

Ron Wallace

Response to invited reviewer's comments on "Addressing the malaise in neoclassical economics."

I am grateful to the anonymous referee who clearly devoted time and energy to the critique of my submitted article. However, I am greatly dismayed by what amounts to a total misreading. Having examined the critique carefully, I find it difficult to recognize any claims that I made, nor indeed am ever likely to make. Virtually all of the misconceptions which---as there were no constructive comments---amounts to the entire critique, can be gathered under two major rubrics: the possibility of quantifying ideational variables, and the usefulness of axioms in economic research. I will address each of these matters in turn.

My stance on the quantitative modeling of ideas was by no means to assert that such a strategy is not possible either in practice or in principle, but rather to note that unstable or dangerous on-the-ground conditions can make fine-grained analyses difficult (p. 8). As a result, educated guesswork based on, for example, NGO reports, is sometimes the best that one can do. In these types of situations, the binarized variables which are the stuff of Boolean Networks (BNs) could be particularly useful. As noted in the article, "BNs are remarkably flexible. In the event that detailed quantitative information becomes available, either for cultural variables or other features of the model, it is possible to convert selected nodes into ordinary differential equations (ODEs) (p.9)." BNs are therefore practical, but eminently provisional, not merely with regard to ideational modeling, but for partial modeling in general. They were emphasized in my article because they were used in a partial model of hepatic physiology which, as I sought to demonstrate through point-by-point analogies, may have possible value in economic modeling and theory. They were a proposed starting point for a computational platform. But they were not a repudiation---not even implicitly---of alternative realizations of the partial-modeling approach. Because this point was overlooked by the reviewer, leading to---among other things---an irrelevant disquisition on quantitative methods, I will quote the passage in full: "Alternative strategies, including hybridization with agent-based models or ABMs, are certainly possible. New approaches are being developed all the time. The BN method was chosen because of its relative simplicity and demonstrated accuracy in partial modeling of complex systems (p. 3)."

Misreading also informs the reviewer's discussion of axioms. The word "axiomatization" appears only once in the article: In the Conclusion it is noted, regarding the theoretical foundations of Neoclassical economics, that "Its obsolescence, it is held, is tellingly reflected in its axiomatized structure, its demonstrated inability to predict financial crises, and its potential to generate ineffective and dangerous policies. This assessment may be correct. Yet it is also arguable that the Neoclassical view can---and should---persist, at least in the short run, in the form of input models that constitute a synthetic theory (p. 14)." It should be clear from this passage that my discussion of axioms relates to the deductive structure of Neoclassical Economics, and not---as in the remarkable non sequitur of the reviewer---to the philosophical arguments encountered in traditional cultures. The latter are, of course, familiar to all anthropologists, having been extensively studied since Paul Radin's groundbreaking fieldwork in the early 20th century (e.g., Radin 2017 [orig. 1923]). These ideational systems are almost certainly universal, influencing human behavior not only in traditional cultures but in industrial societies as well. But I must emphasize a distinction: To reject or seriously question---as I and many others have done---the inflexible, deductive structure of Neoclassical Economics does not in the least imply the rejection of folk deductive systems (whether these be found in traditional or industrial cultures) as potentially valuable tools of economic analysis. Indeed the latter would be fully admissible as a class of input models which would interact semi-autonomously with other, more formal constructions in a partial-modeling design.

Source:

Radin, P., 2017 [orig. 1923]. Primitive man as philosopher. New York: New York Review of Books (NYRB) Classics.