

## **METHOD IN POLITICAL ECONOMY: A Comment by Don Munro**

Tim Anderson's question of whether political economy is "a distinct analytical approach" (JAPE, 2004) is important, but I would like to propose a more specific answer.

The distinctive analytical approach of political economy began in the 1700s and 1800s, and is just as relevant today. Adam Smith, Thomas Malthus, David Ricardo and JS Mill developed the English, individualist and empiricist-oriented approach to the analysis of the material production of goods, services, income and wealth in society. They accepted the notion, developed by the French Physiocrats and the English mercantilists, that economic growth arises from the creation of an economic surplus, but rejected their arguments that the surplus arose from agriculture and a favourable balance of trade, respectively. Karl Marx and Frederick Engels were part of the German social and historicist strand of political economy, with its analysis of the processes affecting the material betterment of people and the stability of the nation state (Hodgson, 2001). More recently, institutionalist, non-equilibrium (Kaldorian), feminist, environmentalist and other schools of thought have also enriched the political economy discipline.

All these strands of political economy have five common elements that make this discipline a distinctive, dynamic, insightful and useful school of thought and practice, and one that is different from the non-classical schools of economics (such as neo-classical and Keynesian economics and econometrics) and the classical non-economic schools of thought (such as history, sociology, psychology and political science). Political economy is firstly a study of *society* and *social processes*. It focuses on "material production" in two senses: (i) how the creation, distribution, exchange and consumption of goods, services, income and wealth occurs, and (ii) how the organisation and imperatives of material production influence almost all of society's other institutions, be them political, civil or cultural. Second, from Smith's *Wealth of Nations* onwards, political economy has analysed the nature of economic *growth* and *change* and how the prior distribution of resources (such as land,

labour and capital, and the conflict between the respective classes) affects economic change.

Third, political economy is a *social science*, both in terms of its social content (the study of how people, classes, social systems, institutions, gender, etc. produce and reproduce the material bases of societies), its use of scientific methodologies (whether empirical, historical materialist, deductive, etc.) and its self-reflexive and self-critical nature. Fourth, the values inherent in political economy reflect its status as a child of the Enlightenment, for better or worse, “affirming that the growth of knowledge enables mankind to shape a future better than anything it has known in the past” (Gray, 2003). Finally, the founders of political economy were *political activists* (politicians, industry activists, moral crusaders and revolutionaries) who saw government as a fundamental (if flawed) buttress of the economy.

The best political economy pedagogy embodies these five characteristics. The teaching and research of political economics assist students to develop, through theory and practice:

- a scientific understanding of the processes of production, distribution, exchange and consumption;
- a holistic picture of how communities, cities, states and other social phenomena structure and are structured by their economic institutions and practices;
- a critique of how these processes produce and distribute wealth and poverty, and reproduce relations of power, exploitation and discrimination, and ;
- the skills to engage in societal, political economic and cultural change.

Long may *JAPE* and teachers and researchers in political economy continue to support this rich 300 year-old intellectual and pedagogic tradition.

## References

- Gray, John (2003) *Al Qaeda and what it means to be modern* Faber and Faber Ltd, London
- Hodgson, Geoffrey M (2001) *How Economics Forgot History: The problem of historical specificity in social science* Routledge, London and New York.