

Heterodox Economics: History and Prospects*

A review essay drawing on Frederic S Lee, *A History of Heterodox Economics: challenging the mainstream in the twentieth century*, London: Routledge, 2009.

Sheila C Dow

Abstract

Frederic S Lee's collection of essays makes a substantial contribution to our understanding of the history of heterodox economics, and to our sense of heterodox economics as a community. This paper explores issues arising from the volume in relation to the characterisation of this history, the understanding of heterodox economics itself and the nature and role of such a history from a historiographical perspective. The paper concludes with a discussion of the future of heterodox economics and an argument for a pluralist strategy for its promotion.

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SCEME
Division of Economics
University of Stirling
Stirling FK9 4LA
Tel: 01786-467470
e-mail: s.c.dow@stir.ac.uk

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Introduction

Fred Lee's aim in this volume is to write a history of heterodox economics in the twentieth century. The act of writing such a history is a phenomenon of note in itself. It reflects his view that there is a coherent body of thought which is of long standing whose history can and should be told. What is implied is that the body of thought is coherent in the sense that it is possible to identify common threads in heterodox economics and a community of some sort among heterodox economists. It is of long standing in the sense that there has been some continuity between one era and the next. And it should be told in the sense that it is important for heterodox economics to reflect on and understand its past in order better to move forward. While this view might be controversial for orthodox economists, it would hardly be controversial for heterodox economists. Indeed for many heterodox economists, who may have felt isolated until gradually becoming aware of the heterodox community, it will be not only instructive but also a great pleasure to read the detail of what went before.

Fred Lee is to be heartily congratulated for putting this volume together, drawing on a series of papers published over the years. It is not presented as an intellectual history. Rather it is primarily a history of the community of the subset of heterodox economists in the Marxian, Post Keynesian and more generally radical circles in the US and the UK (although the last two chapters broaden the scope). The history itself has a particular character, being compiled in a way which is fully consistent with the author's own methodological argument for 'grounded theory'. It is replete with tabulated records

of heterodox economics reflected in textbook contents, publications, institutional arrangements, participation, and so on. These data add considerable weight to the account given of the development of heterodox economics through the twentieth century.

Further, some of the essays were originally written with a particular strategic purpose, demonstrating the consequences of the Research Assessment Exercise in the UK, commenting on subject benchmarking in the UK, or setting out an alternative methodology for ranking heterodox journals, for example. The essays are thus important contributions to the furtherance of heterodox economics, reflecting the author's strategy of engaging directly with the institutional mechanisms of the day. Indeed, because of the author's activism with respect to heterodox economics, it seems reasonable to understand, and appreciate, the contribution of the volume partly in these strategic terms. The subtitle's reference to 'challenging the mainstream' reinforces such an interpretation.

There is a wealth of detail in the book, which readers are encouraged to explore for themselves. The purpose of this essay is rather to explore some of the broader issues raised by the volume, and to use this discussion as the basis for looking forward to the future of heterodox economics and its place within the discipline. But we begin with a brief account of the contents of the book. This is followed by a reflection on issues both of definition and strategy which arise from the volume, and then on the approach taken to presenting the material in relation to the place of history of thought and methodology in heterodox economics. The discussion concludes with some reflections on the future of heterodox economics.

Summary of the Volume

The volume is divided into three Parts, dealing with heterodox economics in the US and in the UK and the current state of heterodox economics, respectively. The focus in both of the first two Parts is on Marxist-radical and Post Keynesian economics. But, since this is a history of communities, and these communities were often open to other heterodox approaches and heterodox economists from other countries, the actual coverage is sometimes wider. In addition to the 39 tables in the volume, the reader is directed to a further 27 tables in an appendix available on the author's website.

The Introduction which precedes the three Parts explains the approach to be taken to this history. The scene is set (pages 2-4) with the argument that neoclassical economics had been continuously dominant throughout the twentieth century, challenging the view that pluralism had been evident in the first half of the century (Morgan and Rutherford 1998). This argument justifies the starting point that there is a long history to recount; heterodox economics is not just a recent development, but was consistently repressed relative to the neoclassical orthodoxy. Further it is argued (pages 4-7) that heterodox economics takes the form of 'blasphemy' against the religion of neoclassical economics rather than 'heresy', in that it involved total rejection of orthodoxy, rather than deviation in limited respects. As such, heterodox economists have been treated with intolerance. Indeed a contrast is drawn between this intolerance and the pluralism of heterodox economics. An account is then given (pages 7-11) of the heterodox critiques of orthodox economics, stemming from the shared view that economic processes are inherently social. While different heterodox groupings have developed different critiques of mainstream economics, Lee (p.7) argues that, rather than a 'disparate collection of critiques', they constitute together 'a concatenation of different heterodox critiques that

generate its dismissal', thus providing 'the basis for making heterodox economics quite distinct from mainstream economics'. Lee proceeds to explain the distinct methodological features of heterodox economics which follow from its concern with social processes, notably a rejection of an exclusively mathematical formalist methodology. He acknowledges however (on p. 17) that it is more difficult to identify common theoretical ground.

The emphasis of the chapters which follow is less on heterodox theory than on the community aspect of heterodox economics, albeit interconnected with the theoretical and methodological principles Lee has set out in this introductory chapter. This interdependence operates not only at the logistical level of communication and development of ideas, but also at the conceptual level. It is argued that, by not being deductivist, heterodox economics does not take a hierarchical view either of theory or of its own community. The first two Parts focus on the particular communities of Marxian/Post Keynesian/radical economists in the US and the UK, respectively. The third part broadens the scope, reflecting the international character of the heterodox community which has been actively promoted by the Association for Heterodox Economists (AHE).

The first essay in Part I provides an overview of the suppression of heterodoxy in the US in the twentieth century, while the following chapters focus respectively on the periods 1945-70, 1965-80 and 1971-95. In these chapters, Lee charts the suppression of heterodox economics in the US by the orthodoxy from the late nineteenth century, when economics was already being defined in terms of the neoclassical orthodoxy, and its re-emergence in the post-McCarthy era. But because of the suppression of teaching of

Marxism, radical economics in the 1970s developed its own character which went beyond traditional Marxism, in particular being more theoretically pluralist. In the 1970s, heterodox economics was strengthened by the climate of political activism, which required an economics which engaged with political economy issues, and also by institutional developments, notably the formation of the Union of Radical Political Economy (URPE) and the emergence of publication outlets such as the *Journal of Post Keynesian Economics*. Institutional developments were also important for the development during this period of Post Keynesian economics in the US, notably at Rutgers, influenced by connections with Cambridge (England).

In the first two chapters in Part II Lee explores the history of heterodox economics in the UK in the periods 1900-70 and 1970-96, respectively. We see the importance of Cambridge for UK heterodox economics increasingly from the 1940s. Before then the Workers' Educational Association (WEA) had provided a focus for the development of radical thought. But, as in the US, the Cold War era saw suppression of Marxism. The strengthening of heterodox economics from the 1970s paralleled that in the US, within new fora like the Conference of Socialist Economists (CSE) and the Post Keynesian Economics Study Group (PKSG) and the founding of the *Cambridge Journal of Economics*. Several streams emerged within radical economics, such as Sraffians, neo-Ricardians and institutionalists, and heterodox gatherings covered a very broad church. The political conditions had been different from the US, so that earlier suppression of heterodox thought had been less direct than under McCarthy. But with the rise of peer review of research and journal rankings, the threat to heterodox economics was more direct in the UK from the 1980s with the implementation of the Research Assessment

Exercise (RAE), which became the basis for government funding of University research, with implications for hiring. The last two chapters in Part II are therefore devoted to a detailed analysis of the RAE and its impact on heterodox economics in the UK in the periods 1989-96 and 2000-2003, respectively.

The first chapter in Part III addresses the current state of heterodox economics as a whole, reviewing the history of the AHE, of which the author was founder and which has been a catalysing force in the development of the community of heterodox economists. In the second chapter in this Part, an alternative method of ranking heterodox journals and economics departments is put forward which reflects the principle of promoting research development through what Lee calls 'research dependency' within the heterodox community, ie drawing on each others' research. Again, what is proposed reflects the interpretation of the heterodox community as being non-hierarchical and also the importance of a curriculum in economics education which includes heterodox economics. This is a constructive effort at providing an alternative to the RAE and its successor the Research Excellence Framework, but one which recognises the legitimacy of different research communities.

Reflections on Heterodoxy

Lee points out in his Introduction, quite reasonably, that any such detailed community history is bound to be particularly limited in scope, so that this is not a comprehensive history of heterodox economics in the twentieth century. Nevertheless Lee draws on a wide range of sources and uses a range of methods for gathering such evidence, so that the account offers much more than one individual's experience. It is also unusual in its

emphasis on recent community history. It therefore provides an excellent basis for future discussion about community and community-building.

But Lee is careful to point out that the scope of a community history is also limited in that it inevitably reflects the author's own experience and thus his own perspective. Readers may well have different experiences and have interpreted the history differently. Indeed it invites the reader to challenge her own experience. To illustrate, I approached the volume with a particular interest in comparing the US and UK experiences. Like the author, I too have experienced heterodox economics on both sides of the Atlantic (in my case, the UK in the 1960s, Canada in the 1970s and the UK thereafter). I was exposed to radical economics in Canada in the admirably pluralist department at the University of Manitoba and then in the context of practical policy implementation at the provincial government level. I remember an acknowledged, but debated, sense of difference from orthodox economics (ie there was communication across the orthodox–heterodox divide). I also remember a sense of openness, and an engagement with policy issues, among heterodox economists themselves. Latterly I became aware of the newly-emerging Post Keynesian economics and was delighted to find, through the appearance of the new *Journal of Post Keynesian Economics*, that there were others out there pursuing a similar approach. But, coming back later to the UK with a new-found interest in understanding differences between schools of thought at a methodological level (ie methodological pluralism), I came across mainstream economists who thought it inappropriate to draw attention to difference, on the grounds that economics had continued a long British tradition as an open and tolerant discipline.

Nor did I perceive much support from what appeared to be a traditional monist approach within Marxism.

Reading Lee's history, I realise how much these perceived differences between North America and the UK were a product of my particular experience. The account is given here of fierce arguments within UK radical-Marxism, which supports my earlier perception of a tendency towards traditional monism within each camp compared to North America. But I now realise that UK radical-Marxist economics was more open and pluralist than I had understood at the time. But at the same time I also understand better why US radical-Marxism had seemed more accessible to someone without prior training in Marxism.

Aside from the interpretation of particular episodes, we should consider the more fundamental issues surrounding the writing of a history of heterodox economics and Lee's interpretation of that project. The first issue is his starting point of arguing that twentieth century economics was never really pluralist, only pluralist in the sense of ideas which lead to periodic modifications to the mainstream (the 'continuity-pluralism thesis'). This is important, since the purpose of the history is to trace the continuous development of non-mainstream thought, rather than pluralist episodes. A contrary argument has been put forward by Davis (2008), who sees the history of economics in terms of alternating pluralism and monism, with the current phase one of pluralism (see further Davis 2009).

The difference, I would suggest, lies in how we understand pluralism, as well as how we understand heterodox economics. For example, Davis identifies the post-Marshall period in Cambridge as one of pluralism. But some have challenged how much

impact this plurality of ideas had on mainstream economics and even how far it was in fact pluralistic (see eg Tily 2007). At the level of theoretical approach there was no Keynesian revolution (see eg Hutton 1986). In other words this was not a turn towards heterodoxy. And Davis never claims that radical-Marxist ideas ever came to dominate in the UK or the US, although, as Lee shows, there was a continuing tradition. So any pluralism was limited and arguably did not really include most of what we would now think of as heterodox economics.

Nevertheless, I would argue that there was a change in mainstream economics through the twentieth century with respect to pluralism which Lee does not acknowledge. The experience of economics in the UK at least, prior to the 1970s, was of a more pluralist discipline than now, in the sense suggested by Morgan and Rutherford (1998) for the US in the interwar period. They characterised this pluralism in terms of objectivity being associated with even-handedness with respect to different arguments and different types of argument. No doubt this relative openness was supported at the time by the widespread teaching of history of thought and economic history alongside economic theory. But the rise of formalism from the 1960s narrowed the range of acceptable styles of argument and thus also of content, reducing mainstream pluralism. Nevertheless Lee is probably right in arguing that this pluralism did not extend to radical-Marxian economics. By focusing so much of his history on this approach, Lee inevitably comes to conclusions which apply particularly to that approach, which might even suggest one possible definition of heterodox economics as being that which is politically suppressed.

Indeed we cannot pursue this line of discussion further without addressing the classification of heterodox economics itself, which can be approached in a variety of

ways, and a history has a role in addressing that issue. By setting out a community history Lee appeals in the first instance to an understanding of heterodox economics in sociological terms. He shows that heterodox economics can be understood in terms of social networks, encompassing activities such as conferences, electronic mailings (of which the Heterodox Economics Newsletter which Lee initiated is an exemplar) and publications. There has always been considerable overlap between heterodox schools of thought, as evidenced by the range of social networks, attendance at conferences and the scope of heterodox journals. This demonstrates that there is some commensurability between heterodox schools of thought, allowing effective communication. Particularly before the late twentieth century, there were only a limited number of heterodox events and publishing outlets and, as argued in this volume, there was within them an openness to a range of heterodox opinion. But ironically, perhaps, the increasing number of heterodox events and outlets which represents the growing strength of heterodox economics has allowed for more specialisation within heterodox economics. This is reflected in the relatively low degree of cross-referencing between a sample of heterodox journals as demonstrated in chapter 11.

A sociological approach has also been used to support a definition of heterodox economics as the obverse of mainstream economics. For example this follows from the definition by some of mainstream economics as whatever the most prestigious economists think (Colander, Holt and Rosser 2004) or whatever is taught in the top schools, is published in the top journals and attracts the most funding (Dequech 2007). But Lee goes further than this kind of negative definition of heterodox economics by

constructing a positive delineation in terms of core principles at the levels of ontology, methodology and theory. He acknowledges differences between heterodox subgroups, to which we would add differences within schools of thought (see eg King's, 2011, discussion of Post Keynesian economics). Nevertheless Lee adds to his attempt at classification of heterodox economics a listing of schools of thought. Although the first two Parts of the book restrict coverage to Marxist/Post Keynesian/radical economists, Lee elsewhere includes other schools of thought such as neo-Austrian economics when discussing the scope of the AHE for example (see also p. 6). But including neo-Austrian economics in particular challenges the stress on political forces for repression which play such a major part in the history told in this volume and thus the scope for definition in political terms.

The differences between candidate heterodox schools of thought manifest themselves most clearly at the level of theory (as Lee, p. 17, acknowledges). There are also methodological differences between the schools of thought we might consider, although Lee (p. 9) lists a somewhat disparate range of 'core methodological elements, such as critical realism, non-equilibrium or historical modelling, and the gendering and emotionalizing agency'. The most promising level at which to identify commonality would therefore seem to be the meta-methodological, or philosophical level. In this vein, Dow (1985) identified a difference in mode of thought between mainstream economics on the one hand and Marxian, neo-Austrian and Post Keynesian economics on the other. The former is deductivist and reductionist, lending itself to mathematical formalism, while the latter involves a pluralistic range of reasoning and a focus on real problems

⁴ Kuhn has recently been turned on his head by those such as Fuller (2003) who argue that, not only did incommensurability exclude alternative paradigms to the mainstream, but it also protected the mainstream from outside critique.

within an organic framework. There is now a large and important body of work focusing on methodological foundations of heterodox thought. Thus for example Milonakis and Fine (2009) emphasise foundations of methodology in their history of political economy (a term which is arguably coincident with heterodox economics). In moving similarly below the levels of theory and content of methodology, King (2011) identifies methodological pluralism as the commonality which could best define heterodox economics.

Within this focus on the meta-methodological level, Lawson's body of work in critical realism (most fully set out in Lawson 1997) has been particularly important, spearheading in economics the critical realist emphasis specifically on ontology. Lawson has accordingly developed a detailed ontological account of the social realm which Lee identifies as the common subject matter of heterodox economics. In addressing the specific issue of classifying heterodox economics and considering the drawbacks with other possible bases for classification, Lawson (2006) argues that it be approached at the level of ontology. He points out that the ontological foundations for the practice of economics are frequently unrecognised and undeclared, not just in the mainstream but also among heterodox economists. Were more analysis to be developed in relation to ontology some differences within heterodox economics would be clarified, and indeed some contradictions exposed, aiding the further development of heterodox theory. But most important, both for understanding and for strategy, is Lawson's argument that the commonality in heterodox economics is an open-system ontology, just as the commonality in mainstream economics is an implicit closed-system ontology which is necessitated by an insistence on mathematical formalism. Were this ontological

differentiation to be recognised more widely among heterodox economists, such an understanding would in itself promote greater cohesion.

Open-system thinking can take a variety of forms involving a variety of combinations of openness and closure, such that the closed-system thinking which identifies mainstream economics can be seen as a special case (Chick and Dow 2005; see further Bigo 2006). But if all thinking which is not closed is open in some respect, is this another definition of heterodox economics as anything which is not mainstream economics? Lee is ambiguous on this, arguing on page 13 for example that economics ‘can be divided into at least two distinct approaches’, while on page 14 that ‘economics consists of two well-defined sub-fields – mainstream economics’ and ‘heterodox economics’.

This issue of the divide between orthodox and heterodox economics is of strategic importance. Chick (1995) considers a classification of strategies for addressing different theoretical approaches, based on her analysis of the physical sciences. She identifies four possible strategies: rejection, containment, paradox and synthesis. The rejection strategy, in the sense of an assertion of correctness, seems to go against the pluralist approach to heterodox economic advocated by Lee which advocates tolerance of difference. And yet most heterodox economists do reject mainstream economics. Indeed Lawson (2009: 94) defines heterodoxy in terms of rejection of some doctrine of orthodoxy, and proceeds to identify the mainstream insistence on mathematical formalism as what heterodox economics rejects.

The second strategy, containment, treats one approach or theory as a special case of the preferred approach or theory (as in Keynes’s general treatment which encompassed

uncertainty as well as certainty). This would involve allowing for the acceptability of some mainstream *methods* (eg deductivist mathematics) in particular circumstances. But mainstream *methodology* as a general insistence on mathematical formalism in all circumstances cannot be contained as a special case; if mathematical formalism is only applicable in particular cases then insistence upon it is to be rejected (Lawson 2006, 2009).

This brings us to the third strategy, paradox, which draws attention to the distinctive nature of open-system logic, where consistency is not as defined within a closed system (Dow 1990). Indeed this strategy can illuminate the apparently contradictory use of the rejection strategy alongside the containment strategy, and pluralism. While pluralism suggests tolerance towards alternatives, paradoxically this does not extend to intolerance. Even within a pluralist approach therefore rejection of an insistence on the exclusive reliance on mathematical formalism is justified. Rejection therefore need not be understood dualistically, but rather as engaging with the opposition by being prepared to engage in debate over approach.

The strategy which emerges from the volume is in fact to set aside a focus on opposition to the mainstream. Rather it is one of promoting heterodox economics within a community separate from the mainstream (while tolerating the mainstream) and some specific strategies are suggested for community-building. Implicitly therefore the fourth of Chick's strategies, synthesis, is being set aside. Yet this is what some have proposed. Colander (2000) and Garnett (2006), for example, argue that what is identified as the 'paradigm-warrior' stance within the heterodox economics of the 1970s has been overtaken by pluralism which can extend from heterodox economics to mainstream

economics (see also Colander et al. 2004).⁴ By pluralism, Garnett means not just the tolerance of other positions but also openness to exchange of ideas across positions (Garnett 2010). Some have argued that even identifying schools of thought within heterodox economics sets up harmful barriers to exchange of ideas (see McCloskey 1990 and Garnett 2006, for example). Indeed one of the arguments for focusing on the level of heterodox economics as an umbrella category is that it gets away from divisions into schools of thought and thus encourages cross-fertilisation of ideas (Garnett 2010). Similarly, Lawson (2009) considers differences within heterodox economics in terms of variety of focus, as a division of labour within the common overall heterodox project.

But others argue that all these categories refer to different open-system ontologies and methodologies within heterodox economics, and that identifying schools of thought in these terms serves to clarify exchanges between these different subgroupings (see Dow 2004, for example). Mearman (2010) argues that any such boundaries are porous and provisional. But he identifies the norm in heterodox economics as being what he calls a ‘classical’ approach to categorisation of heterodoxy relative to orthodoxy by means of fixed, mutually-exclusive categories which have no effect on the categories as objects, something which conflicts with an open-system approach. He argues instead for a ‘modern’ approach whereby categories are fuzzy, non-exhaustive and constructed for particular purposes, such that the classification may affect the object itself. This approach is consistent with the (implicit or explicit) open-system ontology of heterodox economics, with its implications for epistemology, including an avoidance of dualism.

Where then do we draw the (potentially provisional, porous) line between mainstream and heterodox economics? Whether or not there is an insistence on

mathematical formalism is one clear criterion, as put forward by Lawson (2006, 2009). But that this issue is not settled is illustrated by Lee's references to Marshall as indisputably orthodox. This is important for example for his argument that economics in the US had not been pluralist since the end of the nineteenth century. Yet Marshall arguably had an open-system ontology, which led him to use only partial equilibrium models and to use verbal analysis. He is identified as an important influence on Post Keynesian economics (see Hamouda and Harcourt 1988, for example). Interpretation of Marshall is controversial within radical and Post Keynesian economics. The controversy demonstrates that the orthodox-heterodox divide can be misleading when applied to individuals or bodies of thought which are evolving and subject to different interpretations from different perspectives. But the example of radically different appreciations of Marshall within heterodox economics reinforces the difficulty Lee faces in identifying the common ground.

In the meantime, the identification of mainstream economics as pluralist noted above is highly contestable. As Dequech (2007) points out, while there is openness to new ideas within the mainstream (and there have been some methodological changes with respect to admissible types of data for example), the mainstream has not shown itself to be open to the more fundamental methodological challenge posed by heterodox economics. If mainstream economics defines economics in terms of a particular (logical positivist) set of methodological principles, then challenges from a different methodological perspective are simply not recognised and communication is ruled out. Meador (2009) goes so far as to argue that orthodox and heterodox economics reflect

different epistemes, in the Foucauldian sense, which suggests that communication is impossible, with important implications for strategy.

While I would agree with Garnett's (2006) argument that cross-fertilisation across epistemological divides has in the past produced several notable developments in economics,⁵ these have been the exception rather than the rule. Further they have occurred without a proper appreciation of what is involved in heterodox ideas at the meta-methodological level; this is not proper synthesis. Thus modern efforts to develop new behavioural economics for example, while picking up on many heterodox ideas, nevertheless are ultimately limited by the strictures of the mainstream meta-methodological approach. It is therefore of great importance that any heterodox attempts to communicate ideas to the mainstream highlight also the underlying meta-methodological differences. Indeed it has been argued again here how important it is to understand these differences for heterodox economics itself, and it is on the basis of these differences that strategy for the promotion of heterodox economics should be designed.

It would seem that the choice of strategy on the table is therefore between development in isolation from mainstream economics, as Lee proposes, and attempts to communicate with the mainstream. But it is unhelpful to think that the strategic choice is a stark one. There are good arguments for either strategy. Institutional power continues to be held by the mainstream, supported by the perception among those with economic power that it promotes their interests. From this perspective, attempting to persuade has been proven to be a hopeless cause, and therefore the best hope is to focus on building up

⁵ Foucault argues for example that Hume and Smith are on the cusp of the transition between two successive epistemes (see Vigo de Lima 2010).

⁸ In Australia, efforts to reclassify history of economics as history were successfully resisted by historians of economics, and the research ranking of history of economics journals actually increased.

strength within heterodox economics. On the other hand, there are sufficient signs of unease within the mainstream, particularly in the context of the unforeseen crisis (as in the setting up of the Institute for New Economic Thinking and the World Economics Association for example), that there may be scope for persuasion, while there is none if heterodoxy doesn't engage in discussion. The primary focus for persuasion need not even be to achieve acceptance of heterodox economics, but rather acceptance of the pluralist argument for tolerance, and thus for constructive debate.

Good arguments can be made for either strategy, but not for one exclusively. Just as heterodoxy embraces pluralism at a range of levels, this range can also include strategy itself (see further Dow 2000). The stronger strategy is to have a plurality of strategies, rather than reliance on only one. Most heterodox economists can usefully focus on pressing forward with building heterodox theory and institutions, without paying any attention to the mainstream. The reality-based approach of heterodox economics means that arguments which address real experience should be more compelling to government and to the general public. But the general understanding of economic arguments is normally mediated through mainstream economics, because of its position of power in the discipline. Addressing this problem, others within the heterodox community can most usefully keep lines of communication with the mainstream open, attempting to get across heterodox ideas, at least about tolerance. Others can continue articulating the critique of orthodoxy, thus informing the other two strategies. There are additional strategic possibilities which, in predominantly-mainstream departments, require persuasion of mainstream colleagues. Thus for example focussing on curriculum can be justified on

educational grounds (the benefits of teaching a range of approaches) rather than on the grounds of the superiority of heterodox economics as such (see Garnett 2009).

Historical Approach

We now turn to consider this history of heterodox economics as history, and the methodological/historiographical principles implicitly or explicitly applied. There have been several good histories of schools of thought within heterodox economics (King 2002 and Milonakis and Fine 2009, for example). While these have referred to institutional factors, they are primarily intellectual histories. By focussing instead on community, Lee's history seems in some respects to fit into the science studies approach to history of thought, emphasising the sociological aspects of scientific communities (see Hands 2001: chapter 5). But the main purpose of the science studies approach is to provide a framework to analyse the development of ideas, as an alternative to the positivist approach, which analyses the ideas themselves independently of the context of their development. This volume does not go so far, in that it is not intended as a history of ideas as such but rather of the social structure within which they developed. But it does support the science-studies view that this structure is important for understanding the development of ideas, and thus it is intended as a complement to a history of heterodox ideas. Further, the key concept from the sociology-of-scientific-knowledge (SSK) approach, reflexivity, is invoked in it being made clear that the selection of coverage of heterodox economics, and the interpretation offered, reflects the author's own experience and perspective. But, importantly, this history does go further than science studies in pursuing the aim of actively promoting the building of the heterodox community. Also

the (post-?) modern science studies aims not to pass judgement on its histories, in favour of one set of ideas over another, whereas Lee openly challenges the mainstream approach.

Further, while science studies attempts to avoid overarching 'macro' narratives in setting out thick 'micro' history, one of the notable strengths of Lee's history is the interweaving of the micro level with the macro. While the science-studies approach is mostly of relatively recent origin, from the 1970s, Lee's history shows the influence of an earlier Marxist literature on the social structure of science, analysing the role of science in promoting capitalism, but also being limited by capitalism: 'the full development of science in the service of humanity is incompatible with the continuance of capitalism' (Bernal 1939: 409). While the micro detail in this volume fits more readily into the more recent science-studies approach, the emphasis on the political economy background to the development of heterodox economics reflects the Marxist approach. Particularly in the chapters dealing with the US, politics is of central importance; the McCarthy era was important for the suppression of radical-Marxist thought, while the Vietnam War was a powerful radicalising force, for example. In the current climate, there is a focus on the pursuit of free-market policies from the 1980s in particular as a major (if not primary) cause of the banking crisis and subsequent economic crisis. This coincided with the implementation of institutional mechanisms which suppressed heterodox thought. Orthodox economics was encouraged to develop in such a way as to support capitalism. What is at issue is political and economic power.

As in the science-studies approach, Lee considers how both orthodox and heterodox thought evolves by means of persuasion within particular institutional

structures. The discussion therefore traces the evolution of these structures, with implications for the interconnected outcomes of curriculum, publishing and hiring. Lee discusses how peer review of publication has become an increasing factor in hiring and promotion decisions, as institutionalised in the RAE in the UK. The relatively low ranking given to heterodox publications has been a substantive factor in limiting the success of heterodox economists seeking academic positions. In line with a growing quantitative literature on academic publishing, including work on communication networks, Lee makes a range of contributions. A notable contribution is made by his efforts to put forward an alternative method to orthodoxy for ranking journals. For example, rather than ignoring citations of other papers in the same journal, Lee argues that this provides valuable information about the strength of the intellectual network involved in, and promoted by, the journal.

But something which is notable by its absence from Lee's account of the history of even only the radical-Marxian and Post Keynesian sub-communities is the role played by the history of thought and methodology communities. (Indeed Davis, 2008, includes a philosophical grouping, critical realism, in his classification of heterodox economics.) Probably the majority in these communities support orthodox economics broadly defined. For example, in the HOPE volume considering the future of the history of economics (Weintraub 2002), heterodox traditions are treated in a separate section at the end of the volume. Nevertheless, like heterodox economics, history of thought and methodology have both struggled to maintain a presence in highly-ranked publications and in the curriculum.⁸ By the criteria of Colander, Holt and Rosser (2004) or Dequech (2007), they would not count as mainstream economics. And indeed there have been calls to reorient

history of economics away from economics to other scientific communities (see Weintraub 2002: Introduction, and Schabas 1992). But their journals and conferences have provided a welcome opportunity, particularly in the 1970s and 1980s when heterodox fora were limited, for heterodox economists to interact with each other, and also with more orthodox economists. Networks which cross over from history of thought and methodology to heterodox economics have also helped the development of the methodological expressions of heterodoxy and, increasingly, of accounts of its history.

Yet there has been impatience among some heterodox economists with methodological discussion, or at least with an argument that it should be given less attention now than in the paradigm-warrior stage (as discussed for example by Fontana and Gerrard 2006, and Lavoie 2009). This argument may hold force for the go-it-alone strategy, although this is not an argument Lee makes – indeed he also highlights the philosophy of critical realism, for example, as an important element of heterodox economics. But it is quite inappropriate for communications across the orthodox-heterodox divide to ignore methodology if that divide is methodological in character. I would argue that it is the refusal by most mainstream economists to address methodological issues has been a very significant stumbling block in such attempts at communication.

The Future of Heterodox Economics

What then of the future of heterodox economics? Lee's volume is as relevant for discussion of strategy as for discussion about the content of heterodox economics, and his

strategy is to emphasise the commonalities within heterodox economics as a distinctive alternative to the mainstream, indeed in opposition to the mainstream. But one of the most persuasive common elements is pluralism as an epistemological position to accept that the social world is so complex as to yield a range of analyses, each of which may reasonably be supported. From a pluralist perspective, a heterodox economist chooses not to follow the mainstream approach, for well-developed reasons, but this does not require denying the legitimacy of that approach per se; heterodox economists do think of mainstream economics as a school in economics (while normally the mainstream views heterodoxy as some form of sociology, history, politics or philosophy, not economics). From that starting-point, there is a range of strategies which can be followed, of which Lee's strategy pays the least attention to the mainstream.¹⁰ Yet, given the power of the mainstream community, we have argued that it is wiser to opt for a range of strategies (including Lee's strategy), pursued by different individuals and different subgroups, with differing degrees of engagement with the mainstream. Of these the most substantive body of work needs to be the development of heterodox analysis as a credible alternative to the mainstream. But the existing power structure in the profession and society more widely also needs to be addressed at the same time by additional strategies. Such a pluralist approach can be expected to strengthen heterodox economics in terms of community as well as theory.

The focus of Lee's history is on economics departments. One strategy therefore not addressed is to stop considering heterodox economics as economics (as political economy, say, instead). This would take heterodox economics out of the institutionalised

¹⁰ He does allow for some engagement with the mainstream, noting the asymmetry of the lack of engagement in the reverse direction (page 14).

power net of mainstream economics. Many heterodox economists operate in other departments, either as a matter of choice or perforce, given hiring practices in mainstream economics departments. This development has been facilitated by the trend toward incorporating economics departments in business or management schools, which tend to be more open to heterodox economics and, indeed, to other disciplines in general than are economics departments. Non-economics departments therefore provide fertile ground for developments within heterodoxy.

But there is still a long way to go before disciplinary boundaries with economics break down. Much has been made of the integration of ideas from other disciplines into mainstream economics, eg in behavioural economics. But, because the mainstream methodological approach has not fundamentally altered, these ideas are limited to what can be incorporated within the mainstream framework. The goals for heterodox economics ultimately include influencing policy, as well as the understanding of the community at large. But as long as the state refers to economics as a discipline for advice (or validation), and as long as economics maintains its disciplinary profile and expert status, then the impact of heterodox ideas which are not recognised as economics will accordingly be diminished.

What explains this continuing dominance of the mainstream? Adam Smith (1795) was the first economist to highlight the aesthetic aspects of persuasion, the method by which knowledge is both communicated and developed. Many find appealing the separateness and formalism of mainstream economics and what Kuhn (1962) called the ‘normal science’ of puzzle-solving within an agreed framework. Chick (1995) goes some way towards exploring the psychological basis for such an appeal. It is also more

straightforward to teach mainstream models than the type of open-ended material of heterodox economics, which requires students to develop the capacity for judgement. It is also more straightforward to keep up with mainstream economics, since accepting mainstream economic methodology allows the definition of economics in terms of that methodology alone, precluding the need to look outside.

But this cannot fully explain the persistent power of mainstream economics. Mainstream economics has proved to be very resilient in the face of new challenges, shifting focus and absorbing new ideas as appropriate (as emphasised for example by Davis 2008). There have been some changes to methodology, for example with respect to theory testing, so that now questionnaire evidence is admissible, for example, and indeed there has been an increasing emphasis on gathering evidence. But the core deductivist principles remain as the exclusive methodological approach, such that, while behavioural economics for example has introduced experimental evidence and new ideas about behaviour which challenge the core rationality axioms, the agenda is to improve the deductivist system rather than to replace it. It is this exclusivity which heterodox pluralism would reject. Some of the orthodox tools may be useful for some purposes as part of an open methodological system (pluralism of method). This is Chick's strategy of containment with respect to methodology.

Lee draws attention to politics as a powerful force for determining the shape of economics. Indeed the main difference between his argument that pluralism was not present in the twentieth century and those who find pluralism, at least in the first half of the century if not in the present time, refers to the treatment of radical-Marxian economics rather than other forms of heterodoxy. Radical-Marxist economics has

developed ideas most challenging to free-market economics and thus to those with economic and political power. This is not to say that all mainstream economists are unequivocal supporters of the free market; New Keynesians for example support state intervention to address market imperfections. But some state intervention is in practice necessary for markets to function, so, although there may be confusion in terms of rhetoric, some intervention can promote the interests of those with economic power. Keynes himself took a reformist approach to capitalism. This is modified among many Post Keynesians by their interface with radical-Marxist thought, but their approach is still essentially reformist. So we can understand the inevitable difficulties faced by radical-Marxist thought within capitalism, such that Bernal's conclusion about the incompatibility between full knowledge and capitalism continues to apply, if capitalist politics inevitably suppress radical-Marxism.¹¹

But what of other heterodox approaches? The mainstream absorbs ideas from elsewhere that can be incorporated into its system of thought but not the alternative systems of thought themselves. It is the whole concept of 'system of thought' which is so difficult to convey to those brought up on logical positivism, if they are exposed to any methodology at all. Part of the pluralist strategy requires some heterodox economists continuing to work on raising methodological awareness, either at the philosophical level, as Lawson (2006) for example is doing, or in historical accounts of the evolution of theory, as Milonakis and Fine (2009) for example are doing.

¹¹ Care must always be taken to take account of local differences. For example, in contrast to the relations between heterodox economics and economics associations in the US and the UK, the Canadian Economics Association provides support at its Annual Conference for the sessions of the Progressive Economic Forum (PEF).

But, given the institutional structure within the discipline, the best hope lies in pressure from outside. A Kuhnian revolution occurs when the ruling paradigm is seen to be inadequate in the face of pressing problems. The fall-out from the banking and economic crises is prompting some fundamental thinking, both inside and outside academic economics, as to the failings of the discipline. For example the general public is focusing on moral issues with respect not only to governance but also to distribution, while public sector institutions face criticism, for example about their own capacity to forecast economic variables. These are matters on which heterodox economics has a lot to say. Addressing these concerns directly in public fora raises the profile of heterodox economics and demonstrates its capacity to meet needs not met by mainstream economics. Even if heterodox economics were not able to supplant the mainstream, a more realistic goal would be to aim for a new spirit of tolerance within economics, such that heterodox research was given due acknowledgement and economics teaching covered a range of approaches.

The issues are complex, and all that has been attempted in this paper beyond an introduction to Lee's book, is a limited contribution, from one perspective, to ongoing discussions about heterodox economics and about how to proceed. Lee's book represents an important advance in terms of our knowledge of the history of heterodox economics, and awareness of the issues involved in considering its past and its future. The book itself embodies Lee's own admirable activism. Let the discussion, and action, continue.

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