

# Change in economics and changing economics

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# What is this talk about?

This presentation is from a book I've written during the pandemic: *Individuals, Capabilities, and Change in Economics: From the Unembedded to a Socially Embedded Individual*

The opening chapter argues against mainstream economics 'view from nowhere' abstract, formalist conception of objectivity of economics as a science and for a 'view from somewhere' conception of objectivity of economics as a science that embeds it in the world

Today I apply a 'view from somewhere' conception of objectivity to how economics changes and may be changing

The issue I begin with is methodological (or historiographical): how can we systematically explain change in the history of economics?

Then I talk about forces acting on economics possibly changing it

# The four sections of the paper

- (1) The methodological-historiographical problem of explaining change in economics and an argument for explaining it in terms of economics' relationships to other disciplines
- (2) Four forms of relationships between disciplines, the form economics currently takes, an open-closed systems model of disciplinary boundary crossings, and the form economics might take
- (3) Two sets of external forces influencing change in economics
- (4) How the external forces acting upon economics could influence economics' change and relationships to other disciplines

# (1) The methodological-historiographical problem of identifying change in economics

Disciplines always have 'new' and 'old' contents, so they are always changing ... or are they?

The 'inventory' method: tallying up 'new' and 'old' and its two problems:

- i. 'new' may be 'old'
- ii. unclear when there is enough 'new' to say there's change

The historian's approach: how economics' place and role in the world affects institutions, social relationships and policies; e.g., Keynesian economics

A more fine-grained method: change in economics comes from change in its relationships to other disciplines; disciplinary identity is contrastive

# (1) The methodological-historiographical problem of identifying change in economics

Disciplines can be compared in terms of their *scope, domain, and definition*

Change often occurs first on a discipline's boundaries altering its scope, domain, and perhaps later its definition

A case of change in scope and domain leading to change in definition: from classical political economy to neoclassical economics

A case of change in scope and domain without (yet) change in definition: behavioral economics

A *core-periphery* conception of change in economics: change in its definition (its core) may be more or less insulated from changes in its scope and domain where it comes into contact with other disciplines (its periphery)

## (2) Four forms of relationships between disciplines: Economics as interdisciplinary

We can examine economics' core-periphery character in terms of its different possible relations to other disciplines

Four forms of disciplinary relationships (Jordi Cat, 2017):

cross-, inter-, multi-, trans-

Differ as to (i) whether contents imported from other disciplines change a discipline; (ii) whether significant interfield development occurs

Ordered from when a discipline is most closed to most open

Economics' core-periphery character makes it an interdisciplinary field

But is its interdisciplinary status stable with continuing boundary crossings? The ambiguous case of behavioral economics

## (2) Four forms of relationships between disciplines; Modeling boundary crossings

At issue: when 'foreign' concepts and theories enter a discipline on its periphery do they also affect its definition? Are they 'domesticated' or do they become transformative?

We need an analysis of what crosses disciplinary boundaries

Now consider economics' core (definition) itself as a closed type of system and its periphery (scope and domain) as an open type of system

Sraffa's analysis of closed and open systems: closed systems are only incompletely closed and get completed by open systems

E.g., Sraffa's Ricardian core and the neoclassical general equilibrium core

## (2) Four forms of relationships between disciplines: 'Completing' the core

'Completing' an incomplete mainstream core could draw on other science contents on its periphery that leads to its reinterpretation

Suppose behavioral economics' underlying 'context matters' principle on economics' periphery were to 'complete' the mainstream's incomplete theory of choice leading to abandoning the neoclassical independence axioms

- i. The core's defining pure theory of choice would be transformed
- ii. Economics' core-periphery structure would break down
- iii. Economics would shift from interdisciplinary toward multidisciplinary status
- iv. Economics would have more porous boundaries and be more pluralistic

Might there be external forces acting on economics' internal development that promote this change? I consider two kinds

### (3) Two sets of external forces influencing economics

Economics' internal development occurs in an evolving world

(i) Forces involving evolution in economics' scientific practices or research technologies

Specialization, formal modeling, the empirical turn

(ii) Forces associated with popular expectations regarding the role, nature, and responsibilities of economics as reflected in social values drawn from the World Values Survey (WVS)

The Inglehart-Welzel World Cultural Map: (a) from traditional values to secular-rational values; (b) from survival values to self-expression values

## (i) Change in research practices: specialization, formal modeling, and the empirical turn

All are increasingly important research technologies in economics

Concern *how* economics is done, not *what* it is about

All distance economics from theory, weaken the core-periphery divide, and reduce economics' interdisciplinary isolation from other fields

- i. Specialization: lateral rather than research vertical links and weakened generality
- ii. Formal modeling vs. narrative economics; detailed causal relationships vs. broad intuitive theorizing
- iii. The empirical turn: falling share of theoretical research and the 'data explosion'

## (ii) Change in popular expectations and social values: (a) secular-rational values

Developed economies as post-industrial, knowledge societies shift, though unevenly, from *traditional* values to *secular-rational* values

The case of North and South America (vs. western Europe)

How does mainstream economics fit this social value shift?

Rationality, optimization, and instrumental reasoning

The economics of the family, religion, and government

Economics has abandoned traditional values and is a fully secular-rational discipline

Its development is probably consistent with the direction of change of change in developed economies' social values

## (ii) Change in popular expectations and social values: (b) self-expression values

Self-expression values in mainstream economics: subjective preference satisfaction

Underlying structure of self-expression values in post-industrial, knowledge societies:

*Emancipative values*: freedom of choice and equality of opportunity, prioritize lifestyle liberty, gender equality, personal autonomy, and popular voice

*Human empowerment*: strengthening people's capabilities, aspirations, and entitlements, democracy, out-group trust and cosmopolitan orientations

*Overarching goal*: expanding individual agency

Economics' development seems *inconsistent* with this direction of change in developed economies' social values

## (4) How change in economics could come about

How might the two sets of external forces acting upon economics together influence economics' internal development and relationships to other disciplines?

Economics' research practices and technologies concern *how* economics is done

Popular expectations and social values concern *what* economics is about

Consider how these two sets of forces act respectively as closed and open types of systems

## (4) How change in economics could come about

Research practices function as a closed system because they are systematic and regimented, but also as an incompletely closed system because they only concern how economics is done

Popular expectations and social values regarding economics are like an open system because they are more diffuse and general

Thus, how the two sets of forces combine to influence economics' internal development and disciplinary relationships could involve the latter informing/completing the former

That is, what people believe economics should be about could drive what its practices are used to investigate

## (4) How change in economics could come about

The mainstream 'view from nowhere' or a 'view from somewhere'?

The view from nowhere gives us a context-free, abstract, ahistorical, economics; the view from somewhere gives us a context-dependent, historical, socially embedded economics

A fundamental dimension of the latter are actual social values – an objective basis for what economics is about

What the historical development of contemporary social values also tell us is that the abstract *Homo economicus* basis of the view from nowhere could be replaced by an embedded individual conception

## (4) How would economics then be different?

This internal development of economics could reduce its core-periphery divide and its disciplinary isolation

Economics' interdisciplinary nature could be replaced by a more multidisciplinary economics

Economics could become a more pluralistic, non-hierarchical field with many competing approaches, perhaps rotating in importance according to the challenges economic explanation faces in a continually changing, historically open world

## (4) What is changing economics?

What is it that's ultimately changing economics then?

The historical evolution and development of the nature of economic life and the change in social values that accompanies this

Thus values matter