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## **BOOK REVIEW**

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**Geoffrey M. Hodgson**

**Is There A Future For Heterodox Economics?  
Institutions, Ideology and A Scientific Community**

*Edward Elgar, Cheltenham, 2019, 353pp., \$52, paperback.*

**Reviewed by Geoff Dow**

The tone of this book is unremittingly cantankerous. At the start of chapter five, Geoff Hodgson writes: 'Heterodox economists have been working hard to improve economics for several decades. They have published thousands of articles in reputable academic journals and taught many more thousands of students. But their progress in changing economics has been limited' (p.133). Heterodoxy has become a 'label for losers' and mediocre scholarship (p.153); the results are insufficiently cumulative, he claims. Disappointingly, lack of mainstream engagement with criticism can be sheeted home to the heterodox community itself.

A book that traverses political economy from Cambridge in the pre-war period, to contemporary discussions, to a critique of core assumptions (utility maximization and equilibrium tendencies), to evolutionary theory, to debates over science, to outlooks for heterodoxy's future promises to be exciting and rewarding. To me, *Is there a future for heterodox economics? (FHE?)* is disheartening.

Hodgson doesn't much like Maurice Dobb, or Joan Robinson, or even Keynes himself (p.42), citing intolerance, naivety and 'serious misjudgements' about the economic feasibility of collectivist bargains and intellectual arrogance, as well as a tendency to be 'deluded by ideology' (p.34). And he is irritated by the Cantabrigian preference for macroeconomic analysis (chs. 1 & 2) as well as what he claims is the 'selectivism' (blindness to inconvenient problems: p.63) of heterodox writers and their handbooks. Contemporary post-Keynesianism is an approach developed by 'ageing economists in the ancient University of Cambridge over half a century ago' (p.73).

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Notwithstanding his own detailed support, over several decades, for the contribution that institutionalism and interdisciplinarity should make (and have made) to the proper understanding of economies, Hodgson is often more querulous than helpful. Even if some arguments (about scarcity) can be seen as ‘unnuanced and untenable’ (p.54), is it not the case that the general elevation of scarcity as a timeless and existential aspect of the human condition has done enormous harm to the understanding of economic processes in most modern contexts (that is, wherein most means of production is itself produced)? And is it not the case that the adoption of ‘Economics’ (the term Hodgson still prefers) instead of ‘political’ economy (ch. 6) to specify the discipline (despite some exceptions noted) has intentionally narrowed its scope?

We might instead insist that, if the task of heterodoxy is to contribute to the understanding, critique and betterment of economies, indifference of the mainstream profession is not the primary problem. That series of debates was fought and won (by the heterodox tradition) long ago. Many social science disciplines – including economic sociology, economic history, evolutionary studies, development studies, the parts of political science that include state theory and regulation theory, and comparative studies in political economy – accepted the reality of cross-disciplinary approaches in their founding moments, flourishing in the process.

Unsurprisingly, Hodgson repudiates important avenues of contemporary research (for example, critical realism). He knows that interdisciplinary perspectives are essential; but still defends compliance with current performance indicators and replication of mainstream academic protocols. While apparently aware of the tentative nature of some experimental knowledge, he balks at heterodoxy’s problematising of knowledge that is still in the process of being consolidated. (Recent revivals of neo-mercantilism and deliberative industry protection are examples.) More rigorous recourse to peer review in reputable academic journals is of limited use when key institutional custodians of the discipline remain recalcitrant.

Of course, Hodgson is not an orthodox economist himself and he disputes the discipline’s founding assumption – that people in general are self-seeking utility maximizers – so emphatically that he thinks this scepticism should define all heterodox economics. Indeed, we would all benefit from

a systematic rejection of ‘rational *homo economicus*’ as the starting point of economic analysis. A more complex methodology deploying conjecture and refutation, perhaps upgrading our understanding of the development of capabilities through deliberative institutions and moral judgement (similarly evolved over time), would be welcome. *FHE?* also wonders why the strands of social science that embrace ‘other-regarding behaviour’ as fundamental to humans have not been prioritized more in heterodox political economy. Much of this Hodgson, along with Amartya Sen, endorses.

Furthermore, as Hodgson well understands – since his previous books have dealt explicitly with it – the cognate disciplines have always incorporated anti-rationalist sentiment and motivations into their theorizing. Weber and Durkheim saw substantive rationality and protections against market-induced *anomie* in such terms. Karl Polanyi continued these ruminations in his denial of the moral and ontological primacy of market modes of calculation.

Hodgson returns several times to the ‘socialist calculation’ debates – which he considers, decades ago, to have discredited the possibility, and therefore the idea, of an effective socialism. Cambridge-influenced radicalism is said to have ignored the supposed conclusions (concerning the difficulties of planning) of this discussion. Such a conception relies on a dualist opposition between a perfect capitalism and a perfect socialism. Yet, just as actual capitalisms embody ‘impurities’, so too do the socialist advances that have been experienced depart (in an evolutionary manner) from abstract blueprints.

Who imagined in the 1930s and 1940s that, by 2020, almost one-quarter of real income would not be received via citizenship entitlements and transfers authorized in the polity (by states), or that state spending and state revenues (taxation) would be consistently close to 40 percent of GDP in the rich capitalist economies? Actual socialist struggle today has the form of increased taxation-funded provision of everything from income replacement (and regulation) to housing and child-care. And despite regular attack and disparagement by liberals, it is not declining. More than that, actual capitalisms embody more ‘planning’ by corporations and by governments, particularly in the realm of infrastructure provision, than the early debates envisaged. It has been the mavericks, including Marxists and

social democrats (and some conservatives), who foresaw ‘socialist’ tendencies inherent in the dynamics of capitalism itself, and whose researches have been vindicated. Socialism is scarcely an ‘abstract theory of little empirical relevance’ (p.43).

It is not only capabilities in the polity that have expanded over the past three-quarters of a century, but the reach of wage-fixation systems, welfare-state arrangements, national and regional equalisation mechanisms, corporatist calculation, redistributive possibilities and developmental priorities. The arc of political economy is long, but seemingly it still bends toward ever-more intensive and imaginative macro-level management. Hence methodological individualism (that explanation of phenomena should be in terms of individuals only) is unacceptable in political economy.

Exaggerating the ‘lack of accord’ (p.50) over definitions of heterodoxy and post-Keynesianism, Hodgson seems to trivialise both the commonalities and accomplishments. He worries that, though diverse strands of heterodoxy are associated with diverse political positions, the cognoscenti may over-politicise their preferred (sub-)discipline. We know that heterodox political economy can accommodate very conservative stances (as in the social economy tradition, previously known as Christian social thought) and quite radical policies and institutions (as in the furore over corporatism in recent decades). Hodgson allows that much formalist analysis has been ‘ontologically inappropriate’ (p.148), but is still clearly irritated by a frequent presumption from heterodoxy that heterodoxy implies a critique of capitalism. Had he pursued the idea that the reform of capitalism and the struggle against it are co-terminus, this kind of impatience could have been averted.

Gaps in the progress of political economy are usually a function of the obduracy of the subject matter itself (*eg.* the meaning of capital, the importance of diverse and incommensurable inputs, the purposes and complexities of accumulation, the limits of politicization). These have been festering as a problem for political economy since well before it became hegemonic in the post-1945 period, and will continue to do so. But important gains have nonetheless been made in our knowledge of how economies work (or not), of how problems can be addressed (or worsened) and of why conflicts that give rise to function and dysfunction will stay

part of any imaginable terrain. Many of the advances now constituting comparative and institutional and cross-disciplinary studies have come from outside orthodoxy because the mainstream has continued to ignore or to dismiss them or to recognize unusual solutions only as aberrant.

For several decades now, prominent mainstream efforts have been directed towards frustrating rather than facilitating the observed growth of the public realm, and many substantive achievements have been derided or unnecessarily wound back. The towering figures in social science still endow us with intellectual direction – even if we need to remember an old observation by Joan Robinson that, to develop new critiques maximally, we ought not stay ‘stuck in the groove’ that instigated them.

If, from the same evidence, divergent analytical conclusions and policy inferences have been derived – while disparate aspects of the same historical reality become rival foci, and even obsessions – then a more charitable attitude to what seem to be inevitable differences within political economy is required. The dismissal of the University of Sydney-based political economy movement’s survival is especially unthinking.

Hodgson has done more than any other contemporary political economist to develop the insights of Veblen and Darwin (that is, to explicate the importance of the sequence: variation – selection – inheritance: pp.110, 127) and to speculate about how much further they need to be driven to provide a sound basis for understanding the post-1945 explosion in societal capacities. Yet *FHE?* (ch.4) appears to regret that these activities are not happening within Economics departments.

One-fifth of the book is given over to a reference list; and it thereby provides a useful repository of sources on non-orthodox perspectives such as behaviourism. Yet by the end of the discussion, Hodgson reasserts his conviction that heterodoxy is too disengaged (from the orthodox discipline): problems include a tendency towards ‘anything goes’ (*ie.* quality control is chequered); too much concern with normative attitudes to capitalism; and little evidence of theoretical advance (pp.148-61). Furthermore, accomplishments are being mitigated by unresolved disputes. I was not convinced. It is the unresolved disputes that should forever commit us to finding a body of enquiry and social improvement appropriate to our intellectual duty to postulate possibilities and limits thrown up in capitalist economies.