

Political economy

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This is another draft entry in the glossary that I am in the process of writing. This time the subject is political economy, which is the subject of which I used to be a professor before becoming a professor of accounting practice. That fact does not mean I do not think this definition, which aims at brevity as well as breadth is right. Comments welcome.

Political economy is the study of relationships of power and the impact that they have upon the allocation of scarce resources within a society.

As an interdisciplinary social science, political economy considers how all aspects of power, including the command of wealth, the control of ideas, the impact of government and access to it, the use of legal systems and their interaction, and the prejudices and preferences of those within and between societies, have impact upon economic outcomes and the distribution of both income and wealth both within and between societies.

Political economy is as heavily influenced by sociology, politics, political science, critical accounting (see separate entry), anthropology, law and philosophy as it is economics with each being seen as providing insight into the way in which societies make economic decisions in practice.

Political economy seeks to avoid the set of standard assumptions that limit the scope of neoclassical and neoliberal economic thinking (see separate entries) that bias that discipline towards the promotion of capitalism (see separate entry) and capitalist market systems, which bias both inherit from classical economics (see separate entry).

Because political economy does not necessarily assume that optimal structures for society exist but is instead concerned with the reconciliation of the multiple claims and influences that exist on resources within an economy and how they might be reconciled it almost invariably promotes solutions that differ to those commonplace in positive

economics (see separate entry) and associated neoclassical and neoliberal thinking where the achievement of a state of optimality described as equilibrium is the goal. As a consequence, political economy has a bias shared with normative economics (see separate entry) meaning that recommendations as to the way in which equitable outcomes within society can be created are the most likely focus of its work.