

Pluralism and Heterodox Economics

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Abstract

The purpose here is to revisit the role of pluralism in heterodox economics and to make the case for its continuing centrality in heterodox economics and heterodox strategy. For some, heterodox economics could be defined in terms of pluralism contrasted with mainstream monism. But some argue that many heterodox economists are, or should be, monist, while others argue that orthodox economics has in any case become more pluralist. Underlying some of these differences of opinion there is confusion as to what pluralism actually entails. The first need to be addressed here is therefore to try to clarify the meaning of pluralism, making the case for one way of defining and understanding it. The future of heterodox economics is then discussed in terms of pluralism in these terms.

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Introduction

Calls for pluralism have arisen for some time now from a range of international organisations, such as the Association for Heterodox Economics, the World Economics Association and Rethinking Economics, all seeking to promote and support a broad development of economics beyond the current orthodoxy. Indeed pluralism has been seen as a key characteristic of heterodox economics, contrasted with the monism of orthodox economics (see e.g. Lee 2010). But not all commentators agree (see Kvangraven and Alves's, 2019, analysis). Some (such as Garnett 2006) have argued that many heterodox economists are in fact monist (or 'paradigmist'), presenting their work as the preferable alternative to orthodox economics. Of these heterodox economists, some argue for the superiority of heterodoxy as a whole over orthodoxy, while others argue for the superiority of their own approach over other approaches within heterodoxy. Yet others (such as Davis 2006) have argued that in the meantime orthodox economics has itself become more pluralist. But, underlying some of these differences of opinion, some confusion has arisen from different understandings of what pluralism actually entails.¹

The purpose here is to revisit the role of pluralism in heterodox economics and to make the case for its continuing centrality in heterodox economics and heterodox strategy. In the process we pursue the question of how to characterise economics in terms of pluralism and thus how to identify the best path for heterodoxy to follow. In addition we attempt to address continuing concerns that pluralism may hold back the building up of knowledge, or at least be a poor strategic choice, by encouraging an 'anything goes' interpretation.

But the first need is to be clear about the meaning of pluralism to be employed here. This need epitomises issues over pluralism since there is a plurality of understandings of pluralism itself, creating confusion within the debates over characterisation and strategy. No one understanding can claim to be the sole correct understanding. But to move the discussion forward anyone must be clear as to how they understand and use the term, as well as be sensitive to how it is used by others. This is the essence of pluralism.

A definition of pluralism

The understanding of pluralism which will frame the discussion to follow is, first, that it means *advocacy* of plurality, and second, that it applies at different levels (Dow 1997). At the level of theory, pluralism involves support for a proliferation of theories: *theoretical pluralism*. This fragmentation may result from diversity of narrowly-defined subject areas, data sets, etc., or from piecemeal theoretical developments which can be expected to consolidate into an agreed theoretical core. It is this form of pluralism, within one approach, which has been most commonly identified in mainstream economics - although there is now debate as to whether this continues to be the case (see e.g. Cedrini and Fontana 2018). It has always been clear that theoretical pluralism is present in heterodox economics. This plurality has generally also arisen, not only within schools of thought but also between schools of thought. At issue is whether these schools of thought each employ a different approach or whether heterodox economics too has a unified approach.²

¹ See e.g. Cedrini and Fontana (2018) for an analysis of the recent literature on pluralism in orthodox economics, including different understandings of the term.

² See the exchange between Dow (2004a) and Lawson (2004) for a flavour of the debate.

Pluralism may also apply at the level of method: a *pluralist methodology*. Again there is an asymmetry between orthodoxy and heterodoxy. McCloskey (1993) has shown that economists of all stripes employ a range of methods in their unofficial discourse. But orthodox economists privilege only mathematical formalism in their official discourse – a monist methodology (see e.g. Lawson 2017).³ Since it is through the official discourse of publications that economists are judged, this distinction holds particular force in the sociology of the discipline. Heterodox economists on the other hand employ a wide range of methods in their official (as well as unofficial) discourse – a pluralist methodology.

Orthodox economics builds its exclusively mathematical formalist approach on the implicit understanding that the social world is such as to allow capture by axiomatic logic, with no fundamental uncertainty as to the truth-value of the axioms. It is the view that this is the best scientific approach that underpins the methodological monism of the orthodoxy. Within heterodox economics, on the other hand, there is a plurality of (pluralist) methodologies, with different schools of thought typically employing a particular range of methods (neo-Austrians focusing on case studies, institutionalists on long time-trends, and so on).

Warren Samuels provided the foundation for modern thinking on pluralism by emphasising epistemological reasons for these differing versions of knowledge, which in turn have (ontological) foundations in perspectives which differ as a result of differing experience (Davis 2012). Heterodox economics understands the subject matter as an open, evolving, complex system which cannot be captured by deterministic relationships and where knowledge is fundamentally uncertain (Lawson 1997). This being the case, there is no basis for demonstrating any one approach to be the ‘true’ approach, meaning that a plurality of possibilities can be defended. Accordingly, different heterodox approaches have built on different open-system ontologies and corresponding epistemologies and methodologies. To advocate a plurality of methodologies (drawing on different ontologies) is to engage in *methodological pluralism*.

Taking methodological pluralism forward

Methodological pluralism is the most common usage of the term ‘pluralism’ and is evident in the expression of pluralism on the part of organisations such as the Association for Heterodox Economics. Yet debates over the characterisation of economics and future strategy sometimes still confuse the levels at which pluralism applies. In particular, does orthodox economics now embrace methodological pluralism, or just theoretical pluralism?

There is no doubt that orthodox economics has evolved, most notably in its recourse to new types of evidence (such as survey and experimental evidence). Indeed the shift from pure theory to applied (see e.g. Backhouse and Cherrier 2014) has gone to such lengths that much of orthodox economics looks more like applied statistics. But I would argue that, for all this fragmentation, any theoretical reference in applied work and even efforts to change theory still derive from the traditional approach with its emphasis on methodological individualism, mathematical formalism and logical positivism (Dow 2008). Some developments, such as behavioural economics, aim to modify the core of traditional orthodox theory and use novel methods. But that core remains the benchmark and the privileging of formal mathematics (the

³ This is not to deny that there has been evolution in recent years in the types of evidence used to test formal results.

requirement for theory to be fully expressed in mathematical models) remains. I would therefore argue that orthodox economics is not methodologically pluralist. Nevertheless, Cedrini and Fontana (2017) argue that the growing specialisation within orthodox economics may create a more congenial climate which might accommodate heterodox economics with its apparently fragmented landscape.

It has been noted that, while heterodox economists has been so closely associated with methodological pluralism, it has been seen by some as monist (only heterodoxy, or some subset of it), or dualist (only orthodoxy or heterodoxy). Again there has been some confusion over meaning. Both apparent monism and dualism involve a form of methodological pluralism in that they recognise otherness. Orthodox economists do not justify their approach relative to heterodox economics because adopting an alternative approach to the orthodoxy by definition disqualifies research as economics. At the very least, heterodox economists have to recognise orthodoxy (which they are compelled to do for sociological and political reasons) in order to argue for an alternative.

This recognition of otherness is central to the epistemology which underpins methodological pluralism. Without the capacity to demonstrate truth categorically we have to *justify* our approach relative to alternatives. Further confusion is caused by seeing persuasive justification as inconsistent with ‘anything goes’. It is this latter relativism which is seen by some as the danger with pluralism. Yet it is precisely because of the lack of demonstrable truth that vigorous justification is necessary. Pluralism and debate go hand in hand. But for that debate to be effective there needs to be engagement and understanding of what underpins different approaches.

The dualist position identifies the key distinction as being between the closed-systems approach of orthodoxy and the open-systems approach of heterodoxy (Lawson 1997). Indeed for some this may be a strategic decision, to counter one over-arching approach with another (see e.g. Kvangraven and Alves 2019). But, while a closed-systems approach is indeed unified, an open-systems approach allows for a range of methodological approaches depending on the particular combination of closures and openings adopted (Chick and Dow 2005). Thus the different heterodox schools of thought can be identified with their particular ontologies and methodologies. Further, far from ‘anything goes’, the logistics of knowledge production mean that the scope for schools of thought is limited, to what I have called ‘structured pluralism’ (Dow 2004b).

There has been some push-back from various quarters against continuing to think in terms of schools of thought. But it is important that specifications of schools of thought are (in line with open-systems theorising) provisional, permeable groupings (see further Mearman 2012). Just as labelling heterodoxy relative to orthodoxy promotes clarity (even as an imperfect shorthand) (see e.g. Stilwell 2016), so does labelling schools of thought. Indeed efforts to provide materials for students exploring beyond orthodoxy have performed a great service by tabulating summary characteristics of different schools of thought (see e.g. Dimmelmeier *et al.* 2017).

The onus is on the pluralist economist to explain their ontology and epistemology when justifying their approach to representatives of other schools of thought. As Vigo and Negro (2008), such reflexive pluralism promotes the kind of understanding required for constructive interaction. Further, while they see this as a route towards reducing fragmentation in knowledge production, awareness of difference of approach ensures that any integration is coherent.

Without reflexive pluralism there is a danger of inconsistency, e.g. combining theory grounded in uncertainty as epistemologically core with theory which presumes no uncertainty, or combining model uncertainty models with models which assume rational choice based on full information. Open system theorising, involving multiple chains of reasoning employing different methods, often involves a different kind of inconsistency: simplifying (not fictional) assumptions in one chain which are relaxed in another (Dow 1990).

Conclusion

So what is implied for the most effective strategy for heterodox economics in pursuing its pluralist agenda? Is it to appear to adopt a monist, or even dualist, strategy to counter orthodox monism (see Jackson 2018)? The danger of suppressing fundamental differences at the ontological and epistemological levels is that misunderstanding is perpetuated. It feeds into the orthodox refusal to address, never mind justify, their methodological stance. The argument developed here supports a strategy of forceful advocacy of methodological pluralism, explaining what it means (aware of the monist 'other'). It also supports explicit explanation of the ontology and epistemology underpinning theory when in debate with members of alternative schools of thought. The purpose of greater mutual understanding of foundations is not to set up barriers but to facilitate more effective communication which in turn could lead to innovative cross-fertilisation of ideas.

Should pluralism extend to include the orthodoxy, given the range of asymmetries of power as well as epistemology? Mearman (2011) persuasively argues, on pluralist grounds, against rejection of orthodoxy rather than inclusion as an appropriate strategy for pluralists. But otherwise pluralists might readily accept that there is a range of strategies which can take heterodox economics forward (Dow 2000). These might well be taken forward by heterodox economists according to their relative strengths and interests. A dualistic presentation of a heterodoxy which focuses on shared principles could indeed be one strand of such a strategy, as could attempting to communicate with the orthodoxy, focusing on promoting cross-fertilisations between schools of thought, and so on. For many, focusing on developing theory and policy within a school of thought is the primary activity and can have important persuasive impact. But the methodological awareness which is a hallmark of the current push for pluralism is ultimately key to progress in the discipline.

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