Dear Colleague:

I write with a final review of Robin Maialeh’s thesis at the University of Economics, Prague.

Unlike my Berkeley graduate students, Robin’s thesis is written in the spirit of the classical economists, before the social sciences specialized on narrow questions and specific methods. The classical economists were interested in grand social questions and used many methods to approach it.

This kind of analysis is seeing a vibrant revival within the economics profession, in the form of research on economic distribution. Most papers in top economics journals provide theory or evidence on the causal mechanisms underlying economic outcomes. Yet some of the most influential papers step back and say “One of the most important things we do not know about the economy is who gets what. We fill in that gap with new and innovative measurement.” Piketty-Saez (QJE 2003) is the best-known example, but Saez-Zucman (QJE 2014) and Case-Deaton (PNAS 2015) are making waves as well. Simon Kuznets would be proud.

Questions of economic distribution are old questions in social and economic thought, and Robin’s paper returns to a basic one: does the market mechanism lead to more or less inequality? The answer is not obvious: there was tremendous inequality long before modern market economies, yet inequality is thought to be rising in many countries.
In his first chapter, Robin reviews and critiques historical thinking on the subject. In his second chapter, he marshals the latest evidence on trends in inequality over time and provides comprehensive overview of inequality in economic research. It is still missing recent work by Deaton and Chetty, though that would not change much. In his third chapter, he returns to verbal theory and prepares a unique ground for the model. In his fourth and most ambitious chapter, he mathematically models the evolution of inequality with specific reference to Pareto efficiency.

In the final version of Robin´s dissertation he clarifies most of my comments. I welcome the added subchapter “Methodological Notes” that makes dialectics and mathematical methods more grounded. The subchapter advances a former ambivalence between philosophical and mathematical parts and fruitfully contributes to understanding positivist methods in economics.

Alterations in the final version weaved together different parts of the thesis more explicitly and therefore the abstract interconnectedness between parts is easier to identify. It helps to link Robin´s conclusions to modern economic research and distinguish relevance of the critical theory to economics. I am particularly glad for the emphasis on agent´s self-preservation and related consumption behavior which explain inequality in a new light.

Despite a few minor and still remaining challenges, my previous evaluation stands. By bringing together many strands of social thought, Robin’s thesis returns the study of economics to its classical foundations, blending theory and evidence across the social sciences and modes of social thought. It is an ambitious achievement for any student of the modern market economy. Robin provides a unique perspective on inequality in the context of the production process. His
thesis valuably demarcates the role of empirical methods in complex economic issues and outlines new possible directions in theorizing inequality. The model describes market interaction of economic agents whose behavior, thanks to a rare dialectical approach, is characterized by competitive nature and self-preserving rationality. The agent is therefore, according to research’s results, primarily dominated by “antagonistic” conditions imposed by the market mechanism. In order to investigate such a dynamic environment, Robin uses mathematical tools backed by novel theory that combines modern economic approaches and selected chapters of the critical theory. As a result, the work characterizes the market mechanism as a diverging force of the production process. This substantially contributes to a theoretical understanding of the relationship between the market mechanism and inequality.

In sum, I recommend the dissertation thesis "Critical Theory and Dialectics of Contemporary Economics" to be defended at the Faculty of Economics, University of Economics, Prague.

Sincerely,

Danny Yagan