
EDITORIAL

Heterodox Economics and Political Economy

JAPE's 50th issue had the theme '*The State of Political Economy*', signaling time for a stocktaking and pointers to the future. Now 75 and still going strong, a somewhat similar pause for reflection is appropriate for the journal. The theme this time is 'Heterodox Economics' – the diverse currents of economic analysis that offer alternatives and challenges to orthodoxy. Since its inception a consistent aim of the journal has been to encourage, develop and apply alternatives to mainstream economics. That is what heterodoxy implies and requires – a vigorous and sustained challenge to the dominant orthodoxy and the exploration of alternative views on how the world actually works. Heterodoxy requires pluralism and challenges monism. Specifically, it confronts the dominant mainstream neoclassical economics with critical alternatives, including various strands of post-Keynesian economics, Marxist economics, institutional economics and analyses from feminist and ecological perspectives.

How these and other alternatives to the mainstream are constructed, developed, applied and related to each other requires careful consideration. So do questions of what embracing heterodoxy implies for teaching and broader public education on economic issues. Reflection on these concerns is both appropriate and timely. Six years after the onset of the global financial crisis, when it was widely said that orthodox economic thinking would have to change, it is evident that any such changes have been far from fundamental. Some would say it looks pretty much like business as usual. This is not just the case in the academy, where the core courses in university economics departments continue to emphasise basic training (some would say indoctrination) in neoclassical economic principles. It is also evident in the realm of economic policy, which continues to be dominated by neoliberal agendas, augmented by the post-GFC politics of austerity. So what should heterodox economists be doing now to continue the challenge to orthodoxy both in theory and practice?

This special issue of *JAPE* contains twelve articles that are directly relevant to these concerns. The opening contribution by Tim Thornton

considers the case for heterodoxy and challenges the view that mainstream economics is already heterodox. This is followed by articles looking at particular currents of thought within heterodoxy, such as Geoff Harcourt and Peter Kriesler's consideration of post-Keynesian economics. Takuya Sato's contribution to a recent debate in Marxist economics develops a particular analytical position. Other authors explore what they regard as the most fruitful avenues for further progress in heterodox economics: Gavan Butler looks at negotiations, bargaining and power, while Geoff Dow considers why the legacies of Marx and Keynes should steer us to further considerations of the state and reform in modern capitalism. Then, broadening the array of concerns, come articles on the application of heterodox economic perspectives in particular fields: Therese Jefferson and Diane Austin look at gender and pay and Neil Perry and David Primrose consider the environment and biodiversity. Lynne Chester and Susan Schroeder then present their personal warning against extending the broadening process to include international political economy as it is currently constituted.

Rounding out this special issue of the journal is a cluster of articles on how knowledge in heterodox economics can be constructed and disseminated. They deal with a range of concerns about method, epistemology and pedagogy. Stuart Birks identifies general pitfalls in the elisions between economic theory, empirical work and policy analysis. Edward Mariyani-Squire and Margaret Moussa consider the theoretical arguments for pluralism and their potential inconsistencies. Brendan Sheehan and his colleagues at Leeds Beckett University in the UK show how pluralism may actually play out in university teaching. Finally, drawing on his Canadian experience, Jim Stanford looks at how workers' educational programs can develop an effective antidote to orthodox economic (mis)understandings. These themes are crucial to the assessment of heterodox economics. After all, we are not just talking about the pros and cons of rival schools of thought in the abstract: how ideas are constructed and presented is crucial to the effectiveness of the heterodox challenge to orthodoxy in practice.

What's in a Name?

Underpinning many of these contributed articles, although mentioned explicitly in only a few of them, is the question of the relationship of

heterodox economics to political economy. Are the terms synonymous? If not, does it matter whether taking up the challenge of confronting a monist mainstream is done under the banner of 'heterodox economics' or 'political economy'? Is it just a matter of terminology? Or does the question touch on a bigger issue – whether the alternative to mainstream economics should be economics with non-neoclassical characteristics or a broader, interdisciplinary social science (like Marxian political economy or 'old' institutional economics shading into economic sociology)? Faced with the issues of how to challenge the dominance of mainstream economics in the classroom, in the public policy process and in broader public discourse, these concerns may seem like secondary matters. However, dissident groups commonly confront the questions of focus and self-identification and much may hinge on it. While the terminology itself is not crucial, it is indicative of strategy.

For dissident economists to label themselves as heterodox is academically respectable but may be strategically weak. The big plus of heterodoxy is its association with pluralism, indicating aversion to dogma and openness to alternative ways of seeing. A 'heterodox economics' label fits well with claims about pursuing academic practices that are conducive to an 'open society' in which freedom of expression exists and innovation and creativity flourish. On the other hand, heterodoxy is only a critical position where orthodoxy is entrenched: almost by definition, therefore, it is consigned to the outer. It tends to be 'on the back foot', contesting a dominant orthodoxy and providing shelter for an array of different views, whatever their coherence or relationship to each other.

Pluralism can embrace both orthodox and heterodox currents of analysis, and it would normally do so, particularly in a university curriculum. But what is to be included from among the many rival alternative schools of thought? There is evident consensus about the presence of contributions from Marxism, post-Keynesianism and institutional economics. Embracing ecological economics and feminist economics is also widely advocated, although the neoclassical economists also assert their presence in these territories. But what about Austrian economics, with its right-wing libertarian 'free market' implications: should it also get a Guernsey alongside more anti-capitalist approaches? And what of contributions in the distinctive traditions of Karl Polanyi and Henry George: shouldn't they also be in the mix? A 'heterodox economics' that

simply aggregates all these elements may be quite eclectic, potentially dissipating or even blunting the challenge to the neoclassical paradigm.

The more assertive alternative is to self-identify as ‘political economy’. This signals a commitment to developing a different and perhaps more unified challenge to the orthodoxy. Political economy provides a contrast to ‘economics’ by pointing to the inherently political character of the analytical undertaking, *contra* the mainstream economists’ claim to be pursuing ‘value-free’ lines of inquiry. Talking of political economy necessarily raises questions about ‘what politics?’ and ‘whose values?’ It also signals the quest for finding common ground among the currents of thought that are critical of the mainstream. This common ground may be *ontological*, based on a ‘world view’ of the capitalist economy structured by power relations and prone to inequality and crises. It may be *methodological*, emphasising a shared commitment to analysis of the historically contingent character of economic phenomena rather than ‘equilibrium’ conditions. It may also be explicitly *political*, emphasising the mission of putting democratic politics in command *vis-a-vis* market forces, as posited by Geoff Dow in this issue of *JAPE*. It may be – and probably should be – all three.

The other advantage of the term ‘political economy’ is its long and respectable lineage. Political economy has a claim to actually **be** the mainstream, running from the eighteenth through to the twenty-first century and including seminal contributions from Smith, Ricardo, Marx, Keynes, Kalecki, Robinson, Myrdal, Galbraith, Heilbroner and numerous modern contributors to that broad tradition of economic and social inquiry. From this perspective, neoclassical economics can be seen as an initially interesting side-track that became a dead-end or *cul-de-sac* (albeit one with a massive volume of traffic going nowhere).

The term ‘political economy’ also has a stronger claim to public recognition, signalling a broader conception of how we understand the economy in historical, social and political context. It is a label that is reasonably intelligible to non-specialists. In this respect it contrasts with the typical layperson’s usual response to hearing the term ‘heterodox economics’ – ‘what’s that?’ or just ‘huh?’.

In summary, political economy probably has more going for it, not only as an understandable descriptor, but also as the basis for assertively challenging an economic mainstream that, despite claims to the contrary, is itself deeply political. Not all self-identifying heterodox economists

and their organisations can be expected to agree with this reasoning, however. Indeed, they can reasonably point out that the term political economy has its own ambiguities. Indeed, its historical usage has been confusing because it has sometimes been treated as meaning the analysis and prescription of public policy. On this reasoning, whereas economics is the study of how the economy works, political economy is concerned with policies that may modify or regulate its functioning in pursuit of specified social objectives. It is a view that shades into seeing political economy as 'normative economics', contrasting with the supposedly value-free 'positive economics' on which mainstream economists claim to focus. A welter of confusions pervades such reasoning: as argued above, mainstream economics is seldom, if ever, value-free. Nevertheless, the effect is to muddy the waters for dissident economists wishing to assert that embracing political economy is the best way forward.

Making Progress

Labels matter in political strategy, as they do in marketing. They construct imagery and signal strategic choices. Ultimately, however, the key question is 'what works?' Here, probably the dominant lesson from experience with struggles to establish heterodox economics or political economy teaching and research programs at Australian universities is that doing so within territory occupied by orthodox economists is extraordinarily difficult. Even when ground is established it may not be sustainable, as the heterodox economists at the University of Western Sydney found (see the article by John Lodewijks in *JAPE* 72).

The mainstream economists evidently cannot tolerate attempts to reconstitute their discipline on genuinely pluralist principles. Marxist political economy, for example, can usually only get a hearing as an historically discredited view; while 'old' institutionalism, if mentioned at all, is merely a precursor to 'new institutional economics' which is more compatible with neoclassical economics. Heterodox economists may get jobs in economics departments: some do, especially if their 'deviance' develops after secure employment has been achieved. But a more fully-fledged heterodoxy requires separate territory for teaching and research to be established under the rubric of political economy and/or in other areas within the social sciences where political economy is valued. In the

latter case it is the relationship of political economy to subjects like sociology, geography, politics or history that is crucial. Here, interestingly, it is the commitment to interdisciplinary studies, rather than to pluralism *per se*, that creates the necessary territory.

Establishing a foothold for political economy, whether as a university department separate from economics (as at the University of Sydney) or in conjunction with other social science disciplines (such as sociology at Macquarie University), is a precondition for heterodox economics having a significant and enduring place in university education and research. Beyond the universities though, there are other important avenues for public influence, as the article by Jim Stanford in this issue of *JAPE* strongly emphasises. Writing for popular magazines and websites is also important, as is participation in the media and working with unions, political parties and progressive NGOs. The challenge to orthodoxy will always be marginal if it remains a purely academic concern.

Heterodox economics matters in the broader society because of its opposition to a misleading and class-biased economic orthodoxy and because of its critiques of 'actually existing capitalism' and neoliberal policy practices. Its pluralist approach is an antidote to the right wing politicians' claims that 'there is no alternative'. As such, it is a key part of the broader political economy project - to understand how economies actually function, how they relate to social processes and political practices, and how strategic interventions may create more equitable, fulfilling and sustainable arrangements for the future.

JAPE will continue to be committed to this project as it moves beyond this 75th issue and towards its century of publications. Two articles already committed for inclusion in the next issue address the political economy of Karl Polanyi and the need for a political economy of work. These extend the debates in this issue on important currents in heterodox economics. There will also be articles in the next issue of *JAPE* on 'actually existing neoliberalism' and on the lessons from the economic policy stimulus with which the Australian government softened the local impact of the GFC. This is the characteristic mixture of theory, empirical work and policy analysis that readers can expect to be this journal's continuing focus. Whether under the rubric of heterodox economics or political economy, there is much to be done...

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