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Author: Alice Nicole Sindzingre

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Truth vs. justification: contrasting heterodox and mainstream thinking on development via the example of austerity in Africa

Alice Nicole Sindzingre

School of Oriental and African Studies (SOAS), University of London, department of economics, https://www.soas.ac.uk; Paris-North Economic Centre (CEPN), University Paris-North.

Abstract

The differences between mainstream and 'heterodox' theories and policies have become increasingly blurred, and this dynamic has also affected heterodox analyses of development. Being trapped by the primacy of the statistics-based methodological imperative, much heterodox thinking on development does not distinguish itself from the mainstream and its abandonment of reflection on the theoretical causalities that underlie policies. In this context, a conceptual framework is elaborated that focuses on the relationships between theory and policy, which allows for the argument that differences exist between heterodox and mainstream stances. Indeed, there is no direct translation between theory and policy. The criterion of validity of theory is truth. In contrast, a policymaker's domain is action, and the criterion of validity is the efficiency of the policy given its goals, as well as that of justification. The fact that a policymaker is indifferent to the truth (or falsehood) of a theoretical assumption is shown via the example of the austerity reform programmes of international financial institutions implemented in Sub-Saharan Africa. The 2020 pandemic is a 'natural experiment' showing that governments and international agencies can discard overnight the theories that have previously demonstrated the truth of the causalities underlying austerity policies and devise huge financial support, hence simultaneously showing that policymakers do not believe that these theories are true. If rich economies are threatened by a massive shock, policies manifest their disconnection from theories that have been previously imposed as 'true', notably upon developing economies, this 'truth' being the justification for conditional lending and an element of policy efficiency. This example delineates the specificity of heterodox reflections on development. Attitudes vis-à-vis truth and the relationships between theory and policy are in fact ethical attitudes: deontological attitudes (as opposed to utilitarianism) characterise heterodox stances, i.e., the consequences of policies are evaluated in terms of norms.

Keywords: economic development; heterodox economy theory; truth; economic policy; austerity.

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Contact details: ansindzingre[at]orange.fr.

SOAS University of London, 10 Thornhaugh St, Bloomsbury, London WC1H 0XG

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1. Introduction

The beginning of the 21st century has witnessed a blurring of the differences between mainstream and 'heterodox' theories and policies. Regarding theories, the economic literature is often confused regarding whether certain issues belong to 'heterodox' or to mainstream paradigms. Though heterodox or progressive policies seem to differentiate themselves more clearly from 'orthodox' ones, the succession of crises since the end of the 20th century has led governments and international financial institutions (IFIs) to sometimes defend policies that were apparently the opposite of their usual position (e.g., from the 'whatever it takes' to critiques of inequality).

This dynamic has also affected the existence of a heterodox reflection on development. The latter has been weakened from the 1980s onwards by the increasing dominance of international financial institutions and donors in the shaping of development paradigms and policies (Easterly, 2009). Heterodox reflections on development have also been weakened by the 'applied turn' that has characterised economics also from the 1980s onwards, which has particularly impacted the field of development and gave rise to the supremacy of applied development microeconomics. In promoting 'rigorous' methodology (e.g., based on surveys and econometrics) as the only tool that is scientific and neutral vis-à-vis unproven theoretical assumptions, this 'applied turn' significantly limited the capacity for heterodox thought to elaborate specific theories and policies regarding development.

In this context, it is argued that differences exist and persist between heterodox and mainstream stances, and that beyond the many differences in assumptions on the functioning of an economy or in methodologies that have already been investigated by the literature, the analysis of the relationships between 'theory' and 'policy' in an epistemological perspective suggests an original line of difference between both stances.

The above argument is demonstrated via the elaboration of an original conceptual framework, which shows that 'theory' and 'policy' do not constitute homologous fields: the domain of theory is knowledge and the criterion of validity of theory is truth. In contrast, the domain of policy is action, and the criterion of validity of a policy is the efficiency of this policy given its goals. Rather than truth, the concepts that are relevant for a policymaker are those of efficiency and justification. Here, the fact that a policy is justified by a theory is an additional justification among a range of other justifications to a policy.

This 'heterotopy' of the policymaker vis-à-vis the truth of a theoretical assumption is demonstrated via the example of the policy reforms that have been implemented at a global scale since the 1980s and promoted 'austerity', i.e. spending cuts and tax increases (fiscal austerity), monetary tightening and liberalisation of labour markets (Cardim de Carvalho, 2018), and notably the reform programmes prescribed by the IFIs in Sub-Saharan Africa from the 1980s onwards. In particular, the 2020 pandemic has shown that governments and international agencies can overnight discard the theories that have been previously used to justify austerity: this shows that policymakers do not believe that these theories are true, i.e., in the case of a major shock, policies explicitly abandon these theories though they have imposed them as indisputable 'truth' to all countries of the world.

This example may be used to deepen the argument that heterodox reflections on development remain distinct from mainstream stances. Attitudes vis-à-vis truth as well as the relationships between theory and policy are in fact also ethical attitudes: not believing a proposition ‘p’ though asserting it denotes a range of specific moral stances (cynicism, dishonesty, among others). In contrast, it may be argued that, for heterodox approaches, if a theoretical proposition p is elaborated, e.g., developing some causality or underscoring some dynamics, the recommended policies are oriented towards the actualisation of such causality or dynamics and entertain a necessary relationship with the theoretical proposition *because* the latter is viewed as true. In this sense, heterodox stances may be considered as deontological attitudes - as opposed to utilitarian ones: the consequences of policies are assessed via values or principles, which are extrinsic to the interests of those who devise these policies, e.g., the development or welfare of certain regions or social groups, and are intrinsic parts of these policies.

The paper is structured as follows. Firstly, it briefly synthesises the context of the argument, i.e., the blurring of boundaries between ‘heterodox’ and ‘mainstream’ approaches since the end of the 20th century and including in studies of economic development. Secondly, it analyses the contrast between the fields of theory vs. that of policy, notably the concepts of truth and justification, and argue that these contrasts may constitute a differentiation between mainstream and heterodox stances.

2. The blurring of the specificities of ‘heterodox’ stances: the field of economic development as an example

2.1. The weakening of heterodox stances

The differences between mainstream and ‘heterodox’ theories and policies have been increasingly blurred from the end of the 20th century onwards.

For their part, though heterodox theories perceive themselves and their assumptions as clearly different from mainstream ones, they remain characterised by a significant diversity – e.g., the Marxian, the institutionalist, the Post-Keynesian, the Schumpeterian, and the complexity perspectives, among others. They all claim to disagree with the core assumptions of the neoclassical framework, e.g., the rational agent, utility maximisation, independent economic agents, or conceptions of economics as mechanics (Mirowski, 1989); or in a macroeconomic perspective, to focus on the role of demand and distribution rather than that of supply. Beyond the observation of this diversity, however, these various theories do not provide undisputable criteria of distinction vis-à-vis mainstream economics: for example, regarding their method, both stances use modelling; both may use the same sub-sets of economic theory (e.g. game theory); both may accord a central place to the same concepts, e.g., those of innovation, networks, trapping processes, among others; and both may venture into neighbouring social sciences, for example psychology or history (Sindzingre, 2018). With Keynesian economics as a background, it has even been argued that in the 21st century heterodox and mainstream economics exhibit some degree of convergence (Rowthorn, 2020).

An interface between economics and another social science (psychology) such as behavioural economics may thus be viewed by mainstream scholars as an evolution of economics that shows a progressive attitude and an 'opening' of mainstream economics to other social sciences, with several scholars who can be deemed as heterodox having developed research in behavioural economics (e.g., Bowles, 2004). On the other hand, behavioural economics may be viewed as an additional expression of neoclassical assumptions (Sindzingre, 2017).

Distinctions seem more detectable regarding policies. Among possible markers of difference are the priority given to capital vis-à-vis labour, to market mechanisms vis-à-vis state intervention, and to redressing fiscal 'imbalances' ('austerity') when deficits occur. Yet mainstream policies, as exemplified by those defended by the international financial institutions (e.g., the IMF), have in the 2010s underscored points that significantly differ from their previous policy stances, for example the detrimental impacts of high levels of inequality, the virtues of progressive taxation and state intervention in the economy (Ban and Gallagher, 2015), the positive impacts of higher levels of public investment, or the lesser importance of debt levels as long as interests rates are lower than growth rates (Blanchard, 2019).

The weakening of heterodox stances by this blurring of boundaries has been compounded by, on the one hand, the increasing replacement in mainstream economics of theoretical assumptions by specific methods (e.g., modelling, statistics, econometrics) and, on the other hand, from the end of the 20th century onwards, the expansion of applied and empirical studies with the disqualification of pure theory as a consequence (excepted if the latter is a mathematical model). The end of the 20th century thus witnessed the increasing dominance of the 'applied turn' in economics (Backhouse and Cherrier, 2017), which explicitly disqualified theoretical questions as lacking scientific rigour, the latter only characterising applied and empirical studies based on surveys (Angrist and Pischke, 2010). Mainstream economics moved from theory and reflection on causalities underlying economic phenomena, and the way these reflections could be conducive to given policies, to mathematical methods and policies claimed to be the only ones that are rigorous as they are said to be the direct products of the correlations highlighted by these methods.

2.2. The field of economic development as an example of the weakening and heterogeneity of heterodox approaches

This dynamic has also affected the existence of a heterodox reflection on development. While classical political economists have always explored the determinants of economic development, it is after WWII that development economics emerged as a specific subdiscipline of economics focusing on non-Western economies and analysing the causes of economic stagnation as well as income convergence or divergence between countries. In this initial period, the study of development was an aspect of 'high theory' within economics. Likewise, the foundational years of theories after WWII aiming at the understanding of the process of growth in developing countries witnessed different perspectives and a pluralism of views: among many other names, Arthur Lewis (with the key concept of dualism, Lewis, 1954), Joan Robinson (who, e.g., investigated India and China's development, Saith, 2008), Nicholas Kaldor (1963; 1981; while he also was a policy adviser for several developing countries, Toye, 1989; Thirlwall, 1989), Michal Kalecki (with his interest for, e.g., India – even being an advisor to the government – and beyond, for the mechanisms of development, Kalecki, 1970, 1976), Albert Hirschman

(1958), Gunnar Myrdal (1968), the structuralist thinkers (with, e.g., Raul Prebisch, 1950, Hans Singer, 1950, the CEPAL in Latin America, among many others), or Karl Polanyi, who laid the basis for bridges between economics, including development economics, and other social sciences (Dalton, 1968).

The reflections of some of these economists have been shaped by the intellectual paradigm of their epoch, i.e., Keynesian thought, the matrix of some heterodox views, while 'heterodoxy' was not yet fully constituted as sub-discipline of economics. What has been common to them, despite important differences and disagreements, is that they elaborated theories of the observed world when analysing causalities between phenomena, a first theoretical move having been to identify that there was a concept such as 'development' or 'developing countries', i.e., group of countries that would exhibit specific commonalities. This literature thus underlined types of policies thought as helping poor economies to get out of 'underdevelopment' - typically policies where the state was viewed as the main entity able to drive the process of lifting economies out of underdevelopment by reallocating factors of production (Adelman, 2000; 2001).

Then in the 1980s mainstream economics and its various frameworks – e.g., rational choice, utility-maximising independent agents, benefits of free markets, monetarism – became the dominant paradigm and eliminated from the field the various theories that previously, at the time of 'high theory', explained 'economic development': indeed, the 'counterrevolution' in economics also affected the field of development (Toye, 1987). Divergent analyses, e.g., post-Keynesian ones, disappeared from mainstream studies and publications on development. In addition, in line with the aforementioned 'applied turn' and claims that being 'atheoretical' is the only route to scientific rigour, the view that economists should rather behave as 'plumbers' has gained increasing popularity (Duflo, 2017).

These dynamics significantly affected development economics, where macroeconomic questionings regarding, e.g., the nature and determinants of development that were typical of the post-WWII 'high theory' became marginalised. Development economics increasingly became applied development microeconomics. Being trapped by the methodological imperative (e.g., empirical evidence- and statistics-based), heterodox thinking on development (e.g., studies of innovation, structural or technological change) sometimes has difficulty in distinguishing itself from the mainstream and its abandonment of reflection on the theoretical causalities that underlie policies.

Moreover, the increasing importance of international financial institutions (IMF, World Bank) in the orientation of development policies, as they became from the 1980s onwards the main financiers via lending conditional upon policy reform, further weakened the capacity for heterodox thought to sharpen specific theories and policies regarding development, among the exceptions being, for example, industrial policies.

This weakening of heterodox thought has been compounded by the fact that the heterodox literature on development has exhibited some confusion regarding whether certain approaches belong to 'heterodox' fields or to mainstream paradigms. An example is a method such as randomised controlled trials/RCTs, which has gained a dramatic importance both in economic theory and policymaking from the beginning of the 21st century onwards, in line with the 'applied turn' and the dominance of applied microeconomics within development economics. Interestingly, RCTs have been viewed as a form of progress by some heterodox studies[1]. For example, RCTs would help alleviate poverty in developing countries and devise the most efficient policies regarding development, denoting a confusion between the positive value of explicit objectives, e.g., development, poverty alleviation, and a specific methodology that in fact conveys a mainstream conception of economic agents and their behaviour. Indeed, despite the recurrent assertions by the promoters of RCTs of bias avoidance and false *a priori* by being ‘a-theoretical’ and only seeking to be the most rigorous tools for efficient development policies, RCTs imply theoretical assumptions: they do so via implicit assumptions on the nature of economic agents and societies (for example, on the independence of individuals’ decisions vis-à-vis the decisions of others – e.g., in ignoring social groups or hierarchies –,on the nature of response of individuals to policies, or on the possibility of replication of very local public policies with narrow targets in different or wider contexts). RCTs may actually be considered as a regression in theoretical reflection and, moreover, as ethically questionable and affected by unsurmountable epistemological flaws while lacking relevance regarding the conduct of public policies (Sindzingre, 2019). Significantly, such criticisms have also been put forward by scholars who might be viewed as ‘mainstream’ (Deaton, 2010; Deaton and Cartwright, 2018).

3. Theory vs. policy as a differentiation between mainstream and heterodox stances: truth and justification

In this context, a conceptual framework is elaborated that focuses precisely on the ‘heterotopy’ as well as the relationships between the domains of theory and policy. This framework allows for the argument that differences exist between heterodox and mainstream stances.

3.1. Theory and policy: ‘truth’ vs. ‘justification’

It is commonly asserted that an economic policy stems from some economic theory or description of an economic phenomenon: e.g., “‘neoliberal’ theories induce ‘neoliberal’ policies”, or “a policy reform belonging to the category of ‘austerity’ measures stems from a given mainstream macroeconomic theory”, the latter being, for example, a view of economics as a science of scarce resources *à la* Robbins or Samuelson (Backhouse and Medema, 2009a,b), the monetary approach to the balance of payments (IMF, 1977), ‘British Treasury’ views, or German Ordoliberalism (Cardim de Carvalho, 2018). Such a conception of a relationship of direct expression between these two concepts is interestingly shared both by mainstream and heterodox economics. While, e.g., Post-Keynesian, Marxian or institutionalist economists would have no hesitation regarding the assumptions that clearly differentiate them from mainstream economists (Wolff and Resnick, 2012), they would similarly consider that the policies they recommend derive from their theoretical assumptions. For example, studies written by non-mainstream

[1]For example, in France, progressive media (e.g., *Alternatives Economiques*) praised the prize in economic sciences of the Bank of Sweden in memory of Alfred Nobel given in 2019 to three promoters of RCTs as huge progress towards poverty reduction, inclusive policies and consideration of the real problems of development.

economists or civil society analysts recurrently explain that the policies reforms that have been imposed to developing countries by international financial organisations have been an expression of, or have been caused by, the 'neoliberal' conceptual framework.

Macroeconomics since its inception has of course elaborated a great number of theories, equations and curves including aggregates such as, e.g., unemployment, inflation, credit, investment, etc, which have been directly used and targeted by public policies. It may be argued, however, that 'theory' and 'policy' are not isomorphic concepts – not of the same nature and structure – and that the relationships between 'theory' and 'policy' do not consist of a direct translation from the first domain to the second.

The above argument may be just an empirical observation: different theories may lead to analogous policies. For example, theoretical propositions as different as those defended by Robert Lucas or Friedrich Hayek may lead to similar policies, e.g., the promotion of minimal state intervention in the functioning of the economy and markets[2]. Symmetrically, a particular set of theoretical propositions may be interpreted as conducive to policies that may be very different, as has been the case, e.g., for Keynes' writings, which have been a basis for the justification of radically different policies by 'neoclassical synthesis' Keynesians, 'new Keynesians' or 'post-Keynesians' (Lavoie, 2006; De Vroey, 2015).

The argument examined here goes further as its questions refer to epistemology, and in particular the epistemology of economics. Indeed, it may be argued that the criterion of validity of theory is 'truth': a proposition is true or not (false). Truth is a concept that has raised centuries of debates in philosophy and though there is no simple and consensual definition, it may be defined as an utterance or belief that corresponds to facts[3]. In the perspective of the philosophy of science, beyond the criterion of truth, Popper has famously shown that falsifiability is the criterion of a scientific statement (Popper, 1959). What has so far not been falsified is so far true - until other scientific procedures of evaluation demonstrate that the statement is actually false.

In contrast, a policymaker may be indifferent to truth: her domain is action, and, for a policy, the criterion of validity is the efficiency of this policy given its goals – the latter can be multiple, e.g., they may be primarily economic or political, enhancing the prosperity of a country or maintaining private interests, implicit or explicit, short-term or long-term, etc. The concept that matters for a policymaker is that of justification, i.e., a demonstration that aims to convince that a statement is true or that an action is, e.g., legitimate, relevant, or just. Here, the fact that a policy is justified by a theory that is true is an addition to a range of other justifications of this policy.

An objection to this above partition is that a theory may include normative assertions, and indeed theoretical propositions in economics incorporate great numbers of normative assertions since the beginnings of the discipline: Aristotelian chrematistics, for example, are normative affirmations on the 'right' behaviour of individuals or households (Aristotle, 2013), as is, e.g., the concept of Pareto optimality an analysis of economic efficiency. Subsets of economics, e.g., welfare economics, social choice theory or philosophy of economics, focus on normative dimensions and concepts such as, e.g.,

[2] The author is grateful to Fabrice Tricou for having underscored this point.

[3] This 'correspondence' view of truth has been defended by G. E. Moore (e.g., 1902), Bertrand Russell (e.g., 1910) or, with his semantic conception of truth, Tarski (1983), within a realist conception of the world (the world exists independently of the way an individual describes it).

right, justice, value, freedom, 'good', 'fairness', among others (for development, examples being, e.g., Sen, 1999, among many others). Normative assertions, however, are distinct from propositions that may be true or false (i.e., that can be falsified) and which constitute the building of a theory, e.g. 'A is x', or 'B has the property y'. In contrast, utterances such as 'A wishes that p', 'B thinks that p is a desirable goal', are deontic modalities and not epistemic ones: they cannot therefore be validated by a criterion of truth and cannot be the building blocks of scientific and falsifiable theories aiming at contributing to knowledge about the world[4]. In addition, an economic analysis may include normative statements: yet, as argued above, these remain statements and cannot be viewed as policies: they belong to the realm of theory, not to that of policy, and they cannot be evaluated via criteria of efficiency.

3.2. An example: 'austerity' policies and their implementation in poor countries

The fact that a policymaker is indifferent to the truth (or falsehood) of a theoretical assumption is illustrated via the example of austerity, and in particular the reform programmes of international financial institutions implemented in Sub-Saharan Africa.

As is well-known, Sub-Saharan African economies have been subject to a succession of programmes by the IFIs from the 1980s onwards. These have been justified by specific interpretations of theories of economic growth, which were inspired by a variety of assumptions regarding the functioning of economies and models: for the IMF, the monetary approach to the balance of payments or financial programming, notably the Polak model, among others (Khan et al., 1991; Polak, 1957; 1997; Agenor, 2004; Boughton, 2011); for the World Bank, e.g. models of Keynesian inspiration such as that of Harrod and Domar and one of its modalities, the two-gaps model, neoclassical growth models, among others – the two IFIs having integrated their various models with time (Khan et al., 1990; Reinhart, 1991).

The programmes of the IFIs consisted in lending that is conditional upon sets of reforms, financial and monetary stabilisation for the IMF and adjustment of the structure of economies for the World Bank: typically, the reduction of public spending (e.g., wage bill and staff numbers in civil services), privatisation of state-owned enterprises and generalised liberalisation of economies. The outcomes were 'disappointing': as coined by Easterly (2001), for the countries under IFI programmes, the first decades of IFIs 'exchange of finance for policy reform', the 1980s and 1990s, may be seen as 'lost decades' in terms of economic growth. Reform programmes negatively affected sectors that are yet crucial for future growth, notably health and education systems (Forster et al., 2019; Stubbs et al., 2020).

These policies were justified by the fact that they were the translation of 'true statements' in the field of theory: the models such as the monetary or absorption approaches to the balance of payments and others were presented to governments in need of emergency or development finance as the 'true ones' by mainstream economists. For these economists, their arguments for austerity were 'scientific' and hence cleared from ideology, power, and ethics (Dow, 2014). This 'truth' has justified sets of standardised reforms

[4]Ghiviriga and Baciu (2015), regarding a set of texts in economics in Romanian, interestingly note that deontic expressions, though fewer, have high counts for a scientific text 'expected to be descriptive and reflective rather than normative'.

representing stringent conditionalities for the disbursement of finance. This ‘exchange of finance for reform’ has not been a free choice for borrowing governments confronted with deep financing needs, as was the case with poor African countries. These conditionalities accumulated from the 1980s and the first reform programmes onwards, and over time took strict and standardised forms, e.g., for the IMF, ‘prior actions’, ‘quantitative performance criteria’, ‘indicative targets’ and ‘structural benchmarks’[5], which borrowing governments must implement as conditions for fresh financing. In the 2020s, four decades later, the growth performance of most low-income countries in the world remain so low that they still depend on the acceptance of these conditionalities for maintaining a minimal fiscal capacity and ability to import.

Such low performances and poor efficiency of policy reforms might have alerted IFIs, donors and development banks regarding the truth of the theories that justified these policies–and the IMF evaluation office rapidly highlighted the ‘prolonged use’ of IMF resources by many developing countries (IMF-IEO, 2002). Indeed, several critical studies have recurrently argued that these policies did not address the true causes of low levels of development of some countries and were relying on false theories – true causalities being, e.g., that the dominance of primary commodities in exports characterising poor economies, due to the intrinsic volatility of commodity prices, fundamentally exposes these economies to perpetual under-investment and indebtedness (Akyuz and Gore, 2001).

The fact that the truth of the theories used by the IFIs has not been questioned by them is an illustration of the ‘heterotopy’ of the two fields, that of theory and that of policy, with theory having more a function of justification than uttering true descriptions of the world. This heterotopy is also illustrated by the fact that, being constrained to observe the empirical reality of the low efficiency of their policies, policymakers, e.g., the IFIs, instead of simply re-evaluating the truth or relevance of their theories – i.e. the ‘normal’ epistemic attitude – elaborated various devices to enable the preservation of theories: for example, assigning policy failures to characteristics of recipient governments (e.g. ‘state failure’, ‘poor governance’) or empirical events (e.g., a particular episode of commodity price volatility), and absorbing heterodox theoretical reflections on development while cleaning these reflections from the associated heterodox policies. For instance, the objective of achieving the ‘structural change’ of developing countries, a legacy of Arthur Lewis’ analyses, has become in the 2020s a goal of most mainstream policymakers (the IMF, the World Bank, regional development banks, among others), but the recommended policies for attaining this goal have remained broadly unchanged: fiscal austerity, liberalisation, privatisation.

The mathematisation of descriptions via models constitutes here a strategic tool of the preservation of theoretical statements even if they are false, besides the fact that mathematical modelling can be a useful tool for the highlighting of complex mechanisms. As demonstrated by Klemperer (2000), history shows that a loose relationship with truth is necessary for the justification of policies that may be harmful to the majority of citizens. Language is a key operator in these games with truth, for instance the choice of words and formulations: for example, D ‘*is*’ x, e.g., ‘a fiscal deficit above level L is unsustainable’ (an apparently norm-free predicate) allows for the justification of action

[5] Source: IMF, *IMF Conditionality: Factsheet*, March 2016.
https://www.imf.org/external/np/exr/facts/pdf/conditio.pdf

A, e.g., 'public spending *must* be reduced' (a policy that may affect the livelihood of huge numbers of individuals). For this operation not to be too manifest, an extended use of mathematical modelling is an efficient device, as mathematics is the language of science, and the truth of science is more difficult to contest.

The 2020 pandemic has represented a 'natural experiment', which has shown that governments of rich countries and international organisations can discard overnight all the theories they previously used to justify austerity and devise huge support financed by states and central banks. During the spring 2020, IFI studies have continued to underscore their traditional stances, such as the negative impact of high debt levels on economic growth (Kose et al., 2020), or warnings on the future tax increases and spending cuts that will be necessary once the pandemic is under control (Dabla-Norris and Zdzienicka, 2020). Debt and fiscal deficits are consistently asserted as inefficient and detrimental to growth by the mainstream literature, including that promoted by the IFIs or the European Commission. Yet this ability to suddenly abandon theses championed for decades has been illustrated by the colossal financial rescue plans that have been very rapidly organised in response to the shock induced by the pandemic in the spring of 2020 (a rescue estimated at 10% of the GDP of rich countries[6]). The IMF has put in place for its member countries emergency finance – lending facilities and debt service relief – that represent one-quarter of its lending capacity[7], and, after having recommended the opposite policies for decades, appealed 'to countries to spend more'[8]. For the European Commission, jointly with the European Central Bank and member states, this response has been based on massive creation of debt and similarly massive fiscal imbalances[9]. It may be noted that this 'whatever it takes'[10] approach - which is a negation of all *ex ante* assertions repeated in mainstream publications and in particular to the governments of developing countries – had already been used for the previous major shock that affected rich countries, i.e. the 2008 global financial crisis.

This shows that policymakers in fact do not believe that the theories they constantly put forward in their reports and decisions are true, e.g., that austerity and fiscal restraint policies stem from true causalities. Massive creation of money and public debt express attitudes such as 'I have said before that proposition p is true; today, due to various facts, I say that p is no longer true'. When it happens that rich economies are threatened by a major shock, their policymakers do not hesitate to manifest overnight their disconnection from and indifference to theories they previously defended as 'true' and prescribed as such at the world's scale. These 'true' theories have notably been imposed to developing economies' governments as the latter from the 1980s onwards found themselves in

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[6] The Economist, 11 June 2020. https://www.economist.com/leaders/2020/07/11/as-the-economy-recovers-fiscal-policy-has-to-shift?utm_campaign=the-economist-today&utm_medium=newsletter&utm_source=salesforce-marketing-cloud&utm_term=2020-07-13&utm_content=article-link-1

[7] Source: IMF: COVID-19 Financial Assistance and Debt Service Relief, 27 July 2020: https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker

[8] Kristalina Georgieva, Managing Director of the IMF, interview, Bloomberg, 3 December 2020. https://content.govdelivery.com/accounts/USIMF/bulletins/2af586f

[9]An amount of 750 bn euros borrowed on international capital markets: source: special meeting of the European Council (17-21 July 2020). https://www.consilium.europa.eu/media/45109/210720-euco-final-conclusions-en.pdf

[10] As famously expressed by Mario Draghi, the president of the European central bank, at a conference on the 26 July 2012. https://www.ecb.europa.eu/press/key/date/2012/html/sp120726.en.html

desperate need of financing for their development, this 'truth' of the causalities and mechanisms of stabilisation, adjustment and austerity being the justification for the inescapable character of IFI policies and conditional lending. Efficiency is what has mattered, with its goals being obviously many and depending on the types of policymakers involved, e.g., preserving political and economic status quo, 'restructuring' economies, etc.

This example delineates the specificity of heterodox reflections on development. Propositional attitudes vis-à-vis truth (e.g., aiming at making that the theoretical proposition 'p' is true, i.e., corresponds as much as possible to facts) and attitudes regarding the relationships between theory and policy are in fact ethical attitudes: not believing in proposition p though asserting it, may be considered as a definition of cynicism (or dishonesty). In contrast, heterodox thought, despite its diversity, may be viewed as sharing commonalities regarding truth as ethics: objectives are simultaneously ethical principles (e.g., 'development', growth, welfare, justice, equity). If theory says, e.g., that public spending is under certain circumstances necessary for triggering development, the recommended policies are the ones oriented towards this aim: deontological attitudes (as opposed to utilitarianism) that are driven by *a priori* principles, characterise heterodox stances, i.e., the consequences of policies are evaluated in terms of norms (development, welfare), and are intrinsic parts of these policies.

Though it is obviously risky to assign a feature that is common to the diverse approaches that compose the various facets of heterodox economics, one may argue that the latter display a concern regarding the reaching of truth as closely as possible. The consideration that is common, e.g., to Post-Keynesian and institutionalists, i.e., that history and institutions are crucial in the functioning of economies (Eichner and Kregel, 1975, table 1) and that the building of a true statement on facts must take the context of these facts into account, may be viewed as an attitude of 'modesty' vis-à-vis the conditions of the building of true descriptions of the real world. This concern may be seen as a contrast with neoclassical economics.

Indeed, the differences between 'theory' and 'policy' have been explored from a long time, notably by Max Weber in his distinction between the scientist and the politician (Weber, 1919a, b): while the scientist gives knowledge and method of explanation, the politician cannot be driven by truth, and must therefore be driven by an 'ethic of attitude' and of 'responsibility'.

4. Conclusion

Critical analyses of mainstream economic theories as well as 'orthodox' policies are the subject of a vast literature. This article has aimed to contribute to this literature in choosing an original angle, i.e., the relationships between the domain of 'theory' and that of 'policy' and the epistemological distinction between them. It has shown that their criteria of validity differ, being 'truth' for theory and 'efficiency' for policy, with justification being a key operator of this efficiency, with the help of various tools, such as claims of superior scientificity stemming from the use of mathematical language.

Such a conceptual framework has enabled the article to argue that, in contrast with observations on the weakening of heterodox thought or its blurred boundaries with mainstream economics, heterodox approaches remain different from the mainstream. Using the example of mainstream theories as well as policies used for development and developing countries, such a framework has demonstrated that in fact mainstream policymakers (e.g., the IFIs) are indifferent to the truth of the theories they present as one of the justifications of their policies in developing countries, as notably underscored by the massive rescue packages induced by the 2020 pandemic put in place by policymakers of rich countries for their own economies.

Such a framework also allows to demonstrate that attitudes vis-à-vis truth are simultaneously ethical attitudes, e.g., aiming as far as possible to reach truth , defined as the correspondence to facts. The latter attitude may be viewed as a difference of heterodox thought since its inception vis-à-vis mainstream economics, and as one of its strengths.

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