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The Undead World of Mainstream Economics[1]

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1

I first put forward the idea of zombieconomics in 2008,[2] to reflect two fundamental aspects of mainstream economics in appealing to the metaphor with the monster genre. One is what I have termed one-dimensions economics;[3] it is not just that it is one-dimensional but it collapses structured determinations of economy and society, and their meanings, into a number of single, simultaneous dimensions such as the interaction of supply and demand. The exact content of this parallel with the flat motives and movements of zombies is drawn out in section 2 alongside an account of how this condition came about. The second aspect in deployment of the zombie metaphor is the way in which mainstream economics has infected not only the study of the economy at the expense of other livelier and multi-faceted schools of thought (generally gathered under the term heterodox) but has also increasingly extended its influence over social science more generally, in what is termed economics imperialism.[4] This monstrous extension from the economic to the social is covered in section 3. In section 4, I offer some observations on how zombieconomics has responded to the Global Financial Crisis, GFC, in ways that equally reflect the continuing momentum of the zombie genre.

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The origins of zombieconomics can be readily traced back to the marginalist revolution of the 1870s that heavily consolidated the presence of zombieconomic man, otherwise known as homo economicus, characterised by self-styled economic rationality. What was ultimately to become microeconomics set itself the apparently simple task or technical problem of asking what are the maximal restrictions that can be placed on the functional forms taken by supply and demand curves (whether for theoretical or empirical purposes in estimation) given utility and production functions and optimising individuals. Thus, how do supply and demand curves in a market context of self-interested individuals depend upon given individual preferences, production conditions and available resources. Ultimately, this issue was resolved through discovery the “Slutsky-Hicks-Samuelson” conditions. However, this is of lesser significance than the process by which the results were obtained and on which they depend. This can be described as an “implosion”, as the problem was systematically reduced in ways that allowed it to be solved, throwing out whatever qualifications and making whatever assumptions might be necessary.

Crucially, this implosion involved setting up the problem of supply and demand in ways in which it could be solved, specifically becoming essential to assume that utility is given and fixed, that its maximisation is the sole motive, and that goods are essentially defined by their physical properties and have no social content as such or in forming and fulfilling the subjectivities and identities of consumers.[5] Similarly, for production, technology is given and conceived of as merely a (narrowly technical) relationship between inputs and outputs. Such starting points necessarily preclude many of the issues that not only determine supply and demand but also what constitute their very nature.[6]

Thus began to be created individual zombies who literally serve themselves through a utility function for consumption and a production function to provide supply to satisfy such consumption of self or others. Taken together, the utility and production functions form a "technical apparatus", the basis on which all economic activity (and more) are perceived to function. Individuals pursue self-interest single-mindedly, with at most a semblance of humanity. Such zombies, however, also populate a fantasy world, known as general equilibrium theory, which unquestioningly aggregates over individual zombies taken together, each subject to the terms of the technical apparatus, to discover a given set of prices at which supply and demand will be equal to one another within each and across all markets simultaneously. Without going into details, general equilibrium theory was propelled by the problem it was seeking to solve, discarding any obstacles in the way of seeking out the existence, uniqueness, stability and (Pareto) efficiency of such an equilibrium, giving rise to the mainstream's "technical architecture".[7] Ideally, the technical architecture serves to assemble together the utility and production functions of the community of zombies, and harmonise them through the market system.

Crucially, over the period of its establishment from the 1870s to the 1950s, the technical apparatus, TA, and technical architecture, TA as well – or designated together as TA^2 for short in what follows – did not enjoy a hegemonic presence and influence within the discipline of economics. Indeed, it was subordinate to other approaches and, whilst hardly in the underworld, was seen as limited, if not inappropriate, in application beyond its own narrow terrain of supply and demand and individual behaviour. Most obviously in retrospect is the rise of (Keynesian) macroeconomics from the 1930s to become the major complement to microeconomics in the post-war period as the two major branches of the discipline. Indeed, the explicit division between microeconomic and macroeconomics was first made only in the 1930s, with the rise of macroeconomics slightly later but no less rapid and influential than that of microeconomics. The latter, significantly, consciously (by Keynes) or otherwise (by others), was seen to be totally incapable of dealing with the Great Depression, let alone other systemic properties of the economy. Significantly, macro and micro co-existed in the 1930s alongside what would now be thought of as heterodox economics, especially what has become known as the old institutional economics and the more general traditions of inductive economics, each of which dovetailed with study of the history of economic thought as well as economic history and contemporary social and economic developments. This rendered monopolisation, corporate behaviour and organisation, labour relations, business cycles, distribution of income and wealth, and so on, subject to close attention as opposed to the TA^2 world of zombieconomics.[8]

Coming out of the second world war, there were then three broad fields within the discipline – macroeconomics, microeconomics and a mixed bag of applied fields. Each of these flourished over the post-war boom. Macroeconomics was captured initially by the so-called Keynesian neo-classical synthesis, a simple model of the economy made up of two equations, or curves in graphical form from the supply and demand for goods and the supply and demand for money. This was known as the IS/LM framework (IS for goods, and LM for money), familiar to every student in the Keynesian period, and it became heavily influenced by the ethos of mathematical modelling attached to microeconomics and, thereby, expunging the more radical elements of Keynesianism attached to specifying the nature of the financial system and the role of uncertainty for example, let alone the concerns and methods of the old institutional economics. Nonetheless, the IS/LM framework in principle and in practice retained a degree of distance from microeconomics, with some sort of commitment to systemic analysis, primarily through close attention to the determinants of macroeconomic aggregates and how they interact (consumption, investment, demand for money functions, etc). Applied fields tended to forge their own independent paths according to their subject matter but they did so in parallel with the core division between microeconomics and macroeconomics.

Subsequently with the rise of microeconomics, and its foundations around the now-established TA^2, fertile conditions were in place for the blundering progress of zombieconomics. For, with the acceptance of the microeconomic principles attached to TA^2, it was at least implicitly recognised that they were subject to a tension that can be termed the historical logic of economics imperialism. Initially, or historically, the microeconomic problem was posed as addressing the implications of the optimising individual in a market context, to explain supply and demand in response to prices leaving aside other motivations for individual behaviour and social determinants. However, and this is the logic, once the problem was solved and the methods established with credibility as a core part of the discipline, it became apparent that the technical apparatus of utility and production functions is of universal application without confinement to the market and to supply and demand. This pushed for wider applicability of the technical apparatus, with success contingent upon increasing acceptability within economics itself and, for greater influence, in other disciplines that could be hostile to the encroachment of economics on his traditional subject matters through use of alien methods, concepts and theories. In other words, utility and production functions as the way to understand demand and supply, pursuit of self-interest, and the imperatives of efficiency became seen as the means to understand more or less everything, especially by economists but whoever else could be persuaded.

In short, whilst the creation of the monstrous reduction of the economic to TA^2 involved an implosion around the narrowest of conceptions, it lay the basis for a subsequent explosion of those principles. However, protection against such an expansion was, in the first instance, offered to some degree by the co-existence with microeconomics of (Keynesian) macroeconomics and applied fields. Nonetheless, these were still influenced by the ethos of microeconomics, especially its development of deterministic mathematical modelling as the standard of rigour and science (as opposed to realism of assumptions) and the pre-occupation with equilibrium and efficiency.

For macroeconomics in particular, first is its dependence upon an unchanging, unique, efficient, long-run equilibrium around which analysis focused on paths of adjustment to, or around, that given equilibrium. Second, and more broadly is to have drawn a firewall of independence between short and long runs, conflating the different ways of understanding these as if they were all the same: namely, being in equilibrium or not; the passage of time; and the relative speed of adjustment of variables (itself subject to theoretical and empirical dispute, not least between Keynesians and monetarists over quantity and price adjustment). Only through this conflation was it possible to allow for short-run adjustment without long-run effects (for a recession, for example, surely reduces the levels of investment, and hence available resources, upon which the equilibrium rests). Third is the facile treatment of money as both fixed, or fixable, in supply, but also subject to equilibrium with demand as opposed to being part and parcel of a financial system that is more or less effective in mobilising and allocating resources for investment.[9] Last, the contribution that might be made by applied fields to the understanding of macroeconomic performance is simply side-lined, either as irrelevant or as belonging to an exogenously given long run. This includes considerations of monopolisation, labour relations, technical change, and business cycles as part and parcel of the growth process (for example, there is no way that Schumpeter's creative destruction could fit across the macro/micro divide).

Indicative of these developments is the rise of mainstream growth theory, with the Solow growth model of 1956. It represents the separation of growth theory from macroeconomics. And it continues to remain unclear whether growth theory is a part of macroeconomics or microeconomics because the technical apparatus of microeconomics, specifically the production function, underpinned what is a macroeconomic issue, long-term performance.

In short, the relations across microeconomics, macroeconomics and other applied fields were certainly not fixed nor without flaws but they did constitute a compromise around methods to be used and responsibility for subject matter even if with fluid boundaries. This compromise was rudely shattered by the demise of the post-war boom, the credibility of Keynesianism, and the monetarist counter-revolution, spearheaded by Milton Friedman and taken to extremes by what became known as the New Classical Economics, NCE, that emerged in the late 1970s. Through the vertical Phillips Curve, Friedman argued that the state could only stimulate economic activity (and reduce unemployment) at the expense of ever-accelerating inflation. By contrast, by assuming the presence of hype-rational individuals, optimising the use of information unlike those of Friedman,[10] the NCE denied even the minimal role that Friedman allowed the state in its ability to affect unemployment albeit at the expense of an ever accelerating/decelerating price level.

The state ineffectiveness result involves the culmination of the factors previously identified, not least the presumption that there are some (dogmatically privileged) irreducible fundamentals such as resources, preferences and technologies from which all else derives, and their location within an extreme set of assumptions, and hence, consequences, not least representative individuals, perfectly working markets, rational expectations and state ineffectiveness. Notable is that this follows less from the nature of the theory itself (although this is essential) than from the way in which the state is itself conceptualised. Given long-run equilibrium, representative individuals with given utility and production functions, where there is no health, education, welfare or industrial policy, no conflict over the distribution of income, and so on, the state is reduced to an individual with some special powers to shift supply and demand. It is hardly surprising given the powers of individuals in conditions of perfectly working markets that such a reduced state should be powerless. The state is only enabled to do what individuals can neutralise.

In a world of zombie-like individuals, with nothing other than a perfectly working market to coordinate them, a zombie-like state is best suited to meet their purposes. Effectively, then, the NCE reduced macroeconomics to the consequences of monetary shocks, with reliance upon single representatives of zombie and victim for ease of exposition and analysis – never mind the lack of realism that one individual can only survive at the expense of the other. The NCE was soon complemented by real business cycle, RBC, theory in which fluctuations in the economy are perceived to be the consequence of shocks in the rate of productivity increase, relieving the analysis of the need to consider monetary factors altogether. Unemployment amongst zombies is entirely a matter of voluntary choice, increasing and decreasing in line with more or less randomly generated flesh-eating opportunities. Further, taken together, NCE and RBC theory were complemented by the efficient market hypothesis, EMH, for financial markets to form a troika around which not only should state intervention be minimised but in which the free operation of financial markets could also provide for the best of worlds.

This troika, then, constructed a zombie world populated with zombie individuals and a corresponding set of zombie economists. Crucially, this is a world considerably removed from the one that prevailed in the Keynesian mainstream of the post-war boom even though there are many elements of continuity. This is so much so that even those who played some considerable role in this evolution seem aghast at what has been (or they have in part) created, if mistaking zombie for madman. For Solow:[11]

> Suppose someone sits down where you are sitting right now and announces to me that he is Napoleon Bonaparte. The last thing I want to do with him is to get involved in a technical discussion on cavalry tactics at the Battle of Austerlitz. If I do that, I'm getting tacitly drawn into the game that he is Napoleon Bonaparte.

Even Milton Friedman lost patience with the developments in economics that he had done so much to spawn, bemoaning the discipline had become "an arcane branch of mathematics".

Usually omitted from the oft-quoted Solow is how he continues from above:

> Now, Bob Lucas and Tom Sargent[12] like nothing better than to get drawn into technical discussions, because then you have tacitly gone along with their fundamental assumptions; your attention is attracted away from the basic weakness of the whole story. Since I find that fundamental framework ludicrous, I respond by treating it as ludicrous – that is, by laughing at it – so as not to fall into the trap of taking it seriously and passing on to matters of technique.

Unfortunately, though, you can only afford to laugh at zombies and ignore them when they are either powerless or you have already established your reputation. Inevitably, as critical point of departure, those following in the wake of the monetarist counter-revolution felt compelled to take it seriously, and did so in a way in which the zombie genre did itself evolve.

For, from the horrors in which the compulsion is to escape or to kill, zombies have become the target of well-meaning or mad scientists, allowing for parallel storylines, respectively, in which they can be calmed, even cured, to restore semblances of their humanity, or they inevitably revert to type despite these futile attentions.[13] In the genre of mainstream economics, zombies were to be cured and accommodated by acknowledging that their spontaneous behaviour is far from efficient and needs to be galvanised in light of market imperfections, not least that zombies have imperfect information about where they might find flesh and maybe they should cooperate and share in searching it out and consuming it.

Within mainstream economics, this provided the basis for the new Keynesianism, which believes that the world of zombies is not only well understood but that it can be subject to effective control. As a striking illustration of the mad if well-meaning scientist of the economy, consider Oliver Blanchard, erstwhile Chief Economist at the IMF. For Blanchard (2008), a working paper with presumably relatively limited delay to publication, he suggests, emphasis added:

> For a long while after the explosion of macroeconomics in the 1970s, the field looked like a battlefield. Over time however, largely because facts

> do not go away, a largely shared vision both of fluctuations and of methodology has emerged. Not everything is fine. Like all revolutions, this one has come with the destruction of some knowledge, and suffers from extremism and herding. None of this deadly however (sic). **The state of macro is good.**

Just a short time later, Blanchard had entirely changed his tune). Effectively five "confessions" were made of the mea culpa variety, in explaining how the state of macro was no longer good, that: low inflation should be a primary target of policy; this could be achieved through the single instrument of the interest rate; fiscal policy was of limited significance; financial regulation was not a macroeconomic matter; and, with the Great Moderation (the period of what was presumed to be absence of crisis from the mid-1980s), continued stability was more or less guaranteed.

Effectively, within its vision of relatively mild market imperfections, confidence in macro meant we can control the zombies in our fantasy zombie world, giving rise to the most diluted form of an already diluted Keynesianism known as the New Consensus Macroeconomics, NCM, leading to Blanchard's assessment that the state of macro is good. Significantly, the NCM accepts as much, if not more, of the NCE than it rejects. It retains rational expectations, representative individuals and micro-foundations. Where it departs is in merely allowing for some markets to be inefficient in the limited sense of not clearing instantaneously, some zombies cannot find the flesh they want even though it is out there. The result is that government policy can be effective in a limited way through interest rate manipulation, reflating or deflating the economy by shifting it. This does, however, build inflationary inertia into the system, and higher interest rates will be needed to reduce inflation, inflationary expectations and expectations (or credibility) of government.

The theory was rudely shattered by the GFC, and the policy perspective by the failings of Quantitative Easing, given that the lowering of interest rates to minimal levels did not induce zombies to have enough confidence to invest in flesh-seeking activity. With the exception of some marginal developments, see below, this completes our review of how zombieconomics got where it is as far as macroeconomics on the cusp of, and beyond, the crisis is concerned. It has been subject to: a division between macroeconomics and microeconomics (with a correspondingly separate terrain for an increasingly marginalised applied economics as it became reduced to microeconomics); a reduction of microeconomics to TA^2; the separation of short and long runs; subordination of macroeconomics to microeconomics; the driving of macroeconomics to extremes by rational expectations, perfectly working markets and representative individuals, reducing the conceptualisation and the effectiveness of the state with that conceptualisation; and offering the mildest of reactions against these extremes with the entirely ineffective NCM once the Great Moderation gave way to the GFC.

3

The overwhelming weight of the zombie genre rests on an appetite for human flesh and infection of the human victim; other than humorous asides, and leaving zombie-like vegetarian triffids, animals as targets for consumption do not tend to figure. In this respect, mainstream economics has got ahead of the genre, gorging itself not only within its own discipline but also across others as well in pursuit of economics imperialism.

More specifically, in what is termed the first phase of, or old, economics imperialism, especially associated with Gary Becker, the TA^2 principles are applied outside the market but as if a market is present. Prior to the demise of Keynesianism, this offered three notable successes – cliometrics (the new economic history), public choice theory (politics as horse trading subject to costs and benefits), and human capital theory (education and skills as if reduced to an investment). However, with the monetarist counter-revolution and the subordination of macroeconomics to microeconomics, economics imperialism enjoyed greater leeway, not least engaging fields within economics itself, most notably macroeconomics.

Paradoxically, the greatest impetus to a second phase of, or new, economics imperialism derived from a reaction against the analytical thrust of the first in its reliance upon perfectly working markets. In part, this was motivated by the wish to restore Keynesianism through rejecting the instantaneous market clearing attached to the NCE. In doing so, reliance was placed on explaining inefficient, sticky or absent markets through microeconomic principles by setting aside perfectly available information for all for asymmetric information on one or other side of the acts of exchange, with Akerlof's market for lemons the paradigmatic exemplar.[14] Thus, non-market factors, those underpinning supply and demand such as institutions, became amenable to analysis in the more palatable form (to some economists and to non-economists alike) as the response to market imperfections as opposed to being seen as simply the reflection of as if market perfection in the absence of the market (horse-trading in politics for example). The result was to induce a whole new range of fields extending economic analysis to the non-economic, revitalising those fields previously subject to the old economics imperialism. Most of the disparate fields, dubbed applied economics earlier, came under the sway of microeconomics, with mathematical models and econometrics displacing inductive methods and content.

Six aspects of the second phase of economics imperialism are worth highlighting over and above its scale and scope of subject matter and disciplinary coverage. First is that the marriage of TA^2 with concepts from the traditions, methods and theories of the other social sciences is inevitably, despite being primarily on the terms of economics, conducive to inconsistency if not incoherence. Generally, for example, enriched content could be offered in the motivation underpinning individual behaviour, if at the expense of raising questions over where each form of behaviour begins and ends, and the use of social categories, such as gender, race or class begs the question of how these are compatible with methodological individualism. Just where does the zombie end and the human begin?

Thus, economics has now become subject to what can be termed "suspension", like zombies between life and death, prioritising its TA^2 more or less unquestioningly but being prepared more or less arbitrarily to set it aside as the determinant of behaviour in deference to other explanatory factors. Significantly, both the confidence with TA^2 and the timing of the inclination to complement it with other factors is highlighted by the commentary of Herbert Simon (1999, p. 113) who suggests of the 1930s that he offered economics two gifts, "organizational identification" and "bounded rationality". He bemoans that, "The gifts were not received with enthusiasm. Most economists did not see their relevance to anything they were doing, and they mostly ignored them and went on counting the angels on the heads of neoclassical pins". Similarly, despite being developed by mainstream economists soon after the second world war, game theory was only heavily integrated into mainstream economics once its potential (suspended) inconsistencies with individualism could be overlooked – the need, in light of conjectural variation, to take a view of other players' world views and vice-versa so that preferences and actions are inevitably interdependent and certainly not conducive to single equilibrium. In short, game theory and behavioural economics have attained a particularly strong presence within the mainstream as they allow for an almost unlimited scope and are conducive to policy analysis that is far more rounded than that relying upon TA^2 alone.

Second, such promiscuity in the promotion and suspension of its own economic principles has developed to such an extent that it can be considered a third or newest phase of economics imperialism, in which the basic principles have been more or less discarded altogether leaving behind a shell of mathematical modelling and econometric estimation. This has led the leading exponent of critical realism, Tony Lawson (2013), to argue that there is no such thing as neoclassical economics (in part by reference to how Veblen defined it which is hardly relevant to the present day) and to characterise (the deficiencies of) the mainstream in terms of its being reduced simply to reliance upon deterministic mathematical models in search of empirical regularities (and corresponding social ontology). This is, however, to overlook that the principles of the mainstream, organised around TA^2, have been far from absolutely suspended and continue to lie at the centre of and inform the vast majority of teaching and, if less so given the novelty of suspensions, research within the discipline. In the event, the character of the third phase of economics imperialism is well captured by the terminology of "freakonomics" and "the economics of almost everything". Unbelievably, the term freakonomics was coined by the discipline's own practitioners to indicate that it was capable of analysing whatever it liked

Third, this latest phase of economics imperialism gives rise to an extraordinary extension of scope of the application of the discipline's principles outside of its traditional subject matter but in ways which are fragmented and incoherent. There is simply a proliferation of fields and analyses with little or no unifying frame of analysis, connecting them to one another, other than (suspended) commitment to TA^2 as well as contingent ideological predilections in favour of the market. With a starting point in TA^2, and the determinants of supply and demand upon the market, economics has reached out to the world beyond these in a big bang of filling out the rest of the universe. Such anarchy is reflected, for example, in the simultaneous development of the new institutional economics and the application of social capital within economics, each of which has separate intellectual origins, but each of which performs the same function of accounting for the non-economic's impact upon the economy. Yet, these two literatures sit side-by-side with little or no interaction between them, as in the work of Nobel Prize winner, Elinor Ostrom, Fine (2010). And, in addition, the social capital and rent-seeking literatures incorporate exactly the same analytical frameworks whilst drawing entirely opposite conclusions concerning the impact of the non-economic upon the economic, Fine (2010b). Thus, like zombies who remain alive however much they are damaged, the different fields of economics imperialism share origins but are otherwise marked by their arbitrariness.

Fourth, this is all indicative of what has been termed bringing back in, BBI. As outlined, the TA^2 was established by an implosion, the systematic exclusion of any factor, method, realism or even narrow technical assumption that stood in its way. Economics imperialism's big bang has ultimately seen that implosion reversed, with TA^2 exploding within the discipline and across other disciplines. Although there tend to be no go areas, most notably those social sciences in the wake of postmodernism engaging in the meaning of economic and social activity, ethnography and so on (and especially, in this light, the world of consumption within the other social sciences which is not reducible to fixed utilities/identities and symbolic content of goods), BBI is quintessentially the inconsistent/incoherent form taken by the suspended character of economics imperialism. This is precisely and perversely because TA^2 could only be established by precluding the content which is now brought back in to be explained or to be used as explanatory variable (thereby subsequently allowing for what essentially undermines the starting point).

Fifth, this is indicative of both the strengths and the weaknesses of the mainstream. The intellectual, institutionalised strengths lie in the unquestioned commitment to TA^2 even though it is subject to a suspension that might have led it to be challenged in earlier times (through bounded rationality and/or game theory, for example, that are now allowable). The weaknesses are twofold. On the one hand, it is accepted that the discipline's core principles are incapable of explaining the economy let alone broader issues and, so, it is necessary to range beyond those principles to include an unspecified and unspecifiable set of non-economic variables and analyses. On the other hand, the corresponding explosion across the other social sciences to explain the economy let alone the non-economic (as economics imperialism) exposes the discipline to alternative methodologies, methods, theories and conceptualisations with which it is entirely incompatible and both outdated and extreme, as is evidenced for example in its reliance upon methodological individualism, empiricism, deductivism and so on. Zombies too have their strength of indestructibility but are profoundly weak in their capacities for survival against superior capabalities!

Sixth, at least intellectually, this explains the absolute intolerance of the mainstream not only for alternative approaches but also to fields such as the history of economic thought and the methodology of economics. So intellectually fragile is the mainstream to alternatives that it can only prosper by marginalising and failing to engage with them other than on its own narrow terms, if bolstered by suspension and BBI. Indeed, this is rationalised by stigmatising heterodox economics for lacking the supposed scientific rigour associated with the mainstream's theoretical and empirical methods, even though these border on the inconsistent and incoherent and are from the borders of the scientific methods in the natural sciences that are putatively emulated.

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The purpose of this wide-ranging overview of the discipline in a broader context is to explain why the mainstream has proven incapable not so much to explain the GFC, and to offer policy to move beyond it, but even to be able to respond to this lack of capacity itself. Zombies have limitations whatever the extent to which they are experimented with. In this, economics is not necessarily lacking in scope of analysis, given the pervasive reach of economics imperialism, nor even, as most would suppose, the deadweight path dependence of what was previously thought to be the good state of macro. Rather, the problem lies both in how the discipline broaches broader material and in how this precludes moving forward to alternative analyses other than in a marginal way. It is a consequence of suspended TA^2 as the content and form taken by the latest phase of economics imperialism. It is only able to offer fragmented and inadequate analyses whilst offering the illusion of being capable of including more or less anything at will.

This syndrome is ideally illustrated by reference to where the mainstream will not go, to heterodox political economy. More specifically, especially in the wake of the GFC, the notion of financialisation has over little more than a decade mushroomed across the social sciences, incorporating an extremely wide range of disciplines, methodologies, methods, theories, conceptualisations and subject matter, often from what is acknowledged to be undue neglect of finance in the past. Particularly striking is the failure of mainstream economics to have participated in this academic venture in any way whatsoever. Nor is it difficult to discern why, in contrast to other buzzwords and fuzzwords concepts such as globalisation and social capital, in which it has been able to participate from its own perspectives. The obstacles to embracing financialisation are that it is systemic, involving structures, relations, processes and agencies, and conflict and power. Both individually, and especially collectively, these are anathema even to the most open and suspended forms of economics imperialism – financialisation as behavioural economics, I don't think so!

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But, equally important, as signalled earlier, even if sharply revealed by the GFC as the most explicit form taken by its inadequacies, the nature of mainstream economics that renders it incapable of addressing financialisation hangs heavily over the treatment of other issues that it either neglects or impoverishes, whether it be technical change, distribution, monopolisation, the role of health and education in economic performance, and so on. As argued, it is not at all that these are not covered but that they are only so on the basis of a piecemeal, fragmented and suspended TA[2] which, paradoxically, continues to provide considerable innovative momentum to the discipline and the marginalisation of alternatives whether the latter be within heterodox political economy or through genuine interdisciplinarity with the other social sciences.

This is truly a bleak picture and draws a sharp contrast with the previous major crises of the 1930s and the 1970s, when Keynesianism and the monetarist counter-revolution marked major changes in the discipline. By contrast, it seems today relatively undisturbed, changing rapidly if only to remain the same given the shifting forms taken by the latest phase of economics imperialism. Indeed, in earlier work, Fourcade (2010) has suggested that the scope for heterodox economics and its influence upon policymaking is highly contingent upon country context. Somewhat later, however, she has felt obliged to tease out what constitutes the supposed superiority of economists and how they sustain it, Fourcade et al (2015). This has, however, strengthened and broadened over time, with one of her exceptional cases, France, seemingly falling in line with the mainstream.[15] The one exception, that more than proves the rule, seems to be Greece where the Syriza Government has been flush with powerless professors of heterodox economics. Possibly, this signals that the only secure way to bring about an alternative economics alongside, let alone in place of, the mainstream is through an equally radical change in policies, itself contingent on strengthening the political forces favouring them.

Footnotes

[1] In a slightly shorter version, Fine (2017), this article first appeared in German.
[2] See Fine (2008 and 2009).
[3] Marking 50 years since publication of Marcuse's classic, One-Dimensional Man, Fine (2016).
[4] For its own practitioners, see Lazear (2000), and Fine and Milonakis (2009) and Milonakis and Fine (2009) for its specification and evolution in detail.
[5] This implies an entirely different individual subjectivity for mainstream economics (it is fixed) than for the postmodernist inventive consumer.

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[6] In addition, merely allowing for optimisation to be achieved required further technical assumptions to be made, such as diminishing returns to scale.
[7] The terms derive from Al-Jazaeri (2008).
[8] Note that Lionel Robbins' infamous definition of economics in the early 1930s as the study of the allocation of scarce resources between competing ends served more to anticipate and promote the zombieconomics that was to come than to reflect on the contemporaneous state of the discipline.
[9] It is noteworthy that the mainstream is essentially incapable of explaining why money emerges let alone why it would continue to be needed once equilibrium is attained.
[10] Rational were substituted for adaptive expectations.
[11] Cited in Klamer (1984, p. 146).
[12] These are the extreme monetarists, representative of the NCE.
[13] Most notably in the BBC's "In the Flesh" which neatly plays on the uncertainties between the two trajectories.
[14] For the new economics imperialism as Kuhnian paradigm, see Fine (2004) and, in the context of the development economics, Fine (2002).
[15] See http://assoeconomiepolitique.org/petition-pluralism-now/ See also Heise and Thieme (2015) for the earlier history of the decline of German heterodox political economy if, to some extent, falling into blaming the victim. See Lee (2012) for a more general defence of heterodoxy against critics of its being responsible for its own fate.

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