

In defence of post-Keynesian and heterodox economics – responses to their critics

Frederic S. Lee and Marc Lavoie, eds. 2013, Taylor & Francis Ltd, London Series title: Routledge advances in heterodox economics, ISBN 978-0-415-69436-0, 263 pp.

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The self-declared purpose of this collection of essays is to offer a ‘systematic response’ (p. xiii) to a number of critical claims by Colander and others, regarding the value of heterodox approaches to economics. The focus on Colander’s contributions is important because of his past widely-known sympathy with heterodox thought, meaning that he has built up some credibility among economists who are interested in this area.

Colander is reported as having concluded that those considering themselves to be ‘heterodox economists’ would, in fact, be well advised to re-engage with the ‘mainstream’. This conclusion rests on the argument that the mainstream is, contrary to the views of the heterodox community, open to novelty and challenge. The self-marginalisation of some heterodox thinkers is, therefore, unnecessary and unhelpful, and may ultimately lead to the justified dismissal of their work by the economics discipline at large.

This collection, which does not share Colander’s optimism regarding advancements in mainstream economics, offers a defence of post-Keynesian and heterodox economics, bringing together a number of more sympathetic perspectives on key questions regarding their future, and offering suggestions regarding the best way for heterodox economists to move forward. The book consists of 13 free-standing but thematically related papers. The papers by Lavoie and Lee arose from presentations given at international Keynesian and Evolutionary Political Economy conferences in 2009. Once Lavoie and Lee realised that both their efforts served as a rebuttal to the critics, they decided to see whether others had written on a similar theme, or whether they could be encouraged to do so. Prior to the publication of the book, shortened versions of eight of the papers were published as a two-part symposium of the *Review of Political Economy*.

The use of the term ‘heterodox economics’ is itself relatively new and its meaning differs subtly between authors. Lee is unique within the volume in presenting heterodox economics as a whole with distinguishable method, content and purpose. For Lee, heterodox economics is ‘a historical science of the provisioning process’ (p. 108). The economy is understood to be an emergent system (thus ruling out methods assuming a simple atomism), where human agency acts within a changing and changeable structure (ruling out methods assuming structural stability). Economic theory seeks to provide explanatory narratives of this system using core theoretical concepts such as ‘the social surplus, accumulation, justice, social relationships in terms of class, gender, and race, full employment and economic and

social reproduction’ (p. 108). It is, for Lee, the ‘duty’ of heterodox economists to make ‘policy recommendations to improve human dignity’ (p. 108). Other authors emphasise a plurality of approaches, with King arguing that Lee’s account is more akin to a ‘manifesto’ than a description of heterodox economics. The most common view seems to be that the term ‘heterodox economics’ denotes a range of separate strands of thought which are, however, loosely connected by a critical attitude towards the content and methods of mainstream theory and a knowledge of the wider history of economic thought that is consciously left out of many contemporary university reading lists. Unsurprisingly, therefore, the question of interaction between the distinct heterodox schools is discussed, alongside the epistemological merits of pluralism. It is generally agreed that post-Keynesians should keep up with developments in, for example, evolutionary economics – within reason, given the limited time available.

Evaluating advice on how heterodox economists should proceed with their work requires knowing what the giver of that advice is hoping to achieve. Within the collection, authors answer, and sometimes conflate, separate questions: First, how should heterodox economists proceed should they wish to be recognised by elite academic institutions? Second, how should they proceed in order to be relevant to and appreciated by public policy makers? Finally, how should heterodox economists proceed in the interests of addressing economic questions in intellectual good faith?

Taking the first question, many of the contributors share the sentiment that post-Keynesian and heterodox economics more widely are under threat, and that their survival may be in question. Failure to get published in top-rated journals, leading to failure to acquire jobs in top-rated economics departments, is feared to have accumulative consequences. Many of the essays therefore offer practical yet sympathetic advice to practitioners on how best to proceed. For example, Lavoie talks of undertaking econometrics for the reasons of its ‘rhetorical’ weight (p. 35). Dobusch and Kapeller present evidence of a citation bias within heterodox publications, where authors seem more inclined to cite mainstream papers, and suggest that this should be addressed to stop the systematic understating of the influence of key heterodox papers. Some contributors are more relaxed than others about being cut off from what is officially recognised as ‘economics’, and suggest moving to more sympathetic academic ground (e.g., business schools) where commitment to realistic explanatory narratives and practical policy advice is rewarded.

This links to the second question regarding public policy influence. There is some benefit in not being caged within the theoretical confines of utility maximisation; heterodox approaches offer economic explanations which benefit from knowledge of the practical workings of important institutions, and these cannot fail to appeal to policymakers. Several authors therefore express optimism with regard to the growing influence of heterodox economists in this field. Stockhammer and Ramskogler suggest expanding the research agenda of post-Keynesian economics in order to ensure political relevance, to include, for example, the precarisation of labour. However, it is generally acknowledged that it is not at present possible to entirely sidestep mainstream economics if public influence is desired. Certain

key positions within public administration select on the basis of academic record, therefore bias against heterodox thought in top economic departments is not only a significant barrier to careers in academia, but also to careers in public policy. In addition, many key institutions incorporate the proscriptions of mainstream thought into their decision-making processes and therefore a realistic understanding of the institution requires an understanding its chosen theoretical framework.

The suggestion that mainstream economics *should* be ignored stems from the final question regarding how to act in intellectual good faith. It is broadly acknowledged by the respective authors that heterodox economists are those who have found mainstream economic theory wanting. For some this will be because of a philosophical concern regarding the proper approach of science. For others it may simply be due to the lack of perceived success of mainstream theoretical models. Lee argues that the approach of mainstream economics is philosophically indefensible, and that intellectual good faith requires approaching economic systems differently. Mainstream theory leads only to ‘pseudo knowledge’. All the authors agree that heterodox economics share certain philosophical principles with each other which are not shared by the mainstream, and that heterodox evaluation of method is therefore a key component of the heterodox perspective. They therefore reject Colander’s suggestion to ‘move on’ from a discussion of methodology, even if Lavoie does voice a concern that the mix between work on methodology and practical application of theory achieve the appropriate balance.

While the positions of Lavoie, King and Lee in this volume are in the main constituted from arguments made in a number of other places, the additional papers expand the volume’s appeal by introducing new material. Greater clarity would have been achieved if the conflation between the questions treated separately above had been addressed. A further weakness of the volume is the absence of the critical literature against which it is pitted, given that the contributions make repeated explicit reference to this literature and therefore demand familiarity with it from the readers. In terms of style, the consequence of this absence is that the volume has the feeling of being ‘defensive’ rather than ‘a defence’. In all, it is a stretch to judge the book as having achieved a ‘systematic response’, although this is unsurprising given its format. It is rather a plurality of opinions on some important questions which are valid in and of themselves. It would, however, benefit from greater diversity in terms of the contributors, particularly in relation to gender.

About the reviewer

Jennifer Churchill’s first degree was in philosophy (UCL). She turned to economics after working briefly in politics, and is currently working on her PhD *The fall and rise of the pragmatic tradition in economic thought* at SOAS, University of London. She recently assisted with organising a commemorative event for Fred Lee at SOAS. She can be contacted at Jennifer.Churchill@soas.ac.uk.