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Can we please move on ? A note on the Guerrien debate

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Gentlemen, ladies, comrades... Your contributions to the Guerrien debate have been reflective, even wise occasionally. But even where points were most deftly made, as they were (to my taste) by Peter Dorman and by Steve Keen, something about the discussion troubles me. There is here the flavor of a certain type of social activist, earnest and dedicated, honorable in every way, yet so caught up in the problems of the poor that one comes finally to understand they would be quite lost if poverty were ever made to disappear.

In other words, aren't we wasting our time? Isn't there more important work to do? In the immortal words of Thorstein Veblen :

If we are getting restless under the taxonomy of a monocotyledonous wage doctrine and a cryptogamic theory of interest, with involute, loculicidal, tomentous and moniliform variants, what is the cytoplasm, centrosome, or karyokinetic process to which we may turn, and, in which we may find surcease from the metaphysics of normality and controlling principle ?

Critics of the neoclassical doctrines have penned, over more than a century, millions of words — though few as good as those just cited. But how many have devoted themselves to new and alternative theory, to an economics that was not merely a variant or a gloss on neoclassical doctrine? Keynes. Robinson. Schumpeter. Ayres. Simon. Leontief. Galbraith père. Georgescu-Roegen. Sraffa. Minsky. Davidson. Nelson and Winter, too tentatively. Pasinetti. Peter Albin. And since then? Yes I know there are others, including some readers of these very words. But aren't you tired of embedding your originalities in critical restatements, however elegant, of what is already clear to thousands of bright undergraduates on the second day of class?

It is time to get on with it. We need a replacement for neoclassical economics. A new curriculum. Let's build it. Let me suggest a few key characteristics of what should follow.

1. The micro/macro distinction should be abolished. It exists in principle to separate irreconcilable doctrines. The new classicals have recognized this, and have abolished macro. (As Evelyn Waugh said of Randolph Churchill's surgeons, it was a miracle, they found the only part that was *not* malignant, and removed it.) We should take the opposite tack: toward a theory of human behavior based on principles of social interaction.
2. Empirical work should be privileged. Real science does not protect bad theory by concentrating on unobservables. It is, rather, a process of interaction between conjecture and evidence. In the history of science, new technologies for measurement have often preceded new ideas. Believe it or not, this could happen in economics too.
3. Mathematics should mainly clarify the complex implications of simple constructs, not obscure simple ideas behind complex formulae. Dynamical systems (as Steve Keen rightly insists), fractal geometries, cellular automata all help us to understand the principles underlying evolutionary social dynamics. They are also fascinating. They help students learn to think. Mathematics should lie, in other words, at the essential core of a new curriculum; it should not be deployed defensively, as the protective belt.
4. Our economics should teach the great thinkers, notably Smith, Marx, Keynes, Veblen and Schumpeter (to restrict myself tactfully to a few of the honored dead). We need not reinvent the field; nor should we abandon it. Economics over the sweep of history is not mainly about scarcity (which technology overcomes) nor about choice (which is generally neither free nor the defining characteristic of freedom). Rather, economics is about value, distribution,

growth, stabilization, evolution. The great ideas in these areas, and the history in which they were embedded, are fundamental. They should be taught, and not as dogma but rather as a sequence of explorations. [1]

5. Pop constructs derived from neoclassical abstractions (social capital, natural capital....) are not part of our canon. While they are noteworthy as efforts to reconcile neoclassical ideas and policy commitments to real social problems, these constructs also extend, rather than attempt to overcome, the logical defects of the neoclassical system. From the standpoint of post-autism, therefore, they represent a dead end.

6. Nor should we accept the reconstruction of economics as an amalgam of interest-group politics. This approach — popular these days at the American Economic Association — has become a way of isolating certain dissenters who cannot conveniently be suppressed. But the fact that race, gender, and the environment are important social constructs does not mean that economics requires a separate branch for the economics of race, another for the economics of gender, and another for sustainable « development ». It should instead mean that the core of what we teach should handle these questions (which relate to power, discrimination, entropy, and so forth) in a way that is central to the discipline we espouse.

7. An economics of modern capitalism should study the actual, existing features and behavior of our system. Households, business enterprises of all the types (including some characterized by diminishing and others by increasing returns, some with monopoly power and others without), money and credit systems, governments and their budgets, and the international system are all parts of a nested, hierarchical structure of rule- and convention-setting institutions, of interacting and sometimes conflicting sources of power. Their behavior is characteristically unstable and sometimes violent. To have reduced the subject to shapeless households, firms and markets, all linked by a uniform conceptual structure of supply and demand curves (labor market, capital market, goods markets...) - and in equilibrium! that was the original neoclassical mistake, already analyzed by Keynes in the first pages of the *General Theory*.

8. Accounting matters. We should work with and teach from the full spectrum of information sources, not merely sample surveys (with their obsessive focus on personal characteristics such as years of schooling) and the national accounts, but also credit, trade, industrial and financial data. Not to mention linking economic measurements to other information: political events, the environment, quality of life, demography, health.

9. A focus on social structures and the data that record them requires new empirical methods. The study of dispersions, of inequalities, is intrinsic to the study of power. Neoclassical economics with its bias in favor of the sample survey, the gini coefficient, and the assumption of normality in the distribution of errors has neglected the mathematics and statistics of dispersion measures. There are large gains to be had here, for small investments of effort. Likewise the study of social structures cannot be done properly with parametric techniques held hostage to the dogma of hypothesis and test. There is no single formula for empirical learning. Numerical taxonomy, discriminant analysis, multidimensional scaling, and many other techniques are available for studying the phenomena of real economic systems, and we should learn, use, and teach them. [2]

10. Finally, our economics is about problems that need to be solved. There remain before us the pursuit of full employment, balanced growth, price stability, development, a sustainable standard of life. That is why students once were attracted to our field. That is why they abandon it now. That is also why, if we develop a coherent research program, and a teaching curriculum derived from it, that broadly respect the principles outlined above, we *will prevail* in the long run.

[Source : post-autistic economics review](#)

[1] I thank Pedro Conceição for his characteristic insightfulness on this point.

[2] In my view, the study of inequalities and social formations provides the linkage between Keynesian macro principles and the behavior of smaller social formations but I will not try to persuade you of that right now.