

A Review of the Chinese School of International Relations: Moral Realism

 ¹ Mohammad Ekram Yawar
<https://doi.org/10.69760/aghel.0250040005>

Keywords	Abstract
Classical economics conventional economics neoclassical economics marginalism history of economics	How was the term "neoclassical economics" introduced to economics and what thoughts does it imply? Is the current use of this term consistent with the initial efforts of its founders? These questions are among the categories that always occupy the minds of economic scholars. Neoclassical economics was first introduced to economics by Veblen, and it referred to the marginalist thoughts that prevailed in the last decades of the nineteenth and early twentieth centuries. In order to escape from the classical theory of objective value, marginalists resorted to subjective preferences for determining values, hoping that by abandoning objective value, they could establish economics on a more scientific basis. Although these efforts were initially considered good advances, after a while they became so abstract that they seemed to be anything but a theory about human behavior. In this article, we will take a brief look at the scientific life of neoclassical economics to show how this intellectual tradition was formed, what its most important features were, and what it became over time. We will also show that, contrary to existing perceptions, the early thinkers of this intellectual tradition did not have an anti-historical and anti-institutional outlook.

Introduction

Conventional economics, also known as conventional economics or mainstream economics, is made up of various schools of thought, but the most important one is neoclassical economics, which largely dominates other mainstream paradigms. However, as Tafazzoli (2008) points out, neoclassical economics itself is also known by two names.

(Marginalist economics;) Neoclassical economics. Since their analytical focus was mainly on final principles (such as marginal utility, marginal production, and the like), they were called

¹ Prof. Dr. Mohammad Ekram YAWAR, Dean of the Faculty of Law, International Science and Technology University, Warsaw, Poland. Email: ekram.yawar@istu.edu.pl. ORCID: <https://orcid.org/0000-0003-3198-5212>.



marginalists or finalists. On the other hand, because their theories and analyses in many cases led to similar conclusions and results as classical economists, they were called neoclassical.

In fact, the latter was the name that Veblen gave them. But what was marginalist or neoclassical economics? This name and title is something that was assigned to the efforts made in the second half of the nineteenth century to respond to the relationship between exchange value and use value (Campus, 1988).

Of course, we should note that historically, we can point to works that precede these efforts. For example, people like Cournot, Dupuy, and Thonen can be mentioned as pioneers of final analysis. However, the recognized form of marginalism was eventually manifested in the works of people like Jones, Menger, and Walras, and in the history of economic thought these people are considered its founders. Regardless of these issues, the important question that concerns us is what happened in the womb of economic history that the marginalist germ emerged in such a systematic and paradigmatic form, how it was born, and how it grew and developed. This is a very important question and needs to be addressed.

This issue is important in at least two ways. First, there is no doubt that neoclassical economics is currently the most important school of thought in the mainstream of economics and therefore has the greatest dominance over all scientific circles in the world. This issue alone can indicate the need to understand its emergence and how it evolved.

Second, if we want to understand the knowledge that this paradigm offers of social realities and identify its possible shortcomings and weaknesses in this regard, we must still have a precise understanding of it. Undoubtedly, this understanding is possible in the context of a historical analysis. For this purpose, before entering the main topic, we will first review the historical background of the discussion, that is, classical economics.

In fact, addressing the neoclassical paradigm without considering what has happened to the classical school will not provide a precise understanding of the whole issue. Because history testifies that marginalism came into existence after the theoretical and empirical failures of classical economics.

After a brief review of the historical background of the discussion, we will try to examine some aspects of marginalist economics. After that, we will reflect on the types of historical narratives available about this school and try to address some of the neglected aspects of the neoclassical intellectual tradition.

Classical Economics: Achievements and Deficiencies

From the late 18th century to the mid-19th century, the school of classical economics with its liberal thoughts was at the peak of its credibility, to the point where it can be said, "Economics had overshadowed all social sciences in that era, and social reforms were not impossible without the opinion of economic scholars, and if there were no statistical research in economic sciences, sociology would not have been possible" (Qadiri, 19969)



Of course, even philosophy was largely dependent on economics. During this period, and despite some drawbacks, classical economics was able to present itself as a great intellectual building. There were several specific reasons for this: First, the classics were able to lay the foundation for a new knowledge that, independent of ethics and law, was able to analyze issues related to human relations in a scientific manner.

Second, by modeling themselves on the laws of nature, the classics were able to instill the idea that an economic system based on natural laws could function best, and therefore the government should be prohibited from any interference.

Third, classical economists were able to provide precise and comprehensive definitions of some concepts, raise new topics under topics such as wealth and production, and present interesting classifications of factors of production.

Fourth, the classics showed that in conditions of free competition and without government intervention, the economic system could produce the best results and establish equilibrium. In any case, the concise forms of economic science expressed by classical scholars were in a way that delighted any audience and convinced them to a great extent.

In fact, this vision was so broad that some thought that everything that economics could do had been proposed by classical scholars and that this science could be considered complete. But reality quickly became inconsistent and exposed the fundamental weaknesses of this approach. First of all, and contrary to the classical economists' imagination, the invisible hand and the pursuit of personal interest had failed to guarantee collective interest. Therefore, many strata of society struggled with poverty.

Workers in particular were in a very unpleasant situation. This is while the classical theory was based on labor. In other words, they considered value to be the result of labor. That is, if the production of commodity x required two days of labor and the production of commodity y one day, then x was worth twice as much as y. In other words, value was produced by labor.

Marx raised a historical question in this regard that could shake the foundation of economic liberalism. He believed that if labor produces value, then why does the surplus not go to the workers and flow into the pockets of capital? In his opinion, the surplus should go to the workers. And this is an attack on the foundation of the capitalist system (Hamilton, 1987).

Moreover, there was strong evidence that individuals do not guide their actions based on self-interest. In fact, there are many sources of motivation that can be considered as guiding our behavior and conduct. This could well indicate the fact that the image of man presented by the classical school is an incomplete and incorrect image, and of course, when the image drawn of man is incomplete, the theories built on it will also have shortcomings (Qadiry, 1969).

Another fundamental flaw of the classical theory was that they considered their theories universal and ignored the institutional and cultural differences existing between societies. In fact, they



thought that the clothes sewn by them (the principles and theories presented by them) fit all human societies and that all societies follow the same laws, so we can expect the same consequences.

For example, there was the idea that by removing all existing restrictions on free trade and opening the doors of the economy to the world without any consideration or condition, all societies would benefit and enjoy prosperity and well-being. However, in England's trade relations with other countries (such as Germany), there was evidence indicating that this classical theory was not correct, to the point that thinkers such as Friedrich List strongly opposed this idea and called for the establishment of protections for German industries.

Similar positions were taken in America against trade with England. Another theoretical problem of the classics is the formulation of cause and effect relationships. When the classics argued about cause and effect relationships, they did not realize that the cause can often be the effect and at the same time the effect itself can be the cause (Veblen, 1909). This caused some of their laws to encounter a cycle of succession.

For example, in the law of supply and demand, the basis of the argument was that supply and demand determine the price. On the other hand, in explaining supply and demand, it was assumed that they are determined by the price. That is, if we want to know which is the cause and which is the effect, we get caught in a vicious circle. The situation is the same with regard to the cost of production.

The classics claimed that value is determined by the cost of production, regardless of the fact that the producer regulates his production and production costs based on the current price or the price he predicts in the future. This cycle of succession is also visible in the law of income distribution between labor, capital, and landowners.

Because here too, we see that on the one hand, price is determined by the sum of wages, profit, and rent, and on the other hand, each of these is determined by subtracting two other components from price. That is, we are again caught in a kind of cycle. Other shortcomings and weaknesses of the classics include the failure to realize the theory of three, the theory of value, the theory of Ricardo's distribution, and the neutrality of money. In summary, it can be said that classical economics, despite all its authority and influence, faced some pitfalls due to its inherent weaknesses.

Of course, the most important challenge to this approach was the weak performance of the system that promoted it. The liberal capitalist system was something that the classics strongly supported, but this system had failed to provide for the well-being of the individuals in society, and most people either suffered from poverty or had to endure very difficult working conditions. This situation raised the question: "Is the poverty of workers the result of natural law or the result of the wrong regime of economic liberalism?" (Qadiri, 1969)

In fact, in the second half of the nineteenth century, and despite all the theories and laws formulated by the classical economists, Western society was still struggling with serious problems and difficulties.



Social welfare was apparently increasing, but poverty was still very widespread. The extremely unequal distribution of wealth and national income had fueled many discontents, although at the same time the general standards of living were increasing.

Trade fluctuations had a very unpleasant effect on the people, so that other members of society were unable to rely solely on their own initiative and abilities to overcome problems. Farmers and farm workers also had their own problems, so that they migrated to the cities in search of better opportunities, creating poor slums. Therefore, on the one hand, a process of profound structural changes was taking place and intensifying.

In this space, the structure of social relations was taking shape in two different ways: social relations related to the factory and social relations related to the community. In fact, within enterprises, especially large enterprises, relations between individuals took the form of hierarchical and bureaucratic relations. This form of relations provided the basis for the first attempts at "personnel management" and the first formal forms of "management science".

On the other hand, in society as a whole, class conflict was deepening surprisingly and was turning into a direct war between political power holders and unions (Screpanti & Zamagni, 2005).

Different countries were also experiencing different rates of growth, but this growth was accompanied in different places by increasing concentration of capital, the spread of alliances, mergers and the formation of cartels. This process was reinforced by the enormous changes taking place in production techniques, which in turn led to significant increases in the size of factories (especially in the communications, transport, steel and iron industries).

In addition, the organizational form of the limited liability company was establishing itself and becoming the exclusive means of equipping and controlling the huge volume of capital needed for growth. In addition, the uneven development of countries had given rise to relentless international competition. This competition was in all areas, from prices and technology to the organizational form of enterprises and the national economic system.

But on the other hand, all kinds of economic problems and hardships were emerging, problems that seem to be signs of the first crisis of the capitalist system. The situation was such that many believed that they were facing a "Great Depression".

This situation led to many protests against classical economics, both theoretically and practically. "The first attack on the classical school was made by Sismondi, who presented a touching balance sheet of the performance of liberalism and painted a terrifying picture of the poverty and suffering of the workers and the poor masses of the time that economic liberalism had caused" (Qadiri, 1969). This revolt, on the one hand, fueled socialist movements and, on the other hand, caused nationalist movements against the economic liberalism of the classical school. In fact, in these circumstances, three approaches were proposed to overcome social problems, all of which were ten points of departure from the precepts and rules of classical economics.



These approaches were: socialism; the union system; and the belief in government intervention to improve conditions by establishing economic regulations, resolving existing problems in the proper use of resources, and eliminating inequalities in the distribution of income.

All of these ideas and the thinkers who supported them challenged the intellectual foundations of classical economics in some ways and severely criticized its foundations (of course, the peak of these criticisms can be seen in Karl Marx's *Capital*.)

However, conservatives are always quick to turn to ideas that support the status quo. In fact, after a group of thinkers showed that the ideas of the classical school could not provide an accurate and reliable explanation of the realities of the world, some economists attempted to overcome these shortcomings by presenting a new intellectual framework. This new framework of thought is what was first called marginalist (marginalist) and later became more famous as neoclassical economics.

The marginalists disagreed with all three of the above answers. Based on their seemingly neutral and heavenly theories, they themselves concluded that: although the theories of value and distribution of classical economists were not precise enough, their policy views, based on the absence of government intervention, were accurate and correct.

In fact, the marginalists advocated distribution and allocation through the market, opposed government intervention, denounced socialism, and tried to show that labor unions were either ineffective or harmful.

In an effort to defend these beliefs, the marginalists set about establishing a flexible scientific paradigm that still has staunch defenders after a century and a half. The following are some of the dimensions We will discuss this influential paradigm in the history of economic thought.

Marginalism (Finalism)

The most important and prominent systematic efforts and paradigms of the marginalist type were made independently by three economic thinkers in a short period of time. Historically, first, William Stanley Jones published a book titled "Theory of Political Economy" in 1871, just a few years after the publication of Marx's *Capital*, which can be considered the beginning of the final unitary school.

After him, Menger and Walras published theories that were similar in method and content to Jones' research. Since they emphasized the final units in their analyses, their approach became known as finalist or marginalist. By emphasizing concepts such as utility, and hypotheses such as the rationality of individuals' behavior, which is equal to maximizing utility, these thinkers were able to create a fundamental turn in economics and developed the theory of value. From around work to around utility.

Their efforts were able to reduce the venom of attacks by people like Marx to some extent and provide a relatively safe haven for economics. Of course, one of the important points about the



marginalist school is that, despite the change in the method and content of the theories presented by it, the results it produced were largely the same as those reached by the classical school.

In fact, it seems that this is why Veblen called them neoclassical. In any case, it was not long before marginalist ideas and thoughts met with success in scientific fields and attracted the attention of thinkers of the time. According to what is stated in economic history, the initial ideas of Jones, Menger and Walras were later developed by Alfred Marshall, Francis Edgeworth, Irving Fisher, John Bates Clark, Wilfredo Pareto, Friedrich von Wieser and Eugen von Böhm-Bawerk and some other thinkers of the time. It was expanded and expanded (Grant, 2007 & Brue; Zamagni, 2005 & Screpanti; Tafazzoli 2008).

In fact, and to be more precise, the neoclassical school can be considered the result of the initial efforts of the marginalists and this group of economists (i.e. Marshall and his colleagues).

Of course, the most prominent role in this is that of Marshall. One of the most important efforts of this school and its creators was to base their economic theories on an important principle: humans are in search of more pleasure with less pain.

This vision, which is synonymous with presenting a one-dimensional, calculating, and completely soulless image of humans, gave a new shape to economic analyses in the form of optimization principles and with the help of a mathematical cloak. This attitude, in the context of theoretical efforts made within the framework of the theory of materialism, was able to become an analytical tool. It seems to create a powerful force for the economy, to the point that some economists considered it "the foundation of the entire edifice of economics" (Walras, 1900).

This analytical tool is the condition of equality between prices and marginal utility, which is considered as a condition of rational behavior of consumers and is still relied on as the most important principle in the formulation of economic formulas after a hundred years.

This finding of economists implied an important issue, namely, that, assuming a certain amount of goods produced, relative prices are determined entirely by marginal utility (Campus, 1988).

With the help of this new analytical tool and using geometric diagrams and mathematical techniques, the final school tried to transform economics into a more precise social science. The emphasis on utility and related concepts gave demand and its conditions a prominent place in their analyses, and they considered them as one of the factors determining the prices of final goods and factors of production.

In addition, the school emphasized the factors that shape individual decisions, an issue of great importance in a world where these decisions are important in determining the course of economic activity. The finitists explicitly stated the fundamental assumptions that underpinned their economic analyses, in contrast to the practice of classical economists, who left the status of these assumptions vague. The methodological controversies that the finitists initiated led to the separation of objective, determinable principles from those based on value judgments and philosophical insights.



The partial equilibrium analytical method used by the members of the Nahiyyun school enabled them to use abstract methods to analyze the complexities of the real world. This analytical method, in which one variable is changed while the others are held constant, allows researchers to dissect complex phenomena in one step at a time. Thus, the extremely complex problems and issues of society, involving numerous variables, are reduced to a systematic and extremely simple form.

Of course, the finitists tried to approach more realistic states and situations by introducing further variables in their analyses, although what their understanding of reality was and what facts they gave importance to can be a matter of much reflection (Stanfield, 1999). In fact, they emphasized those facts that could be mathematically modeled and those facts that could not be expressed in terms of these abstractions were excluded from study. This fact was one of the most important components of Veblen's attacks on neoclassical economics (Veblen, 1898 & 1909).

Another characteristic of the microeconomics was their focus on individual economic units (small parts of the economy), which they considered to be one of the advantages and benefits of their approach. It is believed that the microeconomic approach of the microeconomics complemented the existing macroeconomic approach to economics (which could have overlooked many issues by considering the economy as a large whole). For example:

- 1: It is possible for certain groups of people to become extremely poor while the average per capita income of a society has increased.
2. The business cycle is very important for the profitability of a large automobile company, but for a simple grocery store, the business cycle is much less important than the opening of a rival store down the street.
3. Macroeconomics tells us that investment in some forms of human capital (such as higher education) yields higher returns. Compared to investing in physical capital; however, a banker may be reluctant to lend to individuals for higher education unless the government guarantees the loan. Accordingly, the microeconomic approach ultimately assumed a very important place in economic theory.

When discussing a scientific school, one of the most complex issues is to outline the most important characteristics of that school. This is by no means an easy task, because each school is made up of the opinions and ideas of a group of thinkers who sometimes have fundamental differences with each other. Nevertheless, commonalities can be found in some categories. In the history of economic thought, a number of issues are mentioned as the most important ideas of the finalist school, some of which can be summarized as follows. (Brue & Grant, 2007:172) .

1. Focus on the margins (finalists) . (In other words, this school focuses mainly on the point of exchange, where decisions are made (in other words, on the margins). The Finiteists extended the Finite Principle that Ricardo had put forward in the theory of rent to all areas of economic theory.
2. Focus and emphasis on the rationality of economic behavior. The Finiteists assumed that people act rationally in balancing pleasure and pain, in calculating the marginal utility of different goods,



and in balancing present and future needs. They also believed that purposeful human behavior is normal and ordinary, and that a few abnormal behaviors cancel each other out. The Finiteists' intellectual roots went back to the thoughts of Jeremy Bentham, because they believed that the dominant force in human action is the pursuit of utility and the avoidance of disutility (or negative utility).

3. Emphasis on microeconomic analysis. The fact is that in the finalists' dramas the individual and the firm are the main focus of the analysis. Instead of focusing on the total economic system, or in other words macroeconomics, the finalists focused mainly on individual decisions, market conditions for a type of commodity, the output of specific firms, and the like.

4. Use of abstract and deductive methods. The finalists opposed historical methods and supported the analytical and abstract methods of people like Ricardo and other classics.

5. Emphasis on pure competition. With exceptions such as Cournot, the finalists usually based their analyses on the assumption of pure competition. Pure competition is a world consisting of small, individualistic, and independent entrepreneurs; a large number of buyers; a large number of sellers; homogeneous products; uniform prices; and no Advertising. No one person or firm has enough economic power to meaningfully affect market prices. Individuals can, by their actions, demand, supply, and exchange at prices determined in the market through the interactions of a large number of people. Each individual is so small in relation to the size of the market that no one will notice his or her presence or absence.

6. Demand-Based Price Theory. For the early financiers, demand was the main force in determining price. The classical economists emphasized the cost of production (supply) as the main determinant of exchange value. The early financiers took the opposite path and emphasized demand, albeit at the cost of practically eliminating supply. Although Alfred Marshall, a little later, created what is known as neoclassical economics by combining supply and demand, Marshallian economics was inherently heteronomous.

7. Emphasis on subjective utility. According to the financiers, demand depends on marginal utility, which is a subjective and psychological phenomenon. The costs of production also include such things as: dedicated and tedious work efforts, running a business, saving money to finance the capital needed.

8. Equilibrium approach. The financiers believed that economic forces generally tend towards equilibrium - that is, a kind of balance between opposing forces. Wherever disturbing factors cause the balance to be upset, new movements towards equilibrium will occur.

9. Integration of land into capital goods. In their analyses, the financiers lumped land and capital together and treated interest, rent, and profit as returns on assets. This move, in addition to having its own analytical advantages, also Some challenged the view that land rent was a windfall and an unnecessary payment to secure the use of land. The Finiteists generally linked land rent to the theory of usury.



10. Minimal government intervention. In the vein of the classical school, the Finiteists advocated minimal government intervention in the economic system as the most desirable policy. If the goal is to maximize social benefits, in most cases it is best not to interfere with the laws of natural economics.

Furthermore, the Finiteists believed that a better understanding of how the market can allocate resources efficiently and promote economic freedoms can provide the basis for increasing the well-being of all members of society. To a large extent, the finitists were successful in implementing this vision, especially in neutralizing Marx's ideas based on the argument that, under competitive conditions, the amount received by workers is equal to their share in the production of the value of the product.

Of course, the finitists also helped those who wanted to maintain the status quo, that is, those who resisted change. Among these were employers and landowners. In fact, their theories benefited employers (even if most of them were unaware of this fact) by opposing labor unions and by attributing unemployment to the artificially high wages and their inflexibility downwards, or both. The finitists protected landowners against attacks based on Ricardo's theory of rent. It can also be said that this theory has been in favor of the wealthy, who are generally opposed to government intervention in the field of income redistribution (Brue & Grant, 2007).

Like any new idea, some of the ideas of the finitists have been quickly challenged, and some have been rejected. For example, Keynes pointed out the error of combining neoclassical and finitist employment theory. If a firm is forced to reduce wages, it can expand its market by selling more of its product at lower prices. The reduction in the purchasing power of its employees will not affect its sales much, since they usually only buy a small portion of that product.

But if all employers are forced to reduce wages, then their market is likely to not only not expand, but also shrink. Moreover, critics believed that the pure competition hypothesis was a good hypothesis for the years before 1870, but not for the years after 1870. In those years, pure competition was found only in a small part of the economic system.

Institutional economists also believed that historical and institutional factors were the main determinants of the amount of daily work, consumer behavior, and wage rates, not the rational calculations of individuals. The ultimate view that the best government was the one that interfered the least was out of fashion as new ideas and theories emerged.

The principle of analysis of these thinkers was static, timeless, and lacking empirical support. Little effort was made to inductively verify the theories. Indeed, the hypotheses were often constructed in such a way as to preclude the possibility of testing them. The firm belief that supply creates its own demand led to a neglect of business cycles. The Finite-Dayton School failed to explain economic growth, and it became clear that this theory was not effective in explaining the cause of the slow development of developing countries.

Although addressing the story of the ineffectiveness of neoclassical theories in facing the development problems of countries is a detailed and separate topic, regarding this ineffectiveness,



it is possible to point out issues such as their incorrect understanding of issues such as institutional changes, coordination failures, complementarities, multiple equilibria and low-level equilibria, and the like, which generally cannot be analyzed with neoclassical tools and have had serious consequences for developing countries.

Such as poverty, inadequate education and health, child labor, lack of industrialization despite the existence of high technologies, accelerated migration from rural to urban areas despite the existence of widespread unemployment in the cities, the inability to transition from traditional agriculture to industrial agriculture, internal brain drain, and the like (Todaro & Krugman, 1998 & Smith, 2012; Bowles, 2004).

Although some of the early legacies of the finitudes have not withstood the test of time and economists have gradually ignored them, some of them have endured over time and remain intact. In fact, some of the most dogmatic beliefs of current mainstream economists can be traced back to the legacy of the above; one of the most important fanatical beliefs of mainstream economics is individualism (Arnesperger & Varoufakis, 2005).

Individualism can be considered the most important anchor of conventional economics. The truth is that none of the brilliant theoretical advances in economics have detached the neoclassical ship from its anchor. In other words, the neoclassical school has fanatically preserved its individualistic roots.

Their method still retains its analytical-synthetic character: the socio-economic phenomena under study are analyzed by focusing on the individuals whose actions have caused the phenomenon to occur. That is, the first step is to analyze actions at the individual level; Then, through combination, the necessary knowledge of the subject is obtained (such as analyzing individual demands separately and then combining these individual demands to arrive at market demand and finally analyzing the market based on that). At the individual level, further steps are taken to understand the complexities of the phenomenon under study.

In short, neoclassical theory follows the method of a watchmaker. To understand the functioning of a watch, he first examines each of the components of the watch separately and sees how each cog operates. From the neoclassical economist's point of view, individuals are like cogs with the main components to be studied because it is their actions that cause the social phenomenon to occur. Therefore, it can be argued that individualism is a very important component in conventional economics: the idea that socio-economic phenomena should be studied at the level of individual agents.

In fact, economists of the conventional school of structure-agent relations give primacy to the individual and operate in their explanations in a philosophical individualist manner, believing that individuals are agents who are able to direct all their actions, actions, and decisions based on their desires and preferences.

Accordingly, this view emphasizes the characteristics and activities of each individual to explain his or her behavior. In fact, this approach assumes that human needs, talents, and motivations occur



without any specific connection to social groups or social interactions. Hence, it is claimed that every social phenomenon and institution can and should be explained as the product of individual decisions, actions, and attitudes (Brian Fay, 2004: 65-67). This insight has led to an excessive and illogical emphasis on individual actors and the exclusion of collective actors from the economic scene. (Screpanti & Zamagni, 2005).

Of course, it is necessary to pay attention to two points here. First, this analytical method is not the method of classical economists such as Adam Smith. Even people like Keynes and Hayek did not follow this method. Second, this method is in complete harmony with the liberal individualism of the mid-19th century in Europe. This insight led to the separation of the agent from the structure and the insistence that any socio-economic analysis and explanation at any point in time and space must proceed from the agent to the structure. In fact, in this view, structure was seen as the crystallization of the agent's past actions.

It can be shown that this rigid separation and separation between structure and agent is not only a central component in the definition of conventional economics, but also forms the basis of most recent theoretical efforts (Hodgson, 2004 & Varoufakis, 2005 & Arnesperger).

There seems to be no dispute about the fact that all the various and new forms of manifestation of what we call mainstream economics are all committed to individualism. Despite the fact that mainstream economists have paid attention in the last few decades to the fact that the agent is a creature of his social environment and that the structure and the agent are intertwined, the emphasis in their modeling is still on the individual. That is, the path of explanation is still from the individual to the structure. Another bigoted belief of conventional economics can be called instrumentalism.

That is, the belief that all human behavior is preference-driven, or more precisely, considered as a means to maximize preferences. This thinking is based on the philosophical belief that economics seeks to allocate scarce resources to unlimited wants, which ultimately lies in Samuelson's voice as a golden formula that he believes lies at the heart of all economic problems, a mathematical function for maximizing given the available constraints (Screpanti & Zamagni, 2005).

According to some institutionalists, in this view, the preferences of individuals are considered to be given, unconditioned, completely deterministic, and separate from the beliefs and instruments used (Hodgson, 2000). In fact, according to this view, everything that human beings do or say is a means to satisfy their preferences. Hence, there is no philosophical space left for the question of whether the agent will act in accordance with his preferences or not? Does he have any practical freedom in his choices?

In this connection, Tony Lawson believes that economists often refer to their project as a theory of choice, which is why the discourse of choice is so prevalent. However, despite all these claims, the truth is something else. In all the formal models published in reputable scientific journals, what is ultimately denied is "choice".



For if choice has any meaning, its real meaning is that each individual can always act in another way, and this is precisely what contemporary theorists cannot accept in their formal models. Individuals can have only one kind of choice and only one kind of action. In fact, the type of approach here is ambivalent, or in other words, this or that, not both (Lawson, 1997 & 2003).

On this basis, it can be argued that neoclassical theory is a more limited version of consequentialism, in which the only outcome that matters is the one in which a homogeneous index of satisfaction-preferences is maximized (Arnesperger & Varoufakis, 2005).

The roots of instrumentalism can be found in David Hume's treatise *On Human Nature*. In this treatise, the Scottish philosopher divided the human decision-making process into three separate modules: passion, belief, and reason (logic). Passion determines the destination, reason (logic) determines the path to that destination. The whole process is determined by a set of beliefs about external constraints and the possible consequences of alternative actions.

It is not difficult to see how this view relates to conventional microeconomics: in microeconomics the individual is defined as a set of preferences, his beliefs are reduced to a set of mental probability density functions that allow him to translate his preferences into expected utilities, and finally his reason is so callous that his choices do not go beyond maximizing utility.

It is, of course, a mistake to imagine that Hume endorses this neoclassical view. For the passion he is referring to is far too vague to be neatly aligned with the ordinal or expected utility function. In the tumultuous twentieth century, conventional economists have made a great deal of effort to They promoted the development of psychological issues related to the decision-making process of economic agents. There was little research on the philosophical issues related to the rationality of economic man. It was thought that individuals could (and should) be modeled as if they had consistent preferences that guided their behavior automatically.

The question of whether all rational men and women were really doomed to maximize their utility function at every moment in time was considered an absurd question. Thus, instrumentalism lost its connection with the philosophies of Hume, Bentham, and Mill and became a technical movement, something like the gestures and postures of an actor before coming on stage. Another fundamental belief of the neoclassicals is what can be called counterfactualism. But the question is why economics Neoclassicism requires such an insight. The important point is that, according to neoclassicists, the most important goal of economists in their scientific efforts is to provide predictions (Friedman, 1953).

Friedman considers the goal of conventional economics to be to provide a system of generalizations that can predict the results of changes in conditions. He believes that the performance of this system is measured in terms of the breadth, accuracy, and results of its predictions.

Although resorting to individualism and methodological instrumentalism are useful in formalizing the subjects and phenomena under study, they cannot fulfill the goal of prediction. Equilibrium is something that can overcome this shortcoming. Uncertainty avoidance and determination require



that the instrumental behaviors of agents be coordinated in such a way that their macro-behavior becomes sufficiently regularized so that reliable predictions can be made of them.

The standard question that is usually asked, explicitly or implicitly, in the mainstream economic literature is: What behavior can we expect in equilibrium? And the question of whether equilibrium is possible, or how it is actually achieved, is generally treated as an additional and irrelevant question that is never addressed (Arnesperger & Varoufakis, 2005).

The reason for imposing equilibrium as a self-evident principle is not so complicated: it cannot be otherwise! In fact, neoclassical economists cannot show that equilibrium is the result of rational, instrumental choices by agents. They therefore opt for the second best, resorting to the methodological alternative that the behavior of economic agents fluctuates around an intuitive-analytical equilibrium, and instead of paying attention to the essence of the matter, they indulge in the tempting question of whether the system tends to return to equilibrium if it is out of equilibrium, without worrying about its real value.

It can easily be shown that this insight has accompanied economists since the infancy of economics. When Cournot was explaining the first economic models in 1938, he quickly realized that there was a glaring gap in his theory in explaining the occurrence of equilibrium.

However, instead of exploring this analytical problem, he proceeded to investigate what happens when we start from equilibrium. Whether the system tends to return to equilibrium or not. In other words, whether the equilibrium in question is stable or not. The proof of the stability of his hypothetical equilibrium is what has secured Cournot his place in the pantheon of theoreticians in neoclassical economics.

Moreover, an interesting conclusion can be drawn from Cournot's analytical method. In neoclassical economics, the theorist first discovers an equilibrium state; then he assumes as a matter of course that the economic agents will find their equilibrium in it.

Finally, it is shown that, once in equilibrium, all small disturbances are incapable of creating centrifugal forces that would drive self-interested behavior out of the discovered equilibrium. These three theoretical stages are equivalent to what is called equilibration. It is important to note that equilibria are synonymous with avoiding what can be considered the central question of behaviorism: do rational agents act in accordance with the predictions of the equilibrium theory? Instead, the question is: if rational agents act in accordance with the predictions of the equilibrium theory, is there any reason to stop doing so? It is also interesting to note that equilibria has remained intact since its first use by Cournot in 1838.

Not only has it remained intact, but it has given rise to many elaborate interpretations, including general equilibrium theory and game theory. In neither of these theories does the equilibrium solution naturally arise from the model hypothesis.

By the admission of the theorists of general equilibrium theory themselves, convergence towards general equilibrium can only be proven under many constraints and for special cases. Of course,



it is true that it is not only difficult but impossible to prove that a system of theoretical markets will produce equilibrium in every market (see Mantel, 1973 and 1974). Game theory is no exception to this conclusion: in most human socio-economic interactions (or games), the common knowledge that all actors are instrumentally rational rarely leads to interactive Nash equilibria.

In fact, more is needed to achieve equilibrium. This is in addition to the self-evident principle that at each stage of the game the beliefs of all individuals are consistently aligned. It is clear that this assumption is another embodiment of counterfactualism: for, when we assume that the beliefs of the agents are consistently and systematically aligned, we are in fact assuming that they are in (Nash) equilibrium. In fact, again, equilibrium is imposed as an axiom on the model and theory, before its stability against possible disturbances is examined. That is, the spirit of Cournot continues to live.

The passage from the obscurity of the cosmogony in economic laws is also another important feature of neoclassicism. The analogy of economics to natural sciences in general, and to physics in particular, has led to hypotheses of knowing the same objective and absolute nature of natural laws for economic laws, regardless of their historical and social context.

The inclusion and encompassing of the imposed problem of neoclassicism, namely the problem of scarcity, has provided universal validity for economic laws. But for this to make sense, social relations must be excluded from the field of economics. For this reason, they have been treated as superstitions, subjects incompatible with new scientific achievements, and the like (Screpanti & Zamagni, 2005).

Consequently, according to institutionalists, in the neoclassical tradition the choice of what can be studied as an economic subject will depend on whether or not it will be covered with the cloak of formalism. If it is covered, so much the better; otherwise it should be excluded from analysis. The problem, of course, is that most of the things that are covered with this royal cloak have nothing to do with the realities of human life (Veblen, 1909).

It can be said that while the individualistic reductionism of the neoclassicals leads to the elimination of social classes from economic analyses, their anti-historical reductionism leads to the elimination of social relations from economic analyses. Naturally, the study of changes in these categories also loses its importance. Does the picture of neoclassical economics presented in the history of economics textbooks correspond to reality?

At present, neoclassical economics, with a body embodied in the aforementioned hypotheses, not only continues to exist but also enjoys a significant hegemony over other paradigms. Due to this relative hegemony, the written history of economics also reflects a bias towards neoclassicism to some extent. Contemporary historians of economics, that is, those who began writing in the second half of the 20th century, tend to focus on those economists of the past whose scientific contributions were in the line of neoclassical research.

The relatively negative judgment of these economic historians of approaches such as institutionalism, which has criticized conventional economics and attempted to act as a barrier



against the intellectual trends leading to the current modern economy, does not reflect the honesty and integrity expected of them as professional economists (Yonay, 1998).

This is not only evident in the depiction of other paradigms but also in the actual presentation of neoclassical economics. The truth is that the spirit of neoclassical economics that spread in the second half of the twentieth century is very different from the neoclassical economics of the first half of the twentieth century. In fact, the neoclassical that spread in the second half emphasized aspects of conventional economics that were anti-institutional and anti-historical. In order to demonstrate its legitimacy, this movement tried to show that this way of thinking had a historical continuity since the emergence of the marginalist/neoclassical school.

Therefore, to some extent, the presentation of history was accompanied by deviations and distortions. It is true that there are many ways to tell the story of the past (White, 1973&1987; Gerrard, 1993).

In fact, when a historian wants to narrate the contribution of past scholars, he has no choice but to select, according to his own criteria, those categories that he considers important and valuable. Personal biases are therefore unavoidable. But the problem is that in the history of economic thought almost all historians have suffered from similar biases when recounting historical events. This may lead to the mistake of assuming that the only valid way to describe the past is what is observed in conventional history.

Although many of the stories narrated by neoclassical historians are correct, their selection nevertheless seems to have left important aspects of the past ambiguous, such as the nature, success, and fortunes of institutional economics, or parts of the early neoclassical insights that were closer to institutional and historical analysis.

In the history of economic thought in the period of marginalism and neoclassicism, that is, the last decades of the 19th century and the first decades of the 20th century, we mainly witness an over-exaggeration of the obscurity of the economic gods. So that one might easily imagine that the main practice of economists of that era was to use the ultimate tools provided by the ultimateists to analyze specific problems and situations.

There is no doubt that such a picture is wrong. Marginalism, Marxism, and institutionalism are three traditions of thought with significant influences that came into being in the same “neoclassical era”. Stigler has shown through his extensive research that in that era, marginalism did not form the main core of economic studies.

Stigler claims that “utility was not among the research tools of economists in this period”. To illustrate this point, Stigler says that in 1940 no articles in the *American Economic Review* used marginal utility theory, while in 1970, 29 percent of the articles did (Stigler, 1973).

The fact is that marginal analysis became part of the curriculum of economics at the end of the nineteenth century, but it was only one topic among countless others of equal importance and did not become the main tool of economists until after World War II. In fact, up until then, it was



possible to be a successful economist without being a master of marginal analysis, or even without knowing much about it.

Today, Alfred Marshall is considered the most important neoclassical economist; The one who gave a boost to the new school of economics, established a connection between it and earlier education, and wrote the most original textbook that was the center of economic education throughout the world. Among the greats of economics, Marshall enjoys a position similar to that of Smith, Ricardo, Marx, and Keynes. Niehans (1990) argues that at the time of Marshall's death, "the universities of Britain" were Marshallian. Marshall's *Principles of Economics* dominated economics education (Niehans, 1990; Rima, 1977), and only Samuelson's *Economics: An Introductory Analysis* has succeeded in replacing it as the most important textbook reference. Contemporary neoclassical economists consider the position and influence of Leon Walras to be on a par with Marshall's.

But this is a new insight. While English-speaking economists in the late nineteenth century were familiar with Walras and his work, we did not see the importance and usefulness of his work as Marshall did (Yonay, 1998).

One interesting point to make is that economic historians have been somewhat biased even in their accounts of Marshall's neoclassical ideas. They try to show a continuity from Marshall to modern neoclassical economics, and so they emphasize Marshall's contributions to ultimate analysis—the famous supply-demand scissors, the analysis of monopolies, the exposition of economies of scale, and so on. Because of this bias, there has been almost no attention paid to evaluating Marshall's overall approach to economics. In fact, it is easy to show that economists either did not know Marshall well or did not present a true picture of him.

It is true that Marshall's discussions of evolutionary and biological ideas are present only in a few parts of his *Principles* and that he has not been very successful in moving beyond his static and equilibrium theoretical systems (Hodgson, 1993). However, he nevertheless considered biology to be the main model of economics, recognizing the importance of continuous changes in economic phenomena, although he has not been very successful in moving from an equilibrium approach to an evolutionary approach due to his Spencerian view. This does not mean, however, that he was not inclined to include historical and institutional analyses in economic research. In fact, some contemporary researchers have shed light on some of these dimensions. For example, Becattini (2003) believes that Marshall cannot be considered a neoclassical economist according to existing definitions of neoclassical economics.

(Marchionatti, 2003) also identifies many similarities between Keynes and Marshall, and as we know, there are undeniable similarities between Keynes and the institutionalists. The fact is that Marshall, in addition to emphasizing ultimate analysis, sought to “present a balanced macro-picture of the economic system by giving appropriate weight to institutional and historical factors” (Brien, 1981 & Harcourt, 1987).



German idealism, Spencerian evolutionism, and the utilitarianism of Bentham and Mill can be mentioned as themes that shaped and influenced Marshall. Marshall placed the graphical and mathematical proofs for which he is accused today in footnotes and appendices. Blaug, of course, interprets this fact as meaning that Marshall hoped that his work would be read by business people (Blaug, 1986), but this interpretation seems to be incorrect. Whatever Marshall's original intention, he seems to have been well aware that his book would become a major source for advanced education in economics. Moreover, Marshall went to great lengths to ensure that economics was institutionalized as an independent discipline and even more so as a science.

Thus, Marshall's care in not making his book mathematical was not to appeal to business people, but to them; a book that deals with the fundamentals should therefore devote a significant portion to mechanical deductions; It was because he did not want to turn economics into a sub-discipline of mathematics (Yonay, 1998).

According to the conventional view, Marshall's approach was in complete opposition to the historical and institutionalist approaches. Marshall preferred deductive methods, while the historical and institutionalist approaches preferred induction, in other words, they called for empirical methods. But, in fact, Marshall was a strong advocate of historical methods and agreed with the institutionalists and historicists in criticizing the universality of the deductive method.

For example, in Marshall's view, one of Ricardo's major analytical errors was that he treated economic agents as if they were all merchants in the City of London. "Ricardo and his followers, in order to simplify the discussion, often spoke as if they considered man a fixed quantity, and therefore never bothered to study his variations.

Most of the people they knew directly were city dwellers; and sometimes they presented their arguments so carelessly that they assumed that other Englishmen were very much like the city dwellers they knew. [Of course] they were aware that the people of other countries had their own characteristics, and that these characteristics were worthy of scientific study; but they seem to have believed that these differences were superficial and would disappear as soon as other nations learned a better way of life from the English." (Marshall, 1910, quoted in (Yonay, 1998)

Qatar Marshall's profound analysis of Ricardo and his followers is that "their greatest error was in not paying attention to the capacity of industrial habits and institutions to change." This error distracted them from the relations between the different industrial classes.

This led them to treat labor power as a commodity, without bothering to analyze the subject from the point of view of a worker; they therefore attributed to the forces of supply and demand actions that were more mechanical and regular than they could be observed in real life; and they introduced laws of profit and wages that were not true even in England in their time.

Mark Blaug believes that there is a kind of double standard in Marshall's work. He believes that "Marshall's Principles appears to be a static theory of microeconomics, but the reader is repeatedly reminded that conclusions based on static analyses are unreliable and that microeconomics cannot deal with the vital issues of economic policy." That is why Marshall says that "the Kaaba of



economists' aspirations is economic biology," which, according to Blaug, "Marshall apparently means the study of the economic system as an organism over historical time" (Blaug, 1986).

Blaug recognizes a contradiction between these two approaches, which "seem very similar to the philosophical program of American institutionalism" and the fact that "Marshall's scholarly efforts throughout his life have been devoted to the teaching, elaboration, and refinement of comparative static theory." This dichotomy is well visible to observers. However, since Blaug is a Lakatosian historian, he cannot use contemporary insights to reconstruct the hard core of past research programs.

From the perspective of contemporary neoclassical thought, Marshall's vision seems ambiguous and shaky, and yet, from the perspective of Marshall and his contemporaries were accustomed to attempting to combine comparative statics with evolutionary analyses of institutions (Maloney, 1985). Kadish (1989) argues that the apparent tension between Marshall's claim to the importance of "economic biology" and the fact that he spent most of his time writing and revising the final analyses of the *Principles* was Marshall's attempt to establish economics as a scientific discipline.

Final analysis was a tool that economists had a monopoly on. In contrast, history was an established discipline from which Marshall was keen to separate his field. Of course, this does not mean that Marshall was opposed to historical studies in economics, nor does it mean that he gave such studies secondary importance.

As Blaug has noted, John Clapham (1873-1946), a prominent economic historian, "turned to the study of British economic history at Marshall's urging" (Blaug, 1986, see also Kadish, 1989). Marshall's support for historical analysis is also evident in the works of another prominent economic theorist and historian, Arthur Bowley (1896-1957) (Blaug, 1986). These examples and examples of this kind clearly demonstrate that Marshall was consistent in his support of historical studies and that he gave equal importance to historical studies and comparative theories (cited in Yonay, 1998). Of course, according to Marshall himself, his view was common and common at the time. He attributed this modern insight to changes in biology and claimed that John Stuart Mill was the first economist in whose work the influence of evolutionary theory was discernible (Marshall, 1910).

That is why we see that Marshall, in addition to his special praise for Jones, also praises people like Cliff Leslie, Walter Baught, John Kernis and Arnold Toynbee (Marshall, 1910). Jones is well known. He was the leader of the marginalist revolution. But Leslie, Baught and Toynbee were three of the leaders of the British historical school. Cairnes (1823-1875) was also a student of John Stuart Mill, the last giant of the classical age.

Marshall believed that all these thinkers had taken a new evolutionary approach. Indeed, although Jones is famous to modern economists for his theory of marginal utility, to his contemporaries he was famous for his empirical studies of money and other matters. The fact that Marshall sees this group of economists as having a similar line of thought indicates the deficiency of the historical



reconstruction carried out in the modern era, which presents them as mortal enemies (cited in Yonay, 1998).

Of course, the “physiological pluralism” of Marshall, Jones, and others in John Neville Keynes’s *The Scope and Method of Political Economy*, which can be considered the most original book of the modern era, The English-speaking world of that time was reflected in Keynes’s book, which reflected Marshall’s “vision that the philosophical controversies raised by the German and English historical schools could be resolved by a more moderate approach, albeit by rejecting the somewhat more radical view of the younger historical economists who called for a complete reconstruction of economics on a historical basis and by accepting that the increased effectiveness of economic theory required an understanding of the historical forces that were causing disruptions in economic laws” (Blaug, 1986).

One of the things that has been passed down to us through written and oral knowledge is that all neoclassical economists were unequivocal supporters of the Lesser Heffer doctrine, and that is why they are called neoclassical. This is another bizarre distortion of historical facts. For example, John Maynard Keynes, one of Marshall’s most prominent students, notes: “Some of Marshall’s most important scientific efforts were directed to elucidating the salient cases in which private interests are not in harmony with social interests,” i.e., those in which we need government intervention (Keynes, 1924)

See also Marshall, 1910. Blaug makes similar points about Jones, stating that he too “denied the Lesser Doctrine and advocated a more pragmatic approach to government intervention” (Blaug, 1986). Henry Sidgwick (1838-1900), one of the founders of the Cambridge School and a great influence on Marshall, was also a supporter of government intervention in the economic system, to the point where one might even claim that he had socialist connections (Blaug, 1986). Keynes claimed that since John Stuart Mill “no other economists have been linked to the political philosophies or teleologists from whom the subject of social order arose, and their scientific analyses do not lead to such conclusions” (Blaug, 1986). (Keynes, 1924). Jha (1973)’s findings support Keynes’s testimony.

He claims, based on an analysis of the *Economic Journal* between 1891 and 1915: “Neoclassical economists were deeply concerned with various aspects of the poverty problem. Poverty and unemployment were increasingly seen as categories whose economic and non-economic causes were among those over which workers had the least control. [This insight] led economists to advocate unemployment insurance and pensions as desirable forms of state protection.

They also supported the trade union movement, believing that these were a prerequisite for establishing competitive wages and peace in industry.” In sum, it can be said that, contrary to the narratives of early neoclassical economists, it was not the case that economists generally had difficulty with institutional and historical analyses and that they limited the input of their studies and insights to such discussions. In fact, if there was such a thing, it was a late move by the second generation of neoclassicals.



Conclusion

In this article, we have briefly reviewed one of the most important economic paradigms. We have shown that neoclassical economics emerged in the context of the problems that arose in the face of classical economics and tried to both provide new answers to some existing problems and to create new problems, issues, and ideas. This effort led to the formation of some ideas and theories that formed the core of this paradigm.

But like any other new thought and idea, neoclassical ideas quickly faced fundamental challenges from some of the thinkers of the same era. However, this intellectual paradigm, which was very influential on the history of human thought, tried to maintain a number of its main and distinctive components, some of which we have referred to in this article.

Another issue that deserves much consideration is the way in which the history of economic thought is narrated by the pioneers of the neoclassical school. It is often pretended that this school was in complete opposition to all components of institutional and historical analysis, while this is not the case at all. In the last part of this article, we showed that the pioneers of neoclassical economics were well aware of the complexities of human nature and the prominent role of institutions in shaping human behavior.

This school considered historical studies as an important and inseparable part of economics. Some thinkers of this school believed in government intervention to mitigate the harms and disadvantages caused by free markets and viewed labor unions as a necessary tool for improving the situation of workers.

This issue is visible both among the European neoclassicals and in the case of the American neoclassicals. In sum, it can be claimed that, contrary to the image presented of the early neoclassicals, these thinkers were in no way evasive of institutional-historical and structural insights.

In fact, the science of economics was further distorted in the hands of people like Samuelson, so that it can be said that the current conventional economics is more a product of the minds of the later generations of neoclassicals, people like Samuelson and Friedman, than of its early generations, people like Marshall and Clark.

References

- Tafazzoli, Fereydoun (2009). *History of Economic Thought: From Plato to the Modern Period*, Ney Publishing, 8th edition, Tehran. For access: <https://tinyurl.com/bdmra5te>
- Robbins, Lionel (2005). *History of Economic Thought*; Translated by Dr. Gholamreza Azad (Armaki), Ney Publishing. For access: <https://agahbookshop.com/p-8270--.aspx>
- Qadiri Asli, Baqer (1969). *The History of Economic Thought: From Plato to Keynes*, Tehran University Press. For access: <https://sohalibrary.com/item/view/2421780>



This is an open access article under the
Creative Commons Attribution-
NonCommercial 4.0 International License

Acta Globalis Humanitatis et Linguarum
ISSN 3030-1718

- Arena, R. & Michel Quéré (2003). *The Economics of Alfred Marshall: Revisiting Marshall's Legacy* . Palgrave Macmillan.
- Arnesperger, C. & Y. Varoufakis, (2005). What is Neoclassical Economics? The Three Axioms Responsible for its Theoretical Oeuvre, Practical Irrelevance and, Thus , Discursive Power. <http://uadphil.econ.uoa.gr/UA/files/500490756..pdf>
- Blaug, M. (1985). *Economic Theory in Retrospect* . Cambridge: Cambridge University Press.
- Blaug, M. (1986). *Great Economists before Keynes* . Cambridge University Press.
- Bowles, Samuel, (2004). *Microeconomics: behavior, institutions, and evolution* , Princeton University Press.
- Brue, S. & R. Grant (2007). *The History of Economic Thought* . Thomson.
- Campus, A. (1988). *Marginalist Economics*, in J. Eatwell et al . *The New Palgrave: a Dictionary of Economics*, the Macmillan Press Limited.
- Friedman, Milton (1953). *Essays in Positive Economics* . The University of Chicago Press.
- Ger rard, B. (1991). “Keynes’s General Theory: Interpreting the Interpretations”. *Economic Journal* . (2), pp: 27-687¹
- Hamilton, David (1987). “Institutional Economics and Consumption,” *Journal of Economic Issues* , XXI (4). pp: 1531-1553¹ .
- Harcourt, Geoffrey C.(1987). “ Theoretical Methods and Unfinished Business .” In David Reese, ed., *The Legacy of Keynes*, 1 -22¹ .
- Hodgson, G. M. (1993). "The Mecca of Alfred Marshall" *The Economic Journal* , 103(417), pp: 406-415¹ .
- Hodgson, G. M. (2000), "What is the Essence of Institutional Economics?" *Journal of Economic Issues* , XXXIV (2).
- Hodgson, Geoffrey M. (2004). *The Evolution of Institutional Economics; Agency, Structure and Darwinism in American Institutionalism* , Routledge.
- Jha, M. (1973). *The Age of Marshall: Aspects of Birithish Economic Thought* : 2d ed. London: Frank cass. pp: 1890-1915¹ .
- Kad ish, A. (1989). *Historians, Economists, and Economic History* , London: Routledge.
- Kru gman, P. (1998). *Development, Geography, and Economic Theory* . The MIT Press.
- Lawson, Tony (1997). *Economics and Reality* . Routledge.
- Lawson, Tony (2003). *Reorienting Economics* . Routledge.



- Maloney, J. (1985). *Marshall, Orthodoxy, and the Professionalization of Economics* . Cambridge: Cambridge University Press.
- Mantel R., (1974). 'On the Characterization of Aggregate Excess Demand', *Journal of Economic Theory* , 7, pp: 348-353 .
- Niehans, J. (1990). *A History of Economic Theory: Classic Contributions: 1920-1930-*” . In Sidney Weintraub, ed., *Modern Economic Thought*, 7-21. University of Pennsylvania Press.
- O, Brien, D. P. (1981). “ A. Marshall, 1842-1924 ”. In D. P. O, Brien and J. R. Presley, eds . *Pioneers of Modern Economic in Britain*, 36-71 . Totowa, NJ: Barnes & Noble.
- Radzicki, Michael J. (2003). "Mr. Hamilton, Mr. Forrester, and A Foundation for Evolutionary Economics", *Journal of Economic Issues* , XXXVII (1).
- Rima, Ingrid H. (1977). “ Neoclassicism and Dissent: 1890 - 1930 ”. In Sidney Weintraub, ed., *Modern Economic Thought*, 721-. Philadelphia: University of Pennsylvania Press.
- Screpanti E. & S. Zamagni, (2005). *An Outline of The History of Economic Thought* , Oxford University Press.
- Sonnenschein, H. (1973). “Do Walras’ Identity and Continuity Characterize the Class of Community Excess Demand Functions?”. *Journal of Economic Theory* , 6, pp: 345-354
- Sonnenschein, H. (1974). 'Market Excess Demand Functions', *Econometrica* , 40, pp: 549-563
- Stanfield, J. R. (1999). “The Scope, Method, and Significance of Original Institutional Economics”, *Journal of Economic Issues* , XXXIII (2).
- Stigler, G. J. (1973). “ The Adoption of The Marginal Utility Theory ”. In R. D. Collison Black et al. eds., *The Marginal Revolution in Economics*, 305-320 . Durham: Duke university Press.
- Todaro, Michael P. & Stephen C. Smith, (2012). *Economic Development* . Eleventh Edition.
- Veblen, Thorstein (1898). "Why is Economics not an Evolutionary Science?". *The Quarterly Journal of Economics* , 12(4), pp: 373-397 .
- Veblen, Thorstein (1909). "The Limitation of Marginal Utility". *The Journal of Political Economy* , 17(9), pp: 620-636 .
- Walras, L. (1900). *Preface to 4th ed. of the Elements* . Reprinted in *Elements of Pure Economics*, ed. W. Jaffe, London: Allen & Unwin, 1954.
- White. H. (1973). *Metahistory: The Historical Imagination in Nineteenth-Century Europe* . Baltimore: Johns Hopkins University Press.
- White, H. (1987). *The Content of the Form: Narrative Discourses and Historical Representation* . Baltimore: Johns Hopkins University Press.



Yonay, Y. P. (1998). The Struggle over the Soul of Economics: Institutional and Neoclassical Economists in America between the Wars . Princeton University Press.

Received: 06.20.2025

Revised: 06.25.2025

Accepted: 07.04.2025

Published: 07.06.2025



This is an open access article under the
Creative Commons Attribution-
NonCommercial 4.0 International License

Acta Globalis Humanitatis et Linguarum
ISSN 3030-1718