

Frederic S. Lee and the Challenges for Heterodox Economics

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October 2014 we had to withstand the passing of Fred Lee, one scholar who most, if not all, heterodox economists considered a friend. His name was respected and appreciated by the several individuals, associations and institutions that sent messages of grief (many of these messages were collected by Jo, 2014a). So far special sessions at heterodox gatherings have been held in at least three Continents: at the 2014 EAEPE Conference, 2014 SHE conference, 2015 ASSA meetings, EEA 2015 and AFIT 2015. The number and scope of these voices attest of Fred's fundamental role in community building.

To continue his efforts, a Trust Fund was created during Fred's last year of life, aimed at providing scholarships for tuition and fees for doctoral heterodox economics students. It is possible to contribute through a dedicated website, available at <https://gkccfonlinedonations.org/give/leeh00.asp>.

Fred's legacy encompasses a thriving community of engaged scholars that will try, and hopefully succeed, to create a progressive economic science. However, along with the memory of his company and the inspiration of his work, Fred Lee passed away before a number of challenges to his lifetime goal – the development of heterodox economics – have been fully solved.

Some of these challenges are very material. In a number of countries, the whole assortment of research evaluation, research assessment and funding are increasingly used in the field of economics as instruments of theoretical police. As Fred's works highlighted, it matters little in this respect that research evaluation is centralized or decentralized, based on peer review or bibliometric indicators. What matters is the attempt by mainstream economics to use resource allocation as a means for the academic cleansing of heterodox economists (Lee *et al.*, 2010a; 2010b; 2013; Corsi *et al.*, 2010).

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Such mundane issues were crucial, in Fred's understanding, due to the centrality of the academic debate in shaping the method, content and policy prescriptions of political economy.

However, some commentators noted that it would be simplistic and perhaps disrespectful to only remember Fred as an organizer of heterodox economists. Indeed, reflections on the larger significance of Fred's efforts in economic theorizing were penned, among others, by Bekken (2014), Garay (2014), Jo (2014b), McMaster (2014), Raveaud (2014), Rosser (2014), Todorova (2014) and Vernengo (2014).

Indeed, mobilizing social resources for the development of heterodox economics ("institutions-building") and contributing to the theoretical and policy economic debates ("theory-building") are the two main aspects of Fred's lifetime contribution to heterodox economics. However, putting emphasis on one or the other does not imply a separation between the two activities, separation that Fred would never have accepted.

Indeed, it is almost a commonplace among heterodox economists to contrast Marx's historical materialism with Keynes's well-known opinion that in the long run ideas are more powerful than interests. Fred Lee was always aware that ideas have legs, they are developed within communities of individuals who recognize each other a certain legitimacy (as "scientists", "scholars" or else) and are deeply affected by larger societal trends. Thus, as it is true for Marx and Keynes (see e.g. Roncaglia, 2005), Fred recognized that interests and ideas are mutually shaped and it makes little sense to consider one or the other in isolation.

This is probably best shown in his *History of Heterodox Economics* (Lee, 2009), a history of the development of heterodox economics in the UK and USA through the birth and development of its connected scientific communities. Such an approach to the history of economics, as Jo and Todorova (2015) notice, is clearly influenced by Fred's adherence to ("old") institutionalism.

Thus, on the one hand heterodox economists must consider theorizing as a concrete social process, embedded in the social fabric and influenced by it. On the other hand, they have a responsibility to create those social institutions (journals, conferences, summer schools, academic departments, ... even newsletters) that can foster the development of heterodox economics and allow the younger generations in particular to resist the odious alternative between becoming mainstream or leaving the academia.

Yet, even if acting and writing for the development of an alternative to mainstream economics are two mutually reinforcing activities, or even if we conceive of them as different aspects of a same effort, it does not follow that there never arise contradictions between the two. It is important not to conceal these contradictions, if one is to try and continue Fred's efforts to develop a coherent and comprehensive political economy, alternative to the mainstream.

On the one hand, Jo and Todorova (2015) raise the question whether "organizational activities" within academia, scientific societies and associations and the constant involvement in seminars, conferences and gatherings of heterodox economists may not have caused "constant interruptions" in Fred's theoretical undertaking, causing his theoretical project to be "only partially successful" (*ibid.*, pag. 10). They conclude that he would not regret the time spent in these activities anyways, and I may add he would not have seen it as time devoted to anything different from the development of heterodox economics (admittedly, through means different from a research product, but equally important).

But the main point is not about time constraints. As highlighted in D'Ippoliti and Roncaglia (2015), a chiasm may arise between the needs for the heterodox community to be inclusive and the requirement of economic theory to be coherent and not self-contradictory. At a first level, it is a matter of striking the right balance between pluralism and intellectual honesty, i.e. recognizing that pluralism is perfectly compatible with the sacrosanct principle that in the scientific debate "some views get discarded" (sentence attributed to Fred Lee by Jo and Todorova, 2015, p. 5). As long as there is debate on a certain issue, both parties of the discussion (e.g. the criticizing and the criticized side) can be considered as jointly part of an evolving community. Indeed, Fred never argued that the theoretical edifice of heterodox economics is finished, least of all that it is immutable (see e.g. Lee, 2012).

However, at a deeper level the problem concerns the very "basic pillars" of heterodox economics. As noted in D'Ippoliti and Roncaglia (2015), Fred was in agreement with us, in pointing out price theory as the defining element in the mainstream vs. heterodox economics cleavage. Thus, Lee (2009, p. 7), defines "heterodox economic theory" as the set of theories that (at least implicitly) reject neoclassical price theory and its core propositions. He goes on to enlist among these scarcity, preferences and utility functions, technology and production functions, rationality, equilibrium, methodological individualism, and positivist and deductivist methodology. However, what is crucial here

is that all these methodological and theoretical instruments of mainstream economics are “core propositions” of its neoclassical price theory.

This definition of heterodox theory, however, demarks a narrower boundary than Fred’s definition of “heterodox economics”, which he described as the “historical science of the social provisioning process [... whose] explanation involves human agency embedded in cultural context and social processes in historical time affecting resources, consumption patterns, production and reproduction, and the meaning (or ideology) of the market, state and non-market/state activities engaged in social provisioning” (Lee, 2012, p. 340). Such definition, it is apparent, does not necessarily imply outright rejection of neoclassical price theory, and indeed it is not uncommon for any of us to meet ‘legitimate’ presenters at heterodox conferences using some tool or model based on the typical supply-and-demand story.

The point is not one of attributing labels, i.e. of awarding a “heterodox license” to those who reject neoclassical price theory and to deny it to others (potentially: the Austrians, several environmental economists, many evolutionists, etc.). Incidentally, labels may be important. It hardly needs recalling that several non-mainstream economists prefer avoiding the term “heterodox” altogether. In turn, many heterodox economists (Fred Lee among them) react by questioning how ‘truly’ these authors belong to the heterodox field. Such reaction perhaps underestimates the ‘tactical’ argument, that it may indeed be counter-productive from a public relations point of view, to use a name that signals a minority status and possibly a lack of unity (apart from the refusal of the mainstream). That on the best tactics and strategy for heterodox economics, including on the rhetorical ground, is another challenge that we cannot just dismiss without discussion.

However, on the main point raised here, given the centrality of price theory in (implicitly or explicitly) defining one’s “vision” and understanding of the whole process of production and exchange in a capitalist society, a precise definition of what is heterodox economics is necessary in order to aim – to the extent that is possible – for coherence and consistency. In our, and Fred’s, view, price theory is not just one of the fields of economic enquiry, but it is perhaps *the* pillar of economic theory, be it mainstream or heterodox.

In subsequent private correspondence, Fred did recognize the potential tension between his definition of “heterodox economic theory” and that of “heterodox economics”, though he unfortunately

could not delve longer into the issue. I think it is important to highlight this potential tipping point in the process of developing heterodox economics, as a crucial challenge that we inherit from Fred.

Indeed, I think it would not be off the mark to state that Fred grew increasingly focused on the set of topics that in mainstream economics pass under the name of 'microeconomics'. This is not only reflected in his theoretical undertaking (the most important of which perhaps remains *Post Keynesian Price Theory*: Lee, 1998). In 2013 with Fred Lee we founded the "Heterodox Microeconomics Newsletter" within the RePEc project (available at nep.repec.org). I can testify of the care and devotion that he dedicated to the creation of such instruments to diffuse (including online) the awareness that heterodox economics is not only about macro – however important aggregate demand may be.

Of course, final agreement on price theory (or at least, less disagreement) is not the only theoretical challenge ahead. Any concept contained in Fred's definition of heterodox economics (recalled above) from "social provisioning" to "agency", "markets", "reproduction", "historical time", etc. require deep historical, conceptual and theoretical analysis.

What I shall like to stress is the requirement for empirical analysis too. Fred's last book (Lee and Cronin, 2015) attests how he tried to bolster pluralism of methods too. Although unfortunately I could not accept, he asked me to contribute with a chapter on the usefulness of quantitative methods, with words – I do not remember precisely – along the following lines: we need to show to heterodox economists that statistics is useful to us too, and that there is more in it than just mainstream econometrics. Fred was of course well aware (as I am) that this is not necessarily a widely shared premise within the heterodox community.

Perhaps the reader might be surprised not to find here a birds' eye view or a detailed description of Fred's many contributions to heterodox economics. After the several writers listed in the references have already commented on Fred's many works, I would rather refer the reader to Fred's own account of the matter (Lee, [2004] 2015). Moreover, in certain cultures it may appear as inappropriate to highlight one's doubts on the claims by someone who tragically passed away as I partially made here (stressing that these are not flaws in Fred's analysis but challenges that remain for all of us, being heterodox economics a work in progress). But if there is one thing I am sure Fred believed, is that raising criticisms, even dissent, is more important, more respectful and more useful, than pretending to always agree.

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