

Title Economic orthodoxy as religion: the scientific case for critical, evidence-based and pluralist political economy

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ABSTRACT

This paper will outline a manifesto for an alternative praxis for political economy.

I argue that economics is not a science and cannot be understood as such; this has profound conclusions for the way heterodox economics has to conduct itself.

No special critique is needed to show that economic orthodoxy is wrong. Its failures can be explained, and proven, from the normal standpoints of what is conventionally accepted as true by most people interested in truth.

More difficult is to understand the reasons for these failures and above all for their persistence. This requires a critique which is both theoretical, bringing to light the inadequacies of thinking which drive economists to defend manifestly false ideas; but also material, in the sense that it must understand and show the real interests which prevent better ideas replacing the false ones. More difficult still is to discover a praxis which can create the conditions for superior theory, in the intrinsically anti-scientific conditions created by this combination of bad theory driven by material interests hostile to good theory.

Many existing economic dogmas (eg econometrics) began life as heterodoxies. Heterodoxy on its own is not enough. Critical economics requires a deeper self-analysis to create a space within which a superior alternative to orthodoxy can creatively develop.

I want to argue that the core theoretical defect of orthodoxy is the equilibrium paradigm, which imposes, on any body of enquiry that adopts it - whether marginalism, Keynesianism, or Marxism - a view of the economic world whose objects are defined platonically as the properties of an ideal market. Since by definition real, essential economic objects cannot but maintain the capitalist market in existence, only exogenous causes can then explain behaviour that threaten its existence.

Today's orthodoxy is further immunised against criticism by its positivist separation from politics, history, sociology and philosophy, with which disciplines it naturally belongs because it shares their object of study. Economics thus makes a unique and extraordinary claim about its access to truth; it defends its ideas against social theory on the grounds that it is alone a science, and against science on the grounds that it alone is a social theory. This makes it a hermetically sealed body of doctrine whose only criteria of truth or falsehood are generated from within itself.

Yet it has a unique relation to the real world, since its ideas are actually required to inform banks, governments, and international organisations, about policies that affect millions of people. A heavy responsibility attaches to it, and great material pressures bear down on it. Yet there is almost no mechanism, either theoretical or practical, which renders it accountable for its conclusions to those most directly affected by them. This too, is unscientific, for the precise reason that as a purported theory of society, the reactions of that society constitute the most important body of actual evidence with which it ought to reckon, if it is to defend claims to be studying the object of which it speaks.

I argue that in consequence the equilibrium paradigm, and positivist praxis, persist because of the material interests on which academic economics depends, leading to an intrinsic preference for the conclusions that result. This manifests itself in the entire complex of procedures for selection, peer review, promotion, publication and interaction with outside bodies, which systematically but unconsciously promote the equilibrium paradigm in all branches of theory, no matter how initially dissident (eg ISLM Keynesianism, Simultaneous Equation econometrics, Bortkiewiczian Marxism, rational expectations, etc). Historically and sociologically, the profession of economics is most accurately categorised as a religion; a material institution whose function is to produce and maintain a social ideology required as an instrument of class hegemony.

A critical economics praxis requires more than alternative theories; within any alternative, the equilibrium outlook will always surface and come to dominate, through the natural workings of the above material processes. Instead, it is the responsibility of heterodoxy to develop a root and branch alternative to what is conventionally conceived of as scientific practice.

The core of such an alternative, I will suggest, rests on two planks: critical pluralism and evidential scholarship.

By critical pluralism I mean that a valid and necessary criterion of worth, in economic writing, must be confrontation between alternative theoretical explanations, not merely the working out of a single explanation. It is not enough to have an alternative; it is necessary to measure each alternative against the other alternatives.

By evidential scholarship I mean that the ultimate basis for selecting or preferring one theory over another must be factual evidence which can be verified independently of the theoretical framework adopted. I will explain and justify this idea, and defend the view that facts both exist independent of theory, and can only be presented via the mediation of theory. I will argue that scholarly criteria can be defined consistent with these propositions.

Evidential scholarship also requires that the theoretical explanations being contrasted must be presented in their own terms, not via the mediation of interpretations that supplant them with something else. Good scholarship in economics should (as is normal in the liberal arts) also provide evidence about the origin and nature of the theories which are being tested against these facts. Otherwise, it is impossible to ascertain what has actually been proven by the enquiry.

Thus Keynes's ideas cannot be tested by confronting ISLM Keynesianism with the economics facts. Austrian marginalism cannot be tested by confronting Walrasian general equilibrium marginalism with the facts; Marx's ideas cannot be tested by confronting Bortkiewiczian Marxism with the economic facts. In each case, scholarly and critical work is required to establish what theory, and what interpretation, is actually being tested. I will argue that scholarly criteria can be defined to this end.