

The Origins and Evolution of Radical Political Economics

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**A talk presented at the University of Michigan on September 25, 2012,
as one of a series of lectures leading up to the conference on**

A New Insurgency: *The Port Huron Statement* in Its Time and Ours

(see <http://www.lsa.umich.edu/phs> and <https://www.lsa.umich.edu/phs/events/conferenceprogram>)

ABSTRACT

Drawing on personal experience as well as other sources of information, I begin by addressing the rise of a dissident movement within the field of economics in the U.S. that came to be labeled “radical political economics.” This was one of many manifestations of the North American New Left movement of the 1960s. I then examine the evolution of radical political economics over subsequent decades, as the broader political climate in the U.S. shifted increasingly to the Right. This political shift, as well as new developments within mainstream academic economics, have changed in significant respects the nature of radical political economics and the activities of its practitioners.

1. The context in which radical political economics (RPE) arose

- The “New Left” movement developed in the 1960s – in reaction to the largely boring, conservative 1950s
- College campuses in particular became sites of political activism
 - First in support of civil rights (esp. in the South), and opposition to nuclear armaments
 - Next larger issues of democracy and civic participation (Port Huron statement, 1962)
 - Then “free speech” (UCB 1964) and opposition to the Vietnam-War (U-M anti-war teach-in 1965)
 - The ramping up of the draft of soldiers to fight the Vietnam War generated rapidly growing opposition to the Johnson Administration and to the U.S. establishment in general
 - The “Black Power” movement further stimulated radicalism among whites, women
 - By the late 1960s significant numbers of undergrads & grad students (plus some faculty) – mostly in the social sciences & humanities – took increasingly radical stances against the mainstream of their academic disciplines
 - They formed dissident groups to discuss and publicize (in speeches and writings) the need for a radical re-orientation of mainstream thinking, seen as bulwark of an unjust society
 - Because the two major political parties were seen as complicit in promoting authoritarianism and injustice, both conservatism and liberalism were rejected, and demands grew for revolutionary change
 - Many felt that the examples of China and Cuba showed the potential of a revolutionary socialist alternative to American capitalism
- The discipline of Economics in the U.S. (in the early 1960s)
 - Dominated by mainstream economics – Samuelson’s “neoclassical synthesis” of micro and macro
 - A liberal Keynesian perspective (key role for government in making capitalism work well) was dominant, especially on the two coasts; the U. of Chicago and some other “fresh water” schools were more conservative, favoring market solutions over state involvement– e.g. Milton Friedman
 - Most economists did not address contentious issues like inequality, racism, imperialism
 - A small group of Left economists working in the Marxist tradition – but generally not focused on Marx’s own economics – kept alive a strong critique of capitalism & advocacy of socialism – e.g. Paul Baran & Paul Sweezy, and others associated with publications like the Monthly Review
 - There were many such Marxists in European and Japanese universities, but virtually none in North American universities

2. The origins of radical political economics

- The key sites of the radical movement in economics: first the U of Michigan, later also Harvard
 - Howard Wachtel – who earned his Ph.D. in Econ at U-M in the late 1960s and then became Professor of Econ at the American University – has described the origins of RPE at U-M as follows:

(I will quote from a talk he gave a few years ago; see http://www.urpe.org/about/wachtel_urpe_history.pdf)

“[An] absolutely central role [was] played by Professor Daniel Fusfeld, who had only recently arrived at the University of Michigan and taught the large introductory economics class...Among the teaching fellows [for this class] in 1964-65, about 6-8 of us had experience in the civil rights movement. When the Viet Nam war issue hit the campus like a thunderbolt, this group...swung into action and took the lead among U-M TFs by joining the faculty members who organized the country’s first teach-in in March 1965.

[Radical political economics] was...derivative of the Civil Rights and Anti-[Vietnam]-War movements [which motivated us to examine] how [the] economics...we were studying...did not help us through the thicket of these highly charged domestic and international issues...so began our search for how to make economics “relevant” [- to use] the language of the day.

Frustrated with economics classes, we began a process of self-education [over the next several years]. We started a study group that read Marx and Marxist economists..., institutional economists..., and other writers [who] addressed our interests. We became part of U-M’s “Free University” – alternative non-credit classes to supply...ideas and knowledge not found in the U-M curriculum. We offered a class on “Political Economy,” resurrecting that 19th century [label for] economics that best suited our interest in the intersection of economics, politics, power and justice.

Although similar dissents from economics orthodoxy among graduate students and some faculty were occurring elsewhere, we knew virtually nothing about this in Ann Arbor.... So we invited whomever we knew to Ann Arbor [in the summer of 1968 – just after the wild Democratic Party convention in Chicago] to discuss...setting up an organization to promote political economy.

The Ann Arbor group then swung into action and implemented a plan that had been incubating for more than a year...to form an organization around political economy [- as an alternative to the American Economic Association (AEA)]. [At the 1968 Philadelphia meetings of the AEA and related smaller associations, the Ann Arbor group...organized substantive panels around political economy topics. This was the first of [the] annual sessions [held in conjunction with the AEA] of what we decided to call **The Union for Radical Political Economics (URPE for short)**. We used...papers from this first set of panels...to launch our first publication...which became the forerunner of the URPE journal – [**The Review of Radical Political Economics**].

The Philadelphia meeting was a great success. We came away [knowing] that there was a large audience for what we had been talking about. We now had a mailing list of several hundred people from across the country, new allies, [including] some respected...members of the profession, and a stronger motivation to get even more serious about what the organization would do.

... Back from the heady experience in Philadelphia, and with a new-found confidence derived from a much larger group of interested economists than we had ever imagined, we earnestly set about putting the organization on a proper footing....

Looking back on this now, I am astonished at our...innocence and naiveté that we should undertake such an ambitious project with no resources, most of us finishing graduate school and looking for our first job, and with no professional experience...But this was the sixties, after all, and we thought anything was possible.”

- The original meeting called by grad students in Ann Arbor in 1968 attracted other students from the East Coast – especially from Harvard – who joined the effort to form a new and alternative professional organization for Left economists, academics, policy-makers, and activists.
 - This effort led to the first of the annual URPE summer conferences, held in a UAW camp near Charlevoix in 1969, to create solidarity among URPE members across the country.
- My involvement in early RPE
- I had spent two years working in India after getting a Ph.D. in economics at MIT, and then returned in fall 1968 to take up job as assistant professor at Harvard.
 - Immediately on my return I joined group of a dozen economics grad students (+ one other asst. prof.) to discuss creating a new undergraduate course entitled "The American Economy: Conflict and Power." The idea was to present a radical political-economic critique of the U.S. capitalist system, drawing on both mainstream & alternative perspectives in economics. The course was offered for the first time in 1969 – not in the Econ Dept, but as a broader social science course.
 - In late 1968 and early 1969 several of us at Harvard also worked with colleagues at U of M in establishing URPE as a registered nonprofit organization, with headquarters originally here in Ann Arbor (in a grad student house on Michigan Avenue).
 - The URPE's prospectus included the following objectives: (1) to promote a new interdisciplinary approach to economics, including relevant themes from other social science fields such as political science, history, sociology and social psychology; (2) to develop new courses and research areas which reflect the urgencies of the day – e.g., the economics of the ghetto, poverty, imperialism, and the military-industrial complex; (3) to bring a new value premise to work in economics, sensitive to the needs of the social movements of our day.
 - I joined the U-M faculty in 1972 – thanks in large part to continuing grad student pressure on the Econ Dept to hire a radical political economist. The Dept was broad-minded enough to agree to do so – as long as a candidate with conventionally acceptable credentials could be found.
 - I worked with Dan Fusfeld and many graduate Econ students to develop a new graduate field of Political Economy (PE) within the Econ Dept. I also joined like-minded colleagues in other U-M departments to develop an undergraduate course similar to the one at Harvard – first offered by the Residential College Social Sciences Program in 1973; it has continued to be offered regularly at the RC since then. As at Harvard, the RC political economy course was not accepted or cross-listed by the Econ Dept – but it was cross-listed by the Sociology Dept, and Sociology majors now form the vast majority of the class.
 - URPE – unlike most similar dissident organizations started in the 1960s in other academic fields – has continued to operate up to the present time. It sponsors a well-attended summer conference every year, always in a rural camp setting, as well as a winter conference in conjunction with the meetings of the American Economic Association. URPE has also continued to publish its quarterly academic journal – the Review of Radical Political Economics – now in its 44th year.

SONG BREAK: "Anything Good" ("They'll never have the knowledge of the working class")

- By "Red Shadow – the economics rock & roll band" (formed in 1972); some of the songs were composed on the way to and during the 1972 URPE summer conference in West Virginia.

- The 3 principal instigators included 2 UM econ grad students and a then Harvard junior faculty member, going by the stage names – Alpha Bar, Beta Hat, & Delta X (meaningful to economists!).
- This song illustrates:
 - The highly critical attitude of RP economists toward mainstream economics
 - A general youthful rebelliousness vs. older authorities in the Establishment
 - A revolutionary identification with the “working class” vs. the powers-that-be
 - A sense of humor – and an ear for popular music

3. The substantive content of radical political economics in the early years

- Sources of inspiration
 - In the context of the New Left movement of the 1960s, many of us who were highly critical of contemporary American society, and the role of professional economists in supporting it, turned to alternative perspectives in the Marxist tradition – not only Marx’s own writings, but those of many other social scientists (few of them economists) working in the Marxist tradition.
 - Some sought to hew closely to Marx’s own economic analysis, as set out principally in Das Kapital, working within the framework of the his labor theory of value and his theory of the inevitable tendency of the rate of profit to fall, leading ultimately and inevitably to a collapse of capitalism.
 - But more RP economists – such as those of us working on the courses at Harvard and U-M – saw ourselves as “neo-Marxian,” drawing somewhat eclectically on Marx’s political and philosophical writings for an overall framework in which to analyze capitalist and alternative economic systems, and making use of mainstream economic tools – especially Keynesian and post-Keynesian -- as well as insights from Marx and later Marxist social scientists and philosophers. We rejected orthodox Marxism and were highly critical of the bureaucratic state socialism of the USSR; we were influenced as much by Marx’s work on alienation as by his work on the economics of capitalism.
 - What united all RP economists was the conviction that capitalism is a highly deficient economic system and that our work as economists should be helpful to movements seeking to oppose the political powers-that-be and ultimately to establish an alternative truly democratic, and truly participatory, system – along lines suggested by the Port Huron statement. We envisaged a revolutionary transformation of American capitalism into a distinctively new form of socialism.
- The early radical political economy course at Harvard provides an example of the substance of early RPE
 - The course’s content is well exemplified by the 1st edition of the book of readings derived from the course by several of us who taught it, entitled “**The Capitalist System: A Radical Analysis of American Society**”
 - Part I, consisting of the first chapter, “What’s Wrong with America,” drew attention to 6 major “problems of capitalism” – inequality, alienation, racism, sexism, irrationality, and imperialism – and concluded with “A Brief Guide to Bourgeois Ideology” in economics.
 - Part II then addressed, in three chapters, the historical emergence of capitalism, the essence of the capitalist mode of production, and the evolution of American capitalism.
 - Part III, on “The Functioning of Capitalism in America,” consisted of 6 chapters, each one discussing in much more detail the 6 major problems identified in the opening chapter.

- Part IV, “Toward an Alternative to the Capitalist System,” had 2 chapters – one on “Contradictions of Advanced Capitalism,” the other on “Visions of a Socialist Alternative.”
 - Two later editions of the book were similar in overall orientation, but devoted more attention to issues such as the labor process and workplace conflict, the role of the capitalist state, and capitalist economic crises.
- Research contributions of early RP economists
- During the 1970s an increasing proportion of RP economists in the U.S. came to hold academic positions, in which their future prospects depended on published research at least as much as on their teaching.
 - In many elite universities like U-M there were 1 or 2 RP economists among the Econ faculty; and by the mid-70s there were a handful of less elite universities whose economics departments were dominated by RP economists – e.g., UMass-Amherst, the New School (NY), American University (DC), California-Riverside, & (remarkably) Notre Dame and the U. of Utah!
 - RP economists undertook research in many fields within economics; the research was usually more interdisciplinary than that of mainstream economists, drawing on sociological, political, historical, even psychological analysis; it often analyzed phenomena that standard economic theorizing had difficulty explaining – e.g., situations where the logic of individual self-interested behavior and free-market equilibrium fails.
 - Some contributions were made by RP economists to major mainstream economics journals, but more often their work would appear in specialized journals focusing on issues like labor relations, bargaining power, and modes of economic thought, or in a variety of lesser-known journals open to different kinds of political-economic approaches – not just the Review of Radical Political Economics, but also many others – such as the Marxist “Science and Society,” a New Left social science journal known initially as “Socialist Revolution,” and the open-minded “Cambridge (UK) Journal of Economics.”
 - RP economists typically worked on issues where the functioning of a capitalist economy was found wanting, seeking to show how fundamental changes in economic and political institutions would be necessary for improving outcomes.
 - Many RP economists found it more useful to write books for a popular audience, rather than articles for specialized journals, with a view to influencing public discussion and understanding of economic issues from a radical perspective.
- General observations about the substance of much of early radical political economics
- The word “radical” was meant to denote both a radically different political perspective on society, and the importance of understanding the deep roots – as opposed to surface appearances – of economic phenomena.
 - RPE drew on Marx’s understanding of the weaknesses and contradictions of capitalism and on Marxist class analysis, and like Marx it saw a form of socialism as the most desirable and ultimately most likely alternative to capitalism, but it didn’t borrow much from Marx’s own economic analysis.
 - It combined (1) presentation of much economic data, (2) a focus on long-run historical trends, (3) analysis of fundamental economic institutions and their change over time, and (4) analysis of class conflict and the exercise of political power.

- The focus was predominantly on the U.S. economy and society; but that began to change over time as contacts grew stronger with like-minded economists abroad.
- RPE sought to draw a sharp line between its approach and those of liberal as well as conservative mainstream economists. Even well-meaning liberal Keynesian reforms were seen as inadequate responses to the severe defects of capitalist economies; such “non-revolutionary reforms” should be rejected in favor of “revolutionary reforms,” if not revolution itself.
- RPE sought to link economic analysis to movements for social and political change, with much emphasis on making analyses available to activist workers and community members. Much quoted was Marx’s 11th thesis on Feuerbach: *“Philosophers have only interpreted the world, in various ways; the point is to change it.”*

4. The evolution of radical political economics in the 1980s and 1990s

■ The effect of the changing political context

- Reacting to the spread of the radical Left in the 1960s, richly-funded conservative business and evangelical religious forces succeeded by the late 1970s in pushing political sentiment and discourse in the U.S. well to the Right. The victory of Ronald Reagan in the 1980 presidential election, along with huge Republican gains in Congress, ushered in a new era of much more conservative policy-making.
- It became increasingly clear that the prospects of achieving the goals of the Port Huron statement in the U.S. were dimming – at least in the short run, and probably for quite some time.
- RP economists continued to seek ways to support progressive political forces, which found themselves increasingly on the defensive rather than pioneering new progressive activities.
- Growing disillusionment with the experience of actually-existing socialist economies contributed to widespread doubt about the promise of making progress via revolutionary change.
- A sign of adaptation to the changing context was the change in the name of the Leftist publication formerly called “Socialist Revolution” to “Socialist Review.”
- As the socialist economies of Eastern Europe and the former Soviet Union began to collapse in the late 1980s, attention turned to the potential for democratic market socialism, rather than more revolutionary socialist models – both as a path out of bureaucratic socialism, as well as a future for Western capitalism.

■ RP economists concentrated on advancing analysis of capitalist economies; good work was done on topics such as:

- The rise in inequality since the late 1970s, explained largely in terms of the growing political power of the Right, rather than tech. changes affecting the demand for different kinds of labor.
- Labor market segmentation, whereby workers are divided and hence more easily ruled.
- The “labor process”: the way in which business owners and managers organize workplaces and set wages so as to extract work effort – e.g., by keeping the “cost of job loss” high.
- Forces that have the effect of making what is most profitable diverge from what is most efficient.
- How capitalist economies tend to go through long historical cycles of boom and crisis, related to political-institutional conditions characterized as “social structures of accumulation.”
- Related analysis of long-term trends in the productivity and profitability of capitalist economies.

- Ecological limits on economic growth, along with analysis of alternative patterns of development focusing on quality of life as opposed to quantity of goods.
- RP economists produced a variety of textbooks to introduce students to RPE, such as:
 - Bowles & Edwards, Understanding Capitalism – (which “draws upon Marxian, institutional and Keynesian perspectives to construct a new and comprehensive analysis of modern capitalism”).
 - Goodwin, Nelson et al: Microeconomics in Context, and Macroeconomics in Context.
- There was a good deal of convergence of RPE work with new elements of mainstream economics, e.g.:
 - “efficiency wages” and their implications for unemployment (Shapiro, Stiglitz, et al.).
 - consequences of asymmetric information as between buyers & sellers (Akerlof, Spence, Stiglitz).
 - game theory analysis of bargaining in conflict situations (Binmore, Axelrod, et al.).
 - “animal spirits” affecting investor behavior and the macroeconomy (Akerlof, Shiller).
 - N.B.: Such developments – often recognized in Nobel Prize awards – have taken place in spite of the general Rightward trend in mainstream economic thinking, especially as reflected in the way economics is taught to undergraduate students: it has become increasingly favorable to market outcomes and hostile to government involvement in, and regulation of, the economy.
 - The considerable convergence of much RPE work with new elements of mainstream economics has led to sharp critiques from those radical economists who remain more closely aligned with traditional Marxist economics, seen as incompatible with any form of mainstream economics.
 - URPE has always encompassed both types of RP economists.
 - but the division between the two groups has become sharper, involving both economic methodology and political perspective – i.e., whether progress can be evolutionary, in alliance with liberals, or must be revolutionary, in opposition to both liberals and conservatives.
- The demise of the graduate political economy field at U-M
 - In 1972, when I arrived, almost half of the graduate student body had at least some interest in RPE; throughout the 1970s at least a half dozen students in each entering class chose PE as one of their fields of specialization, and considerably more took the PE courses offered by DF and me.
 - In the 1980s the numbers diminished somewhat, but good students interested in RPE turned up in each entering class – as U-M provided a rare opportunity to get a prestigious economics Ph.D. while specializing in PE.
 - Graduates who had specialized in PE found jobs teaching (mostly in liberal arts colleges) or working in progressive organizations such as trade unions and left-of-center research institutes.
 - Yet by the early 1990s the inflow of RPE-interested grad students dried up, for several reasons:
 - the retirement of two of my colleagues in the late 1980s, DF and LA (who had played a key role attracting RPE-oriented students as a member of the grad admissions committee)
 - a change in the composition of applicants to U-M’s Econ Dept, the majority of whom now came from abroad, with strong mathematics background, little interest in political economy
 - By the mid-1990s, the graduate PE field came to an end for lack of student interest.

5. Where does radical political economics stand now – in the 21st century?

- The RPE critique of capitalism is actually much more salient now than in the 1960s
 - Especially w.r.t. inequality, waste & irrationality (e.g. ecological), large-scale economic crises.
 - Perhaps less so with respect to racism, sexism.
 - Ironically, **The Capitalist System** critiqued US capitalism when it was at its most social democratic – in the late 1960s & early 1970s. From the vantage point of 2012, that model looks pretty good!

- But now the prospects for progressive social, political & economic change are much dimmer
 - Almost everywhere in the world the trend is not in the direction of any kind of socialism, but strongly in the direction of American-style capitalism (if not worse).
 - Even social democratic capitalism is on the defensive, though it remains fairly robust in much of Western Europe – especially in the Nordic countries.
 - With the ever-growing economic and political power of the Right, and the weakening of the moderate Left, many RPEers have decided to work with liberal organization and institutions.
 - In turn, not a few prominent liberal economists – such as Joe Stiglitz, Paul Krugman, Jeffrey Sachs, Robert Reich – have become considerably more outspoken, and indeed more radical, in their critique of currently-existing capitalism, joining RP economists in fighting against the policy hegemony of Right-wing economists and Wall St. bankers. (N.B.: Stiglitz, as well as a number of RP economists, spoke to Occupy Wall Street crowds at Zucotti Park last year.)

- There has been considerable growth of RPE-based or –influenced research institutions and media outlets
 - Some North American RP economists remain committed revolutionaries, refusing to get involved with conventional political parties or organizations seeking evolutionary change; they look to uprisings like the Occupy Wall Street movement to shake up the establishment and the system.
 - But the majority of RP economists now seek to link their work in economics to movements for evolutionary social change, or efforts to defend the achievements of past such movements against assault by the much-strengthened Right wing.
 - Particularly important is the activist role many RP economists are playing in economic research institutions and media outlets, carrying out and disseminating progressive policy research. Many of these organizations were founded by RP economists, some of them teachers and some of them grad students in colleges and universities where RPE has been taught over the past decades. They have not built a new economic paradigm, but they combine progressive values and sound economic techniques to weigh in on ongoing economic policy debates – e.g. over living wage ordinances.
 - Prominent examples of Left-wing organizations pursuing these aims are:
 - The Center for Popular Economics (Amherst MA), which runs RPE workshops for activists
 - Dollars & Sense (Somerville MA), a monthly economics magazine
 - The Center for Economic Policy Research (Washington DC), founded and headed by Dean Baker & Mark Weisbrot (2 Economics Ph.D.s from U-M in the 1980s)
 - The Political Economy Research Institute (UMass, Amherst)
 - The Global Development and Environment Institute (Tufts University)
 - The Solidarity Economics Network (online)
 - RP economists – mostly Ph.D.s from schools with PE programs or graduate fields -- can also be found in significant numbers in more mainstream liberal organizations, such as:

- The Economic Policy Institute
- The Center for American Progress
- The Institute for Policy Studies
- The AFL-CIO
- The New America Foundation
- Institute for New Economic Thinking
- All of the above cannot match the Right-wing think tanks and media outlets in funding, outreach or influence, but they do provide some important counterweight to the dominance of the Right in public discourse on economic issues.

■ So what has RPE accomplished?

- Obviously RPE has not moved American political discourse and economic policy to the Left; but that failure can hardly be charged to RP economists.
- RPE has not developed a coherent new analytical framework or paradigm for addressing economic problems; like other heterodox economic approaches that are in various ways critical of mainstream economic theory and practice, it is rather eclectic in using a variety of analytical tools in seeking to counter the Right-wing trend in economic thinking and to develop progressive alternatives to Right-wing economic policies.
- RPE has had little impact on the mainstream of the economics profession in North America, which has for the most part become more narrowly focused on technical economics, rather than more broadly interdisciplinary, and whose conventional wisdom is considerably less Keynesian and more market-oriented than it was 50 years ago. RP economists get more attention from professors and students in Sociology Departments than from those in Econ Depts or Business Schools.
- RPE has arguably stimulated more attention among mainstream economists to social justice issues of inequality and discrimination, and economic problems such as market failures and economic crises; but the minority of mainstream economists working on these issues do not draw much on contributions by RP economists.
- I would argue that the most important contributions of RP economists have been the following:
 - teaching economics to large numbers of undergraduate and smaller numbers of graduate students in ways that encourage them not only to understand economic phenomena in a broad context, but also to see the reduction of inequality and injustice as a compelling moral issue and the restructuring of economic life along more humane lines as a major goal
 - founding and populating progressive economic research institutions and media outlets (as detailed above), thereby strengthening the political forces seeking to bring about progressive social and economic change.

■ To conclude:

- What most basically distinguishes RP economists from mainstream economists is not that so much that we find different economic issues worth researching, writing and teaching about, nor that we use quite different analytical methods in doing so. Instead, I think what is most fundamental is that that we see researching, writing and teaching on these issues not simply as an intellectual challenge, but as a challenge to make things better. In other words, the point is not just to understand the world, but to change it. And the real challenge is: how to understand the world in a way that is useful in figuring out how to change it for the better!