Pluralism and anti-pluralism in economics: *Homo economicus* and religious fundamentalism*

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Abstract: This short paper examines a possible connection between religion and economics in terms of the parallelism between the *Homo economicus* doctrine and the individual soul doctrine. The paper explores whether resistance to pluralism in economics as a methodological practice might be explained in terms of this connection. On this view, resistance to pluralism in economics is not a matter of economists holding methodological views about economics practice that are contrary to pluralism, but is rather a kind of anti-pluralism reflecting an intransigent defense of the *Homo economicus* view as a kind of core or 'untouchable' deep doctrine. Two arguments are advanced to demonstrate the parallelism between the *Homo economicus* doctrine and the individual soul doctrine.

Keywords: pluralism in economics, *Homo economicus*, religion and economics, fundamentalism

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1 Introduction

Two students came up to me about a year ago at a conference in Europe at which pluralism in economics had been discussed, and said they believed people in the United States were quite religious, and asked was this possibly a reason why economists in the US were so strongly attached to standard economic theory? Basically they were trying to tie something they understood broadly as a religious fundamentalism to something on the order of an economic fundamentalism, and thought that if there was a connection, this meant that pluralism in economics was not likely to find fertile soil in the US. I replied that I hadn't thought about the idea, and that I was skeptical that such an argument could be made in a persuasive way. If they meant that the views of American economists were to be explained by their being religious, then the view was too simple and likely wrong. I also thought there might be many reasons for what could be called an economic fundamentalism in the US, including a widely held commitment among many American economists to a neoliberal view of the world. But the question of a link between US economics and religion stuck with me, and so I ultimately asked myself how this issue could conceivably be addressed. This brief comment is the result of that reflection. To begin, I asked myself why there was indeed so little support for pluralism in economics in the US, and then made a distinction between the nature and status of pluralism in economics.

2 Pluralism vs. anti-pluralism in economics

What is the *nature and status* of pluralism in economics? Its nature is not much disputed: it is widely agreed to be a methodological value that some believe ought to govern economists' practice vis-à-vis approaches to the subject matter of economics rival to their own, specifically, economists ought to adopt a position of open-mindedness toward approaches different from their own. Its status, however, is more difficult to explain. Most would say that mainstream economics is not pluralistic. But what does this mean? If we go by the nature of pluralism as stated above, this suggests that many economists do not share this particular methodological value, and do not believe that they ought to adopt a position of open-mindedness toward approaches different than their own. In effect, they have different methodological values that govern their practice. For example, perhaps they believe that economics advances through a competition between approaches, and that they should thus dedicate themselves to the strongest defense of approaches they think best.

This interpretation may have some truth to it, but in my view it produces an incomplete understanding of the status of pluralism in economics. The problem with making this a matter of economists having different methodological values is that this implies that the status of pluralism in economics a matter of normative dispute over how economics ought to be practiced. But at the same time we never see any debate or discussion over methodological values in economics. Thus something else seems to motivate most economists in this regard, and absent any other apparent basis for their position, I suggest that there must be certain underlying forces operating in mainstream economics that constitute inherent barriers to pluralist practice. On this view, pluralism does not operate in any significant way in economics not because there are differences between economists regarding methodological values; pluralism does not operate in any significant way in economics because of certain forces operating in economics that push methodological debate to the side altogether. That is, the opposite of pluralism in economics is not the methodological goal of dedicated defense of one's own explanation to give it the best hearing possible, but rather an anti-pluralism driven by forces underlying much contemporary economic theorizing that exclude reasonable debate over the methodology of practice.

Suppose, then, that anti-pluralism seen as a force operating in economics has two characteristics. First, it involves intransigent opposition to openness based on the need to defend specific conceptual structures which is disconnected from all reasonable debate over their coherence and epistemic value. These 'untouchables' are always defended, in one form or another, no matter what might be argued about them and/or what happens to rest of the theory in which they operate. Imre Lakatos (1970) saw these untouchable conceptual structures as the hard core of theories, though he did not seek to explain why they exist. Second, the meaning of these untouchable conceptual structures has a two-tier character: their surface meanings are shaped by the theories in which they operate, but they also possess further meanings to which these surface meanings are related that lie behind them. The latter generally go unrecognized, so that conceptual elaboration is confined to the surface meanings, the defense of which, however, is motivated by attachment to their underlying meanings. The attachment to these underlying meanings makes their proponents' intransigent opposition to openness a matter of a force operating within science rather than an epistemic concern, and thus makes their opposition to others' views an anti-pluralism rather than a disagreement over methodological values.

3 *Homo Economicus* as a domain of surface meaning

Is this two-tier meaning view plausible? The test of the view, it seems fair to say, rests with whether it can be applied to examples of intransigence over specific conceptual structures in economics. Of course what counts as intransigence can be debated, but in any event I nominate one particular conceptual structure in economics as an example *par excellence* of where many economists will accept very little compromise or modification the set of basic assumptions involved, and which indeed for many constitutes the lynch pin of standard theory: the *Homo economicus* concept. The basic assumptions I refer to are what I characterized as surface meanings, which are assumptions shaped by the theories in which they operate. At this level, economists who disagree in many ways, for example, such as neoclassical and behavioral economists who differ over the nature of motivation and how markets work, may still share a single set of basic assumptions that define *Homo economicus*. In this section I describe these basic surface assumptions, and in the next section describe the further underlying assumptions to which I believe these surface assumptions are linked, and which therefore on the argument here would justify characterizing the proponents of *Homo economicus* as anti-pluralist.

The *Homo economicus* idea is that people are *essentially* autonomous. This means that though what they do may be influenced by others (as in game theory) and by what goes on in economic life (how prices and incomes constrain their choices), ultimately their actions stem from them alone. This view has as its most common statement the idea that a person's preferences are exogenous. It is an odd view, because everyone – including proponents of the *Homo economicus* doctrine – knows that people's preferences are influenced by many things. Despite this, the standard view is that why people come to have the preferences they do is irrelevant to the explanation of choice which takes them as given in the act of choice. It is true, of course, that one can explain choice with given preferences without saying anything about the formation of those preferences. Their formation and the person's acting upon them are two different things. But if we know preferences are influenced, why would we think this is a good explanation of choice? Why shouldn't how preferences are formed be central to the act of choice? The answer, I suggest, is that one would only think the standard view is a good explanation of choice if one was already convinced that people's actions must ultimately stem from them alone and that people are essentially autonomous.

To better understand this commitment to autonomy, we should note what the specific grounds are in standard theory for the idea that people are essentially autonomous. Thus, autonomy is justified by saying that individuals have their own separate utility functions (whatever might be the origins of their preferences). The basis for this claim is the von Neumann-Morgenstern utility function theorem (von Neumann and Morgenstern, 1944), which says that if a specific set of logical assumptions regarding preferences is satisfied (completeness, transitivity, independence, and continuity), the individual has a well-defined preference ordering, which can be represented by a distinct (monotonic) individual utility function. That is, the well-orderedness of preferences implies personal autonomy. Needless to say, there has been much experimental research in recent years that casts doubt on whether this set of logical assumptions can be said to apply to people's preferences. But it seems another question should have been raised first regarding the 'own separate utility function' basis for personal autonomy. That is, why should one even think a logical derivation of autonomy constitutes a sound basis for ascribing autonomy to people? Since the deductive inference of individual utility functions effectively generates autonomy by assumption, this axiomatic approach to autonomy only affirms what people have decided they wish to believe. Thus the recourse to a logical derivation of *Homo economicus* basically serves the purpose of putting debate over how we should understand individuals off the table.

The subsequent development of the theory of rational choice further reinforces the autonomy-by-fiat approach. For example, despite their continued use of the utility function concept, most mainstream economists today use revealed preference theory to explain choice, and this allows them to deny that individual psychology has any relevance to the theory of choice (e.g., Gul and Pesendorfer, 2008). Revealed preference theory basically says that the choices people make explain what they prefer, or that preference is explained in terms of choice rather than that choice is explained in terms of preference. This justifies dropping any substantive reference to preference and personal psychology from the analysis of choice. It thereby compels us to say that choice is always autonomous choice, since nothing regarding how people might come to have what preferences they have can enter into its explanation. Choice is thus defined as the product of an autonomous individual. Note that the original justification for revealed preference theory was that individual psychology is unobservable, while one can observe people's choices (Samuelson, 1938). But what counts as observable and unobservable can be subject to debate. Revealed preference theory sets this debate aside by simply denying that human psychology, or for that matter anything, might condition choice. *Homo economicus*, then, is necessarily an autonomous being.

Consider for a moment, however, what might be involved in thinking about individuals were one not to insist on their irreducible autonomy. To say that individual behavior is not fully autonomous is to say that individuals' choices are influenced by economic and social circumstances, and thus that individual behavior is in some manner endogenous to those circumstances. Of course economists reflect all the time upon what counts as exogenous and endogenous in developing economic models, and say that we should treat as exogenous those factors that influence but are not influenced by factors endogenously determined in their models. But this always raises the question of whether a model's exogenous factors might indeed be influenced by factors endogenous to that model, and so it is fair to say that an important part of the history of model development in economics involves continually probing of what counts as exogenous in the pursuit of ever more comprehensive accounts of systems of determination in economic life. In the face of this, it is surely odd that so many economists have remained for over a century unwilling to investigate the exogeneity of individual preferences, the basis for treating *Homo economicus* as an autonomous being. Why this is so, I will now argue, is that *Homo economicus* is foundational to their anti-pluralism. This is to say that these economists' position is not one rooted in reasoned debate over the merits of different approaches in economics, but is driven by forces associated with unhesitating commitment to the further underlying meanings that are attached to the surface meanings of the *Homo economicus* idea discussed above. In the next section I spell out what underlying meanings may lie behind the surface meanings of *Homo economicus*, and associate them with religious fundamentalism.

4 Religious fundamentalism as the underlying domain of meaning for *Homo economicus*

What do I mean by religious fundamentalism? To be clear, I do not intend one popular meaning of fundamentalism, namely, conservative religious movements as often emphasize the literal interpretation of religious texts. Rather by the term religious fundamentalism I refer to what counts as fundamental doctrine in most monotheistic religions in virtue of what is essential to the nature of that type of religious belief. For example, it is fundamental to most monotheistic religions to say that the natural world must somehow be explained in terms of its relation to God. Or, it is fundamental to most to say that God exceeds human understanding, and that faith is central to religious belief. There are indeed many dimensions of religious fundamentalism understood in this way, but the discussion here addresses only one of them, one albeit, which is widely shared across religions that are otherwise quite different. This is the doctrine of the individual human soul. It is a doctrine that is fundamental, because it stands as a central if not indispensable component in the explanation of the relationship between human life and a transcendent God (at least in monotheism). Accordingly it is a doctrine which generally cannot be given up without at the same time giving up the religious commitment with which it is associated. Consider, then, two main aspects of the individual human soul doctrine.

First, human souls are essentially individual. A person's relationship to God, as manifest in having a soul, is fully individual. This is so strongly believed that it seems nonsensical to say, for example, that two people could share a human soul (putting aside metaphorical speech). But that idea is neither nonsensical nor logically contradictory; it is simply incompatible with the doctrine of the human soul as found in most religions which assign each individual one soul. Second, there is only one thing that has a fundamental influence on or is a determinant of the well-being of the individual human soul, namely, its relation to God. Thus neither other people's souls nor anything in the natural world can interfere with or otherwise condition the relationship between an individual soul and God.

If anti-pluralism in economics, then, is to be thought associated with a religious fundamentalism, one might claim this if it could be argued that the *Homo economicus* doctrine operates as an untouchable conceptual structure in economics, and that it does so because it possesses the same features as doctrines that are similar in form and which operate as fundamental doctrines in their domains. Then though the surface meanings of *Homo economicus* are specific to economics, its being an 'untouchable' in economics is due to its being treated as a fundamental, an underlying meaning associated with doctrines that are fundamental in other domains, such as the human soul doctrine. That is, I do not argue that the *Homo economicus* doctrine is actually derived from the human soul doctrine but rather that its character as fundamental is (at least in lieu of any other obvious source of fundamentalism). There are two ways, then, in which it seems grounds for this view could be advanced: first in terms of the parallels or structural similarities between the two doctrines; second in terms of their similar functionalities or purposes to which they are put within their respective domains.

First, consider simply the parallels or structural similarities between the *Homo economicus* doctrine and the human soul doctrine. In the human soul doctrine the individual is essentially autonomous; similarly in the *Homo economicus* doctrine the individual is essentially autonomous. Further, in the human soul doctrine nothing in the natural world can limit the individuality of the human soul; similarly in the *Homo economicus* doctrine nothing in the human psychology or social interaction can limit a person's essential individuality. Thus the two doctrines are homeomorphic or have the same structures. But while the human soul doctrine is rooted in the idea that people have an exclusive individual relationship to God, there is no evident reason from the perspective of ordinary reasoning about modeling practices in economics to think individuality is necessarily exogenous. Thus it is not implausible to say, based on the structural similarity of the two doctrines that the surface meaning of the *Homo economicus* doctrine employs a kind of human soul doctrine as its deeper meaning.

Second, consider the similar functionalities of the two doctrines within their respective domains. The individual soul doctrine functions in such a way as to exclude any earthly powers' interference in a person's individual relation to God. The *Homo economicus* doctrine similarly functions in such a way as to exclude any earthly powers' interference – namely government – in a person's pursuit of their self-interest. This of course is the famous invisible hand doctrine. Some take it to be a separate doctrine, but it is simply a generalization of the *Homo economicus* doctrine since being essentially autonomous implies one cannot but act in one's own interest, which aggregated over many individuals implies that many individuals' pursuit of self-interest cannot but be in the general interest. Thus the invisible hand does not involve any empirical claims about the nature of markets or any other basis than the idea that individuals are essentially autonomous. So it is not implausible to say its functionality replicates the human soul doctrine as its deeper meaning.

These two arguments, of course, do not exactly prove that religious fundamentalism and the human soul doctrine provide the underlying meaning of the *Homo economicus* doctrine. Indeed I remain skeptical that arguments stronger than the suggestive ones above can be made. At the same time, they point to an issue that it seems ought to be addressed, namely, that the logical character of the *Homo economicus* doctrine bears a strong resemblance to religious argument in how they both follow out the implications of a basic set of assumptions, and that this is not in keeping with standard procedures for theoretical advance in science, including much of economics, which sets aside purely logical argument and tests the empirical standing of basic assumptions. At the very least, then, the arguments here are an invitation to proponents of the *Homo economicus* doctrine to explain their grounds for supposing individuals are essentially autonomous. That this explanation is likely not forthcoming, however, seems to confirm its role as an 'untouchable' in economics.

5 The status of pluralism in economics

My starting point in this discussion was the lack of support for pluralism in economics. Indeed most economists do not even see pluralism in economics as an issue, if they recognize the idea at all. This is compatible with their simply having a different view of methodological practice in economics, such as the idea that one ought to allow the competition between different approaches (in the 'marketplace of ideas') determine which ideas prevail. Against this interpretation, however, is the fact that economists nonetheless do practice a kind of 'pluralism' – if not in name – then institutionally speaking with respect to specialization across and within economic fields. It is 'pluralist' in a way, and involves a kind of open-mindedness, because economics departments do not expect specializations, say, industrial organization and monetary economics, to compete with one another, and generally accept that there are different legitimate research programs in different fields. Further, not only is 'pluralism' in this sense firmly institutionalized in economics as a methodological practice, but that practice is based on principles of cooperation and not competition. But this creates a puzzle. Why is the discourse of pluralism itself so absent from economics? My answer concerns the role of the 'untouchables' in economics.

One aspect of an institutionalized 'pluralism' built around specialization, then, is that it leaves much about the specialization to the specialist acting as a monopolist on the condition that the specialist and specialization are seen as having certain broadly acceptable features, such a set of conceptual constructs that are shared across fields. Thus every specialization possesses a domain of non-interference but also possesses certain shared entry points. My contention, thus, is that this combination promotes an intransigence regarding these shared constructs, since they are the means by which fields secure their domains of non-interference. An institutionalized 'pluralism' by fields, that is, ironically depends upon a rejection of pluralism regarding shared conceptual constructs which could well then have the effect of discouraging general pluralist discourse. In effect, the price of private 'pluralism' is public anti-pluralism.

This sort of explanation raises the question of why particular conceptual constructs become pivotal in sustaining private 'pluralism' and public anti-pluralism. This paper provides an explanation of how the *Homo economicus* doctrine could be thought to fulfill this pivotal shared construct role by explaining it as fundamentalist. The case for this fundamentalism rests on the parallel structures and functionalities of the *Homo economicus* doctrine and the individual soul doctrine, which clearly has the status of a fundamental doctrine in monotheistic religion. The argument was not, it should again be emphasized, that the *Homo economicus* doctrine is actually derived from the human soul doctrine. Rather as a shared construct in economics that operates as an 'untouchable' it must have the same characteristics as other doctrines that have this status. The human soul doctrine is a premier model in this regard, and consequently what makes it fundamental in religion provides guidelines for the underlying meaning of the *Homo economicus* doctrine that must be retained in its surface meanings.

Thus the *Homo economicus* doctrine appears to involve a kind of religious fundamentalism. This still leaves unaddressed the two European students' question about US economists, religion, and pluralism. After all, specialization in economics and mainstream doctrines exist elsewhere as well. But they do seem to have been right on the mark in asking about the foundations of intolerance and what has been called here anti-pluralism.

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