

Funding the Future

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Welcome to a new series on this channel: the history of economic thought.

In this series, I'll explore how economics has always been shaped by hope and fear, and how different schools of thought—from the classical economists like Adam Smith, Ricardo, and Marx, through to Keynes, Hayek, Friedman, and today's heterodox thinkers like MMT—have tried to explain (and shape) the world they lived in.

Economics is never neutral. It reflects power, politics, and society. Understanding that helps us make sense of our present crises and why renewal is always needed.

This is not a dry academic history. It's a journey through ideas that still shape law, politics, and justice today. Join me to understand why economics matters—and why its stories are always stories of power.

<https://www.youtube.com/watch?v=rV5lVWlpc8I?si=Z9BNVn42qxqlbAGj>

This is the audio version:

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This is the transcript:

Hi, my name is Richard Murphy. I'm Emeritus Professor of Accounting Practice at the University of Sheffield, and before that, I was Professor of International Political

Economy at City, University of London. I've worked in the UK economy for 50 years and I'm a graduate economist.

What does all that mean? It means that I've thought about economics over a long period of time. And I am interested in the history of economic thought, and that is the subject of a new series on this channel that I'm going to be producing.

I believe that unless people have a genuine understanding of the schools of economic thought that have developed over time, and how they have shaped our lives, then it's impossible to interpret events that are happening now in the economy in which we all live.

The reality is that economists are not neutral, independent people. They live in their moment. They are people. They are subject to foibles. The influences upon them are clear, and most of them are ones that arise at the time that they live.

So economists are not somehow fountains of independent wisdom whom we should rely upon for all time. We should instead look upon them as people who have tried to interpret the confusing events of the period in which they live and have tried to generalise what they see into models that they think will be of use to help others understand the world in which they live.

But, and I make the point very clearly, they might also be trying to influence the way in which they want people to see the world in which they live.

Their stories are therefore important, but they have to be contextualised. And that matters because unless we can contextualise them, their stories do not become our stories, and our stories cannot be explained.

So economists are people who frequently lived through periods of upheaval and change. We have to understand that they reacted to the crises around them. Very often, the ordinary escaped their view.

Again, it's important to understand that, because if the world is very obviously moving in a direction where the outcome is unclear, and that is true of very many of the people that we're going to be talking about, what is actually ordinary and mundane escapes attention.

And we have to get our heads around that because most of the economists that I'm going to be talking about were people who came from, and let's be clear about this, the power elite within the societies where they lived.

You had to be a member of the power elite to get to a university, to study economics, and to have the ability to sustain that by not necessarily having to work. You had to be a member of the power elite to teach these issues.

So the mundane and the ordinary was not necessarily all that they were concerned about. What they were concerned about was trying to explain the crises they saw and to shape the events that were going to come .

There is nothing neutral, therefore, about economic thought. Those who claim that economic thought is somehow to be studied because it is an indication of how neutral observers viewed the world around them are talking complete and utter twaddle. Let's call that a technical term for the purposes of these videos.

Their theories were not created in that way, even if they tried to pretend that they were. Their theories carried hope and fear implicit within them, because those were the prevailing sentiments at the moment. And in fact, it's really important to understand all of political economy and the history of economic thought in that light. And I can't be more blunt than that because I think that if I were to choose two single words that will explain the sentiments that I will try to explore in this series, they are hope and fear.

Hope generates openness, curiosity and possibility.

Fear represents closure, defence, abstraction, and the status quo.

Hope creates new visions.

Fear preserves the old order.

And we are going to look at people who represent both views when it comes to political economy and the history of economic thought. Both have been present at all times over the 250 years or so of opinion-forming that we are going to be talking about. Opinion-forming that shaped our politics, shaped our law, shaped our society, and shaped social justice.

And in that sense, we have to be clear that if economics has this impact upon us, and it most definitely does, then there is nothing about economic thought that is neutral.

Theories reflect, in many cases, the interests of those who have power. Very little economics has been written to represent the interests of those without power. That is a relatively recent phenomenon, and we have to understand that because politics very commonly has served some in society, but not all.

Political economy is the study of economics which tries to understand that by looking at the relationships of power, by trying to find out what the real story is. Why did people tell the stories that they did? And what was the power that they tried to reinforce as a consequence?

So we have an interesting journey ahead of us in the series that I want to create. The point about this series is that it is not meant to be a comprehensive review of every thinker in political economy. That would be absurd. It would not be possible. It would

get pretty boring. It would get pretty technical, and I don't think that would serve my purpose.

My purpose is to provide you with a flavour of economic thinking over time and how we got to this point in time.

So we're going to have to take a journey through the classical economists. The people like Adam Smith, David Ricardo, John Stuart Mill, Karl Marx, and how hope and fear shaped their views of early capitalism and what it could do and what the threats implicit within it are.

Then we'll move on and we'll look at neoclassicism, the era that started from the 1870s or so onwards, that retreated from the observational style political economy that was pursued by the classical economists. You won't find a formula in Adam Smith, and you won't find formulas in Karl Marx or John Stuart Mill or David Ricardo, but you will find them in neoclassicism.

There was a retreat from the 1870s onwards into abstraction, and there was a change in emphasis. The basis of wealth in classical economics was labour. The basis of wealth inside neoclassicism was profit. The whole purpose of neoclassical economics was to defend the right of people to make profit on the back of labour.

And so these two schools, which sound as though they're related, are in fact, in many ways opposed to each other. They represent a fundamental difference in thinking as the rise of the corporation was observed by the economists of the 1870s onwards.

That lasted until the era after World War I. Then it was apparent that things weren't working. And we come to the last of the great neoclassicists in some way, who was also, of course, the first Keynesian because we are talking about John Maynard Keynes, the person who confronted crisis with both hope and balance, but in turn, whose ideas may now be out of date as might be those of the Neo-Keynesians who followed his broad lines of thinking, but change them significantly. So we'll be looking at them.

We'll be looking at the great alternative school that appeared at that time, which was neoliberalism. When we go back to the people who founded it, we look at Hayek and we look at Friedman, they also were neoclassicists, but who broke away and created a new school of thinking.

Neoliberalism was most definitely a new school of economic thinking. Embedded in it was a fear of society and the rise of the power of the individual as an entity to be worshipped almost in their own right, a mythical distraction from reality: most certainly nothing like the people in the society in which I live, including, I'm quite sure, you and me.

And after these two schools of Keynesianism and neoliberalism, and I'm going to ignore

some others that have existed during the course of this period because I don't want this series to go on forever, there are the heterodox movements that we now see those like modern monetary theory, but there are others, for whom the great fear is one of collapse because we are seeing neoliberalism come to the end of its course as we saw Neo-Keynesianism do so before it.

There is now a need for renewal, and why we'll look at the heterodox movements is because they are where we are likely to find that renewal.

So just what are we going to do? We're going to talk about my views. And I'm not pretending that I'm going to be objective with regard to the analysis that follows of all the thinkers I'm going to talk about; five or so major thinkers in each of the videos within this series. Instead, I'm going to provide my interpretation, because that is honest. And I'm not going to pretend I'm detached as a consequence. Instead, I'm going to provide an overview.

So if you're looking for a detailed history of economic thought, this may not be the place for you. But if you're looking for an introduction over a limited number of videos, we're going to be talking about five, six, or seven here, maybe seven in all, I think, then this is the place to start.

But I stress we're going to be providing a background with one real reason, and that is to understand the present, because I don't believe we can understand the present without looking at the past, and to understand the past, we have to understand the hopes and fears of those who created our economic thinking. And we have to interpret those within the context we're living in now and the hopes and fears that we all have.

That's my aim for this series. I hope you'll join me on it. It's going to be an interesting journey.

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