

American Review Of Political Economy

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The Principles of Radical Political Economics

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Introduction

In a previous article in this journal (Campbell et al. 2019) we documented the unreal basis of mainstream economics. Specifically, we offered a critique of Gregory Mankiw's (2015) ten principles of economics. We argued that they are "divorced from reality and reflect an extreme and unwarranted bias towards unregulated markets" (Campbell et al. 2019). It is worth noting that Mankiw's unreal principles are widely reflected in other mainstream principles texts, even those by liberal mainstream economists, reflecting the inflexible hegemony of contemporary mainstream economics.

Due to the hegemony of the mainstream, most people have no idea of the existence of a significant body of work that exposes the vacuousness of mainstream economics and offers radically different approaches. There is, however, a significant lack of brief introductory materials on this work. This article is an attempt to begin to rectify that situation by offering a set of principles of radical political economy. Note that we do not claim to speak for all radical political economists. In fact, we encourage others to draft alternative sets of principles and to share those with us. We see this article as an attempt to start a conversation, as well as to demonstrate to readers that there are viable alternatives to unreal mainstream economics.

Our sixteen principles of radical political economics are as follows.

1. Radical Political Economists oppose injustice and oppression rather than supporting the status quo

The starting point for radical political economists is agreement on the need to oppose injustice and oppression and the conviction that a theoretical understanding of contemporary societies can contribute to the political movements necessary to address them.

2. Capitalism contributes to injustice and oppression.

“Radicalism” consists of the recognition that the capitalist organization of production constitutes a major “root” of injustice and oppression.

3. Social relations are shaped fundamentally by class, nation, race and gender.

An understanding of social relations necessitates the recognition that people are constituted into groups by class, nation, race and gender. This distinguishes Radical Political Economy from approaches that take as their starting point the preferences of unrelated individuals.

4. The capitalist class derives its profits from the work of laborers.

Capitalism is a system of production, historically distinct from earlier systems, in which the capitalist class – the owners of capital in both its industrial and financial form – derive their profit from the production carried out by wage-laborers. Capitalists pay workers less than the value that workers create and are able to appropriate this surplus because they own and control society’s productive resources.

5. Inequality is driven by the class division between labor and capital.

Drawing a clear distinction between income derived from labor and income derived from the ownership of capital is necessary for an understanding of income inequality within and between countries.

6. Accumulation drives economic change and fosters regular crises.

The drive to accumulate capital constitutes the main force determining the direction of economic change, but it is an uneven one that results not only in periodic recessions but more serious economic crises. Economic instability is a characteristic of capitalism

7. Governments generally act in the interests of the capitalist class.

The capitalist class dominates both national and international governmental organizations, and political decisions are determined primarily by the interests of that class, namely the pursuit of profit. Appeals to the “humanity” of decision-makers cannot succeed in protecting those who are victims of this drive for profits.

8. The capitalist system is sustained by the use or threat of violence.

The capitalist class draws, when necessary, on the use of state-sanctioned force within and between countries to maintain and expand its system.

9. Capitalists attempt to instill a pro-capitalist ideology in people.

The long-term stability of capitalism also requires the promotion of the false belief that, despite some problems, people live today in “the best of all possible worlds” and that “there is no alternative” (TINA).

10. The ever-present threat of unemployment and poverty undermines the ability of workers to bargain for higher wages.

The continuous threat of unemployment and poverty plays an essential role in profit-making by limiting workers’ ability to bargain for higher wages.

11. Capitalists exploit divisions within the population.

The continuing inequalities between peoples on the basis of race and nationality within individual countries have historical roots, from the practice of genocide to participation in the institution of slavery. The use of contemporary state-sponsored violence, such as the disproportionate incarceration of minorities, serves not only to concentrate unemployment and poverty on minorities, but to contribute to an ideology that aims to unite the “favored” workers with the capitalist class.

12. Globalization has created an international division of labor while fostering inequality.

Globalization constitutes the continued expansion of capital that takes the form of an increase in the international division of labor and the dominance of finance capital in international economic relations. The benefits of globalization have accrued mainly to the global capitalist class.

13. Wealthy countries continue to exploit poor countries.

The historical process of imperialism and its current neo-colonial form lie at the root of the vast disparity between the countries of the North and the South. This continues to operate through the process of globalization by multinational corporations furthered by capitalist-dominated institutions such as the IMF and WTO.

14. Household production constitutes an important component of total production.

Production consists not only of that which takes a monetized form, but also subsistence and household production. Recognition of this contributes to an understanding of the oppression of women who are primarily responsible for this category of production, and of the interaction between patriarchal structures that long preceded capitalism, with contemporary relations of productions.

15. The drive for capitalist profits is resulting in climate change, threatening lives of billions.

The looming disaster of climate change must be analyzed through the lens of national and international class relations. Driven by competition, corporations' decision-making consistently ignores environmental damage in its local, national, and international operations. At the global level, rivalry among the "big" powers that include the US, the EU, India, and Russia threatens the lives of billions of the world's peoples.

16. All economic decisions should be made democratically with the goal of maximum development of human potential.

Radical political economists envisage and struggle for a society in which production is organized as the outcome of the decisions of politically and socially active people, all of whom have equal status.

We look forward to a society that provides people with the opportunity to live and work, individually and collectively, in activity that has as its goal the full development of human potential.

Conclusion

Mainstream economics has proven to be remarkably resistant to change. Mainstream economists control most of the textbooks, journals, Ph.D. programs and jobs for economists. Nevertheless, the financial crisis exposed the fundamental weaknesses of the mainstream paradigm. All around us, we see the ongoing inability of mainstream economists and the political order that they serve to solve the fundamental problems facing modern society—vast and worsening inequality, global destruction of the environment, and the alienation of vast swaths of humanity. But the continued hegemony of mainstream economics is not a certainty. Why not abandon this moribund approach? We have nothing to lose but our chains.

References

Campbell, Al, Ann Davis, David Fields, Paddy Quick, Jared Ragusett and Geoffrey Schneider. "The Unreal Basis of Neoclassical Economics." *American Review of Political Economy*, Volume 13, Issue 1, January 2019.

Mankiw, Gregory. *Principles of Economics*, 7th Edition. Stamford, Connecticut: Cengage. 2015.

Endnotes

[1] The authors are members of the Radical Political Economy Principles Working Group of the URPE Steering Committee

