

Of Copernican revolutions – and the suddenly-marginal marginal mind at the dawn of the Anthropocene

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It used to be thought that Copernicus initiated an intellectual revolution – indeed Thomas Kuhn called his first book *The Copernican Revolution* (1957). But in this Kuhn was mistaken. Throughout Europe astronomers took a keen interest in what Copernicus had to say, but, with only a very few exceptions, they took it for granted that his account of a moving Earth was simply wrong. If the earth moved, we would be aware of it; you would feel the wind in your face. If you dropped an object from a tall tower, it would fall toward the west... Since none of these things happened, all the leading astronomers – Erasmus Reinhold, Michael Maestlin, Tycho Brahe, Christoph Clavius and Giovanni Magini were confident that Copernicus was wrong. Still, they were fascinated by the simplicity of his techniques for calculation... They liked Copernicanism as a mathematical device; they had no time for it as scientific truth.

David Wootton, *The Invention of Science*¹

As we push on through this second year of our global pandemic – what an acquaintance, one hopes too grimly, calls “the start of The Covid Decade” – the 10,000,000-plus lives claimed so far² (and the millions more still to join them) place a burden on how you or I can honestly talk to one another about “economics”, “neoliberalism”, and “post-neoliberal economics”.

My wife and son were both infected with the COVID virus last spring, before masks were required or the habits of daily work and social life had been fully upended through mass shutdowns of offices, schools, and retail street life. They both thankfully survived – though only after what for us were harrowing days.

In the year since, like many of you, I have lost friends – two directly to COVID, three to complications the virus added. Six others have also died, losses still deeply felt by those of us who love them even now, yet because we’ve all been hemmed in by our fears and our mandated isolation, deaths which have left us without ability to gather and mourn.

Too narrowly conceived, issues of “economics” thus haven’t felt to me of surpassing importance in this moment – and yet they are.

Nothing about this global health pandemic has escaped simultaneous reference back to, or framing in, terms of “economics” – most immediately for most people (who aren’t economists), measured by a combination of the unprecedented trillions that powerful governments and their central banks have poured into their economies; by the exorbitant costs for the crash-development, production, and successful distribution of vaccines; by the massive financial

¹ Wootton, *Invention of Science*, 145

² *The Economist* estimated that COVID’s global death toll by May 2021 exceeded 10 million: <https://www.economist.com.ezp-prod1.hul.harvard.edu/leaders/2021/05/15/ten-million-reasons-to-vaccinate-the-world>

losses imposed by the shutdown or curtailment of businesses; by the physical shortages caused by disruptions to what is anodyne called “the global supply chain”; and by the abrupt disappearance or curtailment of millions of jobs worldwide – and with those jobs, the personal income that purchased food, paid for homes and cars and clothing, indeed supplied all the variegated necessities and luxuries we have grown accustomed to assuming were always simply there.

The scale of all this disruption has clearly shaken many economists’ complacencies about what our leading colleagues at the start of this century benignly termed the “Great Moderation” of the increasingly global economy, an ever-more unified world that was being brought about by the super-human monetary skills of “The Maestro” Alan Greenspan, by Robert Rubin’s and Larry Summers’ inspired deregulation of finance, and the emergence of a truly “global market”. It was a “market” that was governed by an almost-natural set of market “laws” – laws that had been discovered in a two-century-long development of thought by – this bears noting, for reasons to which I’ll return – mostly Western, mostly bourgeois (or if you prefer, upper-middle-and-middle-class), and almost always male, academics whose careers had been spent refining (again the anodyne phrasing) “market economic” theory – or more simply, “economics”.

So there’s reason to pause here and ask what has happened because of COVID. I mean that, first, in terms of the self-evidently massive global dislocations³ that a microscopic virus (and now its variants), a virus indifferent to our vocabulary of markets, market rules, and economic theory, has imposed. Secondly, I mean it in terms of the societally-organized responses our little species (one among so very many with whom we share our tiny planet), has so far produced, intentionally and haphazardly, through its state-bordered subdivisions and regnant governance theories.

Let me lay down quickly now how I mean to take up COVID’s impact on “economics” – and then how I’ll tie my views to the charge that Professor Fullbrook set out in his invitation:

There are signs [he wrote me some months ago] that neoliberalism as a dominant ideology is in decline. Given that most of its dogmas are grounded in the axioms of traditional economics and given that those axioms are increasingly and ever more dangerously at odds with reality, it could be that economics is approaching its Copernican moment.

But what, I quizzically asked myself as I sat down to outline this paper, *would* such a Post-Neoliberal Economics look like? Replying to him initially, I had asserted a certain confidence about what I would answer – but now in honesty I still find questions nagging. This essay is my attempt to puzzle out some answers that still contain what remains for me unanswered.

I’ve taught at Harvard for nearly 30 years, am nearly 75, and have witnessed many once-bold-seeming experiments in our profession’s attempts at theorizing, rise and then fall: input-output, the Phillips Curve (and NAIRU), game theory, supply side, monetarism, New, Neo-, and Post-Keynesianism, random walks, New Classical and New Growth theories (two among the many growth models from Harrod-Domar, the first I learned, to the various current flavors of DSGE), the Real Business Cycle, rational expectations, Taylor rules, MRI-based behavioral economics, the Washington Consensus, shock therapy, the new empiricism, and so far, it

³ Again, a word not robust enough for what needs to be understood.

already appears, a good deal of behavioral economics and large-scale data manipulation. I can still also clearly recall reading the AEA's scholarly COGEE report on the state of American economics some 30 years ago, the one that found over 60% of graduate-level faculty agreeing that economics "overemphasizes mathematical and statistical tools at the expense of substance" and the report worrying aloud that the profession was producing a generation of "idiot savants".⁴

Here at Harvard over the years, I've also certainly seen an ascent of what one might well call "neoliberalism" not just in economics but political science and political philosophy – and (this is not unimportant or unrelated), in both the university's administration and in students' assumptions about "the real world" they'll enter after graduation (about which I'll say more later). Today, after the Great Recession and still in the COVID Crisis, while I'm not sure I'm seeing neoliberalism's fall, I know I am looking at a far more confused and confusing landscape of fragmented ideas. It's a fragmentation one of you might argue that's a mutation or neoliberal variant (COVID inspires thoughts of neoliberalism as a virus) – but it's also, I think a landscape that nonetheless contains possibilities for real change.

Contexts (economic and political) we ignore at our peril

First, context-setting: it's clear that "neoliberalism" – at best, a very loosely-bounded school of "economic" and "political" thought – *is* under assault intellectually and institutionally (though there's much to parse here). This assault is rather new – but "neoliberalism" as a descriptive term (it's not just an epithet) is itself rather new, at best about 30-40 years old, and seems to have arisen associated with the seeming "death of Keynesianism" in economics during the Reagan-Thatcher years and the subsequent rise of leaders such as Clinton and Blair (and Obama?), so its sudden fall must be set against its sudden rise.⁵

Second point: worryingly, outside our cloistered universities, right-wing "populism" – a term some critics equate with an equally loosely-defined "neo-authoritarianism" – is on the rise, with figures such as Trump, Modi, Bolsonaro, Orban, Duterte, et al. the representative political indicators of this trend. (Whether Putin and Xi, or Middle East figures like MBS, or any number of African, Latin American and Asian heads of state fit this "neo-authoritarian" definition – or are simply old-fashioned authoritarians – for me adds complexities about the scope and history of "neoliberalism".) What most concerns me, though, about this emergent neo-authoritarianism is captured in two charts I've put here.

⁴ I wrote about the AEA's COGEE Report a decade after it appeared in the JEL in 1991 in Parker, "Can Economists Save Economics?", *American Prospect*, December 19, 2001. For my troubles, Robert Solow wrote the *Prospect's* editor privately to bitterly complain that I was "washing our dirty laundry in public."

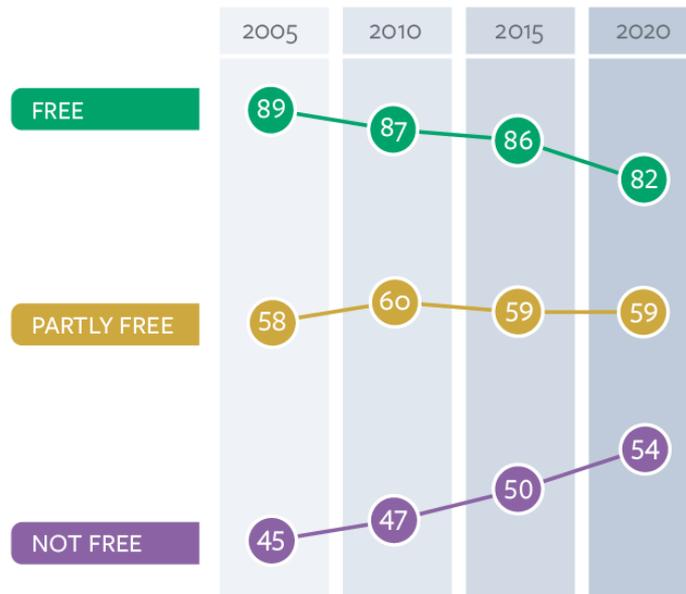
⁵ Jamie Peck, *Constructions of Neoliberal Reason*, is a useful introduction; for those so inclined, a more radical reading is David Harvey, *A Brief History of Neoliberalism*. My Harvard colleague Dani Rodrik has a succinct view, worth quoting here: "As even its harshest critics concede, neoliberalism is hard to pin down. In broad terms, it denotes a preference for markets over government, economic incentives over social or cultural norms, and private entrepreneurship over collective or community action... Today it is reviled routinely as a short-hand for the ideas and the practices that have produced growing economic insecurity and inequality, led to the loss of our political values and ideals, and even precipitated our current populist backlash." Dani Rodrik, "Rescuing Economics from Neoliberalism," *Boston Review*, November 6, 2017. Also worth reading is Zack Carter on Friedman and neoliberalism, "The End of Friedmanomics", *The New Republic*, June 17, 2021:

<https://newrepublic.com/article/162623/milton-friedman-legacy-biden-government-spending>

The first aggregates 21st century governance systems (set aside their economic systems for a moment) in the roughly 200 nations of the world. Its message is the reminder that *democratic* governments are not a majority – and are (we also know) a novelty in human history, one that has become meaningfully extensive only in the last half-century, a flicker of time since the late Neolithic dawn of early states.⁶

A Shifting International Balance

In 2020, the number of Free countries in the world reached its lowest level since the beginning of a 15-year period of global democratic decline, while the number of Not Free countries reached its highest level.



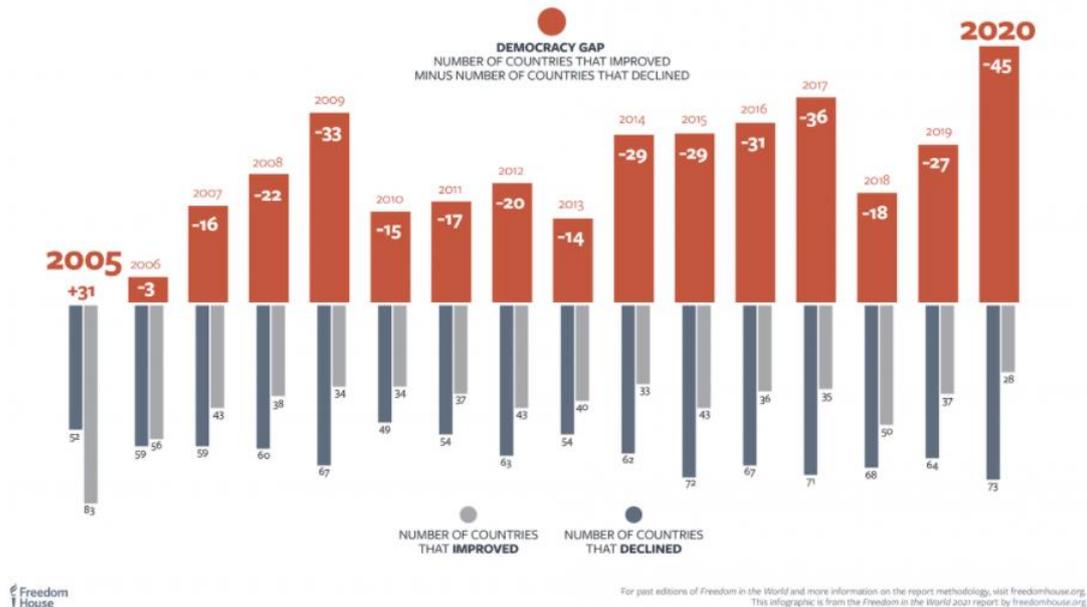
The second chart, slightly more detailed, here tells more about the “democracy trend line”⁷ for those past 15 years – for this paper’s purposes roughly what we might think of as *the era of neoliberalism’s decline*:

⁶ James Scott, *Against the Grain*, is especially insightful here, especially when read in conjunction with his *Seeing Like a State*, with its indictments of the sort of top-down planning that development economics and multilateral institutions, long before “neoliberalism”, began celebrating and still view as the necessary path to “modernization”.

⁷ The source of this table – Freedom House’s annual survey of state governance systems – this year is headlined “Democracy Under Siege”: <https://freedomhouse.org/report/freedom-world/2021/democracy-under-siege>.

A Growing Democracy Gap: 15 Years of Decline

Countries with aggregate score declines in *Freedom in the World* have outnumbered those with gains every year for the past 15 years.



I'm concerned, in short, as I set out here about what might socially, culturally and politically be coming next – if this is indeed the start of a “post-neoliberal” era. You and I may have our own dreams about that next world – and certainly should talk about and debate them – but we're not guaranteed that *our* dreams will define the future. Democracies and democratic rights are not so well-established that we can presume their ongoing continuity, let alone their inevitable spread or strengthening; in fact, the risks right now are the opposite. What I'll say next about “neoliberalism” is deeply grounded in that alertness to what I fear *could* come next.

Conceiving a post-neoliberal economics is for me thus only one part of imagining and then constructing a much larger, more *progressive* post-neoliberal world – and how to redesign the standard-form “economics” taught in most universities is only one colorful problem thread among many in that tapestry we must reweave.

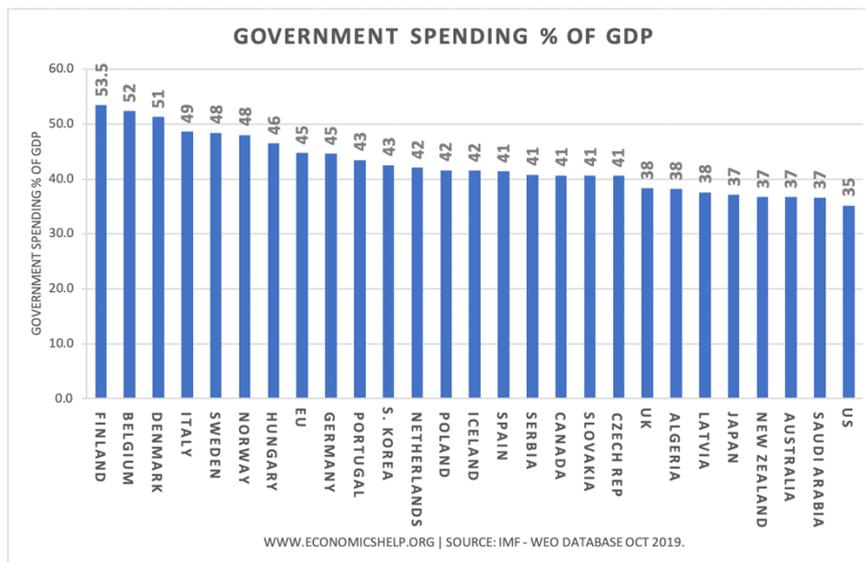
A first-order claim

At the start, let me assert a core to my argument: seeking to repair blackboard economic theory by, for example, somehow re-centralizing and re-legitimizing “the state” and its right to lead markets is simply not enough. This “re-centering” was the essence of the Keynesian Revolution in the mid-20th century, and in complicated ways it seems to be at the heart of the Biden Moment we're in here in America. It's also the apparent desire of many of my more-liberal-than-progressive colleagues.

What we need, however, is a much broader vision, not just for a new “textbook economics” but the uses to which we put our intelligence as men and women, and not simply economists. That vision must fit into a much larger and ongoing argument about being human and about living into a truly democratic, much more egalitarian, and environmentally sustainable world. Here I'll nod to our profession's jargon but point past it at the same time: it's a vision that

would seek to grow what I'll call, borrowing from John Dewey and Richard Rorty, "democratic efficiency". On that, more to come.

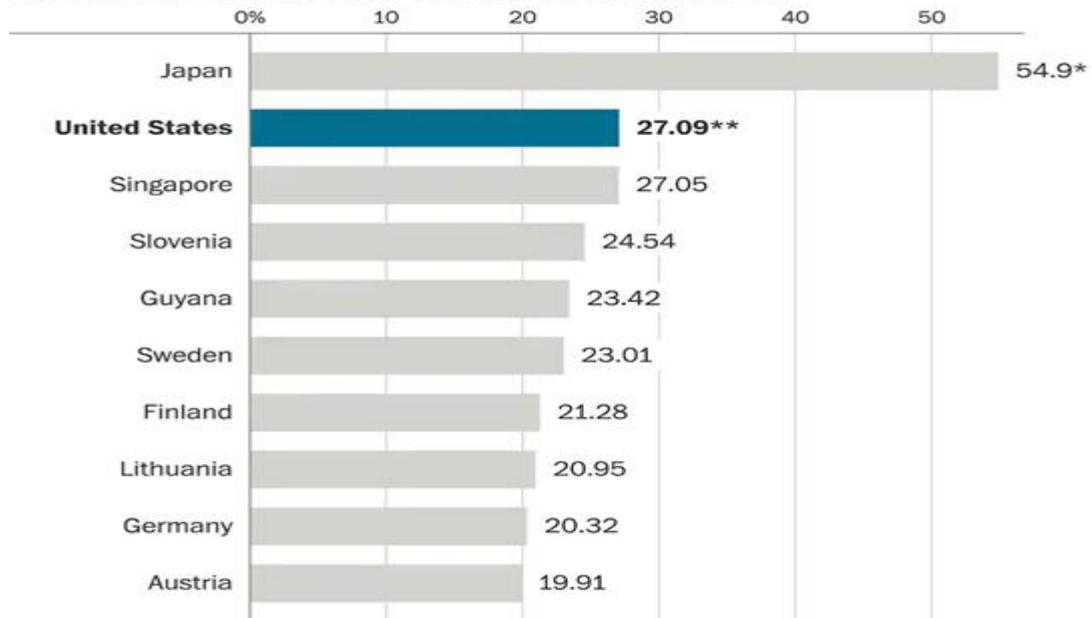
I realize that a good many of our more cautious colleagues think that neoliberal models can be overturned by somehow "rebalancing" mainstream economics' stylized concepts of "markets" and "states" and their separate spheres. But that, in my view, ignores something obvious: the US and its OECD partners are not accurately describable as "markets first and states second" systems – and haven't been for quite some time. The average share of government in the developed world's GDP is over 40%, often closer to 50% – and if one adds the GDP shares of the non-profit sector, the hybridized for-profit "public-private partnership" world, and the increasingly-vast landscape of private contractors and consultants to governments (whether it's McKinsey, Lockheed, or Blackstone, and whether it's in defense, health care, IT, toll roads or garbage collection), the percentage is even higher. Here are some percentage comparisons – familiar to most of you – for the narrow, "government-only" share of the mis-named "market economies" we inhabit:



There is nothing today, in short, about "the state" (that haunted "other", the *xenia* in our most essential portrayals of "the economy" as an extant thing) that makes it exogenous or ancillary or unimportant to "the real economy". They are separate spheres in our imaginings, not in the world around us.

Beyond recognizing the collective enormity of these well-established "non-market" sectors in our "market economies", we can also surely point right now to those states' massive "economic" responses to The Great Recession a decade ago. More immediately we can also simply note the Great-Recession-dwarfing scale of the work by states, their central banks, and the multilateral institutions to COVID since early last year. For illustration of the scale, these two charts:

Covid-19 fiscal responses as a percentage of GDP



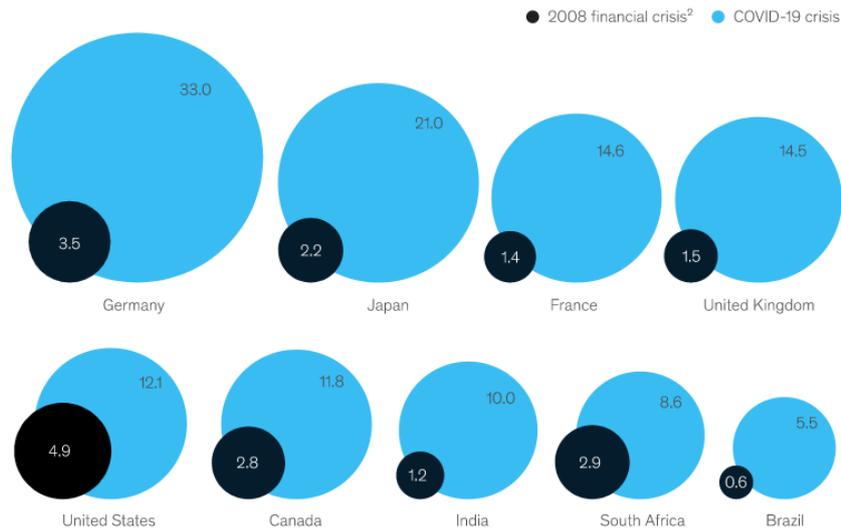
*Some economists dispute Japan's top-line fiscal response figures and estimate they make up less than 20 percent of GDP. **U.S. number includes \$1.9 trillion coronavirus relief package. Other figures are estimates from February.

Source: Ceyhun Elgin, Gokce Basbug and Abdullah Yalaman

THE WASHINGTON POST

Across countries, economic-stimulus responses to the COVID-19 crisis outsize those to the 2008 financial crisis.

Economic-stimulus crisis response, % of GDP¹



¹2019 GDP taken into account for values related to COVID-19 crisis.

²Data published by International Monetary Fund in March 2009; includes discretionary measures announced for 2008–10.

Source: *Global economic policies and prospects*, International Monetary Fund (IMF), March 2009, imf.org; government sources; IHS Markit; IMF; press search; *The state of public finances: Outlook and medium-term policies after the 2008 crisis*, IMF, March 2009, imf.org

McKinsey
& Company

One can see in these charts just how *powerfully and permanently immanent* governments have become (supremely in the big OECD countries but also in China, the current global growth poster child). No American economist I know would have predicted “the non-market’s”

extraordinary multi-trillion-dollar interventions into “markets” of all kinds – of goods and services, of finance, of construction, health care, housing, income, etc. No American economist would have predicted the trillion-dollar follow-through proposals of the Biden administration – repeat, the Biden, not the Sanders, administration – that are before us today, awaiting Congressional action.

I will leave for another paper detailed discussion of three points these charts raises for me. First, how – and why – the scale of governments, their contractors, and the non-profit sectors grew in terms of GDP to these new quantum levels beginning after World War II. Second, how the citizenry of OECD countries prospered at least during *les trente glorieuses* despite the fact that nearly half their economies routinely passed through the state and its collateral non-market institutions.⁸ These simple facts-on-the-ground seem to be the most embarrassing and comprehensive refutation of neoliberalism’s claims for the desirable (and ever-to-be-desired) supremacy of “markets” in all matters economic (or at least refutation of the “freshwater” Chicago view – and before that, the Austrians’ ur-text “road-to-serfdom” alarums).

Why we feel marginalized by marginalism

But that raises the question why so many self-described “progressive economists” today feel “marginalized” in the world of marginalist economics and its varied offspring, including the “neoliberalism” that I’ve been invited to refute and transcend.

To address that, let me quickly sketch a “longue duree” history: “economics” as most academic economists practice it is a societally-organized way of seeing the world that has long relied, institutionally, on three pillars. The first is the emergence of the modern university. The second is the idea that the university can be divided into departments that proximately represent relatively autonomous modes of thought.

The third pillar, most important here, is the ubiquity, now global, of the products of the first two. By this I mean not goods and services but the hundreds of thousands of men (and finally a growing but still small number of women) across the globe, in touch with one another in ever-denser ways courtesy of the various digital and internet technologies unfolding around us. They’ve been university-trained primarily for occupations that manage and grow the world economy, and with it the economic and political bureaucracies of the world. But among them also are those – many embedded in those bureaucracies, some existing on their margins – who shape the public conversations meant to uphold the society’s definitions of who we are, were, and might become – and not just as representative agents in an elegantly-styled economic model or as individuals in an equally-stylized (and in recent years mathematicized) political science or sociological model.⁹

⁸ I might there mention, no doubt, that in the US, where the GOP has long considered itself “the party of fiscal responsibility” and used marginalist arguments to damn public deficits, that the last Republican President to balance a budget was Dwight Eisenhower; but I digress.)

⁹ On the many and deep problems of academic disciplines and the central ideas underpinning the social sciences especially – and how in the last quarter of the 20th century, they spilled out to produce the breaks we associate with “neoliberalism”, Daniel Rogers, *The Age of Fracture* makes a great contribution. “What precipitates breaks and interruptions in social argument are not raw changes in social experience, which never translate automatically into mind”, he notes, “What matters are the processes by which the flux and tensions of experience are shaped into the mental frames and pictures that, in the end, come to seem themselves natural and inevitable: ingrained in the very logic of things.”

Those men and women include you and me. However, those conversations – meant to uphold existing orders of all kinds – are what’s central to my concerns here because they also contain the possibility of conversations that could overturn that order and model what it would mean to become not just better economic agents but full citizens in a richly democratic and sustainable world.¹⁰

The modern university, however, depends on two 19th and early 20th century claims that limit such possibilities.

The first is that its then-new “social sciences” would be not just “social” but “scientific” – and hence free not just of the prejudices and passions “science” thought it was escaping by leaving religion behind but also free of “politics” in the disorderly, dishonest and often-violent sense of that word when we talk about how power and power’s rewards are socially arranged. “Social scientists” would henceforth concentrate their coolly reflective intelligence on matters of “theory” and, in contribution to the larger world, on coolly-designed “policy”. The vulgar but necessary quotidian of “politics” – matters of power, of conflict between interests, and the negotiations that would apply useful “policy” to the lived world would remain outside the university.

The second foundational claim was that the university’s modern subdivision into departments would concentrate specialization in each department’s forms of knowing. The promise here was that through such subdivision the university thereby could produce new ways of more general knowing that would vastly improve the world – in brief, would give rise to an equally modern idea called “progress”.¹¹

We too often forget how new – and how weakly tested – these claims were when they midwived our higher education system. Universities, which are not modern, hadn’t started that way.

The first European universities in the late Middle Ages and early Renaissance had in a sense been backward, not forward, looking. They took root and then thrived on what amounted to their re-discovery of “classical” knowledge – Greek and Roman mainly, albeit with incursions from Egyptian, and later Arab and some Indian, thought (especially, in the case of the latter two, through the ideas of mathematics and the application of mathematics to social-situational

¹⁰ One of the enduring attractions of Keynes to me has always been that his “economic” imagination encompassed that conversation of possibilities: “The master-economist must possess a rare combination of gifts. He must reach a high standard in several different directions and must combine talents not often found together. He must be mathematician, historian, statesman, philosopher - in some degree. He must understand symbols and speak in words. He must contemplate the particular in terms of the general and touch abstract and concrete in the same flight of thought. He must study the present in the light of the past for the purposes of the future.” Zack Carter’s recent *The Price of Peace: Money, Democracy, and the Life of John Maynard Keynes*, is much worth reading in this regard.

¹¹ One should note that China and India both pioneered what one might call the proto-university system 3000 years before the European university emerged on the back of classical Greek and Roman learning. China’s Shang Yang-era “higher school” training of the empire’s administrators was established during the Yu period (2257-2208 BC) and the Imperial Central School dates from the Zhou Dynasty (1046-249 BC). Because the early Chinese state consciously depended upon literate, educated officials to administer the empire, a meritocratic imperial examination was formally established by the Sui Dynasty (581–618) to identify talent in the general populace regardless of social rank. As for early Indian precedents, Takshashila University was established in present-day Pakistan in the 7th century BC and Nalanda University – of Buddhist scholarship that drew students and scholars from East, Central, and South-East Asia (including China).

realities from art and architecture to hydraulics and sailing.) But to be “scientific” or exist to produce “progress” as we understand that was not consciously part of their agenda.¹²

The slow invention of “science” over the last five hundred years or so came about as curiosity about “classical” truths (in astronomy and cosmology especially) led to new observations that disagreed with what the universities had taught, relying on Aristotle et al. As an “objectifying” and “empiricizing”, and therefore radically challenging, way of seeing the world that refuted superstition, this was of course huge. (To the Church’s alarm, along with superstition, religiously-validated imaginings about causation and justification also soon came under relentless fire). All this placed on antique and ecclesiastical verities (and hence too on their contemporaries’ derived explanations) of “why” and “how” the duty of consistent replication and perhaps more important, of coherence – and the predecessors increasingly fell away.

Much of this falling away was, curious to most of us today, born out of arguments about “religion” – which seems so very far away from arguments about today’s “economics” but isn’t.¹³ “Religion” – by which I mean a cobweb of beliefs about ontology, epistemology, and ethics centered on the authority of transcendent extra-human power had for several thousand years, but especially in the last thousand or two thousand years, been the established means by which to “explain reality”.

The struggles of all sorts – some military, some economic and political, some profoundly philosophical about the nature of being, society and humankind – that Europe endured and exported globally through its empires, the sword, and the printed word from the 1500s onward all contributed to the dethroning of religion and the desacralization of the world, without which the “modern world” (and the Industrial Revolution, capitalism and “economics”) would be impossible.¹⁴ These were, I hasten to stress, not just struggles over the consequences of the Scientific Revolution but of the Protestant Reformation, the Enlightenment, and of Europeans’ transatlantic, then global Imperial Conquests.

How the past allows us to imagine – and see the future

Let me now try to connect this little synoptic “*longue duree*” to the present and to the matter before us: neoliberalism and what might succeed it. We live in the early 21st century and the conventional economics we’ve inherited has now arrived at a moment when once-novel Victorian-era ideas seem not just inadequate but irrelevant.

¹² University studies were organized by the faculty of arts, which taught the seven liberal arts: arithmetic, geometry, astronomy, music theory, grammar, logic, and rhetoric. All this was taught in Latin, in which students had to converse. The curriculum also eventually incorporated Aristotle’s three forms of knowing: physics, metaphysics and moral philosophy.

¹³ Ben Friedman’s *Religion and the Rise of Capitalism* (2021) is the latest addition to this important cross-disciplinary literature. Robert Nelson, *Economics as Religion: From Samuelson to Chicago and Beyond* is a wonderfully polemical, wonderfully challenging (but too often libertarian) jeremiad meant to force economists to confront the nature of their foundational beliefs.

¹⁴ Peter Berger, *The Sacred and the Profane* usefully encapsulates and analyzes the inter-penetration of science, religious reform, enlightenment secularity, empire and de-sacralization. Eugene McCarragher, *The Enchantments of Mammon: How Capitalism Became the Religion of Modernity* argues from a different strategy: that the modern world has not been de-sacralized at all; instead the logic of capitalism and its economic “invisible hands” forces – omniscient, omnipresent, and omnipotent, in Durkheim’s terms – have displaced our older notions of gods.

A similar moment seemed, to many, to have arrived before, back in the 1930s. But apostles of marginalism such as Lionel Robbins or Mies or Hayek – faced with what they saw as the socialist implications of Rooseveltian politics and Keynesian ideas about states and economies – insisted on the singular “efficiency” purpose of “economics” as theory, and theory’s realization in the modern market world around them. For these men, the matter was supremely “intellectual” and “scientific”, not a story of competing classes in capitalist societies. Robbins’ magisterial dictum that economics was “the science which studies human behavior as a relationship between ends and scarce means which have alternative uses” was in fact by the 1930s already, well, Victorian.

Let me be blunt here: the Marginalist Revolution is still today, just as in the 1930s, what it was first – the best attempt by a group of late-Victorian and Edwardian thinkers, confronting the 19th century’s emerging capitalist system and its “logic”, to “explain” (and thereby, in “scientific” terms, to justify) the emergence of that particular early stage of capitalism through “scientific reason”, mathematics (mostly geometry and simple algebra at first, then the calculus) and specifically-abstracted “models”¹⁵ mathematically arranged to solve the question of “right price” – first of the transactional exchange of physical goods, then of labor, capital (fixed and financial) and natural resources.¹⁶ Those thinkers moreover did so in ways they meant to consciously refute their Catholic theological ancestors and their moral basis for “just price” and “just wage” debates¹⁷, as well as their Protestant social-democratic and their secular-socialist (especially Marxist) contemporaries on the implications – not just economic but moral and political – of this novel capitalism’s societal distribution of “surplus profit”, and with it, the ownership rights to the means of producing goods and organizing a great deal of social life.

From the start, there was disquiet within early academic departments about what they were doing. Alfred Marshall, the law-giving Moses of marginalism, himself warned,

In my view every economic fact whether or not it is of such a nature as to be expressed in numbers, stands in relation as cause and effect to many other facts, and since it *never* happens that all of them can be expressed in numbers, the application of exact mathematical methods to those which can is nearly always a waste of time, while in the large majority of cases it is positively misleading; and the world would have been further on its way forward if the work had never been done at all.¹⁸

Then, lest he be misunderstood or gainsaid, Marshall added this prescriptive injunction:

¹⁵ See Keith Thomas, *Religion and the Decline of Magic* and David Wootton, *The Invention of Science*. The fact that one can earn a PhD in economics today without slightest acquaintance with that history goes a long way for me in explaining why too many economists today behave more or less as “idiots” in the classical Greek sense of “idiotes”, as those who fail to understand where they came from, so do not take an active part in the life of the polis, and hence offer little wisdom the polis’s citizens can use.

¹⁶ Phillip Mirowski, *More Heat Than Light: Economics as Social Physics, Physics as Nature’s Economics* handily covers economics’ “scientific” ambitions related to pre-Einsteinian physics. For the role of biology – especially the corruptions of Social Darwinism – Dorothy Ross, *The Origins of American Social Science* is a useful starting place, as well as for her handling of the rise of “departmentalism” and economics’ segregation from history, political science, law, philosophy and sociology.

¹⁷ On the still-relevant questions the Middle Ages raised about “just price”, Hamouda and Price, “The justice of the just price”, *European Journal of the History of Economic Thought*, v.4, no.2 (1997).

¹⁸ For this, Hans Jensen. “Alfred Marshall as a Social Economist”, *Review of Social Economy*, v.45, no.1 (April 1987).

(1) Use mathematics as shorthand language, rather than as an engine of inquiry. (2) Keep to them till you have done. (3) Translate into English. (4) Then illustrate by examples that are important in real life. (5) Burn the mathematics. (6) If you can't succeed in 4, burn 3. This I do often.¹⁹

In America, the founding of the American Economic Association in 1885 launched a battle between Progressive Era reformers, who dominated the early AEA, and their conservative and pro-business, often Social-Darwinian, opponents. The battle would go on continuously – simplified in later retelling as between Institutionalists and Marginalists. What followed were fights over tenure, publication, and funding for research that were relentless – until shortly after World War II, when the Depression-era Keynesianism and New Deal reformism were transformed into the Cold War's Military Keynesianism and anti-communist liberalism. In short order, academic economists embraced a mathematicised macroeconomics called “the Neoclassical Synthesis” that validated specific ways states could “intervene” in economies but eschewed any questioning of the “military” in “Military Keynesianism”. Paul Samuelson was the dean of that “Neoclassical Synthesis”, which sought to “resolve” the profession's inherited battles from the 1880s through the 1940s by wedding a mostly Keynesian “macroeconomics” through a shotgun marriage to a Marginalist “microeconomics”. Late in his life, he spoke of just how carefully he had written and repeatedly edited his legendary textbook to meet the Cold War's anti-communist requirements about the sanctity of capitalism's essentials: private property and its control through concentrated private ownership, while legitimating government's role as macromanager of aggregate demand. Meliorative in prescription, academic economics could thereafter be; more than that, it could not and would not be allowed to consider becoming.

Long before “neoliberalism” arose, in other words, the separate and legitimate sphering of “economics” and “politics” – not just by university departments, but in the larger world, in the imaginations of policy makers, politicians, journalists and the talking classes generally, the right and natural hegemony of “markets” over “states” was established. It is a history that critics who consider “neoliberalism” a relatively new problem would do well to revisit and understand.²⁰

Some thoughts on a post-neoliberal project

So then what might a project for a Post-Neoliberal Economics entail? Since I think “neoliberalism” as concept and practice represents one more of an ongoing series of ultimately ad hoc justifications for the hierarchic structuring of human societies, and think that the larger concept of “capitalism” contains already many visibly differentiated stages of its own in that long story of hierarchies, here are several modest ideas I'd propose.

First, to confront what we don't like about “neoliberalism”, we should start by recognizing what we are facing, which is not just a methodenstreit problem in academic economics.

The World Economic Forum – what a waggish journalist friend, from direct experience, slyly dubbed “neoliberalism's favorite ski resort” – has for several years now declared *climate*

¹⁹ Alfred Marshall, *Principles of Economics*, cited in Stanley Brue, *The Evolution of Economic Thought*, 5th ed., pg. 294.

²⁰ Binyamin Appelbaum, *The Economists' Hour*, offers a readable Cook's Tour of this postwar history.

change and *economic inequality* the two greatest issues facing humankind. This is not the language of neoliberalism, circa 1978-2008, at least in its diagnosis. Davos has then gone on, as prescription, in ways that ignore mainstream economics' ideas about the centrality to "economic life" based in the logic of competitively efficient choices for individuals and firms, and neoliberals' "markets-lead-states" conceit, to call for cultivation of "cooperation" and "coordination" across firms, industries, societies, governments and international organizations in order to address the challenges climate change and inequality pose for us all.²¹ It talks of moving the world past carbon, of state-assisted redistribution of income and wealth, of globalized tax policies, of the errors made in the name of free trade, and of the primacy of moral and cultural values that undergird community but are rarely taken up by economists directly or frankly. They do so, moreover, in ways that partially erase the border walls between markets and states.²² One can of course dismiss all this as merely "Davos Talk" – as a calculated rhetorical evolution, not a refutation, of neoliberalism – but its concessions contain what amounts to what I think is a rare epochal opening with opportunities that should be taken up by the rest of us.

It also reminds us of something important: that, like the rest of us, capital-owners and their senior managers form hypotheses and conclusions about our species not just from a narrow definition of self-interest but from their assessment of what they understand signals risks and opportunities of several kinds. A more orthodox economist than I might try (and certainly Chicago economists have tried) to subsume such changes entirely or almost-entirely within "market" economic models but without (and this seems to me to be why neoliberalism is in trouble) real or lasting persuasive success beyond Hyde Park itself.

Climate change, in those sorts of conventional economics terms, even now is still considered an "externalities" problem, to be modeled and solved by "correcting" price signals tied to the production and use of fossil-fuel energy. What that explanation doesn't do – among its several weaknesses – is forthrightly ask how "the market system", whose apex defense is of allocating resources "efficiently", could have gotten resource extraction costs, goods-producing costs from those resources, and the climate-costs of final consumer prices for those goods so wrong for so long that we now face this crisis.²³

Explanations are of course offered – but they almost always seem still to turn on the "failure" of institutions and behaviors "outside" the core market-efficiency axioms at the heart of neoclassical thought.

In the matter of "economic inequality", the issue is somewhat different, and to me is decomposable, nationally and internationally, into three separate but deeply connected subjects that elude useful capture in conventional "economic" terms: the persistence of poverty *and the reasons why*; the *utility* for societies as a whole of income and wealth concentration in the 1% – *not in any narrow "economic utility" sense but in what I've earlier called "democratic efficiency" terms*; and finally, the pressing and increasingly politically-charged questions about *the future of "the middle majority"* (at least in the OECD) who find

²¹ See Davos' latest 2021 report, "The Great Reset": <https://www.weforum.org/great-reset/>

²² I think a critic of Davos might attack along a couple of lines. One would be to compare Davos corporatism to the medieval Catholic Church's organicism; another would be to sketch the ways German ordo-liberalism lies hidden in the Davos analysis and its prescriptions. I leave that to others.

²³ See, for example, Oswald and Stern, "Why are economists letting down the world on climate change?", *VoxEU*. Sept. 17, 2019. For a harsher view of estimation problems, Steve Keen, "The appallingly bad neoclassical economics of climate change", *Globalizations*, Sept. 1, 2020.

themselves stretched insecurely between poverty and wealth, questions that are not just about a current membership in the middle quintiles in blackboard terms, but the means – individually and societally – of joining it, the ways of remaining in it, and how to secure its benefits beyond the material.

In all this, there are now two 21st century landmarks, one empirical, one conceptual. The first is recognition of China's quite extraordinary growth achievements since the Cultural Revolution, the second, the arrival of Thomas Piketty and *Capital*, his allies, their charts and data and their conceptual focus. Together, they have visibly moved the public conversation (not just in the West) from preoccupation with aggregate growth alone to the challenge of growth's disaggregated distribution.

What the unexpectedness of “China” and “Piketty” – forgive my shorthand – signal at least to me now given, I'd add, America's chaotic disarray, is this: that neoliberalism and the larger neoclassical assumptions on which it stands have been overtaken both by the real world and the re-imagined. If true, then our profession's enduring habit of recasting ontological, epistemic, social-organizational and moral questions into its *methodenstreit* debates – whether between orthodox marginalists and Keynesians, neo-Keynesians and Rat Exers, Monetarists and Fiscalists, New Classical and New Growth models, etc. – is simply not what's really before us now.²⁴

Second, since we're not in a methodenstreit moment, we need what amounts to new academic programs

In the university, we need to open up and reorganize our antiquated departmental structures to recognize what's been happening outside traditional economics departments. Well before “neoliberalism's” ascent in the 1970s, mid-century academic economics had largely purged their departmental curriculum of cross-disciplinary topics that it had inherited from 19th and early 20th century “political economy”: for example, the close study of legal systems, social relations and institutions, geography and demography, political systems and ideology, and history. Here or there individual courses might be offered on one or another of these subjects (often by faculty approaching retirement), but in its rush to consolidate the essence of neoclassical assumptions and translate them into a structured “model” that is supposed to be mathematically testable (and in positivist terms, refutable), “economics” after World War II recreated itself into the form we encounter today – impoverished by its lack of attention to those topics and their useful place in economics.

What's notable today, after the serial disappointments of that postwar economic project, is this: “political economy” is being revived as a legitimate academic discipline, often with its own faculty, research facilities, graduate and undergraduate degrees, and journals. In the US, Princeton, Harvard, Columbia, Berkeley, Stanford, Duke, Georgetown (and even Jerry Falwell's evangelical Liberty University) – to name just a few of the best-known – now offer undergraduate and/or graduate programs in “political economy”. Most, I'd note, exist *outside* university economics departments – in government or political science or international relations departments, in public policy, law, and business schools or programs, and sociology

²⁴ On this, Heilbroner and Milberg, *The Crisis of Vision in Modern Economic Thought*, which I reviewed when it appeared for the *New York Times* here: <https://www.nytimes.com/1996/01/28/books/the-momentary-science.html>

and history faculties.²⁵ (The sheer number and range of such programs can be glimpsed by typing “political economy” and “syllabus” or “program” in any online search engine.)

The degree to which these modern “political economy” programs diverge from economics departments varies. That said, their brightest faculty and best students are clearly up to something like a nascent Protestant rebellion against an ailing but still-regnant Marginalist Church, itself visibly wedded to not just the ideas but the institutions of capitalist economies and their governing elites and structures. Here for example are Neil Fligstein and Steven Vogel, senior faculty in Berkeley’s Political Economy program, writing a month before Donald Trump’s electoral defeat last November, describing what they see as what these new programs offer:

...we are facing a particularly horrifying moment, defined by the triple shock of the Trump presidency, the pandemic, and the economic disasters that followed from it. Perhaps these – if combined with a change in power in the upcoming election – could offer a historic window of opportunity. Perhaps. But seizing the opportunity will require [a new kind of political-economic thinking](#). Instead of starting from a stylized view of how the world ought to work, we should consider what policies have proved effective in different societies experiencing similar challenges. This comparative way of thinking increases the menu of options and may suggest novel solutions to our problems that lie outside the narrow theoretical assumptions of market-fundamentalist neoliberalism.

We know about these possibilities from the work of [economic sociologists](#), who stress the political, cultural, and social embedding of real-world markets. From work in [comparative political economy](#), demonstrating how the relationships between government and industry and among firms, banks, and unions vary from one country to another. From [political and economic geographers](#), who place regional economies in their spatial contexts and natural environments. From [economic historians](#), who explore the transformation of the institutions of capitalism over time. From an emergent [Law and Political Economy \(LPE\)](#) movement that aspires to shift priorities from efficiency to power, from neutrality to equality, and from apolitical governance to democracy. And from [economists](#) – often villainized as the agents of neoliberalism – who are exploring novel approaches to the problem of inequality and the slowdown in productivity, and show renewed concern with the economic dominance of a few large firms. The challenge is to bring these insights together.²⁶

What I find refreshing, reading these Berkeley professors, are three clear assumptions. First is the insistence that we approach inescapably-complex “economic” problems by

²⁵ A colleague in Harvard’s Government department tells me “political economy” is the largest area focus of its doctoral students. Here is a sample listing of their thesis topics: <https://dash.harvard.edu/handle/1/4927603/browse?value=Political%20Economy%20and%20Governme nt&type=department> . For a listing of some of these programs, one site tailored to students is: <https://www.collegehippo.com/graduate-school/programs/top-ranked-masters-degree-political-economy>. A list of master’s programs in political economy is: <https://www.masterstudies.com/Masters-Degree/Political-Economy/>

²⁶ Fligstein and Vogel, “Political Economy After Neoliberalism”, *The Boston Review*. October 6, 2020: <https://bostonreview.net/class-inequality/neil-fligstein-steven-vogel-political-economy-after-neoliberalism>

situating them in actual societies embedded in equally-complex histories, with the contingencies of the moment fully on display. Second is the frank willingness to cross the university's departmental boundaries – boundaries, I'd hasten to add, that are barely a century old – to look for answers. Third is the absence of anxious talk about "heterodoxy" – a term that to my ear too often sounds self-defensive, even self-apologetic, rather than brave. Better at this point, it seems to me – if we truly mean to overcome "neoliberalism" – is to act like Luther rather than Erasmus here, and treat "political economy" as what it could be: a modern-day Protestant rebellion rather than a half-way reform of the One True and Holy Marginalist Church.

My colleagues' caveats

I realize this may be going too far for some. I have great admiration, for example, for my Harvard colleague Dani Rodrik, whose own deeply-considered views nowadays reflect his meticulously-calibrated evolution intellectually from a once mildly-voiced disquiet about the profession's ills in the 1990s to quite deep and sharp-edged critique these days of neoliberal policies and much about their uses of neoclassical theory.

Nonetheless Dani at times seems anxious to hold on to core features of the marginalist model, which he sees as "evolving" by responding to the current moment. "Economics," he does ruefully admit, "is still somewhat insular within the social sciences because of its methodological individualism, model-based abstraction, and mathematical and statistical formalism." He then draws hope from what he sees changing:

But in recent decades, economists have reached out to other disciplines, incorporating many of their insights. Economic history is [experiencing a revival](#), [behavioral economics has put *homo economicus*](#) on the defensive, and the [study of culture](#) has become mainstream. At the center of the discipline, distributional considerations are making a comeback. And economists have been playing an important role in studying [the growing concentration of wealth](#), the [costs of climate change](#), the [concentration of important markets](#), [the stagnation of income for the working class](#), and the [changing patterns in social mobility](#).²⁷

What Dani lists is *true*, in the sense that you or I, counting up the number of papers, books, and theses being produced nowadays, would find that more on all these topics than 30 years ago – but, taken together, does that constitute change?

Although many Americans might call them "justice issues" at this George Floyd-inspired moment of racial reckoning in America, I certainly agree with Dani that "distributional issues" are getting more attention from economists, and that the number of empirically-grounded – rather than purely theoretical – articles published in leading economic journals has increased.²⁸

²⁷ Naidu, Rodrik and Zucman, "Economics After Neoliberalism", *The Boston Review*, February 15, 2019: <http://bostonreview.net/forum/suresh-naidu-dani-rodrik-gabriel-zucman-economics-after-neoliberalism>

²⁸ I commend to readers here "Economics for an Inclusive Prosperity", the group Rodrik has cofounded with Gabriel Zucman and Suresh Naidu, to be found here: <https://econfip.org/>

What I find missing from Rodrik's argument is a persuasive claim for the intellectual *integration* and *ordering* of those approaches: there are, here and there, many interesting things going on in economic history, behavioral economics, climate economics, and massive data set manipulation, etc., to be sure – but signs that these individual explorations are being woven into a larger, more unified narrative theory that moves past marginalist paradigms, in my view, is still elusive. Pearls do not a necklace make.

Development economics, for example, is Rodrik's specialty – so he knows as I do that it has always operated at an oblique, sometimes orthogonal, angle to mainstream economics views. Not least that's because so many of its projects have been designed, financed and evaluated on a state-to-state basis. Consequently – and not surprisingly – a great deal of attention was paid to institutions and to empirical data that could measure "success" as understood by the bureaucratic administrators and funders involved. But rare were the critiques within the profession (though not outside it, in an ever-growing number of NGOs, major segments of the press, and a few universities and foundations) of the complex and often deeply corrupt bureaucratic and political interests of those same administrators and funders and their designated recipients. That all remained subordinated to, if not invisible in, most mainstream economic evaluations of the projects.

One could, I suppose, ask then why so many development economists embraced the Washington Consensus and its essential "markets-lead-states" models? Although the adoption by multilateral institutions of the Millennium Development Goals at the end of the last century (and since then, the Sustainable Development Goals) represents a turn away from that essentialism (that's even included a measure of apology for imposing Consensus rules)²⁹, I'd argue that the field has never deeply examined how or why it made the turn toward Consensus essentialism in the first place.

Joseph Stiglitz floated the question succinctly, if a bit backhandedly, in reviewing what he insightfully dubbed "the post Washington Consensus consensus" in 2005:

If there is a consensus today about what strategies are most likely to promote the development of the poorest countries in the world, it is this: there is no consensus except that the Washington consensus did not provide the answer. Its recipes were neither necessary nor sufficient for successful growth, though each of its policies made sense for particular countries at particular times.³⁰

But how to get beyond agreement on what didn't work? To do that requires not just more "empiricism" but well-structured arguments grounded in documentable decisions and changes taken by political and corporate institutions – lenses which have rarely made their way into economists' models. Let me give an example of what I mean: to explain modern fossil-fuel

²⁹ Larry Elliot, "The World Bank and IMF Won't Admit Their Policies Are the Problem," *The Guardian*, Oct. 9, 2016: <https://www.theguardian.com/business/2016/oct/09/the-world-bank-and-the-imf-wont-admit-their-policies-are-the-problem>. On whether the Washington Consensus – and neoliberalism – have in fact receded is taken up in Babb and Kentikalinis, "People have long predicted the collapse of the Washington Consensus. It keeps reappearing under new guises", *Washington Post*, April 16, 2021: <https://www.washingtonpost.com/politics/2021/04/16/people-have-long-predicted-collapse-washington-consensus-it-keeps-reappearing-under-new-guises/>

³⁰ Joseph Stiglitz, "The Post Washington Consensus Consensus", Institute for Policy Dialogue, Columbia University, 2005 at http://policydialogue.org/files/events/Stiglitz_Post_Washington_Consensus_Paper.pdf

energy pricing, I wouldn't start with the neoclassical economics of energy pricing and matching abstracted supply and demand. Instead I'd begin by explaining the concerns of leading European statesmen, bankers, and big businessmen in the late 19th century about the mining of coal and refining of oil. The questions weren't just "economic" in a mainstream way; at issue was their unnerving likely impact on the technologies of war. War-making and its proffered and perceived threat are central functions of all states that economists almost never consider.

I'd then trace petroleum's roles in both world wars, sketch how and why the US emerged a victor after both, and why after the second war (but not the first) it adopted hegemonic roles best described as "imperial", albeit with lots of comparative qualifiers. I'd go on to describe the postwar petroleum management system of production and import quotas, taxes, and constrained technological innovation – part government, part industry – and how it seemed to offer the industry and the country stable and predictable growth for a time. I'd explain then how America's multi-faceted crises in the 1960s led to Nixon's election in 1968 and his destruction of the Bretton Woods system three years later.

I'd argue, for example, that the destruction of Bretton Woods led to OPEC's massive spike of oil prices in 1973 and then again in 1979, why the West hadn't then forced those prices back down, how petrodollars were recycled to New York and London banks which then lent them out to Third World governments and companies the banks had ignored for years, how the financing fueled a brief growth spurt in the developing world, how the Volcker Recession crushed that spurt, why the crushing created a crisis in banking, how states responded to that financial crisis by lifting regulations, which ushered in the neo-conservatism of Reagan and Thatcher, which in turn laid the ground for the neoliberalism of Clinton and Blair, their further deregulation of finance and its explosive growth ever since, and then the Great Recession.

One can write such an analytic political-economy history narratively – but I don't know successful examples of doing it mathematically, using only highly-stylized and abstracted representative agents without names for those agents, individually or in small groups, or their positions or affiliate institutions that might help us understand how their decisions were made, how those decisions intersected others, and how conflicts between decisions were adjudicated and why.

That leaves me to make my third and final point: that we need to boldly take up what we think are the large social, political and moral projects of our time – and use not just our discipline's conventional "economics toolkit" but our ability to think about, and argue for, human freedom and equality not just within but across borders, and moreover situated in production-consumptions that are cognizant of the planet's carrying capacities, in a radically more-committed way.

Here Davos is right: "climate change" (shorthand in my mind for the total impact of the Anthropocene on the planet) and "economic inequality" (measured for me not just in income and wealth distribution terms but the legal, institutional and customary means by which property is defined and its rights allocated) *are the issues we're facing*. But addressing them in ways beneficial to the many rather than the few requires of us a vast reimagining and rebuilding of what we are doing, for which our economic toolkits alone are utterly inadequate.

The several challenges of Piketty

A decade ago, Thomas Piketty's publication of *Capital* helped ignite not just a professional discussion by economists, nor even just a "public debate" – of which there are too many in this social-media-saturated world of ours – but a sudden and far-reaching mobilization of political energies among millions around issues of wealth and income distribution. What to me is almost breathtakingly remarkable is that it has a good chance of matching the impact that Keynes' *General Theory* had long ago on the issues of aggregate growth and macro-intervention by government in the Roosevelt era, an enduring impact that in our own time justified the world's massive fiscal and monetary response to the Great Recession a decade ago and is doing so again in the COVID crisis now.

Capital exemplifies many of the innovative "stylistic" or "methodological" features that, as I earlier noted, Dani Rodrik sees as recent hopeful signs for economics as a profession: in place of mathematical abstraction, Piketty demonstrates his deep commitment to empiricism, his affinity for the construction and manipulation of large-scale data sets, and his willingness to "do economics" in a narrative prose structure that names many of its actors individually, contextualizes their historical moment, and explains to us their roles and effects institutionally rather than, for the purposes of parsimonious modeling, aggregating those lives into the abstract representative "agents" of high mathematical theory.

More important, Piketty in his more recent *Capital and Ideology*, has gone beyond the massive empiricism of *Capital* to sketch out his admittedly-preliminary arguments for not just a new way of "doing economics" but of situating economic thinking in a larger vision of what I at the beginning of this paper chose to call – since I'm writing to fellow economists – "democratic efficiency".³¹

For Piketty, this requires economists to consider first the question "what is a just society?"³² His "necessarily imperfect" answer is that it is

One that allows all of its members access to the widest possible range of fundamental goods. Fundamental goods include education, health, the right to vote, and more generally to participate as fully as possible in the various forms of social, cultural, economic, civic, and political life. A just society organizes socioeconomic relations, property rights, and the distribution of income and wealth in such a way as to all its least advantaged members to enjoy the highest possible life conditions. A just society in no way requires absolute uniformity or equality. To the extent that income and wealth inequalities are the result of different aspirations and distinct life

³¹ Piketty's term is "participatory socialism", which I find possibly understandable in French but too freighted and twisted in the American context. I'm writing this at a moment, after all, when the GOP talks, in echo of their best McCarthyite timbre, about Joe Biden being "a socialist president".

³² I would add that concern for "a just society" is not a concern only of progressive economists such as Piketty. Chicago's Robert Fogel's *The Fourth Great Awakening: the Future of Egalitarianism* takes up the issue quite boldly, insists like Piketty on situating economics in a broader historical and ethical context, eschews mathematical models for narrative prose – and, in a way I find fascinating, frames his argument in the successive history of religious struggles that help define the American public landscape. Concerned like Piketty about providing more equal access to education, health care, income security, Fogel (a Nobel laureate for his work in cliometrics) raises the "immaterial" issues of both individual and collective meaning and purpose, which he associates with religion, to the fore.

choices...they may be considered just. But this must be demonstrated, not assumed... That is why deliberation is both an end and a means.³³

In sum, what we need to rediscover about doing economics?

How then to summarize and close here, since I'm keenly aware that I've raised questions that I've not answered? Let me do that by pointing to the Forgotten Keynes – not Maynard, author of *The General Theory* (and so much more), but his father, Neville.

Neville Keynes lived a distinguished and useful life as an academic administrator of Cambridge University. He was also an admirer and in a way an apostle of Alfred Marshall, the Moses of Marginalism. Nearing the close of the 19th century, he took up Marshall's great *Principles of Economics* in order to carry its theoretical implications into the practical world of Victorian Britain's global economy.

To do so, he drew what I still count as a valuable distinction. Because “economics” – the sort of new “scientific economics” the Victorians thought they'd discovered (or designed, the difference never entirely clear since it was not clear in their own minds). This new “economics” thus was not meant to be a textbook or blackboard exercise of the academic mind whose lessons could then be translated (albeit with a guaranteed net loss of intellectual qualities) into “policy” – a process by which they imagined (as so many of our colleagues still do) the transformation that yields the great and incontestable good of “Progress”.

Keynes instead proposed a tripartite division he thought should define the work of the “new economics”. The three parts were these:

1. “positive economics” (the study of what is, and the way the economy works),
2. “normative economics” (the study of what the economy should be), and
3. “applied economics” (the art of economics, or economic policy).³⁴

Read carefully, one can recognize the effects of this trinitarianism on his son in *The General Theory*, even more (and in some ways more famously) in *The Economic Consequences of the Peace*, and then scattered throughout the hundreds of articles Maynard Keynes wrote for newspapers and magazines and their popular audiences – perhaps most relevant to us here, “Economic Possibilities for Our Grandchildren”.³⁵ The key is to grasp the distinction of the second – the study of what the economy should be – and to recognize what the Keynes, father and son, understood: that doing “normative economics” *necessarily* entails incorporation of values that lie beyond the “positive economics” of blackboard work – not because such “normative” economics is inferior to “positive” economics (a claim Milton Friedman popularized for Cold War colleagues in “The Methodology of Positive Economics”)³⁶ but because only through the “normative” consolidation can “positive” theorizing hope to exercise purchase on “the art and craft of policy-making” in the real world.

³³ Piketty, *Capitalism and Ideology*, 968.

³⁴ For a thoughtful though slightly forlorn engagement with the three ways of doing economics – and the failures of much of modern economics to heed Neville Keynes' foresight, David Colander, “Retrospectives: The Lost Art of Economics,” *Journal of Economic Perspectives*, [V6, No. 3 \(Summer, 1992\)](#).

³⁵ <http://www.econ.yale.edu/smith/econ116a/keynes1.pdf>

³⁶ Milton Friedman, “The Methodology of Positive Economics”, to be found in his *Essays on Positive Economics* (1953).

At a moment in American history when the neo-authoritarian flames ignited by the Trump presidency are still smoldering – and fully capable of reigniting – economists who want to affect “policy” *and* are willing to embrace the messy necessities of “politics” in order, in the words of Martin Luther King, to “bend the arc of the moral universe toward justice”, these are promising times. A post-neoliberal world that could echo far beyond the classroom, textbook, and journal world in which so many of us live is being played out, boldly but awkwardly, in Washington right now. The contribution I think we could make is to open a new chapter in “teaching economics” to cross-disciplinary, empirical, and normative work that places a premium on engaging us and our students in the conversations that will push economies into pursuit of a democratic equality that can be experienced in day-to-day life (and not in our quadrennial visits to the voting booth) and toward a sustainable balance in our encounters with this tiny speck of a planet on which we have been given the gift of existence only briefly.

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