**How Can Something so Right as Heterodox Economics Have so Little Influence?**

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Abba Lerner liked to recount a story about a Rabbi, who was arbitrating a dispute. “But look,” the Rabbi’s wife remonstrated, “when one party to the dispute presented their case you said ‘you are quite right’ and then when the other party presented their case you again said ‘you are quite right.’ Surely they cannot both be right.” To which the Rabbi answered, “My dear, you are quite right!”

We are reminded of this story because it captures our reactions to many of the papers in this volume discussing and criticizing our work. Read in a generous open manner, which is how we believe almost all work should be read, we find ourselves in agreement with just about all the discussion. While we agree with our critics, we also find nothing in their arguments that undermines our views. There is far less disagreement than some of the critics seemed to suggest. The seeming disagreements result from nuances and context, not to fundamental differences. So we will focus our response far less on specific arguments, and more on context for our views.

**Are We Friendly Critics?**

All the contributors of the symposium except for one see us as friendly critics of heterodox economics. That is certainly how we see ourselves. One critic, (Lee, 2012) however, explicitly characterizes us as “unfriendly critics” (citing our work such as Colander, 2000, 2003, 2009b, 2010, Colander, Holt and Rosser (2004a, 2004b, 2007-08, 2010), Holt Rosser and Colander, (2011) and Rosser, Holt and Colander (2010)) as examples of how we are unfriendly. He sees us as challenging the existence of heterodox economics. He writes that we fail to “critically engage or find fault with the substantive content of heterodox economics.” We agree with this statement, because our work on the sociology of the profession has never been about finding fault with the *content* of heterodox economics; instead, it has been about how heterodox economists have failed to have the influence that we believe the strength of their ideas deserve.

The primary question we have been concerned about is far more pedestrian than whether heterodox economist’s models are right or wrong. Our question has been how can heterodox economists be so right, and have so little influence in the profession? What we are saying, and what we said explicitly in a number of articles and books (Colander, et al., 2004, 2010. Rosser, et al., 2010), is that heterodox economists have not been doing well in the institutional competition. Our goal in our writing is to explore ways in which they might do better – not just for the benefit of heterodox economics but also for the intellectual health of the profession as a whole. We believe a healthy profession is one that supports an institutional structure that provides an ecology that allows for cross-fertilization and pluralism of ideas. That has always been our purpose, and we believe a careful reading of our joint material supports that.

What we can be accused of is being blunt, and stating in print what often goes unsaid. So let us state it again: Heterodox economists have not been doing well institutionally over the last decades and they are being pushed out to the periphery of the profession. Most economists, especially at top schools, simply ignore heterodox economists. Heterodox economics just doesn’t exist for them. It isn’t that they agree or disagree with heterodox economics—it’s that they don’t think about their views, and they see no need to do so. The reality, as we see it, is that heterodox economists are being squeezed out of the profession both in the United States and Europe, and are not having as much impact as their ideas deserve. For heterodox economics to be successful they need to find a way of influencing the profession and they need to offer their students a decent chance for a future. We don’t see them as especially successful at doing either of these. Our belief is that self-described heterodox economists have some important insights that are not being heard by the mainstream. So our suggestions have focused on changes *both* among heterodox economists and the mainstream that might increase their influence and viability.

Our work on the sociology of the profession does not concern itself with what the profession should be like in some ideal world. Neither does it advocate replacing one universal paradigm with another. It concerns itself with how we see the profession now, where it seems to be going, and what institutional changes are needed to make economics more open to a variety of ideas and methods. We do not look at the field of economics as being static with simple classifications of orthodox and heterodox. In our view such a view is backward-looking. In our writings we have emphasized the dynamic and changing face of economics. This does not mean that there are not institutional factors both from groups in orthodoxy and heterodoxy that try to restrict and limit pluralism. We certainly are not claiming this.

What we are claiming is that there is a vibrant and active part of the mainstream – on the edge -- that is very critical of orthodoxy and is willing to take heterodox ideas seriously though they might not necessarily label such ideas as such. These mainstream economists are having an impact on the profession and our argument is that heterodox economists should consider being part of this group if they are interested in influencing the profession. Our message to heterodox economists is that it is time to go beyond attacking the orthodoxy, since what they generally call orthodoxy is no longer descriptive of what modern cutting-edge economists consider good economics. To classify all orthodox economists mainstream and all mainstream economists as orthodox does not capture the reality of modern economics. Having said this, we believe that there are a variety of ways in which this self-defined heterodoxy can increase their influence. In response to the different papers in the symposium let’s look at some of the ways.

*Marketing ideas*

One way is to see the issue as one of marketing. Not surprisingly, we found ourselves in almost complete agreement with Peter Earl and Ti-Ching Peng’s symposium paper (2012). They argue that an important issue for heterodox economists is marketing and propose a Trojan Horse approach, which in many ways is identical to Colander’s “inside the mainstream” (2010) approach to dissent. Thus, their points resonates with our view. Our concern about the heterodox label is that it is not a good way to label oneself if you are interested in spreading one’s ideas.

We are not saying that people should refuse to identify themselves as being “heterodox” if someone calls them that. But if it is the other person who is calling them heterodox, that places the onus on the other person to explain why the ideas are heterodox and not part of the mainstream. In doing so, they will have to engage the ideas much more than they currently do, and any explanation they provide will likely seem contrived and stupid to a reasonable outside observer. Heterodox ideas make sense and are part of how a reasonable person would approach economic problems.

A good example of a person who followed this rule was John Kenneth Galbraith. As far as we know, he never labeled himself as a “heterodox” economist though others did. He did call himself, with pride, a “dissenting” economist for asking institutional questions which the orthodoxy seemed to ignore. If you go through his class notes for the courses he taught at Harvard he does not talk about “heterodox” or “orthodox” ideas. Instead he lectured on topics and policies that made sense in understanding the transformation and development of an industrial society that he was witnessing. The topics of his lectures included: “Economics and the Public Purpose”, “American Capitalism: Trail Balance”, “Economic Policy: The Near Future in the Light of the Recent Past.” He felt that it was important for economic analysis to include historical, institutional and policy factors that explained the transformation of American capitalism. For example, in his popular Social Science 2 course, he starts off by asking:

Given these aspects of living in an industrial society, how about the economic system which organizes and runs it – the system of American capitalism?...what is important about the American economy is less the nature or merits of capitalism itself than the energies which gave rise to it and which are today transforming it, and the character of that transformation (Galbraith 1967).

Galbraith was interested in providing a broader picture of how an industrial society works by asking us to look at the bureaucratic, institutional and political contexts of government and private actions and explaining and predicting economic performance. He provided a systematic framework for explaining this performance and pushed it. But he was not against theory or analytical methods. Working with Kenneth Arrow on a Curriculum Review Committee in 1973-1974 they came up with four areas of study that they felt graduate studies in economics should know: Analytical Methods, Economic Theory, Statistical Methods and Political Analysis (Galbraith 1974).

In our view, what made Galbraith a good economist was his concern about ideas, not with labels. We believe for those who want a more pluralistic profession, the best strategy to follow is to spend less time labeling and categorizing economists into camps, and more time developing persuasive ideas and arguments. Not only is it incorrect to label most economists as orthodox, it is also unproductive Simply seeing everyone as an “economist” is far more conducive to open discussion. Let us be clear, we are not arguing that any heterodox economist should give up their views—the *goal* is to get more people to listen to the views of all economists.

*Differing Visions of the US Economics Profession*

The difference in our view and the heterodox view as presented in these papers, can be also be seen by comparing our sense of the profession and Marc Lavoie’s (2012). In his paper he drew a graph of how he sees the economics profession categorized. In the table below, we compare his view with ours. (We get Lavoie’s percentages by interpolating from the chart he drew).

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| --- | --- | --- |
|  | Lavoie’s view of profession | Our view of profession |
| Orthodoxy | 75% | 10% - 20% |
| Heterodoxy | 20% | 5% - 10% |
| Dissenters | 30% | 20% - 30% |
| Colander’s cutting edge | 3% | 3% |
| Mainstream | 60% | 90% |

These numbers help explain the differences between our views and those of Lavoie and most self-described heterodox economists. Most heterodox economists see the mainstream as orthodox; we see only a small percentage of the mainstream as orthodox. The large majority of the profession is not orthodox or dissenters; they are simply economists doing what they do with little thought about labels. Heterodox economists also see heterodoxy as a larger percentage of the profession than we see it. Lavoie sees it as being one fifth of the profession; we see self-described heterodoxy as a much smaller percentage of the profession. He sees most dissenters as heterodox. We see the majority of dissenters as seeing themselves as part of mainstream in some fashion.

In thinking of these distinctions, and how we came up with our percentages, we believe that it is helpful to distinguish between intellectual and sociological categories. We identified the term “orthodox” as being an intellectual category that is usually backward looking.[[1]](#footnote-1) We identify orthodoxy with a belief in the trinity of assumptions of rationality, greed, and equilibrium represented by “neoclassical economics” as taught in most textbooks. The Max-U model that is presented in the standard text focuses almost entirely on efficiency and optimization with the assumptions that agents are rational, have foresight and are operating in a world that arrives at a unique equilibrium. In our view, very few economists believe this today or take it as a matter of faith, which is why we classify orthodoxy as relatively small.

We look at “Mainstream” as a sociological category, defined as the ideas that are pushed by those individuals who are dominant in the leading academic institutions, organizations and journals that have tremendous influence on what is considered in the profession as intellectually sound and worth working on. These ideas are not necessarily orthodox and are usually diverse and can be forward thinking. It is much larger and more inclusive than orthodoxy. We believe that most graduate programs today are starting to broaden their curriculum to reflect the work that many mainstream economists are doing in areas such as psychological economics (that is redefining rationality), evolutionary game theory (that is providing a method of integrating institutions into economic analysis), and nonlinear dynamics and complexity theory (that are redefining how we conceive of general equilibrium and disequilibrium. These are just a few examples of how the mainstream has changed the direction of economics.

The term “heterodox” is both an intellectual and a sociological division, and it sees itself as being sociologically alienated from the mainstream. But making comments that “mainstream theory” is an empty and nonsensical formulation, such as made by Lee (2012) serve little purpose, is not factually correct, and ironically leads the mainstream to alienate heterodox economists even more. It certainly does not promote open and generous interpretations of each other’s work. We also find it hard to believe, which Lees’ paper in the symposium does, that one can equate the orthodoxy with the mainstream of today, which is much more diverse in its views than what it was a few decades ago. To say that all mainstream economists are orthodox neoclassical economists doesn’t fit our view of the profession. Our view of the profession is that the mainstream is diverse, eclectic and constantly changing. Maybe not as much or as a fast as we would like, but to claim that there is no difference between orthodox neoclassical economics and the direction that mainstream economics is taking today is simply not descriptive of the modern profession.

Another problem we have with the use of the term, heterodox, as a self-classifier, is that it is often reserved for one’s particular brand of heterodoxy, and is associated with a particular ideological viewpoint. An example of what we mean is Lee’s paper (2012) that explicitly defines heterodoxy as including Marxists, radicals, feminists, intuitionalists, and Post Keynesians. What concerns us about this grouping is that it does not include Austrian economists. We suspect it doesn’t because they have a different ideological viewpoint than do those who Lee includes. But if heterodoxy is based on ideological, rather than methodological differences, the mainstream can legitimately argue that is not the criteria we should use to define economic plurality. And though the mainstream of economics also needs to be careful not to confuse methodological with ideological views, if the heterodoxy does claim to be based on ideological views, as Lee seems to be saying, the mainstream has a legitimate issue with the heterodoxy. That is part of the reason why we like the term “dissenters” over “heterodoxy.” Thinking of dissenters, not heterodox, makes it easier to include all groups of economists who favor a broad pluralistic approach to economics but question the orthodox neoclassical view (among other views).

This is not to say that others might not classify dissenting views as heterodox and lots of other things as well. For example, many call us heterodox, which is fine with us, because, in calling us heterodox, they are self-classifying themselves as less open economists. We simply look at ourselves as economists as part of the mainstream with ideas that come from Institutionalists, Post Keynesians, Austrians, complexity theory, ecological economics, etc. which is represented by are many publications over the years.

The approach we are advocating for dissenters (and heterodox economists) is to deal with the current problems that mainstream economists are dealing with today, which are many and interesting. For example: work in how nature and the economy interrelate, experimental economics in how we think about empirical work, the importance of institutions and technology for economic well-being, uncertainty versus risk and social rationality versus individual rationality, etc. We believe that the best way to have influence is by coming up with new insights and ways to fix problems, which is also the best way forward for the profession. In our writings, we have suggested a number of different approaches where we believe modern (mainstream) economics has problems and reform can be usefully made. Others will likely find others. But what we advocate is that any economist’s work focuses on what can make a difference and bring about better outcomes.

Again, we are not saying that those who hold onto heterodox views should give them up, but we believe recognizing as many friends as possible will provide heterodox economists with better chances to influence the majority of the profession that does not see itself as heterodox or orthodox, but simply as economists who are open to reasoned argument.

*Heterodox Economics and Public Policy*

To keep this article short, we will just mention one area where we believe there is a major problem in the teaching of economics where we believe that currently self-described heterodox economics could find an exploitable niche and really have an impact and get their students jobs. It is in the preparation of economists going into policy-making and into undergraduate teaching, especially in the area of macroeconomics. Self-described heterodox graduate programs are often much better at providing students with context for their models and for the problems facing the economy, especially in macroeconomics than are self-described neoclassical programs. But they are hindered in their placement of their students by their “heterodox” classification. In our view, there is nothing heterodox about teaching context and history to future policy-makers and economists. It is simply what makes sense, and it should be the core of the undergraduate principles courses.

In our view any graduate programs that is preparing policy makers or undergraduate teachers of economics (and that includes the majority of graduate programs) should emphasize that they provide training in all aspects of economics, and should not be focused on highly techniques that they are unlikely to use in their teaching or policy analysis. Such training should be reserved for a small number of researchers whose interest is in abstract theory. Students might be taught to be consumers of research base on those abstract technique, but not producers of it. The reality is that few programs provide the appropriate training for teachers or policy makers.

By differentiating themselves on this aspect—training relevant for teaching and policy—not self-describing their program as heterodox, we believe programs that have classified themselves as heterodox can have a larger impact on policy, and better placement of their students. There is an enormous gap in the PhD market for undergraduate macro professors today just waiting to be filled. The goal of an ambitious program could be to prepare policy-makers and teachers of undergraduate macro.

As Colander, (2012) argued, Keynes (1938) captured what we believe makes up a good policy economist (and a good teacher of economics) in the following quotation:

Economics is a science of thinking in terms of models joined to the art of choosing models that are relevant to the contemporary world. It is compelled to be this, because, unlike the typical natural science, the material to which it is applied is, in too many respects, not homogeneous through time. The object of a model is to segregate the semi-permanent or relatively constant factors from those which are transitory or fluctuating so as to develop a logical way of thinking about the latter, and of understanding the time sequences to which they give rise in particular cases. Good economists are scarce because the gift for using "vigilant observation" to choose good models, although it does not require a highly specialized intellectual technique, appears to be a very rare one.

We like this quotation for a variety of reasons. What first comes out is his reference to models as being plural. For Keynes there is not a single model of the economy but many representing what we believe is the complexity of economic science. The second is the distinction between economic theory and public policy. The task for the policy-oriented economist is having the skills or “art” of choosing models that are “relevant to the contemporary world.” What this means to us is that intuition and judgment need to be given a separate role in arriving at policy choices outside of the models themselves. Students need to be taught that intuition and judgment are important.

The art/science distinction that Keynes makes is important for policy-making which requires a different set of skills and abilities than the ones that are being taught to graduate students at most economic departments, which simply focus on theory and applied econometrician. We believe good policy-making requires other skills, which heterodox programs have often been much better at teaching their students than other programs. These skills include a primary knowledge of how institutions actually function, a sense of history, a trans-disciplinary knowledge of other fields, an understanding of real-world politics and a practical sensibility. All these skills are central to economist’s role in policy-making. Most economics programs don’t teach those skills.

**Conclusion**

As we said at the beginning, ideas are understood in context, and much of the seeming disagreements between us and “our critics” disappear when adjusted for context. We all want good ideas to win out and all believe that heterodox economists have some good ideas that deserve a hearing. They also, by and large, use a method that we believe can influence how to understand policy and improve undergraduate teaching. Where we might disagree is how much mainstream economics has some good ideas as well. We are much more willing to interpret mainstream economics in a favorable context, than are most heterodox economists, just as we are much more willing to interpret heterodox economics in a favorable context than are most mainstream economists. We believe that giving people with whom you disagree the benefit of the doubt and interpreting their work is the best possible light increases communicability, and thereby best moves the profession forward.

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1. We should point out that Lee’s paper (2012) avoids this category completely. [↑](#footnote-ref-1)