

# ON ORTHODOX/HETERODOX AND AUTISTIC/POST AUTISTIC ECONOMICS – A VIEW FROM THE ROMANIAN ACADEMIC LANDSCAPE

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## Abstract

*The way economics is perceived nowadays seems to be going back to the old label of 'dismal science', because it has not achieved to offer consistent and valid solutions to real problems in critical moments. In a constructive defense of our profession, we need to acknowledge the existence of some oversimplified hypothesis that do not conform to the actual human behavior, and thus to turn to different branches of the discipline (from behavioral to feminist, green economics and econo-physics, just to give some examples) that try to reintegrate economic thinking in the real landscape, through different approaches. The post autistic economics represents a powerful example within this attempt of offering economics a new spirit and new insights of how it should be taught and applied.*

*The aim of this paper is to discuss on the multiple perspectives, orthodox and heterodox, autistic and post-autistic, and on the manner they appear to be understood, accepted and implemented in the Romanian economic higher education. We question the neoclassical paradigm in search for new insights that could lead to a possible internal reform of the field, opening it more to the opinions of the surrounding social sciences.*

**Keywords:** *orthodox and heterodox economics, post autistic economics, Romanian economic higher education*

*JEL codes: A11, A12, B50*

## Introduction

Labeling mainstream economics as autistic it was definitely a bold move of the French students who coined the term in 2001. „Abnormal subjectivity, acceptance of fantasy rather than reality”(PAE Newsletter), this was their more precise view on the economic science, regarding the status of teaching and relevance for practical applications and public policies.

Discovering the existence of this kind of radical perspective, as freshly young economists, is was not least of a challenge and it has lead us to extensive readings of the recent approaches on the issue and critical thinking of our own, in terms of what to believe and what paradigm to embrace.

We consider that having a broad understanding over the new theories that populate economics nowadays is essential especially for economics students and young researcher, because as Colander says „individuals are not born as economists; they are molded through formal and informal training. This training shapes the way they approach problems, process information and carry out research, which in turn influences the policies they favor and the role they play in society.” (Colander 2005:175).

Under these auspices, the aim of this paper is to offer some theoretical markers about the many directions in which economics is split nowadays, with a specific focus on the latest trends, namely post autistic economics. To this framework, we have added some personal, subjective considerations on the particular situation from the Romanian economic academia.

The importance of such a topic is highlighted by the effervescence of the many relevant studies in these area (Thaler, 2000; Kirchgässner, 2005; Rubinstein, 2006), discussing the nature of

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economics, compared to other sciences, and the harmony (or disharmony) between its declared scopes and the practical results.

Even if the paper does not have the ambition to be a comprehensive material in terms of modern economic doctrines, we have found necessary to start our inquiry with a chapter discussing the two distinctive schools of orthodox and, more extensively, heterodox economics, but also clarifying terms like mainstream economics or neoclassical economics. The literature review is continued through the presentation of the arguments raised by the post autistic economics, and then naturally followed by a chapter containing a conceptual analysis on how these currents were integrated in the Romanian economic academic environment, but also reflected in some public measures. We end our short demarche with a concluding section, pointing out our future research plans.

### **Orthodoxy and Heterodoxy in Economics**

„Economics is the only field in which two people can receive a Nobel Prize for saying exactly the opposite thing”. This only one of the many jokes you will find about the differences in opinion of the economists. For somebody coming from outside the field, the first impression can be that we are dealing with a very flexible and open science, thus the great number of opinions and the possibility to have such divergent views. At a closer look, the reality shows us somewhat the contrary: even if there are many interdisciplinary tendencies of questioning the problems, economics as a traditional science has some internal rules and mechanisms of high rigidity

For an accurate image, we will proceed to properly define the terms of neoclassical, mainstream, orthodox and heterodox economics, using as a starting point the excellent review of Dequech (2007).

Even if it may look simple, drawing some boundaries for neoclassical economics is quite difficult, because the concept, or the use of the label, has consistently changed over time. An important observation to be made here is that the general acceptance of what neoclassical economics means is different from the one of Adam Smith, David Ricardo, Hayek or even Keynes.

In the opinion of Dequech (2007), the three main characteristics of neoclassical economics are the emphasis on rationality, along with utility maximization as the most import criterion, the emphasis on equilibrium and the neglect of strong kinds of uncertainty. In different words, but in the same spirit, Arnsperger and Varoufakis (2005) also discuss three axioms of neoclassicism – „neoclassical meta-axioms” (p.7): methodological individualism, methodological instrumentalism and methodological equilibration. They claim that these axioms are hidden to the public eye and thus it can be explained the capacity to obtain funding and institutional prominence of the neoclassical adepts. The institutional reference leads us to our next concept, which is mainstream economics: „what is taught in the most prestigious universities and colleges, gets published in the most prestigious journals, receives funds from the most important research foundations, and wins the most prestigious awards.” (Dequech 2007:281). The definition is quite precise but what needs to be added for our purpose is the intricate dynamic of what it is or not included in the mainstream. Nowadays, even if the general impression is that mainstream economics is still dominated by neoclassical approaches, it is absolutely clear that in fact mainstream is represented by a complex mixture of ideas, including heterodox ones. Just to give an example, behavioral economics has started to gain more and more power, the ultimate proof being the Nobel prize (2002) gained by Daniel Kahneman, a psychologist, for his work (in collaboration with Amos Tversky) on prospect theory. He shared the prize with Vernon Smith, a pioneer in another emergent field – experimental economics, a branch that generates distinctly non-neoclassical results.

Returning to the main intentions of this chapter, orthodoxy is next in line to be clarified. Following an analogue definition of mainstream economics, orthodox economics is represented by the dominant school of thought. In Estey words, „orthodox economics is the analysis of economic behavior under existing institutions” (Estey 1936:791). Surprisingly, or not, recent references to

orthodoxy in economics are confuse, many authors using instead, as equivalents, both neoclassical and mainstream economics. We think this is due partly to the general connotations of the term, an orthodox being a person who lives strictly by the teaching of its religion. Therefore, an orthodox economist would be an economist who analyzes and researches strictly according to the traditional dogmas, and, we imply, who rejects the new approaches. Naturally, this is a perspective to be criticized in any science and Hodgson, for example, is one of the authors that see in the non-recognition of the necessity of a large number of theoretical frameworks of understanding human behavior, a profound flaw in the methodology of the economic science (Hodgson, 1992). And this is how we have reached the last stop of this doctrinaire short journey, revealing also the nature of heterodox economics.

According to Lawson (2005), „heterodoxy serves (...) as an umbrella term to cover the coming together of, sometimes long-standing, separate heterodox projects or traditions”(Lawson, 2005:2). On a more precise basis, heterodox economics rejects the very incisive form of methodological reductionism that only accepts formal mathematical methods. The main difficulty when mapping this field consists in its heterogeneity. We are agreeing with the position that treats heterodox economics as a collection of theories (Garnett, 2005). The attention gave to methodology and to the history of economic thought point out to them as being the hallmarks of a heterodox approach. In the same time, for example, behavioral economics is principally embracing the principle that human actors are social and less than perfectly rational, driven by habits, routines, culture and tradition. Another case is for Keynesian and institutional analysis which particularly fond to the idea that while theories of the individual are useful, so are theories of aggregate or collective outcomes. Further, neither the individual nor the aggregate can be understood in isolation from the other.

#### **Autistic and Post-Autistic Economics (PAE)**

This section will follow a retrograde method of presentation, starting with the PAE movement and in relation to it, with what is understood through the attribute autistic in this case.

For a proper understanding of the issue, we need a short historical background. The intellectual revolution we are talking about was started by a group of French students, in June 2000, and it was raised against the „narrow, mathematical, nonpluralistic economic lectures they were forced, to sit through” (Lee, 2004). They demanded science than scientism, pluralism than neoclassical monotheism, empirical realism than deductive abstracts and they requested from their teachers to save economics from its irresponsible state. Also, they have claimed the need to adopt richer models of human agency and institutional change which seriously consider such factors as culture and history as significant active ingredients in any explanatory framework.

Naturally, they have attracted a lot of attention, equally supporters and critics. The metaphor of autism has especially disturbed many people, raising a natural wave of protests against the use of such a serious medical term – „a developmental disorder that is characterized by impaired development in communication, social interaction, and behavior” (Medical dictionary). Robert Solow and Olivier Blanchard, famous economists and professors at MIT, were the neoclassical voices who replied to the attack of the discipline. However, they have only marked the beginning of controversies and the debates have multiplied, and also transformed into more public and open discussions on the current state in economics, involving more and more participants and gaining more awareness.

Fulbrook (2005) argues that pluralism remains the most important element advanced by the PAE movement, and it is also the element that makes possible the existence of a body of heterogenic sub disciplines: „Out of all the approaches to economic questions that exist, generally only one is presented to us. This approach is supposed to explain everything by means of a purely axiomatic process, as if this were THE economic truth. We do not accept this dogmatism. We want a pluralism of approaches adapted to the complexity of the objects and to the uncertainty surrounding most of the

big questions in economics (unemployment, inequalities, the place of financial markets, the advantages and disadvantages of free-trade, globalization, economic development, etc.)”.

From a global perspective, „the underlying critique is not new, nor unique to economic science” (Mohn, 2008:1992) and the heterodox beliefs presented in the previous section are solid proofs in this sense. The accusation of autism in economics is grounded on the reformulation of past heterodox arguments that are strikingly similar to the traits of the disease. Firstly, the missing interdisciplinary approaches are interpreted as a sign of non-sociability in terms of awareness. Stiglitz (2000) adds here the socially insensitive applications and policy. Secondly, the missing realism in many assumptions is understood as a poor communication (Thaler, 2000) with all the other stakeholders and the society. Not last, the simplified methodology is nothing else than a non-recognition of the complexity of human behavior. Thus, even if we believe that autistic is a hard label to digest, and quite inappropriate due to its primary use, we do admit the general tendencies towards it, reflected in the artificial creation of stylized facts for describe a phenomenon, for tracking it mathematically and for finding an (unique) equilibrium to the problem.

#### **Doctrinaire Approaches within the Contemporary Romanian Economic Higher Education**

To speak honestly on the contemporary state of economics in university it is necessary to asses some facts from the past, thus from the period before the 1989 revolution. One common popular memory of the old system, regarding education, was the clear focus on memorization and almost an interdiction of critical thinking outside the communist system norms (Druica, Cornescu & Ianole, 2009). Even if in reality the assertion is only partial true, the public perception has defeated the contextual and historical realities, taking it and promoting it until today, transforming it to the rank of, we dare to say, a psychological conditioning. What we mean by this is the fact that many reforms were lead in the name of this terrible threat, but almost none has solved it. At the contrary, they have just indulged this idea more deeply in the popular subconscious.

At the higher education level, in the first 10 years after the revolution, the number of universities was more than double and afterwards it has slightly diminished. In economic terms, at the beginning of the transition period we could witness an explosion on the supply side materialized through the apparition of the private universities. The market mechanism started to function and after reaching its peak it found its equilibrium at a lower number of higher education institutions.

In this context, economics was one of the sciences that started to know a widespread popularity. As statistics proves it (table 1), there were radical changes in the development of different fields of study, moving the emphasis from science and engineering towards social sciences, especially economics, commerce and business, and law.

Table 1.

Group of specializations	Technical sciences*	Medicine and pharmacy	Economics	Law Science	General sciences**	Artistic
Year						
1990/1991	120541	20128	20003	3975	26270	1893
1991/1992	123736	21796	24801	7543	34367	2983
1992/1993	118097	23656	35279	10865	44298	3474
1993/1994	111145	25738	39867	14854	54297	4186
1994/1995	100837	26316	47712	15424	59947	4926
1995/1996	94289	32237	83996	43143	76729	5747
1996/1997	95792	32714	87472	48268	83430	6812
1997/1998	98864	31862	86861	53445	82370	7188
1998/1999	112720	32130	101896	57294	96071	7609

1999/2000	125357	32227	105727	63055	118371	7884
2000/2001	138324	32999	132332	68870	152132	8495
2001/2002	149521	32823	146110	69124	175684	8959
2002/2003	152547	32495	158185	63456	180603	9011
2003/2004	158014	33072	172409	60613	187141	9536
2004/2005	161850	35039	188505	59621	195190	10130
2005/2006	164736	36422	221619	63586	218860	11241
2006/2007	170921	40028	242330	82696	238711	10820
2007/2008	178258	41398	294417	116538	265624	11118
2008/2009	188660	47758	281421	127399	235923	9937

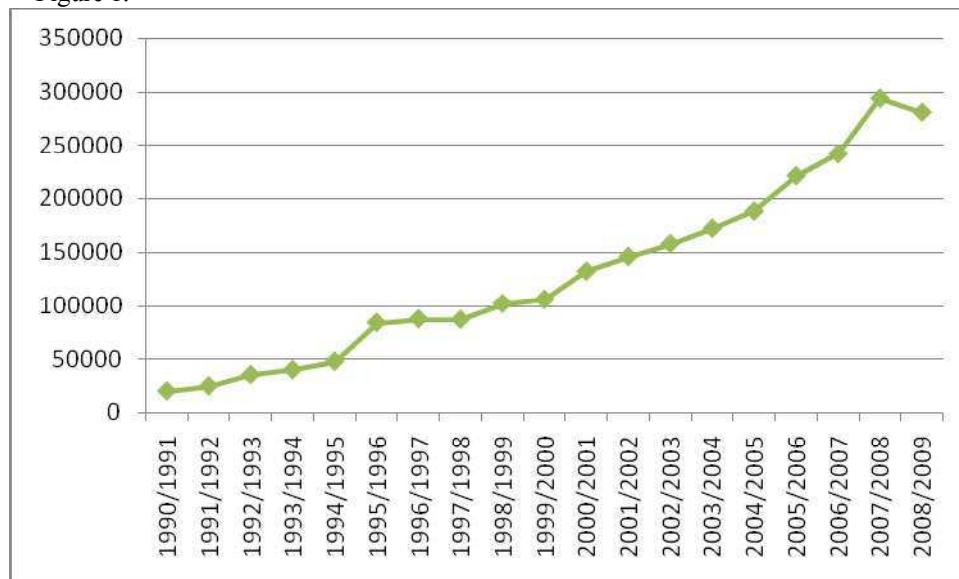
Source: Statistical Yearbook, 2009

(\*Technical sciences include: Industry, Mining, Petroleum-Geology, Electric power and electrotechnics, Metallurgy and engineering, Chemical technology, Wood and building materials industry, Light industry, Food industry, Engineering, Transport and telecommunications, Architecture and construction, Agriculture, Veterinary medicine, Forestry)

\*\*General sciences include: Philology, History-Philosophy, Geography, Biology, Chemistry, Mathematics-Physics, Pedagogy, Physical Education, Political and Administrative Sciences)

Figure 1 illustrates separately the evolution of the number of enrolled students in Economics between 1990 and 2009.

Figure 1.



Source: personal analysis of data

This un-natural growth, along with the rigid old representation on teaching and learning outcomes, has creating a new label to be applied on the economic studies and economic students, only at a national level: an easy option, a superficial faculty and a future commercial profession. Even if these are only exterior attributes, some of their features have transferred to the interior one, making Romanian economics a peculiar mix of doctrines.

On the one hand you will say it is mostly orthodox, reined by the neoclassical hypothesis. In this sense you cannot neglect the old influences of the political economy taught during the communist regime, which still reflects some inabilities to question the problems raised by the contemporary society. On the other hand, it seems to be a low interest to adhere to one specific current or to have a coherent perspective. Tiberiu Brailean is a remarkable Romanian author who subscribes to the fact the economics has become a Babel tower because of the high degree of fragmentation and specializations. Everybody is speaking a different language which is almost impossible to understand by an economist working in different area (Brailean, 2001).

With reference to the PAE claims, we will briefly discuss how we think they are perceived in our Academia.

We will start with the students, because they were the promoters of the PAE movement. Even if there are many complaints regarding the problem of excessive theory without practice (especially with the popularization of the Bologna Process) – point 1 on the PAE original petition list – Romanian economic students are lacking a coherent body of representatives to put the problem in more scientific terms, including here research and critical economical analysis skills, and not only operational competences. One possible and reasonable explanation is due to the dynamic of the labor market, dominated by multinational organizations that need graduates with very specific sets of skills. The lack of think tanks, representative research centers and institutes or other important bodies of decision is orienting students only in some very pragmatic and business related directions, and they are not to blame for this. Therefore, either the true reason behind it, students are not offered alternative approaches developed by Post-Keynesians, institutionalists, Austrians, evolutionists or behavioral economists. The even saddest part is that the problem seems to be the same elsewhere: 95 per cent of the economics taught in higher education institutions is mainstream (Mearman, 2007).

And of course, the other side of the equation is represented by the professors. Our empirical observations suggest that we face also a lack of interest for the new branches of economics, some of it due to the lack of research infrastructure. It is almost impossible to be involved in neuroeconomics if you do not have the financial resources to equip a laboratory with the necessary brain scan technologies. The same with experimental economics, where you need specific conditions to run an experiment. The first reaction to this is that everybody is looking for funds and grants but we actually face a vicious circle: how to firstly be interested in these emergent fields without have no local representation of what they mean.

## Conclusions and further research

„The issue of interpreting economic theory is...the most serious problem now facing economic theorists...Economic theory lacks a consensus as to its purpose and interpretation. Again and again, we find ourselves asking the question ‘where does it lead?’ (Rubinstein, 1995:12)

Even if it may have a philosophical tent, we consider the question above to be of crucial importance and positioned at the core of the training program for students, for professors, and why not, for practitioners also. A more comprehensive and flexible understanding on economics is definitely a long and delicate process, but if we are engaged in some way with this science, it is actually an intrinsic duty to call for a greater awareness on the issue. The research initiatives in this area carry the same „stigma” of diversity, a stigma in the sense that it is almost impossible to offer a spot solution. The validity of the articulated assumptions is only arbitrated by time, maintaining still a shadow of contextual subjectivity.

With respect to the case of Romanian economics, there are many limitations, especially on a psychological level, in accepting to even explore many of the ideas discussed through the article, and still some unresolved complexes of the past paradigm. Nevertheless, we plan to elaborate on our observations and to continue the present theoretical overview through a future empirical investigation.

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