

CONTEMPORARY CHALLENGE TO NEO CLASSICAL ECONOMICS: POST AUTISTIC ECONOMICS

DESAFIO CONTEMPORÂNEO À ECONOMIA NEOCLÁSSICA: ECONOMIA PÓS-AUTISTA

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Abstract

Neoclassical economic theorem heavily criticized by French academia due to the postulate of inhuman econometric modelling in continental Europe and later in the United States. The interdisciplinary nature of economics was highlighted, and models heavily based on mathematics were questioned. It was argued that these studies, heavily based on econometrics, had overlooked the sociological, human-based foundation of economics. So that uniform economic policy solutions to macro-economic instability may not be compatible with the cultural codes of each country. There must be tailor made economic policy prescriptions suitable to the countries necessities. Post-autistic economists argue that, unlike other sciences, the relatively limited philosophical and methodological discussions in economics have led to this field being closed to critical assessments and developments. In particular, the increasing inequality in wealth between societies and countries in the new global system, the rise in environmental problems, and the turmoil in the global financial system increase the need for new solutions that involve a more open mindset in economics. This school, which emerged as a critique of neoclassical economic theory, offers a different perspective by addressing the difficulty of treating the economic crisis cycle independently within the system. Originating in France and developing a European focus, this school gained many adherents in the United States in different universities. This new movement and its contributions, which have become an institutional new economic school and which contributes to the theoretical framework and shares its criticisms and proposed solutions on the Real World Economics website, will be discussed in this article.

Resumo

O teorema econômico neoclássico foi fortemente criticado pela academia francesa devido à postulação de modelagem econométrica desumana na Europa continental e, posteriormente, nos Estados Unidos. A natureza interdisciplinar da economia foi destacada e os modelos fortemente baseados na matemática foram questionados. Argumentou-se que esses estudos, fortemente baseados na econometria, negligenciaram o fundamento sociológico e humano da economia. Assim, soluções uniformes de política econômica para a instabilidade macroeconômica podem não ser compatíveis com os códigos culturais de cada país. Devem existir prescrições de política econômica personalizadas, adequadas às necessidades de cada país. Economistas pós-autistas argumentam que, diferentemente de outras ciências, as discussões filosóficas e metodológicas relativamente limitadas em economia levaram a que este campo se mantivesse fechado a avaliações e desenvolvimentos críticos. Em particular, a crescente desigualdade de riqueza entre sociedades e países no novo sistema global, o aumento dos problemas ambientais e a turbulência no sistema financeiro global aumentam a necessidade de novas soluções que envolvam uma mentalidade mais aberta na economia. Esta escola, que surgiu como uma crítica à teoria econômica neoclássica, oferece uma perspectiva diferente ao abordar a dificuldade de tratar o ciclo de crises econômicas de forma independente dentro do sistema. Originária da França e com foco europeu, esta escola ganhou muitos adeptos nos Estados Unidos, em diversas universidades. Este novo movimento e suas contribuições, que se consolidaram como uma nova escola econômica institucional e que contribuem para o arcabouço teórico, compartilhando suas críticas e soluções



Keywords: Post-Autistic Economics. Neoclassical Economic Critique. Interdisciplinary Economic Theory. Cultural Economics and Policy-Making. Heterodox Economic Approaches.

propostas no site Real World Economics, serão discutidos neste artigo.

Palavras-chave: *Economia Pós-Autista. Crítica Econômica Neoclássica. Teoria Econômica Interdisciplinar. Economia Cultural e Políticas Públicas. Abordagens Econômicas Heterodoxas.*

1 INTRODUCTION

The word "autistic" was deliberately chosen to reflect the content of criticisms directed at economics education. In medical science, autism is defined as a limited ability to comprehend events and mental retardation. Individual communication abilities of autistic children are limited. The use of the word "autistic," which is associated with abnormality in medical science and involves escaping reality and entering a fantasy world, is understood to represent abnormalities in communication and behavior. Accordingly, neoclassical theory is characterized by the adjective "autistic," meaning "far from realism and practice," and demands are being made for changes in economics education curricula at universities. (Aydın, 2016;) One criticism that has been leveled in recent years is that economics, under the influence of printed and visual media, has obscured and manipulated events and facts. This situation particularly includes the manipulation of a specific segment of society towards a specific class or group. Models are even developed within this framework. France has been the center of critical thinking for centuries after the revolution. Therefore, the foundations of post-autistic economics were laid there. In October 2000, the French newspaper Le Monde opened up to the emergence of these new ideas and began reporting on the subject. (Fullbrook, 2018)

Even though first contributions to the theorem from French academic circles in a period of time there were adherents in Cambridge, England, and the US universities in global context. Articles written by prominent economists such as Robert Solow and Olivier Blanchard on this topic paved the way for academic discussion. This new movement, which had a kind of perestroika effect in economic theory and doctrine, developed as a critique of the Orthodox and Heterodox schools, especially in neoclassical economics (Monaghan, 2003). As in many social sciences, various scientific techniques are used in economics to investigate the cause-and-effect relationship between events and phenomena.

In economic forecasting statistical models and econometric analyses are heavily used for research purposes. Over time, the explanatory role of other social sciences in economics has gradually diminished. Human behaviors and decision making process by its nature, do not always utilize mathematically impartial decision-making methodology. The efforts to understand economic causality by pure econometric modeling become skeptical. If this the case, the intensive focus on mathematical modeling in neoclassical economics has led to a stance against the use of mathematics as a goal in the post-autistic economics movement. Neoclassical theory's assumption of fully rational human behavior by mathematical modeling creates divergence and distortions from real life. Therefore, the fundamental axis of the post-autistic economics movement's pronouncements is the demand for greater realism. (Kozal, 212) Similarly, Prof. Dr. İzzettin Önder states in an article: “Mathematics is inherently a very powerful tool, that's true, but mathematics has become more than just a tool; it has been turned into a goal. It obscures events with a scientific appearance. However, not everything can be explained mathematically, and it is necessary to use this tool with full awareness of its dimensions. However, it should not be used in everything, and when used, it should not be made into a tool that completely excludes the social dimension.” (Kozal, 212)

So, oversimplification of human behavior in his economic decisions by econometric modeling would have diverse impacts in understanding outcomes of economic forecasting. We humans coming from different ethnic origins, race and most important from different countries with isolated cultural codes and norms.

2 WHY ECONOMETRIC MODELING IN TODAY’S MAINSTREAM ECONOMIC THEORIES DO NOT WORK PROPERLY: A CRITIQUE FROM POST AUTISTIC APPROACH

Neoclassical economics has been criticized for not accommodating alternative economic views under the assumption of rational human beings. The measurability of utility, however, is a highly subjective concept. Especially in today's world, individuals may not always engage in rational economic behavior. Economic policy choice of societies and micro consumption patterns may derive from rationality in real life. Major trends, such as advertising and fashion, significantly influence individual consumption habits. People may choose expensive goods in similar baskets. Most drastically AI

monitored marketing algorithms in today's world, social media applications bombarding the people decision making part of their brain and penetrating individuals economic decisions. The perfectly competitive market forms the basis of today's classical liberal economic doctrine. The market mechanism is the most important tool that determines the equilibrium production level and price of goods and services. In classical theory then supply and demand fixes price level of a good in perfect competition model. This makes the distorting effect of government intervention unnecessary. However, the fundamental principles of perfectly competitive markets, such as atomism, homogeneity, full information, and freedom of entry and exit, are often unrealistic and only partially realized in markets in daily life. Therefore, neoclassical economics has been criticized for these aspects.

The profit maximization assumption underlying microeconomic analysis is not very realistic in daily life. Therefore, producers generally do not increase their production volume to the point where marginal cost equals marginal revenue and discontinue production earlier. This situation disadvantages consumers. In monopolistic market pricing, in particular, prices are raised by lowering production. In markets where perfect competition is partially absent, firms are particularly reluctant to increase their production to the level that maximizes their total profits.

The financial crisis that emerged in the United States, the temple of global liberal economics, particularly after 2008, led to a growing belief in the need to answer such questions. Consequently, the realization that Classical Economics, with its mathematically-intensive discourse, was inadequate to understand primary indicators of a failure in market mechanism. In this process, Post-Autistic Economics criticized the artificial and fictional world created by Neoclassical Economics for failing to reflect reality and for its inadequacy in explaining changes. The primary reason for this is the inherent contradictions and inconsistencies in explaining the cause-and-effect relationships of structural economic crises. The use of mathematical economics in modeling has become a goal, leading to attempts to measure many fundamental economic policy outcomes through intensive use of mathematics. While rational people are not seen in parts of daily life, the Homo economics model is a model of a person who, like autistic people, does not interact with others and does not care about other people's demands, choices, and goals. Homo economics so far then living very asocial life in today's very complex societies and never looks others life patterns and consumptions. The assumption

of keeping other variables constant and observe the change in outcome by certain variables (*Ceteris paribus*) overlooks the multidimensional social aspect of economic activity. This assumption can be criticized, particularly in monetarist model explanations, for simplifying other variables. Because human decision making process in daily life is a complex issue with many variables that cannot be simplified with mathematical models.

After the global economic crisis state intervention was much more popular in recent years that have further deepened the process and made post-autistic discourses more understandable. According to Adam Smith's invisible hand theory, state intervention in markets is unnecessary and leads to distortive outcomes. Markets reach equilibrium without state intervention. That argument which was the backbone of free market devoted capitalism became obscure. However, contrary to the thesis of neoclassical doctrine, the 2008 crisis erupted in an environment devoid of intervention and was brought under control through state intervention. (Altunöz, 2013)

The global economic system has transformed from transfer of goods to financial transactions since 1970's that led to a much higher monetary circulation than production. The consequences of this liquidity bubble are also quite clear. Leveraged trading of high-risk derivatives, in particular, served as a trigger mechanism during this period. Many financial institutions in the US either became insolvent or survived with government assistance. This situation alone led to the questioning of the thesis of the unnecessary nature of government intervention. Detailed critiques of the Post-Autistic Movement can be found on its website (Real World Economics, 2018), where it can be examined in detail.

The Website of Real World Economics Review has discussions and information about Post-Autistic Economics Theorem for years. Besides providing teaching materials, it also includes a general set of solutions and recommendations for this school of thought. The main argument devoted on the reduction of intensive econometric models in explaining macroeconomic terms and topics in economics education and the emphasis on mathematics as a supplementary tool. This will facilitate the understanding of content that is extremely difficult to grasp and has little connection to reality. For example, it is undeniable that explaining Pareto efficiency graphically using the Edgeworth curve rather than using complex mathematical models is much more understandable. Economics, a social science, has diverged over time from disciplines like history and sociology, and its heavy mathematical foundation has led to the exclusion of time- and space-based

analyses. A multidisciplinary field of study will also lead to more contemporary and ontological analyses. Placing mathematical equations at the center of economics has led to the severing of its human ties. It is imperative that its relationship with the sciences that study human behavior continue to grow and that analyses utilize social sciences. Otherwise, econometric predictions for the future will be unrealistic, and the pleasure of achieving expected and desired results through intense manipulation of numbers will not be effective in real life.

This new academic movement spread to American universities after the initiation in France, The main official set of arguments constructed in a conference at the University of Missouri, and called Kansas Declaration, critiqued general equilibrium theory, which underlies the neoclassical economic system, argues that individual choices are exogenous and unaffected by economic variables. In today's economic life, considering the data affecting consumption patterns, and advertising in particular, it is an inescapable fact that many variables have endogenous effects. Furthermore, because consumers never possess a perfect set of information about products, they are far from rational behavior.

As Stiglitz also points out in his works, the market mechanism cannot always perfectly fulfill its price-setting function within the neoclassical framework. In this case, the fundamental theoretical relationship between a product's scarcity and its price may be biased and misleading. The failure of the market's scarcity-based price-setting mechanism to function as theoretically outlined necessitates a reinterpretation of capitalism, which has marked the last century, from this perspective. The limitations in fulfilling the market information function of the price mechanism, for the reasons stated, therefore lead consumers to question the market's ability to provide perfect information. Market inefficiencies lead to deviations from Pareto optimality, and the limited information created alters the course of potential interventions aimed at correcting the markets. Therefore, the measurability and maximization of utility, which form the basis of neoclassical economic analysis, are limited. The limited information-based market model also leads to questions about the effectiveness of interventionist economic policies. For example, the market-based new left model was implemented by the UK Labour Party, and the Clinton administration also implemented similar policy options. For all these reasons, some principles and practices of neoclassical economics have been criticized over time, creating a need for a new economic discourse. The neoclassical model, based on intensive mathematical modeling and assumptions, has a theoretical framework based

on exogenous variables for simplification. Therefore, analyses conducted in economics, a social science and therefore based on human behavior, can lead to deviations from optimality. This can also lead to a misperception of the workings of the natural order based on the invisible hand of economics. This method, which particularly excludes historical analysis, ignores the multidimensional aspect of economic life. Narrow methodological approaches, associated with many social sciences, limit the capacity of economics to explain phenomena and provide solutions.

So it seems that, conventional economic theory cannot explain and provide solutions to today's economic crisis. Ted Trainer in his critique to Nobel economic prize discussions says "There is a strong case that a catastrophic breakdown of the global economy is approaching as capitalism self-destructs. This is likely to eliminate any hope of a desirable transition to this alternative form of development, but The Simpler Way represents the only conception of development that makes sense now. Those who see this are not likely to be awarded a Nobel prize by the reigning economic establishment".

Modernity and Post modernity eroded religion and other social sciences. Economics classified Keynesian, Classical school under modernist paradigm. Yannis Varufakis clearly mentions the Postmodernist approach and its implications in conventional economic thought. "The asymptotic limit of postmodern fragmentation is the neoclassical general equilibrium economic model. Both Neoclassicism and Postmodernity espouse a radical egalitarianism which is founded on the rejection of any standard or value by which either individual action or the institutions of late capitalism (e.g. the labour and capital markets) can be subjected to rational criticism. In short, whereas the problem with modernist mechanism was that its view of our world excluded value from the outset, the problem with Postmodernity is that it ends up having no view of the world and becomes easy-pickings for a similarly viewless/valueless tradition, one which bears the additional weaponry of intricate mathematics and endless econometric 'evidence'"(Varufakis, 2002).

Therefore, the need for new scientific initiatives has become inevitable with the turn of the millennium. The function of econometric analysis as a tool to help explain fundamental economic dynamics has become a primary goal in the last few decades. As a result of the explanations of basic economic theory, a high dose and intensity of mathematical analysis and tests demonstrated their internal consistency, while also bringing with it intense abstractions from the real economic world. The interpretation of

numbers with different statistical tests led to differences in the explanation and interpretation of the results. Furthermore, neoclassical economics' focus on such methods and its subsequent defense of the liberal economic order led to its questioning, particularly during the crises of 2008 and the subsequent crises. Consequently, a group of economists from continental Europe, and particularly France, turned to developing ideas on a model critical of this mainstream economic thought. As is well known, economics has undergone an Anglo-Saxon development. The Neoclassical movement, on the other hand, is a post-World War II development centered in the US. While Classical economics, which forms the foundation of economic science, was developed in England by Adam Smith, the Keynesian movement developed and its theoretical framework was formed in this country, also influenced by the US-centered world order. This school, which forms the basis of the liberal classical discourse, exported economic systems and models to other countries.

Although the neoclassical model is overly abstract, its internal consistency led to its widespread acceptance for a long time. However, the side effects of uncontrolled, wild capitalism, especially in peripheral countries, have led to significant social crises. Furthermore, in some areas, the model and theory have ignored different approaches in proposing possible solutions to ongoing economic crises. All of this has led to the search for alternatives in economics education. The need for structural reform of economics has been on the agenda in the United States since the early years of the millennium.

3 MAIN PILLARS OF POST AUTISTIC SCHOLL

The restrictive and summative methodology of current economic theory offers a limited understanding of the analysis of human economic behavior. This situation limits realistic and pragmatic solutions to current economic problems and leads to the disconnection of sociology, psychology, and other human sciences from economics. If this is the case we have to reevaluate our consideration of human behavior in a broader sense and start to investigate the term *homo economicus*. The ideal *homo economicus* individual is considered rational and makes optimal decisions. This leads to the disregard of many other factors that influence human behavior. In other words, the different instincts, habits, race, gender, and social classes that influence human psychology should be taken into account in the evaluation of the decision-making process. Recent years there

were neurological research done about decision making process of human brain in different aspects of daily life from economic decisions to voting process in elections. The cultural segment of people in society are also important. And take into account. Economic activities, like many other social phenomena, interact with cultural behavior patterns and sociopolitical views, moral values, and institutions are important. All these factors influence individuals' behavior and influence their choices, either positively or negatively, on specific issues. Thus, the process of creating social and societal identities also directly impacts economic behavior.

Economic reality is not static, but dynamic, and therefore, economists must examine how and why phenomena change over time and space. Realistic economic research must be process-oriented, not outcome-oriented, when examining a certain case. So we have to construct new theoretical framework for knowledge. The dichotomy of positive and “normative reasoning used in the social sciences is problematic. In this process, the relationship between “what is? and what ought to be? “must be evaluated from an ontological perspective. David Hume notes that what ought to be cannot always be deduced from what is. In a scientific research process, the values of an individual are considered superior and effects research results and has an intentional or unintentional impact on some scientific findings. This citation enables a more detailed evaluation of scientific claims.

Hyper econometric modelling may create different outcomes in same data set which demolishes solid empirical basis. It is necessary to make greater use of empirical evidence to substantiate theoretical claims in scientific studies. Especially in the field of economics, placing emphasis on theoretical principles without presenting any empirical observations raises doubts about the validity of these explanations. Scientific research methods in economic modeling can be quite diverse. Therefore, participant observation, case studies, and discourse analysis should be considered as valid tools for data collection and analysis in economic research besides econometric methods and traditional models. Using different data collection methods and utilizing different perspectives in observing a phenomenon provides new perspectives on that phenomenon and improves our understanding of its explanation.

The followers of Post Autistic Economics advocates the necessity interdisciplinary dialogue among all humanitarian sciences such as sociology and philosophy. Economists must consider different schools of economic thought and

consider developments in these schools, taking into account their relationships with other disciplines in the social sciences. The burden of heavy econometric modelling economic analyses and making reduction with digital variables is losing the soul of economics.

4 CONCLUSION

Although economics education today includes a strong analytical system of thought, this prevents economists from discussing a single topic and examining events from broader perspectives. Unlike other social sciences, there is relatively little philosophical and methodological discussion in contemporary economics education. Critical-minded economics students are faced with the unfortunate choice of ignoring their speculative interests for professional development and choosing social sciences, which embrace innovation and debate, over economics.

The legacy of Neo Classical economic theory based on oversimplification of economic dynamics with sharp cause and effect relations with homo economics and *Ceteris Paribus* assumptions. So prescriptions to severe economic problems in different nations must be cured similar remedies such as unique solutions. Therefore international financial organizations such as IMF and WorldBank has same toolkit for the economic crisis in underdeveloped world. In the and inevitable outcome was much more acute economic problems occur. That is because the nature of classical economic political solutions are not tailored to each country's needs.

In today's globally changing world, where inequalities between and within societies are growing, environmental threats are on the rise, as are unstable international conditions. New concepts of property and authority have emerged in the changing international legal framework in finance. In such a world, we must have an economics that is open-minded, capable of effective analysis, and morally responsible. To this end, we economists must constantly reflect critically, revise, and refine our understandings, and develop economic doctrine that we believe in and believe in.

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Authors' Contribution

All authors contributed equally to the development of this article.

Data availability

All datasets relevant to this study's findings are fully available within the article.

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