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The Classical and Neoclassical theoretical traditions and the evolutionary study of the dynamics of globalization

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Abstract. This article aims to present the theoretical foundations of the classical political economy through the contributions of Adam Smith and David Ricardo and to find out how their neoclassical followers interpreted, evaluated, and transformed this classical theoretical basis. Specifically, we analyze from a critical point of view the neoclassical interpretation of globalization by arguing that this theorization is probably insufficient in analytical terms. We conclude that an analytical counterproposal for the relative explanatory insufficiencies of the neoclassical synthesis is based on the modern evolutionary approach of globalization.
Keywords. Classical political economy, Neoclassical economics critique, Evolutionary approach, Globalization.
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1. Introduction

The structure of a connective theoretical understanding of the global capitalistic dynamics is not a simple matter, and it is not an issue of scientific "routine." On the contrary, it seems to be the most complicated research topic of all modern socioeconomic disciplines: it is called upon theoretically to embrace our entire world, in all the structural and functional socioeconomic spheres. In this context, the analysis of the dynamics of globalization has already occupied a central position in modern economic theory and research (Geisler Asmussen, Pedersen, Devinney, & Tihanyi, 2011; Rubdy & Alsagoff, 2014; Veltmeyer, 2017).

The study of economics during two and a half centuries or so that has a scientific character, never used and built upon unanimously accepted analytical bases. It maintains and reproduces its multiplicity and heterogeneity. According to Polanyi (2000, p. 1): "*the community of scientists is organized in a way which resembles certain features of a body politic and works according to economic principles similar to those by which the production of material goods is regulated*." Therefore, in the effort to understand economic life, it seems that there has never been a single, completely dominant, theoretical paradigm (Kuhn, 1962) of the economic interpretation of capitalism.

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Quite the contrary, the very problem of the transnational nature of capitalism is traditionally an area of relative "exaggerated" theoretical arguments at the heart of the economic discipline, in different ways and endings. For example, as Merkel (2014) wonders: "*is capitalism compatible with the very concept of democracy?*" Here they meet and intertwine, therefore, some of the critical aspects of the broader socioeconomic thought. The analysis of transnational capitalism involves and composes, at the same time, scientific, axiological, ideological, and political facets (Steger, 2005).

We must, therefore, be prepared to try incessantly new theoretical projects and applications without ever underestimating the wealth of our accumulated knowledge which combines, on the one hand, the proper historical evidence and on the other hand, the history of our relative awareness, the very evolution of our theoretical perspective about them.

Therefore, a very brief inquiry into the field of the fundamental thinking in economic science, which seeks the "variable meaning" of the world economy seems to have, in this effort, much to offer. In particular, we are going to discuss critically how the central axes of the classical and neoclassical theoretical traditions approach and study the dynamics of the world economy and what they offer in the discussion about globalization. As we will suggest in this article, the neoclassical tradition seems to be getting cut off progressively from the analytical and interpretative contributions of the classics, especially in the study of the capitalism externally of its strict ethnocentric outline. On the contrary, the modern approaches of evolutionary economics seem to offer some fertile theoretical answers in this neoclassical insufficiency.

2. Aim and methodology of the paper

Specifically, the aim of the article is, after studying the foundations of the classical political economy, to evaluate the theoretical continuity of classical economics, in what is generally called as neoclassical economics. Finally, it will end up with an evolutionary perspective of the dynamics of globalization. In the analysis that will follow, we will manage to examine only some of the necessary theoretical and methodological stations to understand the issue:

i. In particular, the next section presents only the works of Adam Smith and David Ricardo and evaluates their contribution to the study of the international economy. In our analysis we deliberately do not include the examination of Marx's views, as this is a "very special" case: He is the last great classical economist and, at the same time, the first great non-classical, as his work brings a major breakthrough in economics, by drastically disrupting any conceptual continuity with the following neoclassical thinking in economics.

ii. Subsequently, we will evaluate the theoretical background of the "followers" of classical economics by examining a scientific discourse that ended up with what is called neoclassical synthesis, and how they interpret the phenomenon of globalization. Due to the limited size of this article, we will only critically refer to the most important aspects of the neoclassical synthesis that emerged from classical economics, leaving for future analysis both its connection to the Keynesian macroeconomics as well as the Marxist and neo-Marxist approach.

iii. Finally, we will direct our investigation, through a critical stance towards neoclassical hypotheses, in the new theoretical streams of thought of the dynamics of globalization, especially from an evolutionary perspective.

The following diagram illustrates this methodological effort (Figure 1).

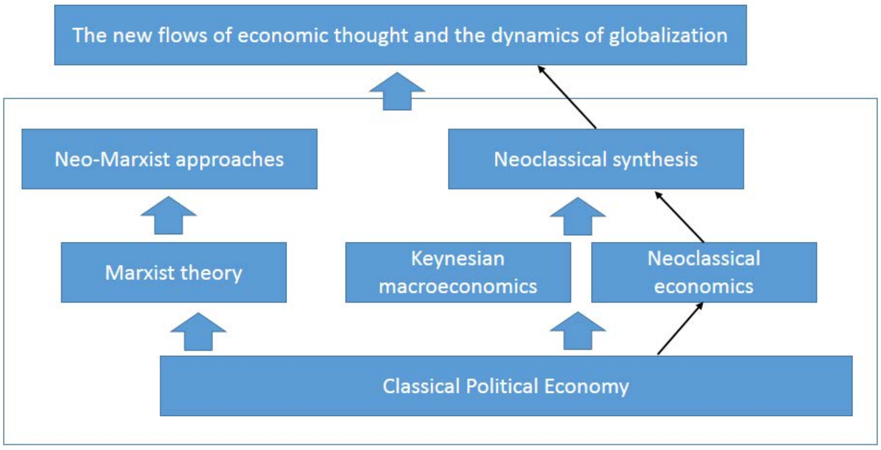

Figure 1. *From the classical political economy, through the neoclassical synthesis, to the modern interpretations of global dynamics*

3. The classical political economy: The central perspectives of Adam Smith and David Ricardo

In effect, the foundations of economic science lie on the classical political economy. This stream of thought is the common theoretical root of all the successive and antagonistic theoretical families-branches in the evolution of economic science. These also are the cradles of thought of microeconomic neoclassicism, which we will briefly examine subsequently, in the effort of seeking the necessary components of a solid understanding of global dynamics in economic terms.

First, from the theoretical edifice of the classical political economy, one can discover the authentic principles of economic liberalism. Here, there is mainly a real source of the free scientific spirit, against every socioeconomic "established order," which is against any state and private monopolization of wealth, potency, and power in every phase of the development of capitalism (Anquetil, 2019). Right here, one can understand how different the spirit of true liberalism is, as compared to its usual conservative and ethnocentric substitutes, which for the most part do not stop nowadays moving in a falsified way at a political and ideological level, as a supposedly called "liberalism."

For the first time here, in the classical political economy, economic thinking (exceeding the pre-existing state-oriented mercantilist/commercial perceptions; Allen 1970) built systematically the theoretical foundations that led to the realization that there can be no limited capitalism within closed national boundaries. This theoretical section continues to have, until today, critical theoretical significance for a sound comprehension of globalization.

Adam Smith, with his monumental work "The Wealth of Nations" in 1776 (Smith, 1776), laid the foundations of economic science. A science as critical, fundamental, and necessary as hard and most of the time unfruitful judged, for two and a half centuries.

In the background of the economic thought of A. Smith resides a grandiose philosophical "contradiction" (Smith, 1776, p.362):

> "Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily, leads him to prefer that employment which is most advantageous to the society."

This undeviating empirical ascertainment is the basis for the engine of liberal thinking: the pursuit of individual benefit in a world of free-market transactions, free initiative, free choice, and competition leads to the common good. In conditions of freedom, without barriers and hierarchical compulsions, with opportunities for all and responsibility by all, the individual benefit necessarily converges with the social benefit –and in such circumstances does not exist and there can be no essential divergence between these two.

For Smith, the underlying mechanism of capitalism that creates wealth consists of free competition, transactions, and a constant increase in labor productivity. In particular, the "secret" of productivity lies on the principle of the division of labor. The greater the division of labor is, the higher the productivity and more wealth. Adam Smith also underlined, with particular theoretical acumen, that the benefits from the division of labor remain always limited by the size of the market. The bigger the latter, the more advanced the social division of labor and profession and, therefore, the higher the productivity of labor and the wealth generated will be. Therefore, a broad market means more wealth.

Based on this coherent, cyclically integrated logic, the principle of the division of labor can be further generalized and exceed the framework of the coordination of work within the factory. It extends beyond the laboratory, beyond the city or the periphery. It spreads, even beyond the nation-state. It outreaches national boundaries to become the basis of the international division of labor (Lim, 2017) at an international scale: according to A. Smith, this is how nations produce wealth. In the transnational dimension of A. Smith's approach, therefore, the various national economies, in a way, substitute the workers in the division of individual production roles to result in the international division of labor.

Thus, the "simple assertion" of higher productivity and, accordingly, more profit, can only make capitalism, by its nature, to overflow its national framework. After all, the only way out of the stagnation state, for every national capitalist economy, is the foreign trade and the expanding international market, assisted by technological progress (Aspromourgos, 2010; Brugger & Gehrke, 2018).

In this meaning, the "law of absolute advantage" emerges in international trade, while Smith justifies, for the first time with integrated theoretical reasoning, the total benefit resulting from the international transactions. The fundamental rationale of this theoretical figure is as simple as evident: since each production system (on an individual or national level) becomes more productive when specialized, it would be better if everyone dealt with what could do more effectively. To produce what suits him, to be devoted to what has the ultimate advantage and to exchange his product in the market and thus altogether, as a whole (as a community or as an international society, respectively), can enjoy more than they would have available before the implementation of their production specialization (Heames, Crowley, & Sobel, 2010).

At the country level, this means that since there is freedom in international transactions (the well-known "Laissez-faire et laissez-passer") the capitalist process leads to the best possible use of available resources internationally. According to Smith (1776, p. 366):

> "Whether the advantages which one country has over another be natural or acquired, is in this respect of no consequence. As long as the one country has those advantages, and the other wants them, it will always be more advantageous for the latter rather to buy of the former than to make."

Moreover, let us insist on the most important: national production specialization deriving from the absolute advantage provides international trade that inevitably increases the total available wealth of the nations (Schumacher, 2012). Overall, this theoretical proposal, still today after more than two centuries, can hardly be questioned.

Smith's most eminent student, David Ricardo (1817), received then the analytical primacy over the theoretical problem of capitalism's economy. He has shown that the result of the opening up of economies is not only advantageous to productivity growth but, in an even more critical way, it is the necessary condition for a seamless accumulation of capital. According to him, international transactions are, in the end, the key to productive investment and, accordingly, to capitalist economic growth itself. His conclusion was clear: there can be no capitalism without open international trade (Senga, Fujimoto, & Tabuchi, 2017).

In particular, Ricardo suggested that if the English economy had not withdrawn the protectionist "corn laws," then it would be doomed to stagnation (Salvadori & Signorino, 2015). He showed that, with high import tariffs, in practical terms with closed borders for imported wheat, the only ones who would continue to become richer were the domestic landowners. The workers would continue to vegetate (at the level of bare survival), and capitalist-growers would lose any prospect of profit, and, at the same time, any incentive to expand their entrepreneurial activity further.

In particular, he argued that, given that imports of corn are indirectly prohibited because of high tariffs, as wheat production is a strictly domestic issue and the cultivated English land is not as fertile everywhere, the "advantage" that the best pieces of land provide could only grow over time. Moreover, as the total employment of people and land will increase, competition among the growers-capitalists for renting land will intensify over time, too. This competition will always press the rent of the land upwards. The landowners will thus be distracting more and more of the production. Ultimately, the leftover from the production for the remuneration of work and capital-entrepreneurship –by taking away the always-rising land renting– will decrease from year to year. Taking also for granted that workers' wages are "inherently" pinned to the level of survival, the only thing that could decrease –and, thus, it necessarily decreases– it is the profit of growers-capitalists.

With this incessant suppression of profits, new investments would inevitably be doomed to decline: the "newborn" capitalism would die. It was going to die of suffocation: it would die because of the commercial protectionism and the grain-closed national English border. The solution, then, was to open the borders to imports of agricultural products that would reduce their prices in the domestic market. The less fertile soils would gradually be left out of the growing network, and the profit percentages of capitalism would be reborn (King, 2013).

On this interpretative basis, D. Ricardo suggested the concept of comparative advantage (Costinot & Donaldson, 2012; Watson, 2017). According to his theoretical idea, which includes only two trading countries and two produced goods, even when one of the two countries is simultaneously in a disadvantaged situation in the production of both goods in absolute terms (when a higher amount of work for their production is required), then the international trade gives benefit to both trading countries. The least favored in the production of both goods can be specialized for its benefit, producing the good to which it is not inferior comparatively: even if it continues to be inferior in absolute terms, in the production of both.

Of course, it is easy to understand that this finding is not entirely following A. Smith's approach. Smith's analysis of "absolute advantage" can lead to the meaning that it would be much more beneficial for the production of the two products to be relocated in the most productive country, through a transfer of the available productive factors. The latter, moreover, seems much closer to the modern globalized world with the ever-expanding presence of multinational corporations (Cho & Moon, 2000).

However, the most fundamental here is another issue. There is no doubt that the classical theoretical framework of the 18th century understood fruitfully that the profitability of the capitalist enterprise constitutes the developmental engine of capitalism (Zouboulakis, 2015). Moreover, we can also argue that this necessary profit for the survival of capitalism cannot exist sufficiently and long-term within any entrenched national economic field. According to Formaini (2001, p. 9):

> "In the very competitive, global market-place, nations that forget how their entrepreneurs contribute to technological change, productivity, resource efficiencies, and economic growth do so at a potentially high cost."

We also must note the interpretative limits on this point. Overall, for the classical political economy, the leading category in its analysis remained the concept of the nation-state: The conception of the operation of capitalism here is "inter-national" and not global (Forsgren & Yamin, 2010, Michalet, 1985a). As well as the fact that the only parameter of its analysis in terms of international flows was international trade: the flow of migration, technology, capital, and productive investment from country to country were not examined internally. However, some also argue that the nation-state concept in Adam Smith was actually in a transitional form: "*one that has already begun to need replacement in his day*" (Berdell, 1998, p. 175).

In this context, it has already been fully perceivable that the "export" of national capitalism is a phenomenon, ultimately, inevitable for all capitalist socioeconomic formations in the prospect of their development. This outward movement of national capitalism happens because of the very logic of the capitalist economy: the pursuit of entrepreneurial profit. In this sense, the words of Schumpeter (1939, p. 104) that "*In a stationary economy, even if disturbed by action of external factors, both the entrepreneurial function and the entrepreneurial profit would be absent*" seem to express that adequately.

This critical realization is therefore profoundly inscribed on the foundations of economic science, in the classical political economy: and indeed, this is not something "so novel and untried," as some wish to present nowadays. Apart from its undeniable interpretive wealth, the classical political economy did not have the time to give detailed and definitive answers regarding the future of global capitalism, as it remained trapped in the analysis of the "inter-national" economy. This fact is undoubtedly justified if we adopt a historical perspective: it was de facto impossible in the classical era for economic theory to observe things beyond the nation-state. However, did the neoclassical continuation of classical political economy manage to do that? We doubt it.

4. The neoclassical synthesis: a fertile continuation or sterilization of the classical political economy?

The neoclassical way of perceiving the world economy (discussed nowadays broadly under the term globalization) seems to lead toward some acute and contrasting views and criticisms:

- According to Choudhury, Al-Ghamdi, & Umar (2002, p.6):

> "Contrary to the methodology of independence and individualism that emanates from neoclassical economic theory … globalization is not a mere economic process. It is a vastly interdependent system between interacting markets and institutions that together take stock of the interests of powerful world governance under which development financing institutions, instruments and economy combine in perpetuating the interests of owners of capital and resources."

- Agmon (2010, p.293) studies globalization under the prism of the neoclassical theory and suggests that:

> "The neoclassical model of international trade with the 'small country' assumption, the emphasis on the competitive advantage of the firm as the basis for the comparative advantage of the country and the balance of payments as the measuring device seems to be a natural model for an inquiry of globalization from the point of view of small countries and emerging markets."
>
> As Agmon concludes (2010, p.313), one of the implications of this neoclassical analysis is the study of "*a successful implementation of a new comparative advantage in a given country on the stability over time of the relations between firms from this country and MNEs from developed countries?*"

- Atanasov (2013) argues that the "expected utility hypothesis" "degenerates" in a Lakatosian sense (that is, according to Lakatos, 1968, a new and more progressive system of theories should be sought to replace the currently prevailing one). The expected utility hypothesis is used, among others, in game theory and decision theory, and measures the expected utility an actor or an aggregate economy can reach based on a number of criteria. According to Atanasov (2013, p.31), this hypothesis constitutes the "*inherent operating theoretical and methodological core of contemporary neoclassical economics*." According to the author: "*the current official neoclassical doctrine … did not predict such new fact as the global economic crisis. As a rule, warnings and anticipations of such crisis phenomena came from the heterodox critique*." As a result, it is argued that this relative degeneration of the "expected utility theory" indicates that a "global" neoclassical economics has inherent methodological problems.
- Subsequently, Zang (2016, p.96) tries to "*develop a neoclassical economic growth model with multiple (any number of) countries in the world economy and multiple (any number of) regions in each country to explain economic mechanisms and dynamics of economic globalization with spatial agglomeration within a compact analytical framework.*" Zang (2016, p.114) concludes specifically that this model was "*built under assumptions of profit maximization, utility maximization, and perfect competition*" and that it "*deals with dynamic interactions among international trade, national and global growth, interregional migration, wealth accumulation and regional amenities.*"

The above approaches constitute only a small representative sample of the current scientific critique for the connection between the neoclassical paradigm and the dynamics of globalization. What stands out is, on the one hand, the static modeling and the maximization hypothesis of the neoclassical paradigm in an attempt to interpret the "dynamic" of globalization and, on the other, direct criticism of its methodological assumptions. But how did we get here?

Initially, P. Samuelson (1949) seems to have coined the term "neoclassical synthesis" to characterize the theoretical consensus formed in the first postwar years, among orthodox conservative economists. This synthesis included in its foundations, both the flow of the traditional neoclassical microeconomics and the macroeconomic theory developed by Keynes (1936). The traditional neoclassical school, which preceded Samuelson's synthesis, can be divided into four distinct but largely converging streams of economic thought: in the English school, with Jevons, Edgeworth, Wicksteed and Marshall, the Vienna school of Menger and Bohm-Bawerk, the Lausanne School of Walras and Pareto, and the French school of Cournot, Navier, and Dupuit.

The subsequent neoclassical theory, which studies international transactions, is based on some fundamental and irreplaceable analytical assumptions. This neoclassical hypothesis incorporates the international trade analysis model of Heckscher and Ohlin, as perfected by Samuelson (the so-called HOS model). This model is based on the theorem of the so-called "endowment" of national factors of production that each nation has in a, supposedly, "static" way. This theorem also generates the rule that every country necessarily has to specialize in the production and export of those products that use that relative abundant factor of production (see mainly for the basics of this theoretical framework: Ohlin, 1933).

The HOS analysis accepts the foundational directions of Ricardian theory, although in a bit different way: the assumption that the production functions for a given product between different countries are identical. This assumption presupposes, implicitly, an automatic diffusion of technology internationally (Perilla Jimenez, 2019) which, of course, has little to do with reality. In fact, if the HOS model assimilates the realistic assumption that the production technology used may vary from country to country to produce a given commodity, then the definition of national "endowment" in productive factors loses all explanatory power.

This hypothesis is, in fact, a very restrictive analytical grid that excludes neoclassical economics from any essential possibility of a fruitful approach to globalization's evolutionary trajectory. In particular, the neoclassical tradition establishes its approach to the following six central working cases (for a recent and older critique of neoclassical theory, see also: Coad, 2010; Ghazinoory, Narimani, & Tatina 2017; Nelson & Winter 1974):

i. The inability to move production factors from country to country;
ii. The prevalence of the perfect market competition;

iii. Static international specialization in production where technology is taken for granted and "open to all" without restrictions. This logic drives, supposedly, directly to the optimization of the distribution of production factors, in free-market conditions, on an international level. This model, thus, perceives the factors of production as immobilized within their national frameworks while the trade of goods substitutes any need for transferring capital from nation to nation (for a comprehensive overview of the theoretical framework of International Economics see: Krugman & Obstfeld, 1994);

iv. In the firm's perception as an automatic transformer of market "signals" (Jaeckel, 2015; Nelson & Winter, 1982; Nooteboom, 2008);

v. Denying any institutional dimension to the functioning of the economy (Acemoglu & Robinson, 2012; Hodgson & Lamberg, 2018);

vi. A fully flatten historical dimension of the partial spatial socioeconomic formations (Boschma & Frenken, 2006; Freeman, 2019).

In this direction, on the foundations of the theoretical construction of neoclassical synthesis, policy-makers and economists alike built the so-called "Washington Consensus." This term refers, in particular, to John Williamson's (1993) description of the "consensus" in the developed and less developed capitalistic economies, among the officials that formulated national economic policies and decision-makers in international organizations (notably through the International Monetary Fund –IMF).

This "consensus" to the virtues of the "neo-liberal model" of development brought some inherent problems. According to Βλάδος (2006), this particular policy of "neo-liberal consensus" was far away from an authentic and comprehensive liberal model regulating the global economy and society. In practice, in the vast majority of its applications, this largely spurious "liberal" policy:

- While evangelized, on the surface, a reduction in the weight of national state interventionism through the reduction of public spending and taxes, in the background, very often it was driven to a significant –although silent– increase, supposedly, of the "strategic" presence of the state. This presence was most frequently one that supported some strong vested national interests (public and private) and continued reproducing intensively in a large number of national socioeconomic formations, more or less developed.
- While proclaimed its full support for the private initiative, it demonstrated in practice many times that it managed to perceive as a private initiative, completely hypocritically, only the initiative of some "big fish." Thus, often, when it was proposing large privatizations programs, it showed that it perceived superficially the privatization process as the simple transition of ownership from a state monopoly to another monopoly, "friendly" private, without any prior systematic development of the conditions for the widening of real competition.
- While it flagged as crucial the "deregulation" –that is, the radical reduction of restrictive national state regulations in the general

economic action–, it usually resulted into a tacit reproduction of both strong commercial protectionism and privileges of several "national champions."

Not all these, of course, can describe the true meaning of liberalism: they do not constitute in any way a comprehensive global liberal program, necessarily at the same time political, social, and economic. Moreover, this "Washington consensus" (Rodrik, 2006) policy proved increasingly problematic since it failed to provide global regulation solutions for the world economy and could not effectively face the emergence of the challenges of the developing globalization of the late 1990s and early 2000s. Moreover, many people continue to think, even today, that globalization is something "inherently destructive" precisely because of this precarious consensus.

In fact, at the root of the imperfections of the "Washington consensus," we argued that lie the very inadequacies of the traditional neoclassical vision of the global economy. In particular, we argued that there were at least three main points of containment, which constitute the intellectual deficits of neoclassical economics versus a sufficient understanding of globalization:

I. Neoclassical economics studies the partial economic dimensions of globalization only fragmentarily and in the absence of a unifying socioeconomic theoretical framework.

II. It generates some profoundly "unhistorical" conceptions of economic, political, and social phenomena.

III. It keeps itself locked-in in a mostly silent, but rigid, nation-centered analysis and ethnocentrism.

Today, these reservations against this set of policies seem to be confirmed by the reality, since the Washington consensus seems largely neglected, for a variety of reasons. Such as the rise of populism in the US (Löfflmann, 2019), the "*long-term structural violence produced by the old consensus and global capitalism*" that give birth gradually to a "New Washington Consensus" (Mitchell & Sparke, 2016, p. 744) or the enormous economic growth of China, which seems to create now, respectively, "Beijing Consensus" (Chen, 2017).

But what is the actual link between the classical political economy and the neoclassical model? A particularly "unfortunate" thing in the history of classical political economy is that most "official continuers" of this flow of economic thought followed the path of interpretive standardization, simplification, and rigidity. In fact, in this way:

- The flow of thought of the classical political economy was led – almost exclusively and in a sterile way– to linear modeling and superficial analysis of market balances and nothing more. As J. Stiglitz (2002, p. 219) rightly argues:

> "Adam Smith was far more aware of the limitations of the market, including the threats posed by imperfections of competition, than those who claim to be his latterday followers. Smith too was more

aware of the social and political context in which all economies must function."

- The worst is that its trust in the initiative and freedom of the responsible man was haphazardly misrepresented by so many "supporters" of liberal thinking, as supposedly enforcing the principle of "the weak are meat the strong do eat." In this respect, let us quote A. Smith (1776, p.70) again by saying that "*No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable.*"

Therefore, it seems that the neoclassical tradition misrepresented the fact that liberalism has an essential and social sensibility from its fundamental worldview. However, many commentators nowadays continue to try incessantly to make us believe that liberalism is, supposedly by definition, the ideology of extreme "social insensitivity." Indeed, many "continuers" distorted the belief of liberal economics in the value of individuality, often reaching the point to forge prevailing ideologies that, in essence, support the view of a "myopic individualism." Therefore, the global ideological political dialogue managed to camouflage at least two central "cosmo-theoretical" axes of genuine humanitarian liberal thinking:

i. The human dimension of social empathy –inherent in the economic vision of A. Smith– was silenced, which does not cease to be always in direct contradiction with the narrow egotism, as many supposedly "liberal" modern thinkers appear ready to accept completely foolishly, and

ii. In this thinking, the essential content of liberal altruism vanishes: and we do not mean here the use of any pompous and superficial demonstration of "philanthropy."

To sum up, the neoclassical theory, until today and despite all these issues and its real disconnection from classical economics, manages to maintain the dominant position in the "orthodoxy" of economic science (Peneder, 2017). Moreover, it continues to be the "main scientifically responsible" theory in the issues of international trade and investment, and "thus" and in the issues of "globalization." However, a perspective that is based on the specific history of phenomena, which tries to study all the socioeconomic actors in their co-evolution, as opposed to neoclassical economics, is studied now under the prism of evolutionary economics. In the next section, therefore, we will try to find out see what seems to be an evolutionary approach to the globalization phenomenon.

5. Counterproposal to the neoclassical synthesis: To an evolutionary perspective of global dynamics

The most common conception within the post-war neoclassical synthesis is the constant replication of their self-restraint in the stifling boundaries of some partial specialization. It is usually attempted an "incorporation" of the overall problem of globalization carelessly, into the narrow suit of some entrenched thematic of economic science (finance, international trade, marketing, or accounting standards) (Landmann, 2014; Mazzocchi, 2013; Weeks, 2012).

"Globalization" becomes superficially perceived as a mechanical sum of disparate and incoherent pieces, never as a historically evolving organic ensemble, never as a distinct historical phase of the evolution of capitalism, with a start and, necessarily, with some inevitable structural transformations and mutations during the unfolding. In a more profound criticism, Labini (2016, p.89) argues that "*the society is not ... a sum of rational agents seeking to maximize their income in competition with each other, as assumed by the neoclassical theory, but rather it is a complex organization.*" Moreover, on the issue of an organic versus a mechanic analysis, Dopfer & Potts (2008, p.2) notice that: "*mechanistic analysis has only limited powers to explain the complex open processes of coordination and change in the economy.*"

Most of the time, the only "new" which this usual mechanistic, fragmentary, and infertile over-focused modern research logic produces is:

- Some extremely homogenizing and, at the same time, completely vague, timeless and unhistorical approaches to globalization. Approaches which, ultimately, want to say everything in a single word, but they do not eventually say anything new and substantial (such as, for example, do some modern analyses in terms of marketing, which originate from the relevant theoretical work of T. Levitt, 1983, and describe "strictly" the supposedly devastating advent of globalization through the "global product").
- Either some extremely one-dimensional and sporadic conceptions of globalization, which are reproducing theoretically their supposedly "unique," necessary, and sufficient explanatory factor (for example, they observe globalization as equal to information technology flows and nothing more).

These approaches keep missing the incessantly evolving nature of globalization as described by new, mostly evolutionary, approaches (Bhattacharya, Khanna, Schweizer, & Bijapurkar, 2017; Laudicina & Peterson, 2016; Lauridsen, 2018; Vlados, Deniozos, & Chatzinikolaou, 2018).

One of the first schools of thought that criticized thoroughly the simplification of the neoclassical school of thought, although it provided nation-centered rather than global analyses (except for a few exceptions internally: Delapierre, Moati, & Mouhoud, 2000; Lesourne, Orléan, & Walliser 2006; Michalet, 1985b; Orléan 2009) was the French School of Regulation (Aglietta, 1997; Boyer, 1986). This "heterodox" theoretical scheme seems to understand better the inherent nature of socioeconomic crises. According to Boyer & Saillard (1995, p.175):

> "In heterodox approaches to the economic dynamic the modelling of endogenous fluctuations is a constant … Without underestimating the effects of exogenous shocks, the concept of a minor crisis emphasizes the fact that the original disequilibria and the fluctuations to which they give rise are endogenous."

Guttmann (2015, p.195), who examines the notion of structural crisis in "heterodox approaches," argues that:

> "Given that structural crisis seems a recurrent phenomenon, albeit one spaced decades apart, we may place it within a long-wave dynamic defining the rhythms of capitalist evolution over the longer run."

Contrary to the neoclassical view, then, newer currents in modern socioeconomic sciences argue, either implicitly or explicitly, that we are now facing an overall crisis and restructuring of globalization (Vlados, Deniozos, Chatzinikolaou, & Demertzis, 2018; Vlados, Deniozos, & Chatzinikolaou, 2019b). In the background, it is argued that the very concept of crisis and development can be distinguished between a superficial and coincidental approach (for example, in the neoclassical interpretation) and a structural/evolutionary perspective. In this direction:

- A superficial perspective analyses the notion of crisis as an emergency that has to be dealt as soon as possible. The crisis usually constitutes an exogenous disorder that is abnormal and occasionally disrupts the system's balanced course. In this "conjunctural" perspective, the system is about to assimilate the crisis and return to its former state.
- On the other hand, in the structural perspective, the crisis is an expected situation that, eventually, would occur. The crisis is an endogenous disorder that disrupts the equilibrium of the system in a "physiological" and organic way. In this structural perception of the crisis, the system and its particular historical and institutional equipment in its present form cannot absorb the new qualitative features of the crisis, and thus always an inherently different new systemic trajectory is formed.

Modern evolutionary economics seems to follow a converging analytical direction, traces of which can be found back to the work of classical economists who studied the historical outline of institutions and human culture (Hamilton, 2017). Specifically, in the years following the breakthrough in evolutionary thought brought by Darwin's Origin of Species, writers such as Veblen and Marshall began to translate biological analogies into economic analysis, although without describing a systematic framework of an evolutionary economic change (Foster, 1997; Hodgson, 2002).

Influenced by the neoclassical tradition, J. Schumpeter (1939, 1942) was the first economist to systematize this evolutionary change in economics. He describes a framework of general "equilibrium," which is, in fact, the "stable" and dialectical nature of circularity in the economy, where prosperity itself cultivates the background for its future catastrophe. In this sense, Schumpeter's work bears a historical and evolutionary meaning. Although Schumpeter (1954, p.756) opposed biological analogies in economic science, the Neo-Schumpeterian work of Nelson & Winter (1982) articulates biological metaphors to explain the behavior of the capitalist firm, arguing that evolutionary economics and its models are dynamic in nature and must take into account a large number of different scenarios and parameters.

Alongside the Neo-Schumpeterian perspective of evolutionary economics, which focuses on the discontinuity of the system and the role of the entrepreneur in economic change and innovation (Andersen, 2009), the second stream of thought is undoubtedly the institutional one that originates from Veblen's contribution (Veblen, 1898). Although it seems that the early followers of "institutionalism" did not construct a comprehensive interpretation of technological change, by dividing their thinking between technology and institutions (Brett, 1973), new streams of institutional economics today reconnect institutionalism with the contributions of evolutionary economics (Hodgson, 1998).

Another stream of modern evolutionary economics rests on the contributions of the Austrian school of thought, drawing mainly on Carl Menger's theory of "natural" formation of money. The "spontaneous order" of institutions that the Austrian school supports, directly or indirectly, tends to be self-identified as evolutionary, since it takes a long historical process for the institutions to be created (Hayek, 1967; Kwasnicki, 1999; Mises, 1949, 1957).

Here, the approach of Nelson *et al.* (2018, pp.3-4) on how economic science evolves and the role that innovation has, is a typical example of the questions that evolutionary economics has to answer nowadays. In this context, a neoclassical theorization does not seem able to respond sufficiently:

> "At the root of the difference between evolutionary economics and economics of the sort presented in today's standard textbooks is the conviction of evolutionary economists that continuing change, largely driven by innovation, is a central characteristic of modern capitalist economies, and that this fact ought to be built into the core of basic economic theory. Economies are always changing, new elements are always being introduced and old ones disappearing. Of course economic activities and economic sectors differ in the pace and character of change. In many parts of the economy innovation is rapid and continuing, and the context for economic action taking is almost always shifting and providing new opportunities and challenges. And while in some activities and sectors the rate of innovation is more limited, attempts at doing something new are going on almost everywhere in the economy, and so too change that can make obsolete old ways of doing things. Neoclassical theory, which is a significant influence on how most professionally trained economists think, represses this. For evolutionary economists perhaps the most challenging and important economic questions that need to be addressed are: How did the economic progress we have achieved come about? What can be done to enable those societies that to date have not shared in economic progress to do better? And what kind of progress can we expect in the future, and how can we influence the paths taken?"

Therefore, although neoclassical models appear to have internal logical coherence and integrity as a tool, this seems to be no longer sufficient in analytical terms because, in particular:

I. The productive factors (capital, natural resources, technology, and entrepreneurship, and to some extent, the labor) no longer have strict national boundaries.

II. Complicated forms of imperfect competition –in particular, the increasingly developed forms of globalized oligopolistic competition– dominate on a global scale.

III. The international specialization of production is always changing, by acquiring an evolutionary content, and within an increasingly dense systemic environment of interdependencies, where the diversification of technology is galloping.

IV. The firm as an entity is proving to be a complex, evolutionary, and adaptive subject, which resembles mostly a living organism.

V. The institutions acquire an increasingly critical impact on the dynamics of the growth-crisis of individual economies.

VI. The historical specificity and trajectory of each socioeconomic format are crucial to the process of integration into globalization.

That is why it should not be surprising that the criticism of neoclassical economic thinking has also happened in theoretical spaces traditionally quite "conventional." Gilpin (2001, p.103), for example, has argued that:

> "Although neoclassical economics is extremely useful in static analysis, it does not provide an adequate conceptual framework for the analysis and understanding of economic change and the dynamics of the global economy; for example, it cannot explain the exogenous factors such as changes in taste and technology that are important in understanding the long-term dynamics of an economy."

Notably, the new neoclassical field of production of fragmented approaches of globalization includes in a privileged way those who come to explicitly render their interpretative paramountcy (and often the full exclusivity), for the understanding of globalization in the partial international economic flows. According to Aspers & Kohl (2015, p.41), "*The neoclassical economic model presents the idea of convergence of prices and products all over the world, as a result of arbitrage and the clearing of markets*." Therefore, "globalization" appears usually in a fragmented way, as trade flows, flows of people and labor, production flows, technological flows, capital flows, which transcend the borders of two countries, and nothing more. Only the bi-national economic flows, supposedly, play a role in globalization: as far as the underlying socioeconomic structures are concerned, which primarily produce these flows, there is usually absolute silence.

Overall, for the neoclassical tradition, there is no explicit and integrated theoretical bond between the economy, politics, and society. Its traditional ambition for "absolute universality" of its findings suppresses any attempt in its interior towards a unifying assessment of the socioeconomic trajectories that the unified socioeconomic dynamics synthesize through the historical space-time. In this sense, the fluctuations and the constant differentiation (convergence and deviations) of all these economic flows, as reflected in international statistics, constitute only partial manifestations of a much deeper and qualitatively new global reality in progress (Delapierre & Milelli, 1995).

To summarize, it is evident that the dominant neoclassical approaches of globalization, because of their deeper theoretical foundations, cannot understand the changes that are taking place today in terms of globalization.

That is why we argue, straightforwardly, that the modern economic science of globalization:

- It must, gradually, try to free itself from the sporadic and incoherent focus on the diverse socioeconomic phenomena it is studying;
- It should avoid both overly vague and overly "specialized" interpretative approaches;
- It must systematically deepen its analysis in overall socioeconomic and historical terms by perceiving the undergoing path-dependence at all levels for the actors of the global system.

Economic, technological, political, and social phenomena produced by globalization and, at the same time, they produce it in a dialectic, uninterrupted manner. An economic science of globalization, therefore, must overcome the narrow nation-centered prism of understanding the contemporary globalized reality: to see closer what unifies the partial socioeconomic formations beyond geographical boundaries.

Any valid response to the complex questions posed by the modern expression of the global dynamics of capitalism cannot be one-dimensional. On the contrary, its essential study imposes certain direct methodological excesses of some very common analytical oversimplifications:

- Any valid approach to the historical phase of globalization inevitably leads to the inclusion and co-examination of a vast number of different cases and interchanging variables, which date back interpretatively to the central part of almost all disciplines of modern social sciences.
- In practice, the study of globalization cannot withstand any thematic "unilateralization" and any narrow or "fossilized" specialization. Globalization, after all, requires from its sincere scholar an approach beyond any incidental manifestations and expressions and an effort to try dealing with it as a dialectical entity (Vlados, Deniozos, & Chatzinikolaou, 2019a). Dialectical entity means that the global system is itself as a whole an always qualitatively transformed set of phenomena, an incessantly evolving organic system, of factors and forces: it is not, in any way, a static or finished mechanistic summation.
- The understanding of global capitalist dynamics is, eventually, an incessantly "moving target."

Overall, the dynamic of the current historical phase of the global economy that we call globalization is a highly complex systemic reality in a continuous structural evolution, which is not, by its nature, susceptible to any one-dimensional or final definition. Since this resembles an ever-transforming "river" without a predetermined course and riverbed (Graham, 2009; Roy, 2018), no schematic and repetitive way of its conception could interpret it thoroughly (Zeleny, 2010). In practice, the very dynamic of the development of globalization imposes a constant effort of theoretical adaptation to the new realities: a constant effort to modernize our theoretical perception of it, which will undoubtedly become progressively more and more complex to claim credibility and validity in its conclusions.

6. Conclusions and discussion

In this article, we attempted a critical overview of classical economics, through the works only of Smith and Ricardo, of how neoclassical followers interpreted and continued this stream of thought and how, ultimately, neoclassical tradition fails to explain the contemporary issues raised by the phenomenon of globalization. To this end, we analyzed and presented a theoretical counterproposal to the neoclassical view of globalization, arguing that we now need an evolutionary approach to comprehend the phenomenon of globalization.

We see that many of the fertile elements of the classical political economy (the historic interpretation, the perception of class struggle – which of course is not only of Marxist origin–, the comprehensive socioeconomic reasoning and the non-separation between the "economic" and the "political"), were excluded progressively in the development of the neoclassical perception. To sum up our critique in the neoclassical foundations, the neoclassical theory, in the background, cannot avoid the theoretical sterilization of at least three main analytical dimensions of the dynamics of globalization: that is why it appears, nowadays, wholly saturated in interpretive level:

1. It sterilizes the dimension of the central actors of globalization:
- The private firm, in it, performs a static function of production and nothing more.
- Institutional interventions of social regulation actors (state and other), at each level of operation of the system, are put on the margins.
- The historical dynamics of the spatially established socioeconomic systems are insignificant in theoretical terms.

2. It sterilizes the dimension of socioeconomic areas that globalization itself unifies progressively:
- Economic phenomena are separate by the social phenomena analytically, internally of the neoclassical approach.
- It perceives the narrow economic phenomena as always entirely trapped in a rigid ethnocentric perspective.
- The analytical dimension of the nation-state is not one of the many necessary levels of analysis (local, national, regional, global) for the

neoclassical tradition: The national level remains in most cases the strict, exclusive basis.

3. It sterilizes the dimension of an increasingly subversive sectoral innovation in globalization:

- New technology, in the neoclassical tradition, equates fruitlessly, usually, with the new capital equipment and nothing more (in the absence of the provisions of knowledge, experience, and learning).
- For the greatest part of neoclassical economics, new technology within the context of sectoral competition appears suddenly: it "falls from the sky." And remains strictly exogenous (some significant and particularly interesting exceptions begin from the contribution of Romer, 1990, on endogenous development).
- Innovation also means, in most of the relevant analyses usually and rigidly, only new machinery.
- Ultimately, the notion of the crisis remains a theoretical dimension "to be avoided" rather than the fundamental basis of any theory concerning the essential study of the production of the new.

Most of the modern variants of the neoclassical synthesis preserve and reproduce this mixed, common theoretical root. A common theoretical root that combines:

- On the one hand, the dominant simplistic neoclassical microeconomic aspect, where the firm becomes completely sterile, perceived as a static and timeless input transformer into outputs, without any strategic prospect and action and,
- On the other, the ethnically introvert traditional macro-economy. Here, the exploration of partial macroeconomic phenomena links them rarely with a supranational and deeper socioeconomic, institutional perspective, and interpretation.

We think that all these analytical constraints remove, largely, from the "modern" branches of the neoclassical school the possibility of an accurate theoretical understanding of the dynamics of globalization. In practice, conventional neoclassical thinking is now becoming alienated from the modern globalized world and, indeed, at all levels of its dialectical processes.

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