

The Future of Economics

Economics as it is today, has certainly achieved a high level of technical sophistication and methodological rigor due to a consistent application of heuristic assumptions, such as the maximizing rationality thesis or methodological individualism, and a generalized and accurate mathematical formalization. However, there is an increasing acknowledgement of the excessive cost this methodological coherence might involve for science and for reality itself. The loss of perspective, an excessive unilateralism and the lack of flexibility before a complex and changeable reality, evidenced by many of the actors involved in the facts that preceded the global financial crisis of 2008, had its origin, according to these critics, in a true methodological isolation. As a consequence, the warning coming from inside and outside economics was not considered.

However, in the midst of great uncertainty about the future brought by the crisis, over the last years some signs that seem to lead to a broader reflection, have started to emerge. The conference held at the University of Columbia in September 2011 entitled “Philosophical Foundation of Economics and the Good Economy: individual values, human pursuits, self-realization and becoming”, in which economists such as Edmund S. Phelps, Robert J. Shiller, Joseph Stiglitz, Amartya Sen and John Kay lectured, can be cited as an example. The novelty of this meeting was especially the fact that a group of so prominent economists took the initiative of stepping aside for a moment from the urgency of the crisis to think about the problem that affects economics in its fundamental principles and in its mode of approach to reality. It is also noticeable that these economists did not isolate themselves, but risked to engage in an open dialogue with remarkable philosophers and social scientists such as Thomas Nagel, Saskia Sassen and Richard Sennet, in order to start thinking together about the new scope economic thinking might achieve in the future.

Another sign of a possible change comes from *The Institute for New Economic Thinking*, organized globally by distinguished economists, which aims to open economics towards an interdisciplinary, historical and bound to real problems perspective. Among the lines of research developed at this new institute stand out the *Center for the History of Political Economy*, led by Bruce Caldwell at the Duke University and the *Research Program in Economic History*, directed by Barry Eichengreen at the Berkeley University of California. They are focused on the education of economists trained in History with ability to influence effectively on the debate and design of public policies. Additionally, the Institute created the *Economics Curriculum Committee*, directed by Lord Robert Skidelsky and Perry Mehrling, to make concrete recommendations for changes in the objectives and contents of Economics studies in Universities worldwide.

In this spirit, the papers in this issue of *Cultura Económica* go further in the reflection of the future of economic thought which seems to have taken more

impulse in recent years. The first paper, that Robert J. Shiller kindly sent us soon before being awarded with the Nobel Prize in Economics 2013, was co-written with Virginia Shiller. In contrast to the purely specialized and technical idea of the economic profession and using Robert Heilbroner's image of the "wordly philosopher", the author proposes to rethink economics as a "philosophical" profession. As a consequence, those educated in economic science would attain the capacity to raise questions not only about the most efficient means to achieve a preexistent end, but also about the fairness of the goals consumers, workers, entrepreneurs and all the other economic agents aim for. This exigency – that would break the taboo of the so called science's evaluative neutrality – would take economists to adopt methodological perspectives that would be flexible enough to insert their vision, analyses and recommendations into the broader context of social and human ends taken as a whole.

The second paper by Professor Jacob Dahl Rendtorff from the University of Roskilde, Denmark, sets out the debate on the connection between economics and ethics, revisited after the global financial crisis. According to Rendtorff, while classical political economy and welfare economics acknowledged the link between both disciplines, neoclassical economics, preeminent in the decades before the crisis, conceived itself as a science free from ethical boundaries. However, a further analysis of the neoclassical models would reveal that beside their absolute methodological autonomy's intention, those models – especially those coming from utilitarian ethical thinking – have multiple normative assumptions. In this sense, the Danish Professor suggests to make explicit the normative ethical dimension, which is inevitable in any economic analysis. Thus, basic economic concepts, such as utility, preferences or competition, can be related to ethical and social concepts as necessity, freedom and cooperation, in order to achieve an argumentatively justified conception – and not merely factual - of public policy proposals.

Thirdly, we present the work by Professor Carlos Carvallo Spalding, of the Catholic University of Uruguay, who argues that the conceptual bases of neoclassical paradigm, edified on an attractive mathematical formalism, have revealed their weaknesses after the global financial crisis. In this context, this paper outlines the need for revising its fundamentals, especially the model's underlying anthropological concepts and its method. In the end, it is necessary to change the course of economics towards a personalist path and hold a dialogue with the other social sciences.

In the fourth place, we present the results of a research article by Diego Favaro Villegas, Professor at the Catholic University of Uruguay. The author presents the evolution of the concept of the firm from the static and exogenous perspective of the neoclassical theory, to an evolutionary and endogenous view related to the evolutionist theory of Joseph Schumpeter. According to Favaro Villegas, this point of view might broaden the conception of the firm in economic theory, initiated especially with Ronald Coase's ideas.

In the end, the Letter by Holy Father Francis to UK Prime Minister David Cameron closes this issue. In this missive, written with the occasion of G8 meeting in June 2013, and addressed to the main world leaders facing the economic crisis, it can be seen the common concern of the last three Popes' about the need to guide the process of globalization towards the development of a new culture, where the ethical and human dimensions have a central and vital role. In this sense, this issue of *Cultura Económica* intends to make a contribution from academic thinking to the achievement of this hard but necessary objective.

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