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Debating the Future of Heterodox Economics

Geoffrey M. Hodgson

Abstract: This article is a reply to five reviews (by Lynne Chester, David Dequech, John Henry, Marc Lavoie, and Jason Potts) of *Is there a Future for Heterodox Economics?* (by Geoffrey Hodgson). It welcomes the debate that has emerged on the nature and future of heterodox economics. The article revisits the problem of defining heterodox (and orthodox) economics. The relationships between orthodox and heterodox economics and political ideology are discussed, especially in relation to different normative views on markets. The essay also points to the need for understanding how scientific disciplines are organized, particularly to inform discussions of strategy by heterodox economists.

Keywords: heterodox economics, ideology, markets, organization of scientific disciplines

JEL Classification Codes: B40, B25, D83, L52, O12, O33

I wish to thank the reviewers for taking the time to read my book on heterodox economics (Hodgson 2019c) and for providing thoughtful comments and criticisms. As well as the four reviews published in this issue of the *Journal of Economic Issues*, I would also like to address an assessment elsewhere by Marc Lavoie (2020) in another journal. I am pleased that my book has helped to stimulate a debate concerning the meaning and future of heterodox economics.

Marc Lavoie (2020 9, 16) wrote that “the book has to be taken seriously . . . because the future of the various schools of thought that compose heterodox economics is something that concerns and worries us all.” Overall, he “found the book tantalizing.”¹ John F. Henry (2021, 595–602) urged that the book be “read by every institutionalist—and, more broadly, heterodox—economist: the issues [Hodgson] raises require significant debate and critical responses.” It is “most definitely” a “worthwhile read.” Henry continued: “He puts forward his recommendations, those may be contested or accepted. But, regardless of one’s position, they *are* the stuff of debate. So, let the debate begin.”² Jason Potts (2021, 591) remarked that “Hodgson does a splendid job in telling the fascinating story of how we got into this mess.” David Dequech (2021, 583) concluded that “Hodgson is right that heterodox economics must change. The strategies that he prefers are worth trying. . . . At the very least, his last chapter is excellent ‘to start a wider conversation about possibilities.’”

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¹ I thank Lavoie (2020, 10) for correcting two minor errors in my book concerning the origins of the terms post-Keynesian and Post Keynesian, and my omission of an earlier reply to Hahn (1982).

² I was very saddened to learn of John Henry’s death in September 2020. He was a fine and stimulating scholar.

But you can't win them all. Lynne Chester (2021, 588–589) wrote “I do not find these strategies, nor the notion of experimentation, to be very persuasive.” She was “disappointed” with the book, claiming (wrongly) that it was my primary intention to admonish others, rather than to generate debate or help move things forward. But she added, more positively, that if “debates are generated by this book's ideas, then it will contribute to advancing heterodox economics.”³

I have been involved with heterodox economics for over fifty years. I have learned a great deal from my experiences in various heterodox groups. But my concerns about the future of heterodox economics have gradually intensified. 2008 was a watershed. As many observers have noted, mainstream economics changed little in response to the 2008 Crash. Even Queen Elizabeth II of the UK was shocked by its failures. Mainstream economics carried on much as before, as if nothing had happened, and as if its theory and policy required at most relatively minor adjustment (Besley and Hennessy 2009; Dow et al. 2009; Earl 2010). The core assumptions of economics and its predilection for mathematical technique over substance (Blaug 1997) received no urgent scrutiny by mainstream economists. These outcomes impelled me to look more closely and analytically at heterodox economics and its strategic options. I am very pleased that the issues are now being debated among heterodox economists, and with more determination than before.

A foremost and persistent worry is that heterodox economists cannot agree what heterodox economics means. In the light of the comments of the five reviewers, I touch on this again in the following section. Another section addresses the issue of ideology, in relation to both heterodox and orthodox economics, again in response to the reviews. This is followed by a section that considers if neoclassical economics is intrinsically pro-market. The penultimate section concerns the analysis of heterodoxy and orthodoxy (in economics) as academic communities and institutionalized systems of power, which is an issue that is under-stressed by some of the reviewers.

What is Heterodox Economics?

In my book I criticize the two leading attempts, by Tony Lawson and Frederic Lee, to define heterodox economics.

Briefly, Lawson's definition is based on ontology, using his (oddly defined) distinction between “open” and “closed” systems (Hodgson 2019c, 57–58, 63–71).⁴ Lawson (2006) noted that economic reality is generally open (in his sense) and argued extensively that the closed systems of mathematics are generally inappropriate to analyze open economic phenomena. Lawson (2003, 21, 178) clarified in several places that he was not against mathematics in

³ Referring to unpublished working papers rather than the later (Hodgson 2019c) book, Chester (2019) mischaracterized my position in several ways, as well as pointing to some minor errors (which I corrected in my book). She did not take the opportunity in her current review to withdraw her false statements that I identified in my earlier reply to her paper (Hodgson 2019b).

⁴ Lawson (1997, 19) followed Bhaskar's (1975, 70) odd characterization of a closed system “as one in which a constant conjunction of events obtains.” This event-level definition is at variance with an emphasis on ontological fundamentals and with the prevailing definitions in systems theory, where a “system is closed if no material enters or leaves it; it is open if there is import and export and, therefore, change of the components” (Bertalanffy 1950, 23). It is also peculiar that Lawson (1997, 16–17) defined deductivism similarly in terms of presuming “event regularities” or “constant conjunctions of events or states of affairs,” with regularities of the form “whenever event x then event y.” As several authors have noted, philosophically this is an atypical definition of *deductivism*, because it refers to empirical regularities concerning events, rather than to logical deductions with propositions. Matthew Wilson (2005) argued that neoclassical economics does not fit Lawson's characterization of *deductivism* (Hodgson 2019c, 57–58).

principle, but he claimed that the ontological conditions for its appropriate use are “seemingly rare” or “rather rare.” Lawson (2006) argued that different heterodox economists accept the ontological openness of economic systems in various ways, and consequently they should confine their use of mathematics to these “rare” circumstances only. By contrast, mainstream economists generally ignore ontological openness and they make mathematics compulsory.

Notwithstanding the “not against mathematics in principle” qualification, Lawson and his supporters ended up endorsing the use of mathematics in “rare” circumstances only. Lavoie (2019, 13) concurred with me on this. He wrote: “Hodgson’s interpretation [of Lawson] appears to be the correct one.” He added: “Thus while Hodgson and myself are in agreement that most neoclassical economists are obsessed with mathematical technicity, we also both agree, in contrast to Lawson, that this does not preclude the use of modeling by heterodox economists.” This is an accurate statement of a position that I share with Lavoie.

Some critical realists embrace mathematics much more fully than Lawson (Hodgson 2019c, 70–71). Although Lee (2008 and 2009) made the adoption of “critical realism” a necessary condition of being heterodox, he did not restrict mathematics in the same way as Lawson. Instead, he defined heterodoxy by adding different criteria, including the rejection of the scarcity concept and of methodological individualism. I criticized Lee’s criteria as flawed and imprecise (Hodgson 2019c, 53–56).

Furthermore, while Lee listed some important strands of heterodoxy, he omitted Herbert Simon’s behavioral economics, the evolutionary economics of Richard Nelson and Sidney Winter, Amartya Sen’s capabilities approach and other ostensibly heterodox streams. I suggest a possible explanation of these omissions may lie in Lee’s depiction of heterodoxy as incipiently an anti-capitalist movement. As far as I am aware, Simon, Nelson, Winter and Sen have not explicitly opposed capitalism (Hodgson 2019c, 53–63). But we cannot be sure of the explanation for Lee’s exclusions.

Playing down the differences, Chester (2021, 586n1) saw the contrast between Lawson and Lee on the definition of heterodox economics as “more semantics than anything else.” I disagree. I pointed out in my book that Lawson’s and Lee’s definitions of heterodoxy would exclude and include very different people and schools of thought. Strong caution about the use of mathematics would make Alfred Marshall plus Nobel Laureates Ronald Coase, Douglass North, Elinor Ostrom, Oliver Williamson and (possibly) Milton Friedman all “heterodox” by Lawson’s criteria (Hodgson 2019c, 59). I doubt that Lee would have agreed with these inclusions. In addition, Lawson’s approach denies that Sraffian and post-Keynesian modelling are heterodox, while Lee explicitly included them. The claim that these differences are merely “semantics” jars with Chester’s own statement (with others) that “no consensus” has been established on the definition of heterodox economics (Jo, Chester, and D’Ippoliti 2017, 8). If the differences were mere “semantics,” then surely a consensus would have been reached by now?

Furthermore, Chester (2021, 586) claimed that I “take issue” with a definition of heterodoxy “advocated” by Andrew Mearman. This claim is incorrect. Chester does not seem to have read the relevant texts carefully. Indeed, it was the recognition of an enduring lack of consensus on the definition of heterodoxy that led Mearman to try a different tack. Mearman (2012, 407) argued that a “fixed definition” of heterodoxy is undesirable, and its meaning should be left “purposefully vague.” Because the problems of defining heterodox economics have persisted without resolution, Mearman suggested that the effort be abandoned.

In my book I argued that Mearman misunderstood the nature and purpose of a taxonomic definition, and I suggested that some implicit or explicit definition is unavoidable. In general, the complex or changing nature of a phenomenon does not rule out the need for a workable definition. Despite the complex and evolving subject matter, taxonomic definitions play a crucial role in biology and elsewhere (Hodgson 2019a). They are crucial to establish epistemic communities of investigation. Without a definition, how can we establish lists of “heterodox” journals, or “heterodox” departments, or whatever?⁵

Mearman and others have noted a possible “sociological” definition, where “heterodox economics” refers to the de facto community who describe themselves as heterodox economists. That works as a crude demarcation criterion. But it leads to the question of what holds such a diverse group of scholars together? Marxian, Kaleckian, Keynesian, Sraffian, institutionalist and other approaches are very different in some respects. Incompatible assumptions have led to unresolved arguments within heterodoxy, for around fifty years, including over the use of mathematics. So, what holds heterodox economists together?

I address my answer to that question in the next section. Before that, I shall briefly note my own definition of heterodox economics. I characterize orthodox economics in terms of the prevailing assumptions of utility maximization (Max U) and equilibrium. Hence, I suggest that heterodox economics could be defined primarily in terms of opposition to Max U. I think that this is a sensible definition. But why has it not been proposed more prominently before? The answer to this question also relates to what I suggest instead holds heterodox economists together. Although I think that my proposed definition is sensible, I do not believe that it will be accepted by the heterodox community. I discuss why in my book, and in brief below.

Ideology, Heterodoxy, and Orthodoxy

In my book I noted that heterodox economists in Cambridge sometimes use expressions like “left-wing economics.” I argued the following: “With the failure to establish a clear *theoretical* identity for heterodoxy, it is all too tempting to used leftist ideology as the alternative glue to bind people together . . . heterodoxy has been united more by (leftist) ideology than by analysis” (Hodgson 2019c, 160, 174).

Notice that this is a relative statement—heterodoxy is united *more* by ideology than anything else. This does not mean that heterodoxy is fully united by ideology. Contrary to Chester (2021, 585) I do not say in the book that heterodox economists have a “shared ideological affiliation.” In fact, the phrase “shared ideological affiliation” does not appear in my volume. Also, contrary to Chester, I do not say that “leftist ideology is synonymous with heterodox economics.” I do not believe it is true.

Instead, leftist ideology is *prominent* among self-described heterodox economists. It is not universal, and there are important exceptions. Among these are Austrian economists, who in my experience are much more favorable to market solutions than most heterodox economists.

⁵ Lavoie (2020, 9) noted my editorship “of the Journal of Institutional Economics, a publication which he refuses to label as a heterodox journal but which publishes both orthodox and heterodox contributions.” This is not quite right. I wrote instead that “those that run” the Journal of Institutional Economics “do not wish [it] to be promoted as heterodox, although [it publishes] material that might be described as such.” (Hodgson 2019c, 77n.). Because the journal is open to both orthodox and heterodox contributions, it would be misleading to promote it as simply “heterodox.” There is also the problem that there is no consensus on what heterodox means. This should lead anyone to hesitate before using the heterodox description. Personally, I would not mind if it appeared on “heterodox” listings, alongside several other journals that include both orthodox and heterodox contributions.

Both Lawson and Lee saw the Austrian school as heterodox. But this classification is rejected by some prominent heterodox economists, including Lavoie (2020, 11–12). There is little on Austrian economics in *The Routledge Handbook of Heterodox Economics* (Jo, Chester, and D'Ippoliti 2017). Furthermore, Austrian school economists are not prominent in heterodox gatherings. Heterodox economists still do not agree on whether Austrian economists are heterodox or not. I suggest that much of the resistance to their inclusion is related to ideology.

Other exceptions are John Maynard Keynes and some post-Keynesians. Lavoie (2020, 12) wrote: “post-Keynesians of all strands only wish to tame capitalism, just as Keynes himself aimed to do.” Hence, they do not share the full-blooded socialism of Marxists and some other heterodox economists.⁶ Lavoie is right here about Keynes. But I think that Lavoie is wrong to suggest that *all* post-Keynesians “only wish to tame capitalism.” James Crotty (2019) has recently published a book that claims that Keynes was a socialist and “against capitalism.” In my view it would be more accurate to describe Keynes as a social democratic liberal.⁷ Crotty’s claim is wrong about Keynes, but it shows that some post-Keynesians are socialists who want to end capitalism, in line with the prominent leftist ideology within heterodoxy.

Why have heterodox economists avoided defining themselves in terms of opposition to Max U? In my book I point out that the rejection of Max U would not necessarily lead to left outcomes. An alternative motivational emphasis on virtue or duty, for example, might lead to conservative positions. Furthermore, many left economists—from Oskar Lange to John Roemer, Samuel Bowles, and Herbert Gintis—have embraced Max U (Hodgson 2019c, 8, 30–31, 52, 60, 79, 85). Being for or against Max U does not indicate whether you are left or right politically.

This observation, combined with the prominence of left ideology among heterodox economists, may help to explain why they do not adopt the Max U criterion of orthodoxy. Critics of Max U are ideologically varied. Among them are Deirdre McCloskey and Nobel Laureate Vernon Smith. Both are members of the Mont Pelerin Society, which formerly had Friedrich Hayek and Milton Friedman as leading members. If heterodoxy were to organize around opposition to Max U, then it would have to ally with leading critics such as McCloskey and Smith, alongside others with different ideological views. Would the heterodox community be happy with that? If not, then that would help explain why heterodox economists do not define themselves principally as opponents of Max U. Personally, I would welcome such an alliance and it is one of the strategies that I favor in my book. But I think that many heterodox economists would reject it.

My view is not against ideology in economics. Instead I argued that “an ideology-free economics is neither desirable nor possible” (Hodgson 2019c, vii). Contrary to Henry (2019, 595) I do not believe that Nelson-Winter evolutionary economics is “politically neutral.” I note that it is less ideological in tenor and less politicized. But that does not make it ideology free. A broad stream of thought, it harbors varied ideological views. But its general stress on dynamic transformation and change makes political neutrality impossible.

⁶ The Concise Oxford English Dictionary defines socialism as the proposal that the “community as a whole should own and control the means of production, distribution, and exchange.”

⁷ Keynes (1972a, 294, 297) wrote that “I think that capitalism, wisely managed, can probably be made more efficient for attaining economic ends than any alternative system yet in sight,” he declared that “the Class war will find me on the side of the educated bourgeoisie” and he concluded “the Liberal Party is still the best instrument of future progress.” Keynes wrote to Hayek congratulating him for the critique of socialism in *The Road to Serfdom* (Hayek 1944). Keynes (1980, 385) saw it as “a grand book. . . . Both morally and philosophically I find myself in agreement with virtually the whole of it.”

Within orthodoxy as well as heterodoxy, I would argue strongly for greater *ideological* pluralism, alongside good measures of *theoretical* and *methodological* pluralism. Lavoie (2020, 11) wrote: “Hodgson believes that it is a grave error to associate heterodox economics with left-wing economic policies.” But I say no such thing. To disagree here with Henry (2021, 601), I do not want “to move heterodoxy in a more conservative direction.” Neither do I insist that heterodox economists “abandon” left ideology, as Henry (2021, 599) put it. I favor ideological pluralism. By contrast, the views in quotes that Lavoie and Henry wrongly attributed to me would not necessarily increase ideological diversity.

Henry (2021, 595) claimed that I fault 1960–1990 Cambridge economics, because of its “‘leftist ideology,’ coupled with an anti-capitalism perspective.”⁸ But much of that Cambridge economics is logically independent of the kind of leftist ideology that was found in Cambridge. You can fault the ideology without ditching all the theory. If I had been a member of the economics department in Cambridge in the 1960s and 1970s, then I would have argued against the support expressed by Joan Robinson and others for Soviet Russia, Mao’s China and North Korea, but I would have supported some Cambridge theories, including the critique of the neoclassical aggregate production function. I fault several 1960–1990 Cambridge economists partly because of their ideological intolerance, as well as some of their theoretical limitations.

The community of heterodox economists has a choice. One option would be to define their field primarily in ideological terms, as “left wing economics” or “socialist economics.” This would be a reasonable and consistent approach. We would all make our personal choices whether we were sufficiently *left* or *socialist* to join such a grouping. This option would unite many, but not all, heterodox economists. But socialist mainstream economists such as Kenneth Arrow (1978), Oskar Lange, and Abba Lerner would also have to be included in the leftist heterodox camp. Heterodox economists would organize primarily in terms of ideology, and not primarily in terms of theory.

An intermediate option would be to define heterodox economics in terms of both leftist ideology and some theoretical assumptions. This approach may successfully exclude socialist mainstream economists such as Arrow, but there is still the difficulty of identifying the theoretical core that defines heterodox economics.

Another option is for heterodox economists to avoid defining themselves in terms of ideology. They would then try to define themselves using other criteria, about which so far there is “no consensus.” Whatever that future (non-ideological) consensus outcome, there would be no warrant to exclude others with different ideological views, if they were heterodox by the agreed criteria. It would not be appropriate to make heterodox economics *exclusively* leftist. Instead there would be a need to tolerate and promote ideological diversity.

⁸ It is not obvious who Henry (2021, 600) was criticizing when he questioned: “how is it that micro is ‘theory-oriented’ while macro is (merely) ‘policy oriented?’” Of course, both microeconomics and macroeconomics have policy implications. Both are built on theories. I observed that “the heterodox neglect of micro topics such as Max U reflects an uppermost concern for macro-economic policy. This would suggest that heterodox economics is as much policy-driven as theory-driven.” (Hodgson 2019c, 81). This implies neither that micro is merely theory orientated, nor that macro is merely policy oriented. It should be considered why there is often a preference for macroeconomic policy over microeconomic policy. In part this may reflect the enduring influence of pre-1990 Cambridge economics on its heterodox successors. As I show in my book, several observers of Cambridge heterodox economics in its heyday noted its biases towards macroeconomics and leftist ideology. Cambridge thinks of itself as an elite university. Many of its economists, including John Maynard Keynes and Nicholas Kaldor, have been government advisors. Its economists absorb a notion that their potential role is to advise governments, primarily on macroeconomic issues.

Henry raised some very important questions concerning the ideological nature of mainstream economics. He accurately cited my view that neoclassical economics is adaptable in policy terms, and it can be twisted to serve several different ideological positions, from socialism through social democracy to free-market capitalism. The evolution of neoclassical economics since the 1870s is testimony to this adaptability.

But this does not mean that neoclassical economics is *infinitely* adaptable. It is not neutral either. There are some specific standpoints that Max U promotes and some it cannot represent. Basing itself on utilitarianism, neoclassical economics takes a consequentialist ethical stance, thus downplaying issues of duty, virtue, and moral motivation (Hodgson 2013, 2021). Keynes (1972b, 445) saw economic Benthamism as “the worm that is gnawing away at the insides of our civilization.” I agree with Keynes on this. As Joseph Schumpeter (1950, 448) also noted, society would not cohere if it were based on Max U. In an excellent recent volume, Jonathan Aldred (2019) argued that neoclassical economics provides a *License to be Bad*. The Max U viewpoint corrupts policy and ethics. Hence it should be replaced by something better.

Neoclassical Economics and Markets

Today, many neoclassical economists hold pro-market views. They reflect the ideological climate of our times. But before 1970, many neoclassical economists held socialist or social democratic views. Some still do today. We must distinguish between the essential characteristics of neoclassical economics, including the features raised in the previous paragraph, and the ideological decorations and biases that are brought in by particular neoclassical economists.

Is neoclassical economics intrinsically pro-market, as Henry and others suggest? Henry (2021, 600) complained “it’s not clear how neoclassicism does not necessarily lead to pro-market policies.” I shall try to be clear. My answer is partly illustrated using neoclassical general equilibrium theory by socialist economists in the debate in the 1930s and 1940s on the feasibility of socialism.

Consider the socialist planning mechanisms proposed by Oskar Lange and Frederick Taylor (1938). Contrary to a widespread depiction, they did not propose an authentic “market socialism,” because it included no genuine market. Instead, Lange and Taylor used Walrasian general equilibrium theory to devise arrangements where supposedly prices could be formed, and price signals could operate, between divisions of a centrally planned economy.

They considered an economy consisting of a central planning office plus many publicly owned producer plants (factories, farms, etc.). They proposed that the central planning office would call out a series of output prices for every item to be produced. Based on an appraisal of marginal costs, every producer plant would respond with an offer of how much they could supply at that price. But crucially, these offers would be indicative rather than contractual. The central planning office would then adjust each price, up or down, in the light of estimated overall surpluses or shortages. The process would then continue until there were no surpluses or shortages. Then the central planners would instruct the plants to carry out production, using the prices last offered for accounting purposes. It would operate by central instruction rather than devolved contracts. Is this scheme workable? Mark Blaug (1993, 1571) wrote with appropriate derision:

The Lange idea of managers following marginal cost-pricing rules because they are instructed to do so, while the central planning board continually

alters the prices of both producer and consumer goods so as to reduce their excess demands to zero, is so administratively naive as to be positively laughable. Only those drunk on perfectly competitive, static equilibrium theory could have swallowed such nonsense. . . . in all the . . . calls for reform of Soviet bloc economies, no one has ever suggested that Lange was of any relevance whatsoever. And still more ironically, Lange's 'market socialism' is, on its own grounds, socialism without anything that can be called market transactions.

Even if this scheme were workable, it would not be a market. The producer plants would not own their outputs and they would not buy their inputs. Instead, everything would be owned and distributed by the state. In general, neoclassical economics is blind to the institutions that are required to sustain private property and contracts. Hence there is much loose neoclassical talk about "marriage markets," "markets for ideas," "political markets," "markets for laws," and much else (Hodgson 2020). These phrases show a rhetorical bias towards markets, but not an understanding of them. A major problem with neoclassical economics is that it does not have key concepts to identify what is, and what is not, a market.

By contrast, the original institutional economists—particularly John R. Commons (1924)—can point to the legal and other institutions that are necessary for true property and markets (Deakin et al. 2017). Original institutional economists can properly identify property, contracts, and markets, while neoclassical economics has inadequate conceptual tools to do so. The Lange-Taylor example shows that neoclassical economics is not necessarily pro-market. It was used to support planning. Léon Walras, the founder of the general equilibrium theory used by Lange, called himself a "scientific socialist" and advocated price regulation, worker cooperatives and the public ownership of natural monopolies, including of land.

When neoclassical economists support markets (as they often do) they use a theory that is inadequate to understand the nature of markets and their operation. Consequently, Henry (2021, 600) was on the right track when he wrote,

Without a sufficient depiction of 'the market,' how would one recognize a pro- or anti-market policy? Coupled with Hodgson's critical remarks on general equilibrium theory and Lange's use of this approach in defending socialist planning, it would appear that the whole of neoclassical theory is useless in recommending any defensible policy—whether of a pro- or anti-market nature.

But "the whole of neoclassical theory is useless" is too strong. I would say instead that neoclassical partial equilibrium theory is of some use in policy terms, but, by contrast, neoclassical general equilibrium theory is of very limited use for designing policy. Nevertheless, Henry's statement points in the right direction.

Lawson (2006, 486–487) also took the view that mainstream economics should not be regarded as necessarily pro-market. He wrote that such ideas were "ultimately unsustainable." Mainstream economics should not be seen "as a project concerned primarily with defending the workings of the current economic system." Some mainstream economists act in this way. "But most do not. And I do worry that portraying the mainstream economics as driven by the goal of achieving results in these terms is overly conspiratorial." I agree with Lawson on these points.

Henry (2021, 600) asked me “to define the *capitalist* market.” I can define markets and I can define capitalism, and I have done so elsewhere (Hodgson 2015). Markets have existed for thousands of years before capitalism. Capitalism depends on markets, but it involves some additional features, notably (1) a developed financial system with banking institutions, the widespread use of credit with property as collateral, markets for debt, and (2) widespread wage labor and employment contracts. I list some other definitional features in Hodgson (2015) but these need not concern us here.

“Capitalist markets”—or markets within capitalism—are profoundly affected by features (1) and (2). Markets that are “embedded within a monetary production economy,” as Henry put it, operate in the glare of financial institutions, and are profoundly affected by the dynamics of employment and profit seeking.

Pluralism and Consensus in Academic Disciplines

Lavoie (2020, 16) wrote: “Hodgson who is an Institutional economist, should have emphasized more strongly the importance of creating institutions for the development of schools of thought.” I am worried that he got that impression. My emphasis on how schools of thought and scientific disciplines are organized and institutionalized is a major theme of the book. Perhaps I need to stress this again. In the book I wrote:

[W]e must examine economics not merely as a set of doctrines, but as a system of organized authority, requiring strategies of power to transform it. . . . To function effectively and to create a community of mutual trust and esteem, science must be organized. (Hodgson 2019c, 133, 137)

There are several other statements underlining the importance and role of scientific institutions. In the case of heterodox economics, this led me to the following conclusion:

It is no longer viable for heterodox economists to work on as they have been doing, simply in the faith that someday, somewhere and somehow, more and more people will be persuaded of their veracity. This faith rests on a remarkably individualistic and de-institutionalized view of science. (Hodgson 2019c, 174)

Heterodoxy cannot rely on mere persuasion. It has created its own networks, but these need to engage more with powerful academic institutions. This led me to identify weaknesses that prevent it organizing more effectively and gaining more power, including the lack of consensus on what heterodox economics means, and the lack of a shared *raison d'être*. For these and other reasons I regard chapter five on “Heterodox economics as a scientific community” as the most important in the book. My argument in that chapter leans heavily on the work of Michael Polanyi (1962) and Philip Kitcher (1993). Their broader work on social epistemology and epistemic communities helped me more than anything else to understand why heterodox economics was failing to gain further influence within academia.

Chapter five was touched on by all five reviewers, but not to a great extent. No reviewer mentioned Kitcher. Three mentioned Polanyi. It is true, as Henry (2021, 598) noted, that Polanyi was a member of the Mont Pelerin Society in its early years. But it is important to add that at that time the Society was a much broader liberal forum than it turned out to be in the 1970s, when Chicago became its nexus. Furthermore, Polanyi was a Keynesian. Also, he saw

economic inequality as a major problem. He extensively criticized the stronger pro-market views of Friedman and Hayek (Polanyi 1945; Burgin 2012; Hodgson 2021).

In their work on science, Polanyi and Kitcher developed a social epistemology, where knowledge is gained and developed not simply by individuals reflecting on ideas and the real world, but also interacting with other scientists. Scientists create a division of labor and expertise, where to a large degree they rely on one another and trust the results derived from specialisms that are some distance from their own. Crucially, such a social system of science depends on organizations, with screening, rewards, and incentives. Without such institutions it cannot work.

Both Polanyi and Kitcher argued that scientific organization must combine a system of authority and consensus, alongside some encouragement to criticize current orthodoxy and to innovate with new ideas. A viable and healthy science requires both consensus and pluralism. Polanyi and Kitcher emphasized that without consensus and authority, science would fail to cohere and move forward. Instead it would argue endlessly about everything. But also, without sufficient pluralism of ideas and approaches, innovation would be stifled. A balance had to be found between the two.

After reading Polanyi and Kitcher, it struck me that mainstream economics was unbalanced: there was too much consensus and authority and too little pluralism. But on the other hand, while heterodox economists had rightly emphasized pluralism (at least in terms of theories, but often less so in terms of ideologies), they had generally failed to see the importance of consensus. Some consensus was necessary to build cumulatively on past achievements, to screen out contributions of inferior quality, to provide rewards and incentives, and to regain power and influence within academic institutions. The establishment of some degree of heterodox consensus requires organization and power within the academy. Both pluralism and consensus are essential.

Concluding Remarks

So far, I have not said much about the reviews by Dequech and Potts. That is because I agree with almost everything they write. Dequech's reflections are not only intrinsically important, but they are also valuable because, as he points out, his home country of Brazil is one of the few major countries where heterodox economics is relatively strong. He is aware of some of the difficulties involved in moving heterodoxy forward, even in relatively favorable academic circumstances in the past. Brazilian heterodox economists in 2021 are under some ideological pressure from the government of Jair Bolsonaro. Hence a careful treatment of the relationship between ideology and economic theory is particularly important.

Potts makes some very interesting points about a possible new paradigm for economics. Further work in this direction would be very helpful. But I doubt if much headway can be made with this new and exciting line of thinking within current university departments of economics. The issue of strategy, including possible organization locations in academia, must be addressed.

My primary aim in writing the book under review was to open up debate on ways forward for heterodox economics. I am very pleased that the debate has intensified, with some excellent and stimulating contributions. The editor of the *Journal of Economic Issues* has helped a great deal by providing a critical forum for this important discussion. Let the debate continue.

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