

Anwar Shaikh's Capitalism – Notes on Part I, Chapter 1

In an age of highly specialized research, *Capitalism* is a book of unusual and enormous scope, and unlike Piketty's *Capital in the Twenty-First Century* it truly does seem to be a worthy successor to Marx's landmark work. It is also a book aimed squarely at an audience of academic economists and graduate students, with the intention of having a long-term effect in the academic war of ideas, rather than being oriented to a popular audience of workers and activists. I will try to distill the main points of the book in these notes, but the scope of it is so encyclopedic that it will be easy to get "lost in the weeds." In this sense it seems to be similar to *Capital's* volumes 2 and 3. There are points of general interest to be found, but it will take some work to get to them.

These notes start at the beginning of the book, and because they were composed as I was working through it, they reflect my gradual progress instead of a comprehensive revisiting of the text. This first section summarizes some main points from the introduction.

Section 1 – The Approach of the Book

In the first section of the introduction, Shaikh lays out the general intent of his *magnum opus*. His design is to provide a distinct alternative to the neoclassical account of economic "order and disorder" (3). What is called the economy displays both patterns of regularity, such as "almost constant progress" according to various indicators, and "internal coherence" at the macro level. On the other hand, at the micro, or even at the "[meso level](#)" it displays a much more "haphazard" character. This is a world of confused and "entangled" factors: uneven development, class struggle, speculation, state intervention, and so on. Any general economic approach will attempt to account for "these two, equally real, aspects" (3). Shaikh's intent is to provide a plausible account that is at odds with that given by neoclassical economics.

According to Shaikh, the approach of [neoclassical economics](#) is to focus on the patterns of regularity and ignore all the other chaotic aspects of economic reality: "The perceived order of the system is recast as the supreme optimality of the market, of the ever-perfect invisible hand. This optimality is in turn projected back onto microscopic units, so-called representative agents, from whose superlatively rational choices it is said to derive" (4). After this perfect order has been set as the norm, then "disorder" is introduced as a *post-hoc* attempt to capture some element of reality.

This leads to Shaikh's more interesting criticism of the [Post-Keynesian approach](#). He argues that the Post-Keynesians, while focusing on imperfections with the economic system, "begin...from the same foundation" as the neoclassicals. He calls this "imperfectionism" – a view that accepts that there is some validity to the "perfectionist" base model that is adjusted with the introduction of imperfections to various degrees. In this view Post-Keynesianism is a kind of system of imperfections that cannot provide any *fundamental* criticism of neoclassical economics.

This brings us of course to Shaikh's own approach, which does not accept the neoclassical perfectionist approach at all, but instead "develop[s] a theoretical structure that is appropriate from the very start to the actual operation of existing developed capitalist countries" (5). How does he propose to do this? He gestures at a lot at theoretical principles, such as a "hierarchical," yet "multidimensional structure of influences" or "Order-in-and-through disorder," "turbulent regulation," "pattern recurrence," "equalization" and so on, but these concepts remain too abstract in the the introduction to really evaluate.

One point that Shaikh makes that is easier to grasp is his reliance on the ideas of classical political economy. As Shaikh writes: "The principle of turbulent regulation has its roots in the method of Smith, Ricardo, and particularly of Marx" (7). This approach puts a great deal of emphasis on the importance of production and profit in the "regulation" of the of the economic system: "Supply and demand are co-equals here, strutting on the stage in alternating splendor. But, as always, profit is pulling the strings" (7).

Finally, Shaikh notes that he heavily references empirical evidence in the book. No doubt the book's extreme length is due in part to this reference to the empirical, as it is a large contributor to the length of Marx's *Capital* as well. This evidence is not objective, but instead structured by theory in the terms of its collection, compilation, and analysis. Another contributing factor to the length of the book is the author's extensive engagement with the ideas of other schools of economics. In *Capital* reading groups, I have often heard participants complain about the length of the book, but the reason given there, that advancing a new theoretical approach requires extensive demonstration of ideas and reference to examples, seems to be as valid in discussing Shaikh's book as it is in discussing Marx's.

Section 2 – Outline of the Book

This is a very thorough summary of the main points of each chapter in the book. There is no real point to me summarizing these summaries, but I will note that they seem useful for trying to keep track of the thread of the book as the reader goes through it. I will probably be referring back to this section, but at this point it is simply overwhelming. For the moment, let us continue to the first chapter of the book.