

## Power – The *Bête Noire* in Much of Modern Economics\*

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*Power is a pervasive phenomenon in the economy and society, associated with inequality of income, wealth, race, gender, information etc. However, power has been and still is the *bête noire* in much of modern economics, with only a few exceptions. In non-mainstream economics, in the classical, the Marxian, the Kaleckian and the Post-Keynesian currents of thought, power is an important analytical category. Yet in the main parts of contemporary mainstream economics, especially in much of conventional micro- and macroeconomics, no attempt is made to come to grips with what power means and what its effects are, and the systemic importance of power relationships is widely ignored. Against this backdrop, this paper attempts to bring to the fore ideas of past economists and social and political philosophers, who basically saw socio-economic affairs and outcomes as driven by, and reflecting, power relationships, starting with the writings of late mercantilist and early classical economists. It also analyses how the attention in economics shifted away from the problem of power from the latter part of the nineteenth century with the rise to dominance of marginalist economics.*

### I Introduction

In 1971, the late Austrian economist Kurt Rothschild published a widely circulated Penguin modern economics reader entitled *Power in Economics* (Rothschild 1971), which contained a fervent plea to take power seriously in

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