

## *Heterodox Economics Newsletter*

POWER AND NEOCLASSICAL ECONOMICS: A RETURN TO POLITICAL ECONOMY IN THE TEACHING OF ECONOMICS, by Adam Ozanne. London, UK: Palgrave, 2016, pp.101; ISBN: 978-1-137-55372-0.

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In this well-written, well-presented and highly readable book, Adam Ozanne provides a thought-provoking attempt to reintroduce the lost discussion of power into mainstream economics. The book is short (less than ninety pages) and divided into eleven short chapters, each with an abstract. This allows him to build his argument gradually but steadily. That is but one element of the clever rhetorical strategy Ozanne adopts.

Ozanne identifies a problem with mainstream economics. It is one highlighted by student protests but also by the work of Piketty (2014). Mainstream economics does not deal adequately with the concept of power. This has multiple effects, not least an inability to address the key focus of Piketty – the *personal*, rather than *functional*, income distribution. Another consequence of the ignorance of power is that students are left frustrated. They are eager to understand recent economic and political events, such as the increase in inequality; but they face a framework in which these questions remain unanswered. The best explanation offered to them is some combination of human capital and marginal productivity theories.

Ozanne wants to address this problem but first he seeks to understand it. He offers a particular treatment of the history of economic thought in which key disputes, such as the debate over ordinal and cardinal utility, were settled in favour of theories which precluded power. Nonetheless, mainstream economics retains several key theoretical apparatuses in which power has a crucial explanatory role, for instance the Coase theorem, or Arrow's impossibility theorem.

Ozanne's solution reflects his smart argumentative strategy. Though he mentions treatments of power by *inter alia* Marx, Galbraith, and Boulding, he essentially eschews them in favour of familiar mainstream tools and frameworks. Ozanne appears to have been influenced strongly by the experience of Randall Bartlett, discussed in the book at some length, who attempted to construct a new theory of power, but stepped too far out of mainstream conventions, and found himself marginalised.

Ozanne begins by arguing that mainstream economics cannot adequately currently answer the 'for whom?' question lying within its canonical 'economic problem'. His solution is found by deploying comparative statics, co-operative game theory, the Nash bargaining solution, general equilibrium, a little formalism and, crucially, the Social Welfare Function (SWF). However there is a twist: Ozanne replaces the SWF – which he characterises as an ethical, normative concept – with a positive, explanatory and still mathematically well-behaved *Political Economy Function* (PEF). Thus, given an *exogenous* set of power relations, an equilibrium solution for the economy can be found. All of this is achieved without fundamentally questioning key tenets of the mainstream.

## *Heterodox Economics Newsletter*

Ozanne's stated goal is to "...challenge the way mainstream economists think and teach their students to think about their discipline by focusing on the core principles of microeconomic theory..." (p. 69) The intended outcome of this challenge would be, presumably, a reintroduction of power into mainstream teaching, increasing its relevance and engaging students more successfully than currently they appear to be.

So, the key question is whether his strategy is likely to be successful. I have two main doubts about this. One, at which Ozanne hints, is rooted in understanding why mainstream economics has its current character. Ironically in a book about power there is, in my view, inadequate consideration of the power *within* the economics discipline. Thus the book neglects the power relations, conventions, institutional structures *et al* of economics. Also, although the book does discuss briefly the work of *inter alia* Gary Dymski and Owen Jones (pp. 29-30), overall it underplays the ideological role of economics. I am reminded of Robinson's claim that "economics itself has always been partly a vehicle for the ruling ideology of each period as well as partly a method of scientific investigation" (1962, p. 7). Ozanne does hint at this in his investigation of why power got lost from the mainstream; having initially provided an intellectual explanation.

My other doubt about the prospects for Ozanne's project draws on the practice of economics teachers. Ozanne's thesis appears to be that mainstream economists want to teach about power, if only a friendly framework existed which allowed them to do so, without requiring a reading of Marx, *or worse*, sociology. Presumably they would do this because they want their students to be engaged, which discussions of power could facilitate. Indeed, Ozanne provides several helpful introductions to case studies of applications of his PEF. In turn, I presume that Ozanne believes economics teachers want to furnish their students with an understanding of, or at least insight on, the world. These are plausible premises. However, it is also reasonable to suggest that mainstream economists are also engaged in a quest to reproduce their paradigm, which includes preparing students for graduate study by training them in core theory. Those impulses, combined with career structures, research assessments and journal rankings, may well militate against those who wish to take the plunge with (or behind) Ozanne.

Overall, I find this an interesting, ambitious book with an intelligent rhetoric. However, what I think of it seems almost irrelevant, because it seems to me that people like me – committed heterodoxers – are not Ozanne's targets. It could be that if I were asked to teach mainstream microeconomics, I might include Ozanne's PEF as an alternative to, or subversion of, the standard canon. Such subversions can be valuable additions to core material for those minded to offer students them. However, Ozanne is not talking to *me*. He's talking to mainstream economists, particularly those many who are keenly interested in teaching.

Indeed, I suspect Ozanne's main audience may be very close to home. His own institution, Manchester University, has been the site of some of the most acrimonious student action for curriculum reform. The Post-Crash Economics Society, whose manifesto for change (PCES, 2014) laid out myriad objections to current teaching,

## *Heterodox Economics Newsletter*

originated at Manchester. Ozanne's acknowledgements include many who embody a tradition of critical Manchester political economists, as discussed in Mearman and Philp (2015). Perhaps the first place to look for reactions to Ozanne's intervention may be just across the corridor.

### *Acknowledgement*

I should like to thank Adam Ozanne for reading this review, and for noting a couple of errors. The usual disclaimer applies.

### *References*

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