

## Econocracy – chapters 4-6

Economics has undergone a relatively recent unification around a single (neoclassical) model.

This has seen the eradication of alternatives.

The longer term process of defining the economics discipline starts with text books from the beginning of the 20<sup>th</sup> century, and then with REF moves to a removal of all forms of non-neoclassical economists from the discipline from the mid-1980s onwards.

Brief history:

- Smith, *A Theory of Moral Sentiments* – had a more complex understanding of humans than just *homo economicus*
- Marx/Mill as more philosophical and critical accounts
- Early days of profession – both the British Economic Association (now Royal Economic Society) and American Economic Association were relatively plural and included consideration of history of economy
- But this meant that economics lacked standing within society – this, economists felt, required an image as ‘scientific, which meant agreeing on a shared approach for generating objective and rigorous knowledge. This resulted in a conscious attempt to manage and minimise disagreement within the discipline.’ John Dewey, editor of AER in 1922 declared that he saw his role as removing any submission that was opinion-based.
- Around a similar time Jevons outlined what he viewed as the need to make economics mathematical
- 1891 – Alfred Marshall’s *Principles* first set out the textbook route to learning economics as a discipline with an established body of knowledge.
- Keynes – *The General Theory of Employment, Interest and Money* – argued for a more philosophical approach, but this was later stripped away by the economics profession, especially with Samuelson’s *Foundations of Economic Analysis* and his later textbook *Economics*
- 1970s stagflation upset the established truths of the profession – how could inflation and unemployment go up at the same time? – people like Robert Lucas sought to solve this problem through the notion of ‘rational expectations’, which would be dealt with through formal problem solving, ensuring that ‘the discipline became more technical, more mathematically complex and in many ways further detached from the real world.’ (p.98)

### *The cleansing of economics departments*

The RAE/REF led to a further homogenisation of the discipline, from the mid-1980s onwards, as quality research came to be defined in terms of ability to get published in top-ranked American journals that were highly technical and neoclassical.

### *The struggle for the soul of economics*

- 1992 *Plea for Pluralistic Economics* (signed by 44 leading economists)  
“Economists today enforce a monopoly of method or core assumptions, often defended on no better ground than it constitutes the ‘mainstream’. Economists will advocate free competition, but will not practice it in the marketplace of ideas”.

- 2000: campaign for plural economics, including petition by students at ENS, and Real World Economics Association
- Early 2010s: Rethinking Economics & Post-Crash Economics Society (first meeting, Manchester, October 2012)
- 2011: *PEPS-Economie (Pour un Enseignement Pluraliste dans le Supérieure en Economie, 'For a Pluralistic Teaching in Higher Education in Economics')*, and in Germany: *Netzwerk Plurale Ökonomik*)
- CORE (Wendy Carlin) ([core-econ.org](http://core-econ.org))

Solutions:

- Citizens economist
- Public interest economist