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Microfoundationalist Reconciliation: The Fundamental Fantasy of Neoclassical Economics—Some Reflections on Yahya Madra's *Late Neoclassical Economics*

Jason Glynos

Using neoclassical thought as his entry point, Yahya M. Madra offers a vital prolegomenon to a recalibrated critical political economy. Madra's reinterpretation of the economic field pivots around what he calls the theoretical-humanist problematic, suggesting that an ontologically inflected recharacterization of economic thought is essential to any serious development of progressive alternatives to dominant mainstream forms of political economy. After outlining the constituent elements of theoretical humanism and some of Madra's key conceptual moves, this essay explores several analytical, normative, and ideological implications of such a redrawing of the boundaries of economic thought. Madra's intervention opens up at least three lines of inquiry regarding the theoretical-humanist problematic: the relative amplitude of tensions internal to different economic approaches in its orbit, including their capacities to resist or escape its gravitational pull; how it circumscribes the scope of concrete, normative visions; and how everyday practices and identifications reinforce or depart from related ideological fantasies underpinning it.

Key Words: Antiessentialism, Ideological Critique, Late Neoclassical Economics, Normative Critique, Theoretical Humanism

Contemporary mainstream economics is alive and healthy, exciting even, overflowing as it is with new conceptual foci, objects of analysis, models, and methodologies, which in turn provoke important debates and significant refinements of approach. Unlike earlier iterations of mainstream (neoclassical) economics, a new set of concepts serve as the focus of theoretical and empirical attention, such as market failure, institutions, transaction costs, and information asymmetries, not to mention motivational diversity, cognitive limits, strategy and social choice, and evolutionary stability. Accompanying this new set of concepts are also new methodologies that scholars rely

upon to conduct economic research, such as noncooperative game exercises, economic experiments, and evolutionary modeling. How can this conceptual and methodological novelty and heterogeneity not signal a clear break from neoclassical economics?

In his *Late Neoclassical Economics*, Yahya Madra acknowledges the widely noted variety of contemporary mainstream approaches to economics. However, in his carefully crafted and sharply delivered text, he argues that this heterogeneity and these novelty theses can be maintained only if one overlooks a crucial homogeneity that underlies the apparent heterogeneity, and also only if one overlooks how the core that defines this spatial homogeneity—characterized in terms of the “problematic of theoretical humanism”—stretches across time. The heterogeneity and novelty theses sustained by the advocates of new mainstream economic approaches are thus counterposed to the “real” theses of homogeneity and continuity. Insofar as the central tenets and performances of neoclassical economics embody this core problematic, Madra argues that contemporary mainstream approaches to economics identified with the above preoccupations should not be understood to signal a decisive break from neoclassical economics. On the contrary, they exhibit a deep continuity with it, so that the most one could say about contemporary mainstream economics is that it is a *later iteration of neoclassical economics*, summarized succinctly in the full title of Madra’s text: *Late Neoclassical Economics: The Restoration of Theoretical Humanism in Contemporary Economic Theory*.

It is very important to note how Madra’s intervention does not—to use Heideggerian terms—amount to a mere exercise in ontic redescription. It rather pitches itself as an *ontological* inquiry whose recharacterization implies a nontrivial reinterpretation of the field of political economy as a whole, carrying with it important political, normative, and ideological implications. Why point out the severely circumscribed scope of the apparent novelty and heterogeneity? Why foreground contemporary mainstream economics’ continuity with neoclassical economics? Madra suggests that such an ontologically inflected recharacterization is essential for anyone serious about developing genuinely *alternative* approaches to the political economy of our time, of course including *progressive* alternatives, such as his favored (Amherst-school-inspired) antiessentialist-Marxian surplus approach (Resnick and Wolff 1987, 2006; Gibson-Graham 1996, 2006).

In what follows I outline the key conceptual moves in Madra’s reinterpretation of the political-economic field. After describing the constituent elements of theoretical humanism, I explore the normative, ideological, and political implications of such a redrawing of the boundaries of economic thought by identifying several openings for further reflection and exploration enabled by Madra’s intervention.

The Theoretical-Humanist Problematic and Its Multifaceted Architecture

Identified by Madra as a key post-Enlightenment notion, *theoretical humanism* entails affirming all three of the following elements—two presuppositions and one problematic—whether explicitly or not. Although these elements are not always articulated in the exact same way across his text, which harbors the additional potential for productive ambiguities, I outline below what I take to be these elements' key features.

Presupposition One: Centered Subjectivity

This element entails positing the individual as a *centered subject*, even if only as an ideal or theoretical construct. The subject is treated as *autonomous* (subjects should make choices on the basis of their preference rankings, for which they assume responsibility), *rational* (preference rankings should be constructed in a consistent—i.e., noncontradictory—manner that reflects subjects' welfare or utility functions), and *self-transparent* (subjects are or should be capable of becoming fully aware of their preferences at the moment of choice and across time). This means that the theoretical ideal of a centered subjectivity is compatible with cases of motivational diversity and also with institutional interferences and cognitive limitations that in practice render concretely situated subjects unable to act on their choices, unable to rank their preferences in a consistent manner, or even unaware of their own preferences.

Presupposition Two: Unique and Stable Equilibrium

This element entails the positing of a *unique and stable equilibrium* as an ideal at the collective level, often articulated in terms of “perfect competition.” This can be understood as a collective-level rationality (e.g., a social or market rationality) that entails consistency (noncontradiction) and that is cashed out as a function of absolute cardinal utility in early neoclassical thought; or—in late neoclassical thought—it can be understood in terms of a stable, relative ordinal utility, whether (Pareto) efficient or not. Conceptualizations of equilibrium (or order) developed under different iterations of neoclassical thought include general equilibrium, partial equilibrium, Nash equilibrium, and evolutionary stability.

Problematic: Microfoundationalist Alignment

A unique, stable equilibrium at the collective level must be *grounded* in a centered subjectivity at the individual level. This generates a question (or problematic)

about how the two levels can be so “aligned” or “reconciled.” The answer to this question usually comes in the form of the market mechanism, sometimes supplemented by other nonmarket devices.

Openings for Discussion

Insofar as one or more of the above elements is *not* affirmed, we could say that an approach to political economy orbits *outside* the theoretical-humanist gravitational field and thus also finds itself outside the neoclassical frame. Madra (2017, 5) offers the theoretical structuralism of the Arrow-Debreu (or A-D) model sort and also Saffrian economics as examples of approaches that only affirm presupposition two while the Austrian school is offered as an approach that only affirms presupposition one. Conversely, there are some *prima facie* heterodox schools of thought—analytical Marxism, for example—that do affirm all three elements and thus do not escape the theoretical-humanist shadow. In this way Madra seeks to redraw the boundaries of the neoclassical tradition and thus foreground theoretical humanism as defining the “real” divide in economics (175). The theoretical-humanist *problematic*, then, takes its bearing from the affirmation of all three of the above elements, asking what mediating conditions will ensure that a unique, stable equilibrium can emerge at the collective level, *given* the individual-level assumption of a centered subjectivity. Such mediating conditions include, of course, the market and various institutional market supplements, most of which are produced and theorized dialectically in response to challenges *internal* to mainstream neoclassical economics (corresponding to what Madra calls “structuralist moments” or moments of “structuralist drift,” embodied in Walrasian auctioneers or Marshallian selection processes), but they are always framed by this problematic. This intervention seeks to reframe our understanding not only of neoclassical economic thought but also of economic thought more generally, since this “real” divide cuts across the standard neoclassical/nonneoclassical divide.

Although I am not a political economist or economic historian and am thus unable to comment on the detail of the characterization exercise itself, I am very interested in exploring the implications of Madra’s intervention from the point of view of critical political theory, broadly conceived. I am especially interested in identifying the normative, ideological, and political implications of redrawing the boundaries of economic thought, not least because the “grip” of theoretical humanism is so strong on “social theory and the discipline of economics in particular” (Madra 2017, 5). My aim is therefore to explore some of the possibilities opened up from a critical-political-theory perspective. And while Madra’s text generates many rich lines of inquiry prompting further reflection and research, here I will only focus on three such openings or “lines of flight.”

Three Lines of Flight

As a first opening, one can ask how stable the characterization of neoclassical thought remains when cast in terms of the theoretical-humanist problematic. The constituent terms of the theoretical-humanist problematic (autonomy, rationality, equilibrium, efficiency, reconciliation, etc.) are, after all, explicitly understood to be highly abstract terms, precisely in order to subsume the wide range of their concrete instantiations across time in both the Walrasian and Marshallian schools. This is of course partly a question about whether we think mainstream economists, or even some *prima facie* heterodox economists, can or should be able to recognize themselves as working within the orbit of this problematic. It is also partly a question about whether it might be worth it—as part of a wider critical-political-economy project—to identify particular strands of *prima facie* (late) neoclassical approaches that introduce torsions that can be exegetically amplified to produce pathways that can exit the theoretical-humanist gravitational field and that can thus be rearticulated within an alternative problematic and in the service of a different vision. Take, for example, the work of behavioral economists (e.g., Frank 2011, 2016), who cash out motivational diversity with recourse to a set of subindividual psychological mechanisms that appear to decenter the subject (e.g., aversion to loss, adaptation, or the availability heuristic) and who appeal to evolutionary and other tropes that might push in the direction of conflictual and/or nonequilibrium outcomes. In other words, a potential opening might involve asking how tensions and ideas within particular strands of late neoclassical thought, such as behaviorism, might be amplified in the service of an internal deconstructive critique and/or articulated to different projects, and in this way might resist a straightforward subsumption under the theoretical-humanist problematic.

A second, not unrelated, opening takes its bearing from what appears to be really at stake in Madra's recharacterization exercise. We can gain some insight into the stakes of this exercise by asking ourselves what constitutes a "true" alternative to new mainstream economics. One way forward here might be to outline a problematic distinct from the theoretical-humanist one, such as the one implied—but not necessarily exhausted—by the antiessentialist-Marxian surplus approach. Although this task is not done in the text itself—at least not in Madra's systematic way of elaborating the theoretical-humanist problematic—the possibility raises an interesting question about how to conceptualize the relationship between those economic approaches that orbit the theoretical-humanist problematic and those that do not. Because such a relationship can be analyzed along at least two axes: the axis of essentialism (having largely to do with ideology) and the axis of principles and ideals of justice (having largely to do with normative vision). Another line of flight might therefore involve exploring in more detail how a problematic that is distinct from theoretical humanism may lead to distinctively normative implications, not just ideological implications. Although it is true

that late neoclassical thought is plural from the point of view of its new concepts and methodologies, this pluralism is also one that orbits tightly around theoretical humanism and its problematic. So even though the pluralism internal to neoclassical thought does generate a pluralism at the level of “inferences and policy conclusions” (Madra 2017, 9), the thrust of Madra’s argument appears to suggest that this policy pluralism is also circumscribed by the theoretical-humanist problematic, which points to this second opening. This is because there is still quite a bit of room left for this policy-cum-normative delimitation to be spelled out more clearly and expansively, especially in relation to “true” alternatives to theoretical-humanist approaches. (This is not to say, of course, that some overlap in the formulation of the implications of competing problematics is not permissible but only that, in identifying what is really at stake, it would be important to have a clearer sense of the region of nonoverlap, if any.)

In this respect, one of the most intriguing parts of Madra’s (2017, 179–80) text is also one of the shortest. These passages in the book’s conclusion make clear that the critical vantage point furnished by the antiessentialist-Marxian surplus approach stretches well beyond ideological (essentialist) worries to address more concrete theoretical-analytical and normative concerns. From this perspective, neoclassical economists focus their theoretical and analytical gaze upon moments of consumption and, when they do shift their attention to the moment of production, this is problematized from an exchange perspective, leaving out of view the multiple and overdetermined conditions, forms, and trajectories of surplus-labor production, appropriation, and distribution. Although the essentialism implied in the idea of a harmonious reconciliation is abandoned in the Marxian surplus approach, it is also clear that particular normative visions and policy prescriptions associated with the Marxian surplus approach are not abandoned. This, it seems to me, opens the door to a potentially fruitful exercise of demanding much-increased critical and concrete comparative engagement between particular approaches operating within the (prima facie) theoretical-humanist orbit (e.g., with certain strands of behaviorism) and those outside that orbit—particularly the antiessentialist-Marxian surplus approach—in order to cash out more forcefully the promise of the latter. The implications for how we might think key concepts of political economy through this comparative exercise are especially interesting. For example, how might the concept of competition receive different accents and inflections from the perspective of (essentialist) theoretical-humanist economic approaches vis-à-vis alternative (nonessentialist) approaches, including especially the Marxian surplus approach?

A final opening concerns the sort of critical empirical research that Madra’s intervention suggests we need to promote. As Madra points out, Colander et al. (2004, 492) note in a revealing passage how “modern mainstream economics is open to new approaches, as long as they are done with a careful understanding of the strengths of the recent orthodox approach and with a modeling methodology acceptable to the mainstream.” Buying into the “neoclassical break”

thesis mentioned in the opening paragraph of this essay is thus problematic not only because scholars are in practice taken seriously only when they can demonstrate that they are familiar with the latest mathematical modeling methodologies but also because the “new mainstream” can and does marginalize or dismiss heterodox critiques of neoclassical thought as out of date and out of touch (Madra 2017, 12). The “break” thesis—insofar as it is mobilized and perpetuated by neoclassical scholars, policy makers, as well as actors engaged in and benefiting from organizational practices governed by neoclassical presuppositions—thus instantiates a “political logic” that preempts the contestation of its theoretical-humanist core. One can hypothesize that this political logic owes its strength and potency to the shared underlying fundamental fantasy of the “microfoundationalist reconciliation” underpinning the apparent pluralism of the neoclassical tradition. As Madra points out, the embracing of theoretical humanism “has become much more than a mere intellectual tradition or theoretical orientation. It has become a design for living, a new mode of life, a new governmental rationality, a new model of subjectivity” (178). This accounts not only for the resilience of the tradition in the face of various economic crises—the 2008 crisis being the latest one (we still await the long-term effects of the COVID-19 “event” to make themselves fully felt at the level of political-economic thinking)—but it also points to the challenge facing heterodox economists who seek to bring something fresh to the table. This is a nontrivial challenge because—to put it in Gramscian terms—such genuine alternatives cannot become realistically hegemonic options unless and until a new common sense has been woven into the fabric of social life (178). It suggests that we should expect to find the fundamental fantasy of microfoundationalist reconciliation not only in scholarly tracts and policy debates but also in numerous secondary expressions of everyday life, many articulated in terms of personal and individual responsibility, competition, and the survival of the fittest, inviting researchers to engage in something akin to critical fantasy studies. More broadly, it suggests that critical engagement with neoclassical thought, as well as critical political-economic research more generally, needs to take place across a wide range of sites, ranging from academic discourse to everyday practice.

Conclusion

Using neoclassical thought as his entry point, Madra’s exegetical tour de force offers a generous and deeply reflexive critical prolegomenon to a recalibrated critical political economy. It is clear from his text that the problematic concerning theoretical humanism is twofold, since we can locate the problem both in its particular *normative content* and also in the *ideological status* attributed to that content. The problem of normativity has to do with the concrete contents that are

attributed to key concepts embodying theoretical humanism's presuppositions, such as autonomy, rationality, self-transparency (at the level of the individual), and equilibrium (at the collective level), as well as key relationships (e.g., that the collective and individual levels should align in such a way that the collective accommodates the individual). The problem with these particular contents is that they tend to both reflect and normatively reinforce the status quo, conceived as an exploitative liberal-democratic capitalism, an evaluation made possible from the standpoint of Madra's (2017, 36) Marxian surplus-value approach.

But the problem with theoretical humanism is not restricted to its normative contents. It also extends to the *status* attributed to these contents. Here, the problem is not the fact that humans have come to occupy the space of the logos, the locus of the divine being. The problem with theoretical humanism is rather the ideological *status* attributed to the human as a *centered* subject and also as a *guarantor* of a collective sense and end. From Madra's point of view, neither is the subject centered nor is the collective consistent. In investing theoretical humanism with ideological import in this way, neoclassical thought thus "provides the theoretical foundations of a normative justification of exploitation, [and] functions as an ideological state apparatus that contributes to the *reproduction* of the liberal democratic capitalism" (Madra 2017, 36). This is why Madra's *antiessentialist* intervention should be understood as a form of ideological critique—not just as a form of normative critique—that seeks to substitute mechanical causality with overdetermination, consistency with contradiction, necessity with contingency, categories with processes, being with becoming. Although the Marxian surplus approach features briefly in the text, and the Lacanian psychoanalytic approach even less so, these appear to be pivotal in making these antiessentialist moves.

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