

Are we insane?



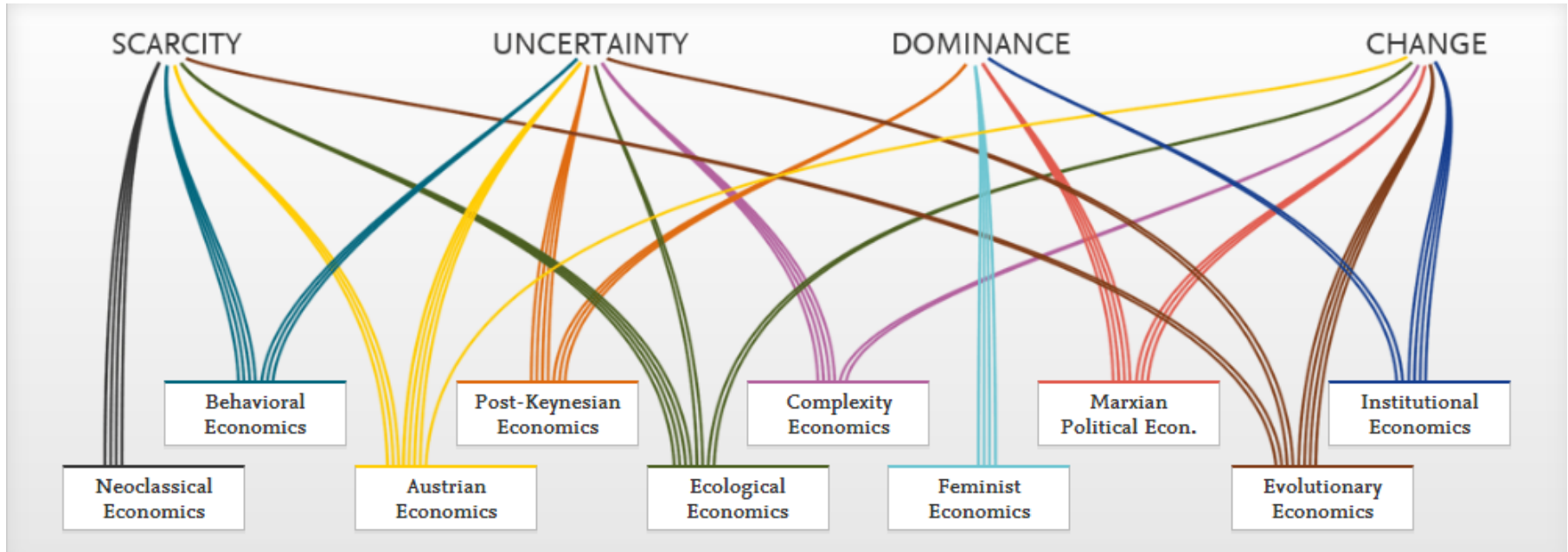
Polanyi and the claim for Pluralism in Economics



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Axioms and Approaches



(Exploring Economics, www.exploring-economics.org)

- Different axioms lead to different understanding of the economy
- Dominance of a few schools of thought

International Student Initiative for Pluralism in Economics



- 'The real world should be brought back into the classroom'
- 'Nobody would take seriously a degree program in psychology that focuses only on Freudianism' (ISIPE Open Letter, 2014)

'Society for Pluralism in Economics Vienna'

- Group of students and young academics
- Active since 2014
 - Newspaper articles
 - Conference on Pluralism
 - Panel discussions
 - Workshops
 - ...
- Some projects in 2018
 - ‚Blind spots in teaching economic‘ (25.01.2018)
 - Writing Workshop ‚Socio-ecological Economics‘ (2.-4.03.2018)
 - Internal Education Workshops (13.03.2018 and 08.04.2018)
 - Kate Raworth: ‚Donought Economics‘ (22.-23.04.2018)
 - Activist action at ‚Global Day of Pluralism‘ (07.05.2018)
 - Summer school ‚Resolve Europe!‘ (06.-08.07.2018)





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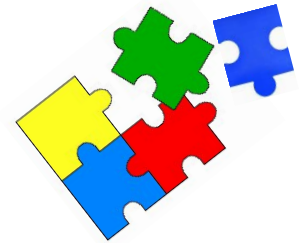
Why Pluralism

1. Real-world-focus



2. Equipment to tackle actual challenges

3. Not an isolated system



4. Approaches can complement and challenge each other

5. Social science needs history

6. Performativity

'As soon as a society expects a certain behavior of its members and (...) institutions are already capable of enforcing this behavior, the conceptions of human nature will tend towards reflecting this ideal, regardless of whether it is corresponding to reality or not.' (Polanyi, *Ökonomie und Gesellschaft*, p. 140, own translation)

An influential science

- Economics educates the professionals that:
 - later work and/or provide the knowledge basis for politically important actors such as governments, NGOs and the media.
 - and within the private sector
- Economists as ‘universal intellectuals’ are influential interpreters of economics and societal processes within public discourse
 - e.g.: economic rationalization arguments and economists as authorities in public debates on taxation and inequality (Rieder/Theine 2018)

A highly concentrated science

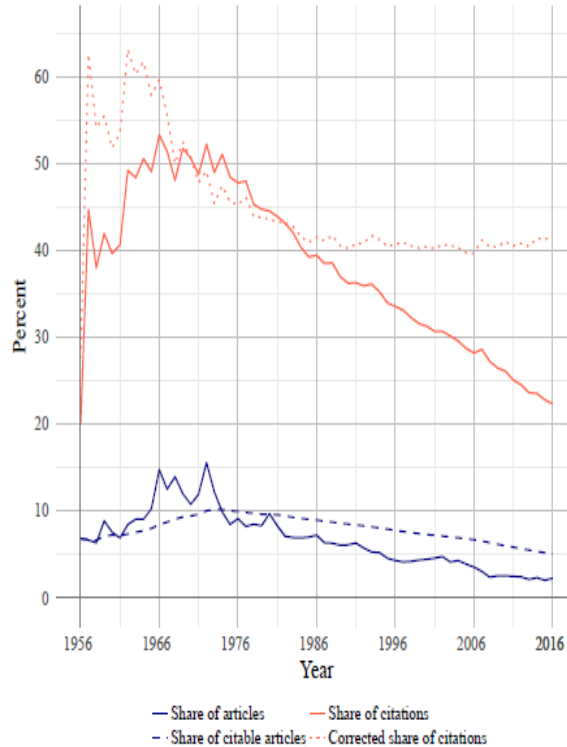


Figure 3: Share of citations and articles of 'Top Five' journals, 1956-2014; corrected share normalised to 1970

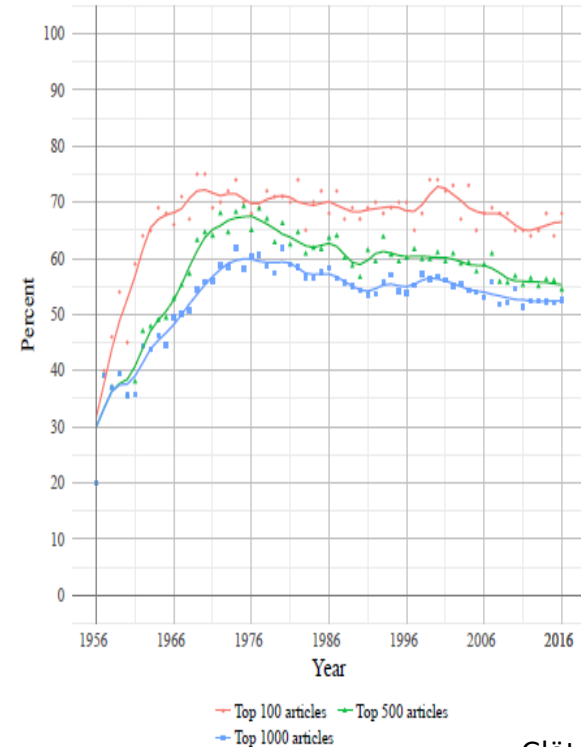


Figure 4: Share of 'Top Five' in 100, 500, 1000 most-cited articles each year, 5-year weighted moving average, 1956-2016

Glötzl/Aigner (2017)

- 'Top Five' account for **5.1% of articles** and **28.4% of citations**.
- Concentration increases towards the top.
- Ties between editors and authors (Colussi, 2018).

A highly concentrated science

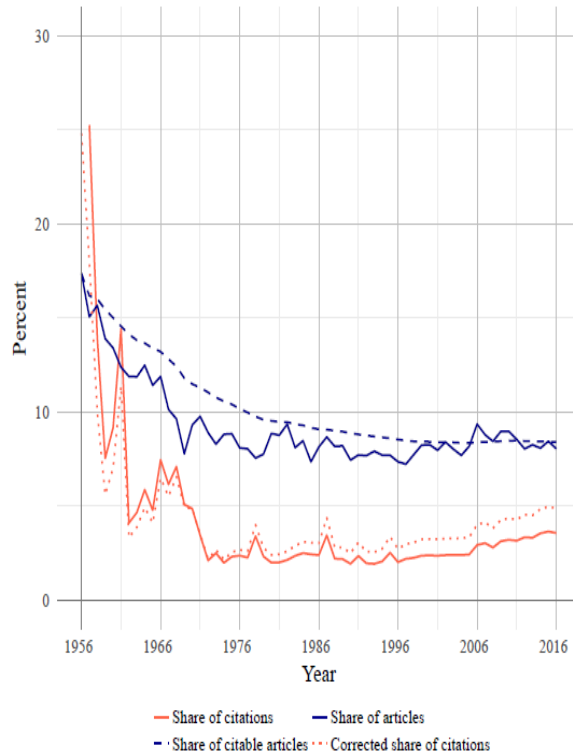


Figure 8: Share of heterodox articles and citations, 1956-2016; corrected share normalised to 1970

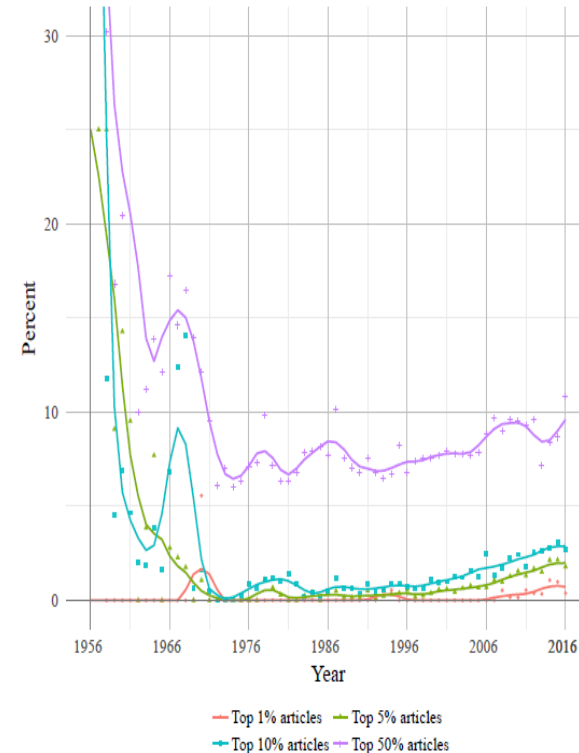


Figure 9: Share of top 1, 5, 10, 50 percent of articles that were published in heterodox journals, 1956-2016

Glötzl/Aigner (2017)

- Heterodoxy accounts for **8.4% of articles** and **2.9% of citations**.
- 0%, 0.62% and 1.01% of articles in top 1000, 5000 and 10000 articles.
- Stark decrease until 1970s, slow increase since 2000.

Economics as a 'market of ideas'

- Economics is increasingly organized as a 'market of ideas' where impact factors and journals rankings value scientific outcome
- "Citations, while hardly perfect measures of importance [...] are an arguably objective way of judging the research contributions of academics, one that is based on what is **implicitly a market test.**" (Hamermesh 2018)
- Economics not seen as a science which is part of a substantive social reality, but as a self-governing market where the value of goods (e.g. research) is expressed in terms of citations

A micro-based and empiricist science

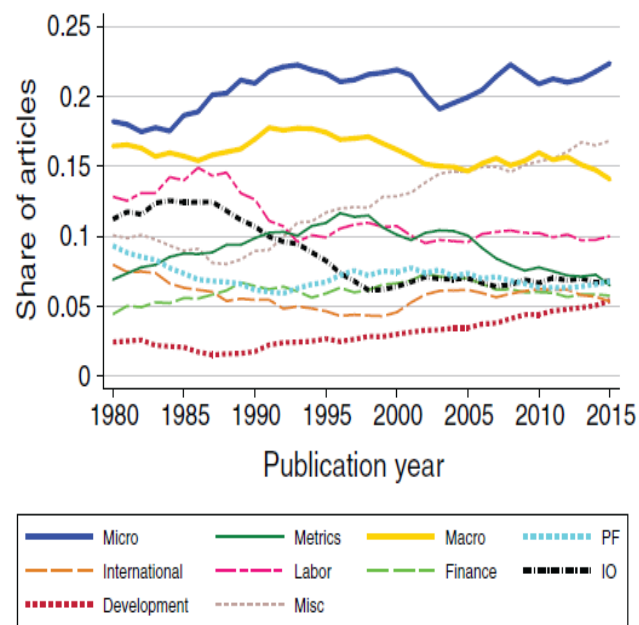


FIGURE 3. WEIGHTED PUBLICATION SHARES BY FIELD

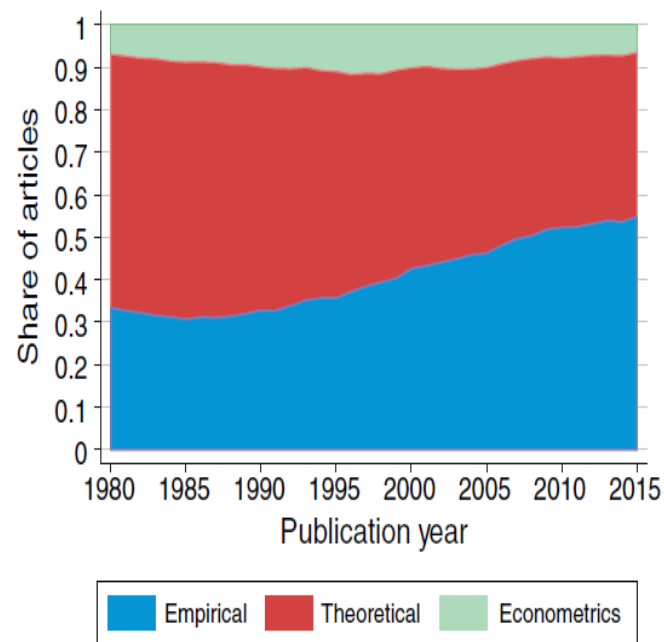


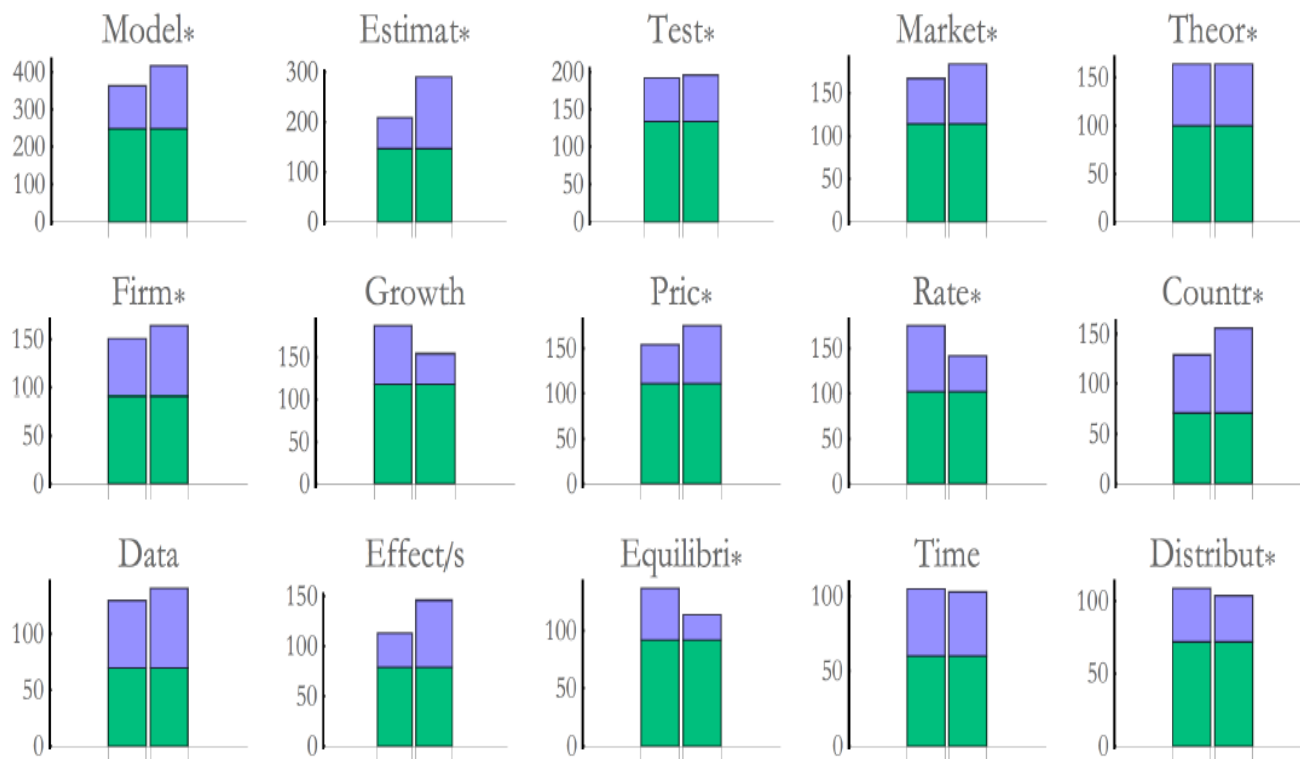
FIGURE 6. WEIGHTED PUBLICATIONS BY STYLE

Angrist (2018)

- Tendency towards more empirical research ('empirical turn'), though there are indications that empirical research resembles theoretical foundations of neoclassical economics.
- empirical = quantitative
- (still) largely micro-based

A micro-based and empiricist science

The top 15 terms within the abstracts of top-cited articles



Aigner, Aistleitner, Glötzl, Kapeller (2018)

- Almost all refer to model*
- Stronger focus on microeconomics 'market*', 'firm*', or 'pric*'
- Rise of empiricism (effect/s and data)
- decline of theory ('theoret*' and 'equilibri*')

Towards a better understanding with Polanyi

Polanyi's...

... definition of the discipline

... research approach

... research focus

Definition of Economics

- Approach centered:
 - “Economics is a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.” (Lionel Robbins)
- Subject centered:
 - “Organizing the livelihood of man” (Karl Polanyi)

“Organising the livelihood of man”

- Interest in “realisticness”:
 - “Our livelihood is not necessarily linked to choice actions; however, where it is, it is certainly not as a necessary consequence of some sort of ‘scarcity’ of means.” (Polanyi, *Ökonomie und Gesellschaft*, 1979, p. 210, own translation)
- Economy cannot be analyzed independently of politics, society and environment

Research Approach

- Interdisciplinarity:
 - “We shall encroach upon the field of several disciplines in the pursuit of a single aim [throwing light on matters of the present].” (Polanyi, *The Great Transformation*, 2001(1944), p. 4)
- “Big picture”
 - Rooted in historical understanding
 - Context dependent
 - Exceeding quantitative-qualitative dichotomy

Research focus: Importance of (different) Institutions

- Context dependence:
 - “For the civilization of the nineteenth century was unique precisely in that it centered on a definite institutional mechanism.” (Polanyi, *The Great Transformation*, 2001(1944), p. 4)
- “Principles” of economic organization:
 - Reciprocity
 - Redistribution
 - Householding
 - (Market-)Exchange

Research focus: Forms of Motivation

“He does not act so as to safeguard his individual interest in the possession of material goods; he acts so as to safeguard his social standing, his social claims, his social assets. He values material goods only in so far as they serve this end. (...) in either case the economic system will be run on noneconomic motives.” (Polanyi, *The Great Transformation*, 2001(1944), p. 48)

Conclusion

- More concepts and approaches needed
- Take up aspects from Polanyi's work
- Pluralism movement as a polanyian
countermovement

“So that one, hence who wanted to reject the idea that he was acting solely for the sake of profit, was not only considered immoral but also insane.”

(Polanyi, *Ökonomie und Gesellschaft*, 1979, p. 140)



We are insane.



Society for Pluralism in Economics Vienna

Literature cited

Angrist, Joshua, Pierre Azoulay, Glenn Ellison, Ryan Hill, and Susan Feng Lu. 2017. "Economic Research Evolves: Fields and Styles." *American Economic Review* 107(5):293–97.

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