

How the Culture of Economics Stops Economists from Studying Group Behavior and the Development of Social Cultures

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Abstract

Economic thought evolved over the past two centuries to focus on individual behavior as the basis for all economic activity. Some heterodox economists have pointed to the importance of group behavior and the influence of organizations on economic activity, but the neoclassical paradigm, with the rational isolated individual as its main actor, prevails in mainstream economics. This paper presents a “sociology of economics” to explain why the culture of the field of economics effectively blinds its practitioners to the phenomenon of group behavior. Drawing on the work of Pierre Bourdieu, the paper details the field’s methodology (*habitus*), which includes the assumptions of the rational and separable individual, and the belief system (*doxa*), consisting of the metaphors of the invisible hand and rational free choice, that supports the *habitus*. The culture of economics is firmly held in place by symbolic violence directed at those who question the prevailing culture. The paper further highlights the role of business and financial interests in supporting the prevailing culture of economics. In conclusion, a strong group culture, supported by powerful business and financial organizations, discourages economists from recognizing this group culture or the powerful organizations that support it.

Keywords: Culture, neoclassical economics, orthodoxy, pluralism, sociology

“Homo oeconomicus, as conceived (tacitly or explicitly) by economic orthodoxy, is a kind of anthropological monster: this theoretically minded man of practice is the most extreme personification of the scholastic fallacy, an intellectualist or intellectualocentric error very common in the social sciences, by which the scholar puts into the heads of the agents he is studying – housewives or households, firms or entrepreneurs, etc.— the theoretical considerations and constructions he has had to develop in order to account for their practices.” Pierre Bourdieu (2005b, p. 209).

1. Introduction

Mainstream economists in nearly all Western countries use almost exclusively neoclassical models in their work. Neoclassical models usually assume that economic actors are all rational individuals who take only their own material well-being into consideration when they make economic choices. The practical benefit of such assumptions is that aggregate economic activity can be described as the mathematical sum of its component parts, assuming also, of course, that the system remains unchanged. Often such models are reduced to *representative agent* models, in which one average *economic person*, or *homo oeconomicus* in Bourdieu’s quote above, represents aggregate economic behavior. This modeling strategy is reminiscent of Margaret Thatcher’s suggestion that “there is no society, just individuals.” This approach to economic modeling not only makes it difficult to analyze the economic behavior of organizations and other forms of

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group behavior, but it also misrepresents how real people behave.

Mainstream economics' assumption that humans act and make decisions in isolation is not consistent with what psychologists, sociologists, political scientists, behavioral economists, and other social scientists know about human behavior. There is ample evidence that humans are group animals who exhibit feelings toward others, such as envy and empathy, and enter into a variety of social relationships. Humans are not isolationists. Among the many costs of the intellectual mistake of placing an unrealistically individualistic and self-centered *homo economicus* at the center of economic analysis is that it prevents economists from analyzing the important economic roles of groups and organizations. The behavior of business firms, labor unions, government agencies, and lobby groups, among many other organizations, cannot be explained as a sum of the actions of their individual members. Also, the emphasis on the individual makes it difficult for mainstream economists to analyze the development of social phenomena such as institutions and culture. According to mainstream economic thinking, there is no such thing as a group culture, only rational self-centered individual behavior. Hence, even when they do recognize the importance of cultures and other formal institutions in shaping economic behavior, mainstream economists usually enter these group phenomena into their models as exogenous variables that the individual actors are then assumed to adjust to in a rational manner along with various other exogenous and endogenous economic variables.

This paper seeks an explanation for why the field of economics restricts the scope of its analysis to the point where its practitioners often ignore or, at best, mis-specify the economic roles of clearly identifiable groups and organizations as well as group phenomena like culture. This paper argues that the explanation lies in the field's culture, one of those group phenomena that mainstream economists cannot easily deal with. Psychologists, behavioral economists, and neuroscientists, among others, have documented how humans develop cultures in order to deal with the extraordinary complexity of their existence. In short, group phenomena such as institutions and culture are endogenous to all human decision making and thus all economic behavior. While culture can help establish common patterns of behavior that help people go about their daily lives, culture can also distort reality and mislead people. The culture of economics is a case in point, as it has led economists to ignore important economic issues related to organizations and group phenomena.

This paper draws on other fields, especially sociology, for an explanation of the culture of economics. Specifically, the work of the French sociologist Pierre Bourdieu provides a useful framework for understanding why economists developed and sustain a culture that effectively makes it difficult for economists to study the causes and consequences of organized group behavior in economies. The paper concludes with some comments on how economists can escape their restrictive culture and more effectively study the organizations that play such a dominant role in every modern economy. Overall, it will be very difficult for the field of economics to escape from its well-established culture of individualism, especially because this culture prevents economists from seriously recognizing the shortcomings of its own culture.

2. Some history of economic thought

A major barrier to a better understanding of group behavior and the economic role of organizations is economists' embrace of the unsound modeling strategy known as *scientific reductionism*. This modeling approach assumes that it is possible to understand the whole system simply by analyzing the individual parts in isolation. By engaging in scientific reductionism, economists ignore the possibility that the whole economic system, or large sectors of the economy, generate outcomes that depend not only on the parts, but also how the parts interact. They thus ignore the possibility that some economic systems may work better than others even though they have the similar sets of people and natural resources to work with.

The widespread acceptance of scientific reductionism dates from the latter half of the nineteenth century, when economists began to focus on resource allocation within the narrow confines of an economy's market sector. Economists effectively began to assume, as most mainstream or orthodox neoclassical economists still do today, that a good understanding of the economic system's market sector was sufficient for designing economic policies and institutions. Not only were household activities, interactions with nature, and other non-market activities ignored, but the potential for systemic booms and busts were ruled out in the neoclassical models that hypothesized smooth functions and stable market equilibria within a static, unchanging system.

The best-selling economics textbook beginning in 1890 was Marshall's *Principles of Economics*, the eighth edition of which was published in 1920. Even though Marshall recognized in passing many aspects of economic complexity, the dominant scientific reductionist modeling strategy of his textbook effectively established the neoclassical paradigm that still dominates mainstream economics. Of special historical significance is Walras' (1874) model, which specified an economy as a large system of linear equations, one for demand and one for supply in each of the millions of markets where consumers purchased goods and services from producers, governments purchased goods and services from producers, producers purchased capital goods from other producers, producers purchased labor from individuals, and producers rented land from landowners. Walras specified a system with m products, m product prices, m product quantities, n factors of production, n factor prices, n factor quantities, and mn technical coefficients. In general, a system of linear equations can be solved if the number of unknowns is equal to the number of equations, and Walras' satisfied that requirement. However, the model was too large for economists to actually use for practical analysis.

Walras' huge mathematical model seemed to reflect the complex nature of an economic system in which all of the many parts were linked to all other parts. But, in order to project the idea that the economy was a stable, solvable system, Walras assumed a system of linear equations with fixed parameters, which implied that the relationships among the component parts of the system could not vary. His model, therefore, did not represent a realistic economic system in which variations in which both component parts and the relationships among the component parts change over time. And, given that Walras set individuals up as the actors in his linear and additive system of markets, the formation of independent and unique groups and organizations of consumers, producers, workers, etc. was ruled out.

Ironically, because economists intuitively accepted that there was a solution to Walras' system of equations but were unable to actually apply the huge Walrasian model to deal with practical problems, they felt justified to focus on individual markets and ignore the interconnections within the overall system. This flight to *scientific reductionism* even revived Smith's (1776) metaphor of the invisible hand, which suggested that as long as the individual mn markets functioned well, overall economic outcomes were always socially optimal. The ideas associated with Walras, Marshall, and other late nineteenth century economists who implicitly accepted scientific reductionism along with the central role of the rational individual is known as the *neoclassical school*.

The scientific reductionist tendencies in economics were suddenly reversed in the 1930s, when the world economy plunged into the Great Depression. Clearly, the economic system was not stable or constant, and the same set of people, machines, infrastructure, and natural resources generated very different outcomes in 1929 and 1930. For several decades, macroeconomic policies were influenced by Keynes' (1936) *General Theory of Employment, Interest, and Money*, a work that contradicted the invisible hand by showing why the systemic interactions among different groups in society were likely to generate and sustain economic recessions and depressions. Keynesian analysis also suggested that the actions of distinctive groups of economic actors had large consequences on the overall economic system and, therefore, the welfare of everyone in the system. Active macroeconomic policies by government organizations to counter such tendencies became widely accepted.

3. Contemporary mainstream economic theory

The *Keynesian revolution* was short-lived, however. During the second half of the twentieth century, Keynesian ideas were marginalized in favor of more sophisticated versions of the reductionist Walrasian model. This marginalization may have, in part, been driven by misconceptions of how economic system functioned. For example, the period from the end of World War II through the early 1970s, which experienced the fastest ever material economic growth in human history, was seldom interpreted as the success of the active macroeconomic policies carried out by government, but as evidence that the free market system would grow consistently if left alone. Furthermore, economists seemed to recognize the mistake of their pre-Keynesian scientific reductionism by developing mixed macro-micro models that systematically linked the economy's individual consumers, workers, producers, bankers, and investors to the economy's aggregate performance. Macroeconomists referred to this as establishing the *microfoundations* of macroeconomics.

In practice, however, very strong simplifying assumptions were necessary in order to build manageable macroeconomic models that were logically compatible with microeconomic models of individual and firm behavior. As a result, the quest for microfoundations seems to have accomplished little more than to provide logical mathematical justifications for very unrealistic models of individual behavior that could be conveniently linked to equally unrealistic macroeconomic models. Labor markets were most often modeled as competitive markets where labor is paid its marginal product. Real economic phenomena, such as the presence of labor unions, efficiency wages and employers' use of compensation to motivate workers, the fixed costs of hiring and firing workers, the widespread existence of unemployed and underemployed workers in nearly all economies, and the organization of political alliances to deal with such issues, could not be addressed in these models.

Also, all producers were assumed to face rising costs so that the assumption of perfect competition could be sustained in economic models. The high levels of industrial concentration, not to mention the obvious ubiquity of oligopolies and near-monopolies, clearly undermines the legitimacy of models that assume perfect competition. Externalities were assumed away by appealing to a misinterpretation of the *Coase theorem* [Coase, 1960], namely that people, firms, and governments are sufficiently informed and motivated to find ways to negotiate the mutually beneficial sharing of the external costs or benefits. Financial markets were incorporated into neoclassical models by embracing Fama's (1970) convenient model of efficient markets, which assumes all available information is built into asset prices, as well as Friedman's (1953) hypothesis that speculation stabilizes financial markets. Later, Muth's (1960) mathematical definition of rational expectations was built into macroeconomic models by Lucas (1972) to explain why government could not manage an economy in ways to improve economic outcomes. The financial failures that Keynes (1936) linked to financial uncertainty were further pushed out of sight by the theoretical work of Arrow and Debreu (1954) and Debreu (1959), who simply substituted the word *risk* for Keynes' *uncertainty*, defined the former in terms of known probability distributions, and then assumed the existence of a set of competitive markets in *contingent commodities* that enabled all risk to be insured or diversified away. Wrote Debreu (1959, p. 98), presumably seriously: "This new definition of a commodity allows one to obtain a theory of uncertainty free from any probability concept and formally identical with the theory of certainty...." Financial regulation was thus unnecessary, and financial innovations, such as those which sank the global economy in 2008, were positively viewed as adding to contingent markets and, thus, helping to stabilize the economic system.

The reluctance of mainstream economists to embrace the need for more financial regulation and reorganization after the 2008-2009 financial global collapse suggests that they continue to ignore how financial organizations behave and why such behavior causes costly financial collapses, that is, non-linear

outcomes. The sharp rise in corporate profits and the increasingly unequal distribution of income that characterizes modern economies such as the U.S. and the U.K. further suggests that economists business organizations are not accurately described under the assumptions of the neoclassical models. For example, mainstream economists often simply assume the special conditions Jensen and Meckling (1976) showed were necessary for managers of private firms to act as faithful servants to the firm's individual stockholders, which include high levels of competition and full information on the part of stockholders. Combined with assumptions of perfect competition and full information, mainstream economists cited Jensen and Meckling to argue that even large corporations would act in ways that promoted the general welfare of society. Clearly, large business organizations can behave in ways that do not reflect the desires and interests of workers, stockholders, or many other groups of people in the economy. Nor can the models that assume competitive and fully-informed markets in which self-interested individuals make fully informed and rational decisions explain the persistent corruption and political activism by business firms, the banding together of workers in labor unions, the demand for collectively provided government services, and the large amounts of money spent by special interest lobbies.

4. Scientific progress

The persistent use of a modeling framework that fails to accurately explain or predict clearly observable economic events flies in the face of science. Economics is not the first science to violate the scientific method, however. In his analysis of the history of science, Thomas Kuhn (1962, p. 2) observed that "science does not tend toward the ideal that our image of its cumulateness has suggested. Perhaps it is another sort of enterprise." Instead, Kuhn noticed that, throughout human history, small scientific advances often followed systemic cumulative paths, but truly revolutionary scientific changes, which occurred much less often, were usually completely incommensurable with earlier knowledge and lacked even a common standard of measurement. The axioms, or common accepted truths, often differed between major scientific thrusts. Kuhn called revolutionary science a *paradigm shift*, by which he meant a completely new way of observing the world, analyzing evidence, and interpreting conclusions. In economics we often refer to a paradigm as a *school* of thought.

The word *paradigm* is derived from the Greek word *paradeigma*, which means "pattern." The fields of neuroscience, psychology, and behavioral economics, among others, have shown that the human brain is very much aware of patterns, and it tends to try to fit everything it sees into familiar patterns. These patterns, often incorporated into stories, ceremonies, procedures, social organization, and social norms, effectively become part of a group's *culture*. This culture effectively tells practitioners what they should, or should not, study, the types of questions they should seek to answer, and even how they should interpret their findings. Inter-disciplinary research shows that culture tends to be self-reinforcing, which explains why paradigms often persist in the presence of clear anomalies that do not fit the patterns prescribed by the paradigm. The unwarranted persistence of a paradigm becomes even more likely if, as in the case of the field of economics, the group culture discourages economists from explicitly recognizing the presence of a group phenomenon like group culture.

5. The origins of culture

Culture consists of the set of common patterns of human activity and behavior that people value and identify with. More specifically, the United Nations Educational, Scientific and Cultural Organization (UNESCO, 2002) defines culture as follows:

...culture should be regarded as the set of distinctive spiritual, material, intellectual and emotional features of society or a social group, and that it encompasses, in addition to art and literature, lifestyles, ways of living together, value systems, traditions, and beliefs.

Culture consists of informal institutions such as traditions, myths, religions, norms of behavior, manners, artistic expressions, and symbols. Culture emerged from the process of human evolution because it enabled humans to cope with the growing complexity of their existence. Fundamentally, culture serves to enhance social cohesion by inducing independently-thinking but socially-inclined individuals to conform to the patterns recognized by others who embrace the same culture. Clearly, when describing the culture of economics, the models that economists commonly use to explain issues and pass along ideas form part of the field's culture.

It is tempting to interpret human development as implying that people have become increasingly capable of engaging in rational thought and functioning without the inherently irrational traditions, habits, and norms that make up culture. A rational individualistic *homo economicus* is an extreme logical conclusion of such an interpretation. Seabright (2010), in fact, highlights humans' ability to engage in abstract thinking as one important reason for humanity's relatively short-term success as a species. But Seabright also points out that humans used their mental capabilities in practical ways that do not match modern economics' definition of rationality because life is much too complex and time-restricted for humans to rationally deliberate their every action. Behavioral economists have suggested that humans follow more realistic strategies. For example, Simon (1955) has used experiments to show that people are likely to take short-cuts and engage in "satisficing," and Simon (1959) later described people as doing the best they can, but that they are only "boundedly rational" because humans often need to make decisions quickly and without all the facts in hand.

The economic historian and new institutional economist North (2005, pp. 15-16) describes the origins of culture as follows:

Throughout human history there has always been a large residual that defied rational explanation—a residual to be explained partly by non-rational explanations embodied in witchcraft, magic, religions; but partly by more prosaic non-rational behavior characterized by dogmas, prejudices, "half-baked" theories. Indeed despite the...assertion by eminent theorists that it is not possible to theorize in the face of uncertainty, humans do it all the time; their efforts range from ad hoc assertions and loosely structured beliefs such as those encompassed in the labels "conservative" and "liberal" to elegant systematic ideologies such as Marxism or organized religions.

Keynes (1936) referred to these half-baked theories as "convention," in the sense that, for lack of anything better, some ideas seem to provide a reasonable guide for action, which then becomes the conventional way of doing things. Also, in Chapter 12 of his *General Theory*, Keynes (1936) compared innovators to explorers of the South Pole, who, in a state of uncertainty, drew on their *animal spirits* to decide when to move forward and when to be cautious. Langlois (1986, 1992) refers to North's unproven but convenient ideas as "social rules," and he referred to a group's implicit creation of social institutions as a collective form of "rule making." Social scientists generally consider these "half-baked ideas," "loosely structured beliefs," "conventions," and "social rules" to constitute *culture*.

Neuroscientific research also provides evidence that the human does not function as Muth (1960) hypothesized. Churchland (2002, p. 308) explains the neuroscientific findings precisely as follows:

The Brain's earliest self-representational capacities arose as evolution found neural network solutions for coordinating and regulating inner-body signals, thereby improving behavioral strategies. Additional flexibility in organizing coherent behavioral options emerges from neural models that represent some of the brain's inner states as states of its body, while representing other signals as perceptions of the external world. Brains manipulate inner models to predict the distinct consequences in the external world of distinct behavioral options.

Using these methods, scientists such as Lebeouf (2002) and Medin and Bazerman (1999), among many other researchers, have confirmed that the automatic and emotional processes in the human brain

depend largely on the recognition of patterns. Their experiments show that the human brain becomes agitated when unfamiliar patterns emerge or familiar patterns cannot be found in what is being observed. But it is important to note that, as experiments reported in Frederick (2005) clearly demonstrate, even the most intelligent people routinely misinterpret a problem or an observation because they place it in a familiar pattern that, in fact, does not accurately apply to the problem at hand. By relying in patterns, people often make mistakes.

The human brain thus evolved not only to use abstract reasoning to deal with complex issues, but also to derive practical rules to guide human actions within that complex reality. Quick reactions were required to deal with predators and unexpected natural disasters; long deliberations were not a practical way to deal with the bear that suddenly appeared at the cave entrance.

Humanity did not survive on practical combinations of abstract thinking and clever short-cuts alone, however; humans survived because they also maintained cohesive groups in which members could efficiently interact to generate social outcomes greater than what a simple sum of individual actions could accomplish. The evolution of humans into group animals reflects the safety of numbers, the efficiency of splitting tasks, the benefits of sharing knowledge, and the ability to carry out large projects. By giving shared assertions and mutual beliefs significance, humans were able to suppress some of the independent individual thoughts and actions that would be detrimental to the survival of their social groups. A fundamental purpose of culture, therefore, was to sustain group cohesion in the face of external threats.

In sum, culture enables complex human societies to survive within the constraints of their economic, social, and natural environments. History suggests that human culture does not always achieve the fundamental goal of survival. There have certainly been many conflicts among individuals and between groups of individuals. And, numerous civilizations collapsed because they were not able to deal with all the social and natural challenges they faced. Overall, however, human culture has been quite successful in that it has enabled humans, in a very short evolutionary period of time, to gain a large presence on Earth.

Unfortunately, economists have not done a very good job analyzing the group and organizational behavior that enabled this human evolutionary success. Note that the modern growth theory that has been used extensively to analyze the rapid economic development of the twentieth century is firmly embedded in the neoclassical modeling structure, a structure that effectively denies the development of group phenomena such as culture.

6. Culture and the need for reflexivity

The French sociologist Pierre Bourdieu provides very useful insight into the question of why the neoclassical school and its modeling strategy based on individualism and self-interest persists despite the vast body of real evidence that contradicts its conclusions. Bourdieu is well known for urging his fellow sociologists to actively undertake a systematic and rigorous self-critical analysis of how their own field studies culture. Bourdieu (1977a, 1988, 1989a, 1990, 2005a) referred to such a self-analysis as *reflexivity*.² Bourdieu's many years studying how cultures perpetuated unjust and oppressive social structures led him to conclude that sociologists too often let their own culture bias their analysis and interpretations of other cultures. Bourdieu noted that sociologists should know better than anyone how culture distorts perceptions of reality, and he challenged his fellow sociologists to engage in a "sociology of sociology" in order to better understand their own biases. Perhaps economists, too, should follow Bourdieu's suggestion and become more aware of how the culture of their field restricts their analysis. What follows is a brief *sociology of economics* that uses Bourdieu's framework for analyzing culture.

7. The sociology of economics

Bourdieu takes as his starting point the work of the early twentieth century sociologist Max Weber (1978), who recognized that people generally adhere to more than one culture because their position in society often

² See also the discussions on reflexivity in Wacquant (1989) and Bourdieu and Wacquant (1992).

cuts cross traditional concepts of class or culture. Professions like sociology or economics develop strong *subcultures* that are embraced by practitioners that, simultaneously, live in different national and ethnic cultures. This embrace of multiple cultures is important for understanding the widespread acceptance of neoclassical analysis by economists the world over; the economics subculture can apparently survive within many different national and ethnic cultures.

Bourdieu's first analytical concept is the *field*, which he defines as the social or intellectual arena within which people spend much of their day and within which they can best advance their primary economic and social interests. People normally identify with broad national or ethnic cultures, but in going about their daily activities they tend to pay the most attention to their immediate professional or social environments. Many people closely identify themselves with the culture of a particular job, industry, or work environment in which they spend much of their available time and effort. For academics, the term *field* is straightforward because most of an intellectual's life is spent within a well-defined intellectual field. Note, however, that Bourdieu's concept of a field is more general. For example, teenagers tend to embrace the culture of their school environment and the new social relationships that they develop there. Members of the military adopt a distinctive military culture of hierarchy, obedience, and violence. And, athletes focus on a culture likely to include specific rules, norms, and perspectives on repetitive training, physical prowess, competition, and, depending on the sport, aggressive behavior.

Each individual usually spends a large proportion of time focused on the one *field* because that is where they judge their success in life. For example, a teenager may clash with the culture of his/her household or even that of his/her nation, but showing up in school wearing clothes that clash with the school culture would be unthinkable! Similarly, economists come from a great many ethnic, national, and other social cultures, but as quickly becomes obvious to anyone attending an international economics conference, they all dress, act, talk, and present research that uses very similar models, procedures, and presentations. Nearly all economists tend to judge their colleagues by the same set of criteria covering the subjects, methods, and procedures that have come to be viewed as appropriate in their field.

Bourdieu develops two useful concepts that help to more precisely describe the *culture* of a field. First, people in a field adopt certain attitudes, behaviors, and dispositions, which Bourdieu defines as the field's *habitus*, a term he took from the writings of Aristotle and Max Weber. A habitus is a set of *subjective* but persistent perceptions, customs, conventions, norms, mannerisms, behaviors, expressions, and procedures that are deemed appropriate or "normal" by practitioners in the field. Habitus effectively constitutes both a person's personal disposition towards others and the set of behaviors by which she thinks others within the field will judge her to be one of them. Bourdieu effectively straddles the long-running sociological debate between subjectivity and objectivity by defining the field as objective and the habitus as subjective. Bourdieu argued that people develop the *subjective* dispositions and attitudes of their habitus in order to be successful in their well-defined *objective* field.

A soldier, therefore, is likely to adopt a habitus characterized by a clear willingness to engage in aggressive behavior, an unquestioning acceptance of authority and rank, as well as a strong affirmation of group loyalty. A businessperson's habitus tends to be characterized by an admiration for aggressive salesmanship, a disdain for government restrictions on business activity, and a positive response to monetary rewards. An economist's habitus most likely includes the use of neoclassical models to analyze a set of issues from the perspective of a market economy, a preference for mathematics in stating hypotheses, familiarity with statistical methods, and a reluctance to address issues that extend beyond the market economy or, heaven forbid, into other disciplines. Recall our general discussion of culture and group behavior; venturing into other disciplines tends to be viewed as disloyalty to one's own culture, and such disloyalty could weaken the cohesion of the group. Hence, outside ideas are instinctively mocked, but the models and methods that fit the neoclassical framework of the habitus are seldom criticized from within the field.

Bourdieu points out that there is an inherent conflict between the reality of one's field and the arbitrary nature of much of what comprises the field's habitus. Psychologically, it is difficult for an intelligent person to deal with this combination of an *objective* field and a *subjective* habitus. Therefore, human societies, groups and organizations within human societies, and fields develop, largely unconsciously, sets

of beliefs, symbols, and popular stories that provide some justification for the subjective and somewhat arbitrary habitus associated with one's objective field. Bourdieu calls these sets of well-established but largely unproven beliefs, stories, and philosophies *doxa*. These doxa include unproven but widely accepted religious dogma, general social philosophies, and assorted political views. Doxa provide the broad patterns with which people judge their behavior in their field, and the behavior of others within their field and elsewhere.

A field's doxa includes those "half-baked ideas" that North (2005) argued were social constructs that enabled people and societies to deal with the poorly understood complexities that they routinely faced. Together, the habitus and its supporting doxa constitute what we call *culture*.

Arguably, the doxa that underlies the habitus of economics is the so-called *neoliberal* doctrine. As described in detail by Harvey (2005), this is a set of beliefs that include the characterization of individual humans as always rational and scientifically objective in their decision making.³ Neoliberalism also includes the belief that "an economy" can be reasonably modeled as a system of competitive markets in which the "invisible hand" does a reasonable job of transforming self-interested individual behavior into an optimal state of general well-being. Neoliberal thinkers argue that free markets are fundamental to the important social goal of giving individuals their "freedom to choose." Markets are believed to offer greater freedom and better options than "coerced" government programs and regulatory regimes. Neoliberalism also has a strong bias against collective action and a strong bias in favor of private enterprise. Finally, the doxa of economics places the welfare of the individual front and center, to the point of suggesting that any form of collective action must necessarily be coerced and thus necessarily welfare reducing.

The policies imposed on many indebted developing economies by the International Monetary Fund after the 1982 global debt crisis, the so-called *Washington Consensus* policies, were a direct reflection of this neo-liberal doxa. These policies included free trade, privatization of government assets, conservative monetary policies to reduce inflation, balanced government budgets, the elimination of labor market regulations, and diminished financial market regulation. The austerity policies currently being imposed in indebted countries of the European Union, such as Greece and Ireland, are another reflection of the Washington consensus and its underlying neoliberal doxa. It is still not clear that these policies have actually improved human well-being anywhere, but they have nevertheless been given very favorable treatment in economic textbooks and most research without causing much debate among mainstream economists. Of course, it is not the function of a doxa to generate debate; the doxa must have widespread and unquestioned acceptance if it is to serve its function of mitigating the urge for economists to question the arbitrariness of the methods and policy options that are in economists' habitus.

The neoliberal doxa of free markets and individualism closely reflects many fundamental aspects of the broader Western social culture, especially that of the United States, the United Kingdom, and other countries with strong Anglo-Saxon cultural heritage. Economists, by projecting their subculture into the rest of the world, are, therefore, effectively forcing major elements of Western culture on others in the guise of science. Third world economists trained at Western universities or taught from Western economics textbooks effectively serve as the foot soldiers for Western culture in their native countries. Respected Western economists use neoclassical models to judge economies and economic policies everywhere in the world. In short, most economists behave like the Western sociologists Bourdieu criticized for judging foreign cultures from the perspective of their own Western cultures.

The obvious example of bias in the subject matter of economics is the tendency for economists to focus exclusively on market activities, to use data generated by markets, and to interpret the observed results as if all economic activity was undertaken by rational individuals operating in competitive markets. Recall the quote by Bourdieu at the start of this article. Hence, most economic research analyzes activities included in measured GDP, uses market prices and quantities to quantify human economic activity, and even uses market generated prices to proxy for the value non-market activity if such activity is included in the analysis. Of course, most non-market activity, such as household production and volunteer work, is

³ Bourdieu (2005b) and Wacquant (2009) explicitly describe the doxa of economics as consisting of neoliberal ideas.

effectively ignored and given the implicit value of zero.⁴ Any objective examination of real world economic activity shows that most human economic interactions do not occur among individuals in formal markets, but among people interacting in a great variety of non-market settings, including within households, within business organizations, in voluntary interactions, in government, and in various collective activities.

At the same time, the neoliberal doxa of economics leads most economists to view issues such as psychological happiness, environmental problems, and species losses in the natural environment as *non-economic issues* that fall outside the field of economics. The narrow scope of most professional economics journals reflects the conformity of the economics habitus to the neoliberal doxa that closely equates economic activity with market activity.

A most important aspect of the culture of economics is that it discourages economists from studying group behavior and the role of organizations in human societies. Therefore, despite overwhelming evidence to the contrary from numerous fields of science and social science, mainstream economists still almost exclusively use welfare functions that aggregate the individual welfare of separable individuals. Even after giving Nobel prizes to behavioral economists, for example Kahnemann, Tversky, and Akerlof, for studying the psychological aspects of economic activity, and organizational economists such as Ostrom and Williamson for studying organizational aspects of economic activity, most economists continue to measure economic growth in terms of individuals interacting in markets. They thus pay relatively little attention to the role of groups and organizations, such as labor unions, large corporations, and large financial firms, in explaining economic outcomes. The power of culture is strong.

8. Symbolic violence

In fact, culture is not only a reflection of the dominant paradigm, it also tends to actively protect that paradigm from rivals that seek a paradigm shift. Bourdieu (1986, 1989b) explains that culture has staying power because it exploits people's inherent desire to maintain acceptance within the group. People tend to consciously or unconsciously interpret reality in ways that often effectively leads them to act against their own individual interests because they also value social approval, friendship, and a role in their society and field. Recall that the evolutionary role of culture was, at least in part, to enable individual behavior that benefits the welfare of the whole group, not necessarily each individual. Culture can, in numerous cases, be oppressive.

In much of his research, Bourdieu (1986, 1989a) focused on cultural oppression. One of his themes was that such oppression was driven by an unequal distribution of *cultural capital*. Bourdieu's use of the word *capital* to describe a person's familiarity with, and ease of acting within, a culture reflects the accumulation of human culture through the long, slow processes of education, social experience, family upbringing, assimilation, and learning.

Bourdieu described various forms of cultural capital. For example, *inherited cultural capital* includes learned behaviors such as knowledge, habits, language and dialect, social mannerisms, and conversational manners. Economists definitely acquire a distinctive jargon and knowledge. There is also *objectified cultural capital*, which includes real physical things such as a musical instrument, a carpenter's tool box, or, in the case of economists, an office computer and shelves of books and professional journals. In each case, the musician, the carpenter, and the economists would lose status if they did not possess such objectified capital. Note that the size of the collection of professional journals clearly reflects an economist's tenure in the profession. Finally, *institutionalized cultural capital* includes diplomas, awards, certifications, and other official credentials, whose accumulation also takes a lengthy effort. Together, these forms of cultural capital give those who possess more cultural capital power over those who possess less.

The use of this power to impose one's will over another person with less cultural capital is referred to by Bourdieu (1977b, 1986, 1989b, 2001) as *symbolic violence*. Discrimination and harassment are overt forms of symbolic violence. But there are also many subtle forms of symbolic violence, such as a frown or

⁴ For example, feminist economists, such as Waring (1988), Beneria (1992), Himmelweit (1995), Folbre (1996, 2006), have criticized mainstream economics for ignoring household activity as a major contributor to economic production, and they estimated the value of such non-market activity to be on the order of measured GDP.

look of disapproval by a parent that makes a child change its behavior or the concerned mention of “unfinished work” by a boss that effectively signals to an employee that (s)he had better put in some extra hours over the weekend. Symbolic violence among adults is fundamental to the perpetuation of gender, ethnic, and age inequalities. Bourdieu (2001) shows that symbolic violence often leads people to accept what are, objectively viewed, injustices because they adjust their doxa to match the social field they inhabit. He documents how working class children often accept the social order as legitimate and thus view the educational success of their upper- and middle-class peers as a reflection of the latter’s greater ability or harder work rather than the social privilege that enabled them to acquire the mannerisms, accent, and clothing associated with the habitus of a higher class.

Economics graduates of lower-rated universities, say the University of Nebraska, see the professional success of the graduates of higher-ranked universities, such as Harvard, MIT, or UC Berkeley, as a legitimate reflection of the latter’s greater ability or their harder work, even though in reality the institutionalized cultural capital (the diplomas) are seldom more than the result of class-based inherited cultural and economic capital. Economic pressures, such as the need for income or an employer’s health insurance, often lead a worker to accept the underlying doxa of hierarchy and the acceptance of the existing distribution of economic and cultural capital that justifies the unequal economic outcomes. So economics PhDs from Nebraska accept one-year instructor contracts at lower level universities while the Harvard graduates get the tenure track positions at the higher ranked universities. According to Bourdieu (2001), people are complicit in the symbolic violence they experience because they subconsciously adjust their doxa in order to maintain their sense of dignity within what they are forced to accept as the immutable reality of the social or professional field they inhabit. The resignation to the existing social order is due, according to Bourdieu, to the fact that redistributing cultural capital in order to reduce symbolic violence is likely to be a gradual, difficult, and slow process, and those who have the most cultural capital are likely to use it to resist redistributive measures.

A paradigm shift constitutes a shift in cultural capital. By intimidating actual and potential purveyors of alternative paradigms, those with the greatest investments in the current paradigm use symbolic violence that effectively protects both the doxa and habitus from contradictory facts, or what Thomas Kuhn (1962) called *anomalies*. If anomalies are openly and objectively discussed and examined, a paradigm shift becomes more likely. But within the strong culture of economics, few economists will question their neoclassical models much less their neoliberal doxa. They received strong and continuous approval for mastering neoclassical economics from their professors during graduate school, and after graduation they continue to receive implicit reassurance of the legitimacy of the doxa and habitus from colleagues, journal editors, and employers. As an illustration of the subtle nature of symbolic violence, consider, say, a Marxist economist in line for promotion and in need of increasing her publication record to justify the promotion; she might very well convince herself that it is permissible for a Marxist to write an article based on a standard neoclassical model that reflects an idealized capitalist economic structure because such an article would be more likely to get published in a “first-tier” economics journal. A further justification would be that unless she gains the promotion, she will not be able to do good Marxist economic analysis in the future. In the meantime, of course, the dominant paradigm is not challenged.

In many intellectual fields like economics, the symbolic violence is most often carried out by the field’s most highly regarded members who serve on the editorial boards of professional journals and the faculty committees that hire, promote, and fire new faculty members. Thus, a young assistant professor seeking to publish and gain tenure will be “well-advised” by her older mentors to write articles that apply only neoclassical analysis. Course content in the leading economics departments, dissertation advice, and the selection criteria for research grants further install the orthodox habitus and doxa in the minds of the young students who will become our future economists. Outside of academia, the corporate-funded think tanks, the Federal Reserve Bank in the U.S. and other central banks elsewhere, international agencies such as the IMF, World Bank, and OECD, the business press, and private financial firms also keep the neoclassical models and other elements of the economics habitus firmly entrenched by means of their employment practices, their ability to influence policy and the press, and their money that funds research, publication, grants, internships, and philanthropy.

9. A case for pluralism?

The above sociological examination of the culture of economics suggests that, in order to more effectively study organizations and alternative forms of economic behavior, economists must find a way to free themselves from the constraints imposed by the field's present culture. The culture of economics must change, both its neoliberal doxa and its associated neoclassical habitus. As already stated, the doxa of individualism and free choice, which supports the aggregate welfare functions that are so well established in the habitus, is not only technically problematic for the analysis of organizations or group behavior, but that same doxa, and the habitus it supports, intimidate economists to avoid such analysis altogether. Economists must first find ways to overcome the symbolic violence emanating from the field's dominant neoclassical/neoliberal culture.

Any brief examination of the history of economic thought, as in section 2 above, shows that there are, in fact, many alternative approaches to economics that could prove useful for understanding our complex economic existence. Some of the alternative paradigms readily available to economists willing to look outside the culture of the mainstream would extend economic analysis beyond the confines of a market economy, and others would encourage more holistic approaches that incorporate the complex ties of the economy to the social and natural spheres of human existence. Some economists already operate successfully outside the neoclassical constraints on economic thought and research. For example, behavioral economists combine psychology and economics in order to analyze economic issues with much more realistic models of human behavior and more complete measures of human welfare. Ecologists and environmental economists are addressing the environmental externalities that neoclassical economists have largely ignored. Political scientists and political economists provide valuable insight into the causes and effects of economic policies. As already noted, feminist economists have investigated household activity and gender in the workplace to counter so much of the mainstream analysis that focuses on market activities and treats workers as homogeneous or "representative" individuals devoid of gender, age, class, culture, or other historical characteristics. Recent Nobel laureates Ostrom (2005, 2009) and Williamson (1975, 2002) have moved beyond the neoclassical individual *homo oeconomicus* to actively study business organizations, group outcomes, and alternative ways in which societies can undertake collective economic actions. Institutional economists have studied groups, classes, and economic power since the nineteenth century, as have Marxist economists.

One strategy for achieving paradigmatic freedom, therefore, is to begin reducing the symbolic violence against those who advocate for alternative paradigms. Academia and other economic research organizations could eliminate their discrimination against practitioners who do not share the majority's doxa and habitus. Another strategy that has been used with some success is to establish alternative think tanks; the New Economics Foundation, the Levy Institute, and the Economic Policy Institute are examples of research institutes that are willing to address issues outside the dominant economics culture. Better yet, the economics profession could actively pursue pluralism and maintain many alternative paradigms in the habitus of economics. The establishment of paradigmatic multi-culturalism in the field of economics would not only enable new paradigms to get a fair hearing, but, as Weehuizen (2007) points out, it would prevent some new paradigm and its doxa and habitus from oppressing future revolutionaries.

10. Symbolic violence is backed by economic power

Efforts to incorporate paradigmatic pluralism into the field of economics have been extremely difficult, however. As noted, the present culture of economics is strong. But something else is at work to prevent the emergence of alternative economic paradigms: powerful economic interests have been increasingly able to use the political power structure to support the dominant neoliberal/neoclassical paradigm. Reflexive economists must, therefore, deal with more than just the culture of their field.

It is interesting to note that the revolutionary Keynes (1936, p. viii) recognized the power of culture, as evidenced in the preface to his *General Theory of Employment, Interest, and Money*:

The composition of this book has been for the author a long struggle of escape, and so must the reading of it be for most readers if the author's assault upon them is to be successful,—a struggle of escape from habitual modes of thought and expression. The ideas which are here expressed so laboriously are extremely simple and should be obvious. The difficulty lies, not in the new ideas, but in escaping from the old ones, which ramify, for those of us brought up as most of us have been, into every corner of our minds.

But Keynes underestimated the strength of the active opposition to his ideas by business and financial interests.

Indeed, his new ideas were almost immediately watered down to reduce their clash with the prevailing economics culture, as evidenced by the work of other prominent mainstream economists such as Hicks (1939) and Samuelson (1948). The intellectual rejection of Keynesian ideas was actively stoked by business and financial interests opposed to the policies, such as Roosevelt's *New Deal*, that the Keynesian paradigm called for. For example, Colander and Landreth (1996) describe how, prior to the appearance of Samuelson's (1948) commercially successful textbook with its illogical combination of a watered-down Keynesian macroeconomic model with traditional neoclassical microeconomic models, an authentically Keynesian textbook by Tarshis (1947) was driven out of U.S. universities by a business-supported campaign directed at university administrators and trustees. Keynesianism was also abandoned by politicians who found themselves under pressure from conservative business and financial interests. For example, in 1937 President Roosevelt reversed some of his stimulative macroeconomic policies at the behest of financial and business leaders despite accurate warnings from his own economists that this would push the economy back into recession. All in all, by the 1970s Keynes' ideas had been marginalized and the neoclassical ideas were firmly back in the habitus of the field of economics.

Today, wealthy individuals and well-organized business and financial groups exercise their power by means of costly public relations, advertising, and lobbying activities. By "investing" in the promotion of their interests, private financial interests have largely captured the major political parties in most democratic countries as well as the news media that communicate political events and debates to the public. When the news media seek economists to provide commentary and insight into economic issues, more often than not they interview economists who work for business or financial firms, not independent universities or impartial research organizations. These business and financial economists almost always echo the themes of free markets, deregulation, and further privatization, as if the neoclassical paradigm of rational individuals operating in perfectly competitive markets represents our economic reality.

11. Conclusions and comments

With the neoliberal doxa firmly in place, economists maintain the rational individual *homo economicus* at the center of their economic analysis. This means economists have less motivation to engage in research, writing, or teaching that would reveal the power of organizations and other forms of group behavior. In short, powerful lobbying and advocacy organizations work closely together on behalf of private business and financial organizations to actively support a group culture in the organized field of economics that effectively discourages its practitioners from studying those very same organizations and forms of group and social behavior. The transnational corporations and financial conglomerates that dominate the global economy thus often fly under the misdirected radar of mainstream economics.

This conclusion reminds us of the words of Robert Heilbroner, who many years ago noted that "[t]he best kept secret in economics is that economics is about the study of capitalism."⁵ After focusing on the culture of economics, however, it is clear that we have to slightly revise Heilbroner's conclusion: economics is, in fact, about the study of a *mythical market system* that actually has little resemblance to the real global capitalist system we live in today. That is not to say that mainstream economics is irrelevant, however. From

⁵ Quoted in Palley (1998), p. 15.

within that quaint mythical world economists generate very useful intellectual support for the neoliberal policy agenda that favors the business and financial organizations that have come to dominate the real monopolized and financialized economic system. Mainstream economists therefore enjoy a fairly comfortable life. And, they enjoy that life free of any feelings of guilt because their quaint culture also assures them that the economics they do is all about the maximization of human welfare.

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