Arne Heise

Ideology and pluralism: a German view

ZOSS
ZENTRUM FÜR ÖKONOMISCHE
UND SOZIOLOGISCHE STUDIEN

Discussion Papers

ISSN 1868-4947/75
Discussion Papers
Hamburg 2019

Ideology and pluralism: a German view

Arne Heise

Discussion Paper
ISSN 1868-4947/75
Zentrum für Ökonomische und Soziologische Studien
Universität Hamburg
Dezember 2019

Impressum

Die Discussion Papers werden vom Zentrum für Ökonomische und Soziologische Studien veröffentlicht. Sie umfassen Beiträge von am Fachbereich Sozialökonomie Lehrenden, Nachwuchswissenschaft- lerInnen sowie Gast-Referent*innen zu transdisziplinären Fragestel- lungen.

Herausgeber/Redaktion:

Zentrum für Ökonomische und Soziologische Studien (ZÖSS)
Florian.Lampe@uni-hamburg.de
Fachbereich Sozialökonomie Universität
Hamburg – WiSo-Fakultät Welckerstr. 8
D – 20354 Hamburg

Download der vollständigen Discussion Papers: https://www.wiso.uni-hamburg.de/fachbereich-sozoek/professuren/heise/zoess/publikationen

Abstract

As a social science, economics studies social interactions. What distinguishes it from other social science disciplines is, firstly, its focus on interactions involving the management of scarce resources and, secondly, its conception of itself as generating traceable, verifiable findings that are free of normative judgements but instead yield 'objective knowledge'. Some regard this methodological foundation of positivist fallibilism as the feature that makes economics the 'queen of the social sciences'. Others are critical of these core assumptions, which they believe have no place in a social science.

Interestingly, both critiques and defences of economics often make reference to ideology: defenders claim that economics is as free of ideological bias as it is possible to be, while critics deny economics' status as a science and instead regard it as an 'ideology that serves to uphold power relations'.

This article explores the relationship between ideology and economics with special reference to German academia, and asks whether a pluralist approach to economics could help to make the discipline less vulnerable to the charge of being ideological.

Keywords: ideology, pluralism, monism, value freedom, methodology, ontology

JEL classification: A 12, A 13, B 40, B 50

1. Introduction

Economics is a social science, which means that it studies social interactions, just like disciplines such as sociology and political science. What distinguishes it from these other disciplines is, firstly, its focus on interactions involving the management of scarce resources and, secondly, the fact that the overwhelming majority of academic economists understand themselves to be generating traceable, verifiable findings that are free of normative judgements and individual or group/class-specific perspectives but instead yield 'objective knowledge', whereby only propositions that are deduced in a logically correct manner and cannot be empirically falsified are accepted (see e.g. Drakopoulos 1997). Some regard this methodological foundation of positivist fallibilism as the feature that makes economics the 'queen of the social sciences' (see e.g. Badinger, Oberhofer and Cuaresma 2017) because it appears to guarantee an objectivity and value freedom analogous to the natural sciences. Others (such as Beschorner 2017) are critical of core assumptions that they believe have no place in a social science, such as the oft-criticised notion of the *homo economicus*.

Interestingly, both critiques and defences of economics often make reference to ideology: defenders claim that economics is as free of ideological bias as it is possible to be, while critics deny economics' status as a science and instead regard it as an 'ideology that serves to uphold power relations' (Girscher 2012: 1; own translation). How did these apparently contradictory positions come about? Is it due to the ambivalent use of the term 'ideology' or, as Joan Robinson believes, the fact that

> economics has always been partly a vehicle for the ruling ideology of each period as well as partly a method of scientific investigation. (Robinson 1962: 1)

This article will explore the relationship between ideology and economics, in line with the task formulated by Robinson:

> To sort out as best we may this mixture of ideology and science. (Robinson 1962: 25)

Special reference is given to German academic economics that is sometimes portrayed as particularly stiff-necked in its alliance with market apologetics (see e.g. Bachmann 2015). Moreover, one particular focus will be to consider whether a pluralist approach to economics, something for which there are growing calls (see e.g. Dobusch/Kapeller 2012; Heise 2017a; Heise 2018; Haucap and Erlei 2019: 405; Beckenbach 2019), could help to make the discipline less vulnerable to the charge of being ideological.

2. DSGE as standard economics

Like all sciences, economics has a long history of theoretical and methodological development. The discipline's theoretical development is documented in numerous works on the history of economic thought, while its methodological development includes the two *Methodenstreite* ('method disputes') of the nineteenth and early twentieth centuries.

These disputes concerned economics' conception of itself as a scientific discipline, something that is important for the internal consolidation of a epistemic community so that it does not have to constantly debate what can and cannot be accepted as a scientifically validated result. In Lakatosian terms, what was at stake in these disputes was economics' methodological dimension as a quality control criterion. Positivist fallibilism prevailed over historico-empirical and normative-evaluative methodologies inasmuch as proponents of the latter approaches left (or were forced to leave) economics as a discipline and instead flocked to the sociological institutions that were also expanding at that time.[1] Inspired by the natural sciences (especially physics), there was a clear ambition to create a science capable of producing generally accepted findings (i.e. 'objective knowledge') on the basis of 'methodological monism'.[2] In line with the Kuhnian theory of science, it is considered a sign of a science's maturity when, after a period of competition between different theoretical approaches, it arrives at a monistic paradigm that can lay sole claim to being the 'objective truth' and ward off any relativism that would undermine this claim.

With the dynamic stochastic general equilibrium (DSGE) model, a paradigm (in Kuhnian terminology), scientific research programme (in Lakatosian terminology) or *Denkstil* ('thought style', in Fleckian terminology) was established that can indisputably be considered 'market-oriented' and 'market-friendly'. It is 'market-oriented' because it takes exchange processes that typically occur on markets as its ontological basis. Decision and action situations under conditions of scarcity are modelled in terms of intertemporal exchange relations. This is done on the basis of certain core epistemological assumptions ('axioms') such as the rationality, substitution and ergodic axioms, which – supplemented by a 'protective belt' of microeconomic assumptions including rational expectation formation, infinitesimal rates of price and quantity adjustment, conditions of perfect competition and the absence of transaction costs (the essential features of 'perfect markets') and the macroeconomic condition of Walras's law – describe a state of general equilibrium. As used here in the sense of 'market clearing' and 'balance of supply and demand', equilibrium can, to be sure, be understood as having positive connotations, since it describes a state in which market actors do not want anything to change. Precisely where the equilibrium state is situated will depend on many subjective factors (preferences, inclinations, utility calculations, etc.), and although attempts to strip away this subjective element to yield a purely objective analysis have been unsuccessful (cf. Drakopoulos 1997: 11ff.), the subjectivity is confined to the model's 'data' and does not extend to the methodology of the inquiry itself.[3]

[1] Of course, sociology differs from economics not just methodologically, but also in terms of its subject matter (economics: human–object relations, sociology: human–human relations) and epistemological basis (economics: logical explanation of logical action, sociology: logical explanation of non-logical action); cf. Mikl-Horke 2008: 25).

[2] This refers both to uniformity of methodology (not of methods!) within economics and across its various epistemological approaches, and between the natural and social sciences.

[3] Following Hans Albert (1965: 189), Viktor Vanberg (2019: 435) distinguishes between 'problems

All other paradigms, scientific research programmes or *Denkstile*, such as Marxian theories, the various post-Keynesianisms, behavioural economics, complexity economics, evolutionary economics, feminist economics and the Austrian School,[4] have been either increasingly marginalised or form a tolerated 'cutting edge', which according to some commentators is where the truly interesting work within the dominant DSGE paradigm is being done (cf. Colander, Holt and Rosser 2004: 486ff.). The status of a paradigm – tolerated or marginalised – depends crucially on whether it shares the ontological, market-oriented and market-friendly core of the DSGE paradigm as a heuristic or at least does not aggressively challenge it ('dissenters' are tolerated) or openly reject it ('heterodox' approaches are marginalised).[5]

3. On the concept of ideology

Before turning to the question of the extent to which economics, in the form of the dominant research programme with its aspiration to the status of a science, is or is not ideological, the concept of 'ideology' must be briefly clarified. The sociologist Karl Mannheim (1954) distinguishes between a value-free and an evaluative concept of ideology. The value-free conception understands ideology as a vision of a desired (i.e. positively construed) state. It is thus value-free not in the sense that it does not involve subjective assessments, but in that it is a neutral descriptor of a 'worldview' that serves as a necessary guide to social action. The evaluative concept of ideology, by contrast, refers to an interpretation of reality that, in the service of particular interests, consciously or unconsciously conceals certain facts or makes untrue/unverifiable claims.

In this article, I shall be using this negatively connoted concept of ideology. Accordingly, to call economics ideological is to imply that it, consciously or unconsciously, 'sells' untruths as truths so as to promote individual or group/class-specific interests.

But why should economics accept this charge of ideological distortion, if its methodological apparatus is geared precisely towards producing maximally objective 'truths' (i.e. traceable, verifiable findings)? One common argument points to the supposed autism of the theoretical framework, which does not allow any meaningful reference to reality. This criticism thus takes aim at the lack of social context in the often highly formal economic models, and questions the realism of the core axioms, especially the rationality assumption. Critics also argue that the underlying conception of *homo economicus*

---

of value basis' (e.g. the selection of assumptions), 'problems of value judgements in the area of investigation' (e.g. the selection of questions considered relevant) and 'problems of value judgement proper' (e.g. value judgements in the assertions or propositions drawn from the findings); only problems of the first two categories are conceded, not the latter.

[4] A recent special issue of *List Forum für Wirtschafts- und Finanzpolitik* attempted to survey the full breadth of different research programmes and compare them with the mainstream: see Haucap and Erlei 2019.

[5] Keynesianism, which in the form of neo-Keynesianism belongs to the DSGE paradigm and in the form of post-Keynesianism is heterodox, is one example of a paradigm with both heterodox and orthodox variants; others include complexity economics, which can likewise be divided into tolerated orthodox and marginalised heterodox research programmes (see Heise 2017b).

reduces human beings to 'calculating machines' and represses social ties and motivations in favour of a fully economically rational way of acting, thereby covertly smuggling in normative aspects. Finally, the way that the state of general equilibrium is treated as an 'ideal' or 'model' solution is criticised for constructing a 'Nirvana model', from which (predominantly 'laissez-faire') economic policy conclusions are derived that are adopted uncritically and in extreme form into general conceptions ('supply-side policies' with a primary focus on allocation). According to the critics,[6] the ideological nature of economics thus construed consists in its giving a description of reality that, in virtue of its abstractness and tendency to prefer a particular market solution (equilibrium), must be considered 'untrue' and ultimately only serves the interests of those who profit from uncorrected market outcomes.

4. DSGE and ideology

When assessing these interpretations of economics in its current form (i.e. the DSGE paradigm as 'normal science' that claims monistic authority) as an ideological product, we should distinguish between criticism of the paradigm itself and criticism of the way economists operate with it. In response to criticisms of the paradigm, it can always be conceded that of course each individual assumption, whether in the core or the protective belt, can and, in the spirit of critical scrutiny, indeed must be questioned. This happens constantly in scientific practice,[7] and is the source of the myriad variations within the DSGE paradigm, which have given rise not just to the two fundamental strands of standard and new Keynesianism on the one hand and new classical macroeconomics on the other, which differ primarily in the assumptions in the protective belt, but also to extensions of the *Denkstil* such as experimental, behavioural and complexity economics, which take a critical view even of the core axioms, though without questioning the DSGE heuristic.[8] These extensions diverge sufficiently that it is possible to derive alternative economic policy conceptions from them, such as supply- or demand-side policies. We do not have to agree with Hans-Werner Sinn (2014; own translation), who claims that 'economists (like tracking dogs) scour the economy looking for flaws and consider how to rectify them by means of smart state interventions', to concede that this is possible within the framework of the DSGE paradigm, and indeed is often done in practice. Thus, the market fundamentalism often disparaged as 'ideological' is not a feature of the DSGE

[6] See for example Wilber and Wisman (1975: 672), who speak of an ideal type that 'is treated as if it were a highly confirmed theory of "what is"'.

[7] This should not lead us to assume that the main occupation of 'standard economists' consists in critically scrutinising their own paradigm; rather, it involves 'uncritically' extending this paradigm to more and more areas of application. But of course science comprises both these aspects: constant critical scrutiny on the one hand and uncritical application as per the Kuhnian notion of normal science on the other.

[8] In the aforementioned special issue of *List Forum für Wirtschafts- und Finanzpolitik*, for instance, the author of the article on behavioural economics writes in his conclusion that 'modern behavioural economics is not an alternative programme to standard economics. Although it rejects one of the core axioms of standard economics by objecting that humans are not perfectly rational, it can be considered an integral part of standard economics.' (Dittrich 2018: 852; own translation).

paradigm *per se*, but can at most be imputed to certain variants and to those proponents who, at least in the policies they derive from the theory, tend to attribute considerable real-world efficacy to the self-regulatory mechanism of 'perfect markets'.

Another possible criticism is that the entire approach of economics is misguided because human behaviour simply cannot be represented in the deterministic terms of the natural sciences and any attempt to do so will necessarily result in flawed judgements and ideological assertions rather than objective knowledge. However, frequent discussions of this topic have yielded little in the way of results (in the sense of objective knowledge as opposed to ideological distortion; see Adorno 1962; Popper 1962; Keuth 1989). By contrast with economic sociology, economics aspires to produce generally valid 'explanations', not merely to offer contextualised 'understanding'. Whether it is actually possible to satisfy this ambition within the framework of 'positivist fallibilism' depends on conditions that we shall turn to shortly. In any case, the fact that economics relies on model-theoretic abstractions that necessarily make little reference to reality is by itself not enough to ground a charge of ideology.

What really matters is how economists operate with DSGE models. We shall consider, firstly, the history of DSGE's rise to the status of dominant paradigm, and, secondly, the prevalence of DSGE modelling in actual educational and political practice.

5. From interwar pluralism to DSGE monism

In most highly developed economies, including Germany, economics was not always dominated by the DSGE model. In line with the Kuhnian theory, during the interwar period, and also later on in the 1960s and 70s, there was a wide array of different, competing theories, which were represented at universities by the holders of professorial posts. Until the end of World War II, many of the economics professors at German universities were proponents of the 'historical school', but there were also some Marxist professors (at least until the 1930s). Only in the course of the 'self-Americanisation' of German academic economics post-1945 (cf. Hesse 2010: 320ff.) did economics professors come to be increasingly recruited from proponents of DSGE modelling, in the form of the then-dominant standard Keynesianism; as with the later restructuring of economics in accordance with 'international standards', this was an expression of a desire to satisfy externally defined 'quality criteria'. This narrowing of the paradigmatic composition of the community of academic economists that had grown so dramatically over the years was interrupted by a brief phase of repluralisation in the 1960s and 70s, when, in the wake of the student protests and widespread social reforms, more heterodox staff were appointed, especially at the newly founded universities, with the explicit aim of providing an alternative to the standard economics that was only just beginning to consolidate. However, this pluralisation was very limited in quantitative terms and confined to only certain institutions, and gained no purchase in the wider economics community, as evidenced in the dearth of appointments of heterodox economists working in the post-Keynesian or Marxian traditions at the older, traditional universities (see

Heise, Sander and Thieme 2017).

The marginalisation of heterodox economics that could be observed in the subsequent three decades and the simultaneous paradigmatic narrowing at German universities[9] conflicts with the myth of the perfect 'market of economic ideas' in which the 'best ideas' (i.e. those with the greatest empirically supported explanatory power) win out, and instead suggests a flawed, unregulated scientific market. The 'market of economic ideas' has a number of notable features: the commodity of 'scientific knowledge' is an (international) public good whose value depends on trust and confidence. What matters on this market is not price-based supply and demand structures, but the reputation of providers. To ensure quality control, the market generally has excess supply (to ensure a 'selection of the best'). High levels of investment in extremely specific human capital and the associated sunk cost give rise to a demand for standardisation in order to reduce systemic risks. Thanks to path dependences, lock-in effects or what Ludwik Fleck termed *stilgemäße Denkzwänge* ('thought compulsion'), this standardisation demand is met by a standardisation supply in the form of various paradigms, economic research programmes or *Denkstile*. Which of them is ultimately able to win out and thus transmute the ontological pluralism (i.e. the variety of 'pre-analytic visions' concerning the essence of the object of investigation) into a monism depends on the providers' economic, social and cultural capital.[10] It is highly plausible that the reason why it was a handful of private elite universities belonging to the USA's scientific hegemony that were able to elevate their *Denkstil* to universally valid status, and one of the reasons why its positing of social exchange as the basic ontological constituent of economic interactions is not seriously questioned, is that a more market-critical ontology would not have been able to flourish in the market-oriented US American culture,[11] and, just as importantly, that markets and exchange are always presupposed as the basic forms of economic interaction: a 'state of nature' or Kantian *a priori* analytic judgement (see Aspers 2015: 75–76).

The practice of economics on the basis of methodological and ontological monism is, thus, not the result of fair competition over the best process of inquiry, but rather of a process of standardisation that, like all such processes, can stand in the way of better outcomes (see for instance Arthur 1989). In the case of economics, a better outcome

[9] Grimm et al. (2017) estimate that at present over 90% of professors at German-speaking universities use mainstream research approaches.

[10] Institutional incentives such as rankings or third-party funding potential can be used as supposedly objective quality criteria in order to consolidate a paradigmatic standard; see for example Lee (2007); Lee, Pham and Gu (2013).

[11] Nor is this idea contradicted by the fact that a theoretical school that is now generally regarded as a heterodox paradigm, namely American institutional economics, was dominant in US universities in the late nineteenth century. This is firstly because this was during the 'preparadigmatic' era of economics' development as a discipline, during which no paradigm had yet achieved hegemonic status. The influence of market orientation only (later) made itself felt when American universities moved away from the German Humboldtian model (see esp. Veblen 1918; see also e.g. Diehl 1978, Herbst 1965). Secondly, it is by no means obvious that American institutionalism is incompatible with a market-oriented culture.

would not be, say, establishing another paradigm as a monistic standard, but rather accepting the pluralist imperative that applies to the social sciences (see Heise 2017a). Positing a pre-analytic vision becomes ideological if alternative ontologies, such as a Marxian power-based or post-Keynesian obligation-based ontology, are discriminated against; and this is true regardless of whether this discrimination is deliberate or a result of ignorance.

6. Textbook DSGE and ideology

The practice of a science also includes, of course, passing on knowledge to the next generation of scholars. A value-free, unideological approach here would require teaching future economists about the theoretical foundations of their discipline at the earliest possible stage in their education. Furthermore, true to the didactic principle that students should not be indoctrinated, it should be an explicit aim of educational practice to either teach about the plurality of existing paradigms or make clear the one-sidedness of the approach that is being used. Thus, a class on 'neoclassical economics'[12] or a textbook on post-Keynesianism would definitely be permissible, but a course on the foundations of economics based solely on a textbook that describes just one paradigmatic approach would have to be rejected as value-laden and hence ideological. An increasing number of studies[13] on the content of curricula and choice/content of textbooks suggests that this is the case for the vast majority of economics teaching at German universities: although there exist plenty of textbooks with a pluralist approach,[14] almost all institutions exclusively use the US American textbooks that dominate the market (or their German translations), all of which not only relay a decidedly neoclassical approach but also fail to situate this approach within the landscape of different theories, and refer only to developments or refinements within the same paradigm or *Denkstil*; they do not cite any heterodox literature. The approach taken by Blanchard and Illing (2015), the most-used textbook in German university seminars, can serve as an example. Macroeconomic disputes are explained in terms of Keynesian and classical variants of the DSGE paradigm, or by reference to the distinction between the short run (involving temporary disequilibriums and states of market failure, where state interventions would make sense) and the middle/long run (where the 'natural' equilibrium states are reached and state interventions would be ineffective/unnecessary). Moreover, the distinction between short and medium/long run economics, which differ in terms of their economic policy focus but share the common assumption that the 'market economy' will regulate itself over the long term, was until the fourth edition explicitly described as representing 'common

[12] For instance, the University of Notre Dame's Department of Economics, following an organisational split that saw its heterodox economists hived off into a separate Department of Economics and Policy Studies after decades of coexistence, for a while explicitly referred to itself as 'neoclassical'.

[13] See for example Peukert 2018a; Peukert 2018b, Graupe 2017; Beckenbach et al. 2016; Hedtke 2016; van Treeck and Urban 2016.

[14] A few examples of such textbooks: for general economics, Heine and Herr (2012); for economic policy, Heise (2010); for microeconomics, Biesecker and Kesting (2003) or Elsner, Heinrich and Schwardt (2015); for growth theory, Hein (2004); and for monetary theory, Ehnts (2016).

beliefs' about which 'most macroeconomists are in agreement' (Blanchard and Illing 2006: 796) and 'propositions accepted by virtually all macroeconomists' (Blanchard and Illing 2006: 796). No more is said about the other macroeconomists who disagree, nor is there any critical theoretical reflection on the monism manifested in these statements. Interestingly, in the fifth edition (published after the financial crisis) this section of the textbook was rewritten and replaced by 'First lessons from the financial crisis', though the conclusions it drew from it are conservative in scope: the 'common beliefs' are fundamentally sound, but are only applicable to normal economic situations. Exceptional situations, like the recent global economic crisis, cast the fundamental self-regulation postulate in a more critical light: more research is needed, the authors suggest, though presumably not a scientific revolution (Blanchard and Illing 2015: 731). The, possibly unconscious, ideological bias in this view is evident from the fact that the instability of the 'market economy' is attributed to the 'exceptional nature' of the situation; whatever does not fit within the explanatory framework of the paradigm is explained away as an 'exception'.

Thus, any attempt to claim economics education in Germany is value-free must itself be regarded as an ideological distortion by groups or individuals misinterpreting reality to suit their own interests.

7. Policy consulting and ideology

One especially difficult question concerns the relationship between academia and politics. Politics involves setting and pursuing social goals, guided by values; it is thus pure ideology, at least in the positively connoted sense of the term. But the use of false interpretations of reality to serve one's agenda is also part of the day-to-day business of politics, with policy consultants being brought on board to help provide legitimacy. How can economists working in this field defend their claim to objectivity, or does science always become ideological when put to the service of politics?

To answer this question, it is again necessary to draw a distinction between, on the one hand, the relationship between academia and politics and, on the other, the way in which the policy consulting is practised. A scientific paradigm cannot help being appropriated by political ideologies, just as Marxian economics, the neoclassical Austrian School and standard Keynesianism were respectively used to legitimise communism (see e.g. Ollman 1977), neoliberalism (see e.g. Ötsch 2009) and classical post-war social democracy (see e.g. Przeworski 1985). And of course proposals at the policy/polity level can be derived from scientific paradigms in order to achieve predefined goals (such as the 'magic square of economic policy' or distribution/efficiency targets) or to identify and resolve conflicts between goals. Economic policy is thus, just like every other area of politics, ideological, whereas economic policy action programmes and their scientific foundations are administrative. Matters become ideological if the competition between action programmes based on the imperative of pluralist economics is suppressed by means of the TINA prerogative – but it is *politicians*, not *academics*, who are guilty of this

ideological distortion.

Kirchgässner (2013: 202) breaks down the actual process of policy consulting (in Germany) into five different categories, the two which most concern us here being proposals addressed to the general public and reports commissioned by political actors or interest groups. If an economist pursues their discipline not just as a purely intellectual challenge or in the spirit of 'l'art pour l'art', they will eventually take some sort of stance on economic policy questions. Their choice of epistemological and ontological frame of reference will be guided either by what they expect will attract the greatest acceptance among colleagues or from the commissioner of their reports or by what they believe will most likely yield the best explanation of, and possibly solution to, the problems or phenomena under investigation (the Lakatosian progressiveness criterion). Paid reports are, without a doubt, the most likely to be ideological, since the rationality of obtaining commissions is at odds with the principle of scientific objectivity. However, not every paid report will necessarily be biased, if the report writer's allegiance to a certain paradigm is known at the time of the commission. In that case, the consultant can abide by the usual scientific criteria enshrined in codes of ethics[15] while simultaneously meeting the commissioner's expectations; however, this presupposes the plurality of economics, a norm that is upheld in reality to only a very limited extent.

If the choice of paradigm is based on the criterion of achieving maximum acceptance in the scientific community or on the progressiveness criterion, this does not necessarily prevent flawed advice, but it does counter the charge of ideology, at least if a paradigm pluralism allows competing advice to be given and it is an explicit condition of the commission that the paradigmatic basis of this advice be made transparent.[16] The (almost[17]) inevitable relativism may be unamenable to politicians in an ideal world in which politics is solely committed to upholding the common good. In the more realistic conception of a world of plural interests, however, pluralist policy consulting allows even non-dominant interests to receive scientific support.[18] This runs counter to the suggestion (cf. Kooths 2018) that science must unify around a consensus in the event of competing advice rather than leaving it to politicians to select whichever advice they deem 'suitable': for if consensus is supposed to mean 'compromise', this would always (assuming one of the initial proposals is correct) always result in incorrect policy advice, whereas if it means settling on the smallest common denominator, there would not be much 'policy

[15] The German Economic Association's code of ethics, for instance, can be found at <www.socialpolitik.de/DE/ethikkodex>.

[16] Article 2 of the German Act on the Appointment of a Council of Experts on Economic Development can be interpreted in precisely this sense.

[17] Different interpretations of reality need not necessarily result in different economic intervention proposals; for instance, it is often hard to distinguish the economic policy approaches of standard, new and post-Keynesian paradigms.

[18] This equation of dominant social interests and the dominance of economic paradigms ('the mainstream') that serve these interests is at the core of the socioeconomics of economics (cf. Heise 2016, Heise 2019b, Heise and Thieme 2017).

advice' left over in most cases. Moreover, the reality of policy consulting shows that in many cases, such as the introduction of a minimum wage or the 'debt brake' in Germany or assessments of eurozone austerity, 'consensus' means the majority position of the mainstream, which is 'constantly bandied about with great fanfare' so as to prevent the 'crazy nonsense' of alternative positions from 'becoming respectable' (Potrafke 2017: 20; own translation). Dullien and Horn (2018: 930) refute the notion that the correctness or quality of scientific findings and the advice derived from them is a matter of majorities within the scholarly profession, but it is perhaps more significant that precisely this 'arrogance of the majority' can (and generally does) result in ideological distortion if recommendations are made despite there being empirical evidence that flatly contradicts them (e.g. rejecting the minimum wage on the basis that it would cause mass job losses despite a demonstrable lack of empirical support for this view; see Heise 2019a) or at least widespread scientific dissent and uncertain empirical evidence (as in the case of the 'debt brake' and the effects of austerity), without explicit attention being drawn to the controversial nature and restricted theoretical foundations of these recommendations (e.g. the fact that they are based on a 'neoclassical model').

Policy consulting is thus not necessarily at risk of being ideological, at least not if a plurality of advice is ensured by means of pluralist scientific principles and this plurality is actively promoted through transparency about the paradigmatic allegiances of the consultants.[19] The inability of policy consulting to meet these exacting demands is without a doubt the fault of the state that sets the framework and the individual scholars that promulgate ideologies, but only of the discipline of economics as a whole (that is, the scientific community) insofar as it is unable to ensure the necessary paradigm pluralism.

8. Conclusion

This article has discussed the relationship between economics and ideology: is economics an ideology-free method of scientific analysis for obtaining objective knowledge, or is it a vehicle of the dominant ideology, or, as Joan Robinson suggested, both at once? The latter option would only be possible if science is attributed a socially formative power and 'ideology' is meant in the positively connoted sense of a social vision.[20] But if 'ideology' means a distortion of reality in the service of certain interests, it is hard to see how economics could be both at once.

However, we have shown that a social science such as economics, particularly if it

[19] The aforementioned requirement in Article 2 of the German Act on the Appointment of a Council of Experts on Economic Development can be understood in this sense. The same principle was also behind the German Minimum Wage Commission's decision to commission separate reports on the macroeconomic consequences of the minimum wage from Keynesian and neoclassical perspectives; cf. Braun et al. (2017); Herr et al. (2017).

[20] It must be noted here that Joan Robinson did not clearly distinguish between positive and negative concepts of ideology, and so her claim that economics is both a vehicle of ideology and a scientific method may be attributable to an insistence on the rationality of visions.

chooses to understand itself as a positivist science, must necessarily be practised pluralistically, in the sense that multiple paradigms can compete with another over the best interpretation of reality provided that they meet certain methodological standards. This implies that even 'less good' or false interpretations of reality (i.e. interpretations based on false pre-analytic visions) can satisfy the aspiration of scientific analysis if or insofar as they are not clearly falsified by empirical evidence or logical fallacies. However, in order for the relativity of the acquired knowledge not to become ideological distortion, it is necessary that the pluralist imperative be recognised and that there is transparency about the paradigmatic basis of the findings. And it is precisely here that the difference between the fundamental principles of economics and the actual practice of a science by the corresponding scientific community can be seen: if a single monistic paradigm marginalises other competing paradigms and its scientific views and the economic policy recommendations derived from them are 'constantly banded about with great fanfare' (Potrafke 2017: 20; own translation), alternative ideas are rejected as 'crazy nonsense' and the theoretical principles underlying this paradigm are not taught in universities, this must be considered ideological distortion.

The accusation of ideology is sometimes levelled at economics a little overhastily, when its findings do not agree with the views (or prejudices) of the accuser or a *cui bono* investigation reveals that people who are materially better off will benefit from the economic policy recommendations derived from it.[21] Formal, axiomatic modelling may also be unsuited to understanding social processes – though economists at least (across all paradigmatic divisions), with their positivist self-conception, take a different view (cf. Badinger, Oberhofer and Cuaresma 2017) – and necessarily requires ungrounded 'value judgements' to be made when selecting the core assumptions (axioms in which the posited ontology is contained). However, this only represents an ideological distortion in the negative sense if a specific model (in this case, the dynamic stochastic equilibrium model that constitutes the contemporary mainstream) claims general validity and rejects all alternative paradigms as 'nonsense' or, under the sway of a 'thought compulsion', simply ignores realities that contradict theoretical conclusions.[22]

There is little doubt that the current state of economics, and not just in Germany, must be described precisely in these terms: research, teaching and policy consulting are, by and large, based monistically on the DSGE paradigm, even if variations within this paradigm (extensions of the *Denkstil*) are tolerated, especially in research, while alternative

[21] Schulmeister (2019: 86) appears to be insinuating this when he writes that mainstream economic theories 'are guided by common ideological principles. This is readily evident from the "fruits" of these theories, that is, their recommendations and the consequences of these recommendations, but not so readily from their theoretical constructs. The simplest test is, as ever: whom do the theories benefit?'

[22] It follows from the logic of the argument presented here that the accusation of ideology thus formulated does not necessarily mean that the incriminated paradigm must in fact be postulating untruths in favour of specific interests. Only a paradigm that lays claim to sole and objective truth is ideological in this sense.

paradigms are systematically marginalised.[23] A science whose community[24] is unable to ensure that its discipline is practised in a proper (i.e. pluralist) manner must accept the charge of ideology.

[23] 'Systematically' means that it is not simply that more successful scientific networks prevail (for example, as a result of appointment cartels and close-knit networks between research institutions and funding bodies) but that institutional incentive structures are created (for instance, by introducing appointment criteria and 'performance-based' funding that is awarded according to seemingly objective criteria such as impact-based hierarchies of publications) that privilege the mainstream.

[24] With regards to the fundamental right of academic freedom, the state's role as regulator must also be mentioned here. 'Academic freedom' is typically understood as a negative norm that prevents unjustified interventions (especially by the state) in the practice of academic activities. But it can also be understood as a positive, constitutive norm that requires the state to ensure or facilitate proper conduct of academic inquiry.

Bibliography

Adorno, T. W. (1962) 'Zur Logik der Sozialwissenschaften' in *Kölner Zeitschrift für Soziologie und Sozialpsychologie* 14, pp. 249–263.

Albert, H. (1965) 'Wertfreiheit als methodisches Prinzip: Zur Frage der Notwendigkeit einer normativen Sozialwissenschaft' in Topitsch, E. (ed.) *Logik der Sozialwissenschaften*, Cologne, pp. 181–210.

Aspers, P. (2015) *Märkte*, Wiesbaden.

Arthur, W. B. (1989) 'Competing Technologies, Increasing Returns, and Lock-In by Historical Events' in *The Economic Journal* 99:394, pp. 116–131.

Bachmann, R. (2015); Erkennen, was Quatsch ist; in: brand eins, Vol. 17, No. 11, pp. 86 - 89

Badinger, H., Oberhofer, H., Cuaresma, J.C. (2017) 'Pseudowissenschaft in der Volkswirtschaftslehre: "Mainstream" gegen "alternative Zugänge": Über die angebliche Krise der Wirtschaftswissenschaften' in *Der Standard*, 14 July 2017 (https://www.derstandard.at/story/2000061320999/pseudowissenschaft-in-der-volkswirtschaftslehre?ref=article, last accessed 23 August 2019).

Beckenbach, F. (2019) 'Paradigmendominanz in der Ökonomik und die Notwendigkeit eines kompetitiven Pluralismus; in Petersen, D. J. et al., *Perspektiven einer pluralen Ökonomik*, Wiesbaden, pp. 3–24.

Beckenbach, F. et al. (2016) *Zur Pluralität der volkswirtschaftlichen Lehre in Deutschland*, Marburg.

Beschorner, T. (2017) 'Wirtschaft ist Kultur', *ZeitOnline*, 22 August 2017 (https://www.zeit.de/wirtschaft/2017-08/wirtschaftswissenschaften-universitaet-ausbildung-erneuerung/komplettansicht#comments, last accessed 23 August 2019).

Biesecker, A., Kesting, S. (2003) *Mikroökonomik*, Munich.

Blanchard, O., Illing, G. (2006) *Makroökonomie*, 3rd expanded edition, Hallbergmoos.

Blanchard, O., Illing, G. (2015) *Makroökonomie*, 5th expanded edition, Hallbergmoos.

Braun, H. et al. (2017) *Makroökonomische Folgen eines gesetzlichen Mindestlohnes aus neoklassischer Perspektive*, RWI study on behalf of the Minimum Wage Commission, Essen.

Colander, D., Holt, R., Rosser, B. Jr (2004) 'The changing face of mainstream economics' in *Review of Political Economy* 16:4, pp. 485–499.

Diehl, C. (1978) *Americans and German Scholarship, 1770–1870*, New Haven.

Dittrich, D. A. V. (2018) 'Verhaltensökonomik als Gegenprogramm zur Standardökonomik?' in *List Forum für Wirtschafts- und Finanzpolitik* 44:4, pp. 841–860.

Dobusch, L., Kapeller, J. (2012); Heterodox United vs. Mainstream City? Sketching a framework for interested pluralism in economics; in: Journal of Economic Issues, Vol. 46, No.4, pp. 1035 - 1058

Drakopoulos, S. A. (1997) 'Origins and Development of the Trend towards Value-Free Economics', University of Athens (MPRA Paper No. 15245).

Dullien, S., Horn, G. (2019) 'Replik zum Kommentar von Stefan Kooths' in *List Forum für Wirtschafts- und Sozailpolitik* 44:4, pp. 927–932.

Ehnts, D. H. (2017) *Modern Monetary Theory and European Macroeconomics*, Abingdon.

Elsner, W., Heinrich, T., Schwardt, H. (2015) *The Microeconomics of Complex Economies: Evolutionary, Institutional, Neoclassical and Complexity Perspectives*, Oxford.

Girscher, C. (2012) 'Wirtschaftswissenschaft als herrschaftssichernde Ideologie. Thesen zum verhältnis von Herrschaft und Ökonomie' in *trend onlinezeitung* 3, pp. 1–7.

Graupe, S. (2017) *Beeinflussung und Manipulation in der ökonomischen Bildung*, FGW-Studie Neues ökonomisches Denken no. 5, Düsseldorf.

Grimm, C., Kapeller, J., Pühringer, S. (2017) 'Zum Profil der deutschsprachigen Volkswirtschaftslehre: Paradigmatische Ausrichtung und politische Orientierung deutschsprachiger Ökonom_innen', ICAE Working Paper Series, Johannes Kepler University Linz.

Haucap, J., Erlei, M. (eds) (2019) Special Issue: *Mainstream vs. Heterodoxe Ökonomik: Forschungsprogramme im Vergleich*, *List Forum für Wirtschafts- und Sozailpolitik* 44:4, pp. 403–932.

Hedtke, R. (2016) *Paradigmatische Parteilichkeit, lückenhafte Lehrpläne und tendenziöses Unterrichtsmaterial*, FGW-Studie Neues ökonomisches Denken no. 1, Düsseldorf.

Hein, E. (2004) *Verteilung und Wachstum: Eine paradigmenorientierte Einführung unter besonderer Berücksichtigung der post-keynesianischen Theorie*, Marburg.

Heine, M., Herr, H. (2012) *Volkswirtschaftslehre*, Munich.

Heise, A. (2010) *Einführung in die Wirtschaftspolitik: Grundlagen, Institutionen, Paradigmen*, Münster.

Heise, A. (2016) '"Why has economics turned out this way?" A socio-economic note on the explanation of monism in economics' in *The Journal of Philosophical Economics* 10:1, pp. 81–101.

Heise, A. (2017a) 'Defining Economic Pluralism: Ethical Norm or Scientific Imperative?' in *Int. J. Pluralism and Economics Education* 8:1, pp. 18–41.

Heise, A. (2017b) 'Whither economic complexity. A new heterodox economic paradigm or just another variation within the mainstream?' in *Int. J. Pluralism and Economics Education* 8:2, pp. 115–129.

Heise, A. (2018) 'Re-Claiming the University: transforming economics as a discipline' in *The Journal of Philosophical Economics* 11:2, pp. 37–66.

Heise, A. (2019a) 'Ludwik Fleck's Philosophy and Sociology of Science and the Resilience of Modern Neoclassical Economics – a Case Study', in *The Journal of Philosophical Economics* 13:1, pp. 1 - 18

Heise, A. (2019b) *Socioeconomics of Economics: Essays on the Construction of the Economic Discipline and Its Critique*, Münster.

Heise, A., Sander, H., Thieme, S. (2017) *Das Ende der Heterodoxie? Die Entwicklung der Wirtschaftswissenschaften in Deutschland*, Wiesbaden.

Heise, A., Thieme, S. (2016) 'The short rise and long fall of heterodox economics in Germany after the 1970s: Explorations in a scientific field of power and struggle' in *Journal of Economic Issues* 50:4, pp. 1105–1130.

Herbst, J. (1965) *The German Historical School in American Scholarship: A Study in the Transfer of Culture*, Ithaca, NY.

Herr, H. et al. (2017) *Makroökonomische Folgen eines gesetzlichen Mindestlohnes aus keynesianisch geprägter Perspektive*, IMK study on behalf of the Minimum Wage Commission, Düsseldorf.

Hesse, J.-O. (2010) *Wirtschaft als Wissenschaft: Die Volkswirtschaftslehre in der frühen Bundesrepublik*, Frankfurt.

Keuth, H. (1989) *Wissenschaft und Werturteil: zu Werturteilsdiskussion und Positivismusstreit*, Tübingen.

Kirchgässner, G. (2013) 'Zur Politischen Ökonomie der wirtschaftspolitischen Beratung' in *Wirtschaftsdienst* 3, pp. 198–203.

Kooths, S. (2018) 'Kommentierung zum Beitrag von Sebastian Dullien und Gustav Horn' in *List Forum für Wirtschafts- und Sozailpolitik* 44:4, pp. 919–926.

Lee, F. S. (2007) 'The Research Assessment Exercise, the state and the dominance of mainstream economics in British universities' in *Cambridge Journal of Economics* 31, pp. 309–331.

Lee, F. S., Pham, X., Gu, G. (2013): 'The UK Research Assessment Exercise and the narrowing of UK economics' in *Cambridge Journal of Economics* 37:4, 693–717.

Mannheim, K. (1954) *Ideology and Utopia. An Introcution to the Sociology of Knowledge*, New York

Mikl-Horke, G. (2008) 'Klassische Positionen der Ökonomie und Soziologie und ihre Bedeutung für die Wirtschaftssoziologie' in Maurer, A. (ed.) *Handbuch der Wirtschaftssoziologie*, Wiesbaden, pp. 19–44.

Ötsch, W. O. (2009) *Mythos Markt*. Marktradikale Propaganda und ökonomische Theorie, Marburg

Ollman, B. (1977) 'Marx's Vision of Communism' in *Critique* 8:1, pp. 4–44.

Peukert, H. (2018a) *Makroökonomische Lehrbücher: Wissenschaft oder Ideologie?*, Marburg.

Peukert, H. (2019b) *Mikroökonomische Lehrbücher: Wissenschaft oder Ideologie?*, Marburg.

Popper, K.R. (1962) 'Die Logik der Sozialwissenschaften' in *Kölner Zeitschrift für Soziologie und Sozialpsychologie* 14, pp. 233–248.

Potrafke, N. (2017) 'Der Letzte der Weisen' in *Frankfurter Allgemeine Sonntagszeitung*, 27 August 2017, p. 20.

Przeworski, A. (1985) *Capitalism and Social Democracy*, Cambridge.

Robinson, J. (1962) *Economic Philosophy*, London.

Schulmeister, S. (2018) *Der Weg zur Prosperität*, Salzburg and Munich.

Sinn, H.-W. (2014) 'Ignorante Kritik an Ökonomen: Sie sind wie Spürhunde' in *Süddeutsche Zeitung*, 1 November 2014 (https://www.sueddeutsche.de/wirtschaft/kritik-an-oekonomen-der-grosse-irrtum-1.2198333, last accessed: 28 June 2019).

van Treeck, T., Urban, J. (eds) (2016) *Wirtschaft neu denken – blinde Flecken der Lehrbuchökonomie*, Berlin.

Vanberg, V. (2019) 'Kommentar zum Beitrag von Joachim Weimann' in Haucap and Erlei (2019), pp. 433–446.

Veblen, T. (1918) *The Higher Learning in America: A Memorandum on the Conduct of Universities by Business Men*, New York.

Wilber, C. K., Wisman, J. D. (1975) 'The Chicago School: Positivism or Ideal Type' in *Journal of Economic Issues* 9: 4, pp. 665–679.