

# Modern Political Economics: Making Sense of the Post-2008 World

*Yanis Varoufakis, Joseph Halevi, Nicholas Theocarakis*

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## MODERN POLITICAL ECONOMICS

Making sense of the post-2008 world

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Nicholas J. Theocarakis**



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**Yanis Varoufakis, Joseph Halevi, Nicholas Theocarakis : Modern Political Economics: Making Sense of the Post-2008 World** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Modern Political Economics: Making Sense of the Post-2008 World:

24 of 24 people found the following review helpful. Economics for Sceptics By Randal Samstag The magisterial book, Modern Political Economics (MPE), by Yanis Varoufakis, Joseph Halevy, and Nicholas Theocarakis is a tour de force. The subtitle of the book expresses its major theme: Making sense of the post-2008 world. But this is not another book about corruption on Wall Street. Or rather, it is, but it is more importantly a book that reveals how far the practice of economics has systematically strayed from the real world and how far the real world has strayed from a rational order. The book has two parts: first, a major review and critique of the enterprise of political economic theory and second, an historical survey of the post-WWII world leading up to the crash of 2008. The economic theorists critiqued

in Book I include Aristotle; the physiocrats; Adam Smith; David Ricardo; Karl Marx; the early marginalists, William Stanley Jevons and Alfred Marshall in England and Carl Menger, Eugene von Böhm-Bawerk, and Friedrich von Wieser in Austria; the equilibrium theorists including the Frenchman Leon Walras; the dissenting marginalist John Maynard Keynes; and finally, the founders of neo-classical economics: John Nash, Gerard Debreu, and Kenneth Arrow. Along the way contributions of major figures like J. B. Say, John von Neumann, Joseph Schumpeter, Paul Sweezy, Friedrich Hayek, and Paul Samuelson are reviewed and critiqued. Unlike most treatments of economics, however, this book is dominated by a pervasive scepticism of the very idea of successfully formulating a closed system of equations which can in any way be said to represent real economies. They show a deep appreciation for the sceptical tradition. Two out of the three authors are Greeks, of course. And while the names of Sextus Empiricus and Pyrrho are nowhere mentioned in the book, the classical Sceptic's legacy of rational critique of dogmatism pervades this book. The second part of the book includes this historical analysis of the post-World War II world. They divide this time frame into two periods: 1) The Global Plan: the period following the Bretton Woods conference in 1944 which set up the gold-backed dollar as the world's dominant currency and 2) The Global Minotaur: the period after the breakup of the Bretton Woods system leading to the financial crash of 2008. This is the story of a march to devastating collapse. The third period would be our current time, the period of aporia following 2008. This story is also retold in a solo 2011 book by Varoufakis, *The Global Minotaur (TGM)*. Key original concepts of the book include: Inherent error and lost truth, Condorcet's secret, Radical indeterminacy, The fundamental theorem of Marxism and the mechanization of the economy, The Meta Axioms, The Global Plan and the Great Minotaur, The rise of private money. Each one of these concepts is worth talking about. For a detailed review, visit my blog: [...]

3 of 4 people found the following review helpful. *Modern Political Economics: Making Sense of the Post-2008 World* By Jim Stimpfle I heard Yanis on CSPAN speaking in Seattle, I enjoyed his take on the 2008 financial crisis caused by Adam Smith back in 1776 (not really) but his humor and understanding of how financial markets (Wall Street/London) have played the "game of wealth creation" or private money spun capitalism (where's Karl Marx when you need him) several times WOW... I want to read his ideas... went to my Kindle fire and brought the most expensive book with one click \$60... ok so my daughter Megan (MA Economics John Hopkins... worked for Sen Lisa Murkowski AK... on Capital Hill) and I were discussing his ideas in Nome at Airport Pizza along with Jean-Paul Sartre "Being and Nothingness" it was end of 2012... Megan tweeted @yanisvaroufis just to spin his book and our enjoyment of economics and Nothingness... Well damn... he tweeted back... thanking us for Being there. In the late 80's we accepted rubles in some of our stores in Nome when we opened the border with the Soviet Union on June 13/14 1988. We thought we could take the rubles back into Chukotka just across the Bering Strait from Nome, Ak. and expand businesses and economic development, I wrote about this idea as "Currency Integration" where local businesses decided the exchange rate and what items in their stores could be exchanged for rubles... we were thinking of talking those rubles back into the Soviet Union to pay and employ Soviet citizens in cross border trade and business... it didn't work Soviet banking reminded us that Soviet law prohibited the use of rubles outside the Soviet Union... ok we ended up selling Soviet rubles to tourist visiting Nome from the lower 48 at near 1-1 exchange rates for dollars. I wrote Milton Freeman about the idea... he wrote me a nice letter on our risk taking to solve monetary exchanges in moving money back and forth... so Varoufakis book with his authors is worth reading... understanding where we are going in "Modern Political Economics: Making Sense of the Post-2008 World".

0 of 0 people found the following review helpful. *Political economics* layed out logically. By Soter Great for students or anyone interested in IPE/GPE. Was of great assistance in providing me with references or new perspectives on course work.

Once in a while the world astonishes itself. Anxious incredulity replaces intellectual torpor and a puzzled public strains its antennae in every possible direction, desperately seeking explanations for the causes and nature of what just hit it. 2008 was such a moment. Not only did the financial system collapse, and send the real economy into a tailspin, but it also revealed the great gulf separating economics from a very real capitalism. *Modern Political Economics* has a single aim: To help readers make sense of how 2008 came about and what the post-2008 world has in store. The book is divided into two parts. The first part delves into every major economic theory, from Aristotle to the present, with a determination to discover clues of what went wrong in 2008. The main finding is that all economic theory is inherently flawed. Any system of ideas whose purpose is to describe capitalism in mathematical or engineering terms leads to inevitable logical inconsistency; an inherent error that stands between us and a decent grasp of capitalist reality. The only scientific truth about capitalism is its radical indeterminacy, a condition which makes it impossible to use science's tools (e.g. calculus and statistics) to second-guess it. The second part casts an attentive eye on the post-war era; on the breeding ground of the Crash of 2008. It distinguishes between two major post-war phases: The Global Plan (1947-1971) and the Global Minotaur (1971-2008). This dynamic new book delves into every major economic theory and maps out meticulously the trajectory that global capitalism followed from post-war almost centrally planned stability, to designed disintegration in the 1970s, to an intentional magnification of unsustainable imbalances in the 1980s and, finally, to the most spectacular privatisation of money in the 1990s and beyond. *Modern Political Economics* is essential reading for Economics students and anyone seeking a better understanding of the 2008

economic crash.

'an astonishing tour de force of math, metaphysics, and political economy in the grand tradition, all unfolded in fugal counterpoint'. - Brian Collins, Los Angeles of Books  
About the Author  
Yanis Varoufakis is Professor of Economic Theory at the University of Athens, Greece. Joseph Halevi is Senior Lecturer at the University of Sydney, Australia. Nicholas Theocarakis is Assistant Professor of Political Economy and History of Economic Thought at the University of Athens, Greece.