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Pragmatism works best in the reform of economics



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The subject is not like philosophy, where the value for students lies in the debate itself



Students attend economics lecture at University College London

Last week to Paris, for the annual conference of the Institute for New Economic Thinking, a think-tank focused on encouraging fresh theory and practice in the field. There was much discussion of curriculum reform in university economics teaching. The debate centred on a revised introductory economics syllabus devised by Wendy Carlin of University College London and a group of academic collaborators. The new curriculum is being tested now.

There was agreement among participants that reform is needed (although people who attend a conference on new economic thinking are likely to think that). Macroeconomic theory, our understanding of how economies experience booms, busts, inflation and growth, was found wanting in the global financial crisis. But professional orthodoxy remained

largely unchanged. Robert Lucas, doyen of modern macroeconomic theory, decried critics for their ignorance, and explained that the economic consequences of unpredicted events were unpredictable. But this is no response at all. Finance theory was also shown to be deficient.

Student dissatisfaction is evidently and understandably widespread. A group from the University of Manchester has taken the lead in Britain, but the protest movement has extended around the world. These young people assert that their professors fail to engage with the topics — economic development, financial instability, inequality — that attracted them to the subject, and that too much of their time is spent on trivial exercises in elementary mathematics.

There was wide agreement that economics should be more pluralist. But I found myself under attack for the mildness of my pluralism, denounced for my Menshevik desire to reform from inside rather than join the gang who plan to attack the Winter Palace. Many students demanded to be taught non-mainstream or heterodox economics, and a group of self-described heterodox economists were there to give encouragement. Pluralism, they asserted, required exposure to many competing paradigms.

But what exactly is heterodox economics? Robert Skidelsky, the John Maynard Keynes biographer, reminded the audience of the master's aspiration that his profession might attain one day the status of dentists, "humble competent people". There are, though, no heterodox dentists. And no one would cross a bridge built by a heterodox engineer.

There is alternative medicine, but most alternative medicine remains so because there is no evidence that it works. The medical profession is often resistant to innovation, especially innovation that challenges accepted wisdom — in the 19th century the Hungarian doctor Ignaz Semmelweis struggled for decades to persuade his colleagues that the best thing they could do for patients was wash their own hands.

More recently, much effort was required to gain acceptance of the discovery that many ulcers were caused by the *Helicobacter pylori* bacterium. But good doctors are, in the end, persuaded by what works for their patients, as they were in these cases. Good alternative medicine becomes orthodox.

And so it should be in economics. It is not like philosophy or literary criticism, where the value for both students and researchers lies mainly in the debate itself, rather than the acquisition of a body of specific practical knowledge. That is why the 2014 Nobel Prize winner Jean Tirole was right when he persuaded the French Ministry of Education not to establish a distinct chapter of heterodox economists in the National Council of Universities, which determines who is qualified to teach at universities. "It is inconceivable for me", he

wrote, “that France would recognise two communities within the same discipline.” Scientific pluralism is about openness of mind not relativism of knowledge.

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