areas which reflect the urgencies of the day and a new value premise. Such areas include the economics of the ghetto, poverty, imperialism, interest groups, and the military-industry complex. And thirdly, political economics should be sensitive to the needs of the social movements of our day, and have more group research, with an approach that links all issues to a broad framework of analysis' (URPE, n.d.).

Two institutional characteristics of URPE were key to its survival. First, URPE created a respected RPE journal, *The Review of Radical Political Economics*. Second, URPE fought for and won from the American Economic Association the right to organize a significant number of its own panels at the yearly national economics convention. In line with its goal of promoting a broad approach to political economy, URPE from the beginning was open not only to economists from a NL perspective, but to any others who promoted a political alternative to the mainstream. These include in particular Marxists, non-Marxist Socialists, Sraffians, Post Keynesians, Radical Institutionalists, Feminists, Social Economists and many who did not adhere to any particular single current of thought but attacked mainstream economics for being economically unrealistic.

Three significant groups and a current in today's RPE in the USA were founded by URPE members (on their own initiative, not as URPE projects). They are particularly worth mentioning for indicating that the NL RPE's often simplistic anti-authoritarianism prevented it from developing a clear and consistent 'line' and promoting it. Those who wanted to do this had to set up an organization outside of URPE, even though they generally remained members of URPE. The Association for Economic and Social Analysis was founded in the late 1970s and is best known for its journal *Rethinking Marxism*, launched in 1988. The group promotes a (broadly defined) line of postmodern Marxism (see, for example, Gibson-Graham et al., 2001), and the journal focuses on debates in Marxist theory largely among academics. *Dollars and Sense* was founded in 1974 to provide clear economic explanations to readers not economically trained. Their publications are also widely used for teaching by RPE academics. The Institute for Women's Policy Research was founded to provide research-based results for intervention into both public policy debates and academic debates on the socio-economic situation of women.

While there are always different self-understandings by different practitioners of any paradigm, this has been particularly true for the Social Structures of Accumulation (SSA) current of RPE. Some present it as a mix between Marxism and American Institutionalism (and some of those use it specifically to disassociate themselves from the label of Marxism). Others present it as consistent with Marxism as a 'mid-level theory' between Marx's overall abstract theory of capitalism and the concrete institutional analyses that Marx carried out and which Marxism requires. As SSA never established a journal nor supporting organization and remained a current, its nature is often understood to be defined by two books, Gordon et al. (1982) and Kotz et al. (1994). But hundreds of papers that self-identify as lying within the SSA paradigm have been published or presented over the last three decades, and so the interpretation and use of the paradigm is more widespread and diffuse than that. Its central concept is that in some periods capitalism's institutions are coherent, and this has allowed rapid capital accumulation, while between these periods incoherence has erupted giving rise to crises until new coherent capitalist institutions are established. In the last decade a major shift to the foundations of the paradigm has been introduced by some adherents. They view the former formulation as confounding the issue of the rate of capital accumulation with the issue of the sustainability of the circuits of capital. They argue instead that there are basically two medium-term sustainable capitalist institutional structures, each with a different primary crisis tendency. The post-World War II type gives more rapid capital accumulation, while the neoliberal type has slower accumulation but nevertheless institutional coherence and hence medium-term sustainability (Kotz et al., 2010).

The largest OL group in US RPE is the 'Monthly Review school', named for their journal which was first published in 1949, although the school's defining theory was not developed and presented until 1966 (Baran and Sweezy, 1966). Also called the 'Monopoly Capital school', its core tenet is that capitalism has restructured itself since the time of Marx and Engels to a position where monopolies are the 'dominant element' in the economy. Further, Monopoly Capitalism produces greater surplus (see Baran and Sweezy, 1966, p. 10 for their explanation of their switch from Marx's concept of surplus value to 'surplus') than the prior competitive capitalism, and this has caused the primary contradiction within capitalism to have changed from Marx's time to being the absorption of the surplus. Much Marxist political economy rejected this version of

underconsumptionism as inconsistent with Marx's value theory. The current editor of *Monthly Review* has given the most sophisticated defence of the school's basic position in Foster (1986), but it remains disputed.

*Monthly Review* and later *Monthly Review Books* have played an important role in supporting US Marxist RPE during its decline. A combination of energy, principled radicalism and a policy of promoting a non-academic accessible writing style whilst publishing many Marxist points of view other than their own (and devoting only a small part of their total publishing to the question of the theory of Monopoly Capitalism) have given them a readership much larger than merely the supporters of Monopoly Capital theory. They have consistently opposed the drift of many former NL currents ever further away from Marxism and, in particular, have given attention and space to the issue of class (as one of many issues addressed), which almost, though not quite, disappeared from large parts of RPE over its decline.

*Science and Society* is the next most influential RPE journal coming out of the OL. Published since 1936, it was loosely associated with the Communist Party of the USA during the rise and early decline of US RPE. It now describes itself as a journal of Marxist scholarship that does not adhere to any particular school of contemporary Marxist discussion.

Founded in 1941, the Association for Social Economics (ASE) is an RPE organization whose mandate is to seek to explore the ethical foundations and implications of economic analysis, along with the individual and social dimensions of economic problems, and to help shape economic policy that is consistent with the integral values of the person and a humane community. Given that this is consistent with RPE in general, the ASE publishes articles by, and has a membership that includes, people from all currents in US RPE. Among all the perspectives that appear in the articles in its two journals or are presented in its conferences, various interpretations of American Institutionalism have some degree of predominance, though nothing even beginning to approach hegemony. While as noted above American Institutionalism has permeated to one degree or another all US RPE, the ASE is the largest RPE group that could be broadly called Institutionalist.

Founded in 1979, the Association for Institutional Thought is much smaller than the ASE, more specifically and consciously Institutionalist and radical, and has no journal. Its members draw most heavily on the work of Veblen, but also on Dewey, Ayres, Commons, Mitchell and others 'as a basis for their investigation of social problems'. Some members have been more influenced by and are sympathetic to (some of) the views of Marx, while others more by NL-inspired RPE. Dugger (1989) presents a discussion by a collection of authors of the issues of concern to, and the general framework of, Radical Institutionalism.

A final current of relative weight in heterodox economics in the USA today is Post Keynesian economics. It is debated by both its practitioners and those in other radical currents whether this should be thought of as radical. Noting that the origin of the word 'radical' is from the Latin word for 'roots', it is argued that the near exclusive Post Keynesian focus on money and finance precludes it from analysing the real roots of capitalism's problems which lie in its particular form of social production and distribution. On a more applied level, almost all Post Keynesians advocate reforms that could be carried out within the frame of capitalism, and a large number of Post Keynesians consciously advocate a reformed 'more humane capitalism'. On the other hand, particularly

those Post Keynesian who describe themselves as radical see their reforms as part of a process, as transitional or 'revolutionary reforms'. They argue that social change does not come about as a 'big bang' result of perfect policy prescriptions (including post-capitalist prescriptions), but rather from a back and forth process of the change of existing institutions and social consciousness. Capitalism will not be replaced by a more humane system unless people fight to change it and, given that most people in the First World support capitalism despite their discontent with many of its consequences, they will not begin to learn to fight for a better world around a call to overthrow capitalism.

The *Journal of Post Keynesian Economics*, founded in 1978, is the leading US journal publishing Post Keynesian research, though such research is also published by many other journals in the USA, including several of the radical political economy journals mentioned above. The Levy Institute and the Political Economy Research Institute (PERI) are two broadly Post Keynesian institutions important to RPE in the USA today. The latter is more representative of the current of 'radical Post Keynesians' that was referred to above although, as always, neither is the work at PERI hegemonically dominated by a radical Post Keynesian orientation, nor is that orientation entirely absent from some Post Keynesian works from other institutions. And, once again, it is important to stress the degree of mixing of ideological currents in US RPE; PERI, for example, has significant NL and Marxist elements (varying from author to author) mixed in with its Post Keynesianism.

In a context for the discipline of economics as a whole in which the mainstream, pure neoliberal or otherwise, exerts an extraordinary stranglehold, the fate of US RPE is itself of great significance, not least because of the extent to which orthodoxy's disciplinary monopoly derives from the Americanization of economics. This comment must not be understood to imply that the global prospects for Marxist political economy and RPE mechanically depend upon the attempt to roll back the near hegemony of the mainstream in the USA and to promote its RPE as an alternative. What is important to understand is the relation between radical alternatives to the status quo and progressive ones, for it is this that makes the state of this small current so important even in the short run. It exerts an undue influence, for good or for bad, as opposition to the US orthodoxy or, at times, complicit with it both in analytical content and focus of subject matter (according to the extent of US centrality). The decline of, and directions taken by, US RPE have been major problems not only for the more coherent but smaller current of Marxist political economy, but also for the broader and larger group of progressive economists, in just the same way that the decline of US radicalism more generally has been a cause as well as an effect of the decline in global progressive outcomes.