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## **Economists, listen to Feyerabend**

Thomas, Alex M

University of Hyderabad, India

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## **Economists, Listen to Feyerabend**

Economics, like other social sciences have borrowed a lot from the natural sciences. The most obvious is the nomenclature of our discipline – *economics* like *physics*. Economics has also built up quite a reputation which is evident in the space devoted to discussion of economic topics in mainstream newspapers, news magazines, and so on. Economists are taken seriously, especially for the purpose of creating a better world (here, economy) through various 'economic' interventions.

Economics has given birth to a lot of sub-specializations- institutional economics, agricultural economics, microeconomics, macroeconomics, financial economics, industrial economics and so on and so forth. This paper, however, is not concerned with such sub-divisions. The discipline of economics can be classified as per the methods used for analysis and the importance ascribed to certain concepts. For instance, neoclassical economics largely deals with 'equilibrium'; whereas, Keynesian economics is concerned with disequilibrium states. Apart from these two paradigms, we have classical political economy, Marxian economics and Austrian economics. The dominant paradigm is that of the neoclassical economics- which presents itself in undergraduate and graduate textbooks as well as in their syllabi, journals having high impact factors, well funded economic associations, etc.

This paper criticises the dominant paradigm in its immense ability in minimizing the theoretical and pragmatic relevance of heterodox theories. Also, through Feyerabend, the paper calls for theoretical pluralism, especially in the domain of 'economics teaching'. In the philosophy of science literature, Feyerabend's views have been termed as anarchist, i.e., anything goes. From the philosophers of economics, only McCloskey (1994) seems to ascribe importance to the

views of Feyerabend. This paper attempts to bring to the fore the extreme relevance of Feyerabend's theses in the domain of economics in general and economics teaching in particular.

### The Benefits of a Pluralistic Theory for Economics

As mentioned earlier, the teaching of economics is primarily dominated by neoclassical economics. For instance, the paper 'Theories of Economic Growth' often begin with a discussion of Harrod-Domar and then move on to 'new' growth theories of Romer, Arrow and others. There is scarcely any mention of the wonderful insights provided by Marx, Smith, Hayek, Ricardo or Malthus. Why is this so? Or, 'Theories of International Trade' render Smith and Ricardo's views as classical/old/useless. Such mis-classification is visible in almost all 'papers' in economics. This is normal science. Feyerabend criticised science because it inhibited freedom of thought. [Feyerabend 1999a]. Right now, economics is doing the same thing.

By reading Feyerabend, we get some glimpses of how science (in our case, economics) is actually practised. "The way to knowledge and to the conquest of nature consists in increasingly restricting the range of possible ideas until a close fit is established between behaviour and thinking, on the one side, and 'reality', on the other. The aim is reached as soon as a single point of view is established beyond doubt as the one correct picture of the world." [Feyerabend 1999a, p 104] In economics, heterodox theories are hardly mentioned in popular economics textbooks. Even if they are mentioned, they figure under the labels of controversy, exceptions, limitations, etc. An illustration of this tendency follows. In newspapers, we come across statements such as 'RBI hikes CRR by 25 basis points to tackle inflation' and 'Fiscal deficit needs to be reduced to avoid crowding-out'. However, as economists, we know that this is only 'one' view of the reality. And, not surprisingly, this 'view' of reality corresponds to the reality of

neoclassical economics.

One of the most significant drawbacks of practising economics this way is that, wrongs of the theory are often eliminated by creating ad-hoc assumptions. In traditional neoclassical models, the concept of rationality which was used was that of unbounded rationality. This method of theorising falls under what is known as methodological individualism. Other theories questioned this view of an individual as an efficient rational utility maximizer. The response of neoclassical economics has not been to do away with 'the' concept of rationality. On the other hand, various kinds of rationality have been created – bounded rationality, principle of satisficing, reciprocity principle, etc<sup>1</sup>. We can visualise 'capital controversies' in a similar light. This controversy took place between Cambridge, England and Cambridge, MIT. Joan Robinson, Piero Sraffa, Luigi Pasinetti and others from England demonstrated that the neoclassical conception of 'capital' poses logical problems from their marginal productivity theory and therefore destructs the beauty (uniqueness and stability) of the neoclassical general equilibrium theory. From the other camp, Paul Samuelson and Robert Solow sort of concluded that despite the assumptions, the neoclassical 'parable' does tell us some stories about reality. Although, this controversy hardly finds mention in most microeconomics and well as macroeconomics textbooks. For, “the faults of the apparently most perfect theory can often be discovered only with the help of alternatives that, while retaining and explaining its success, also explain why it must nevertheless be abandoned.” [Feyerabend 1999a, p 106]

In the past twenty years or so, neoclassical economics has given birth to a lot of sub-specialization as was mentioned earlier. However, all these so called advancements utilise neoclassical tools and procedures by incorporating various degrees of 'improvements'.

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<sup>1</sup> It must be pointed out that, depending on the school of thought the economist is from, these 'ad-hoc adjustments' could also be seen as improvements.

Likewise, teaching of economics is also carried out in a similar fashion. These so-called improvements and sub-specializations take up names such as new keynesian economics, new political economy, neuroeconomics, new institutional economics, etc. All these nomenclatures utilise names of heterodox theories in a neoclassical way just by adding the prefix of 'new'. As Feyerabend writes, “instead of admitting that their ingenuity has given out and that they are no longer able to advance knowledge, scientists are usually in the habit of saying that they have finally arrived at the truth.” [Feyerabend 1999a, p 107] However, the developments in economics is certainly ingenious, but not something to be appreciated.

Such teaching of economics is particularly harmful for those in the developing countries, as most of these economic theories were constructed for understanding the western world. The peculiarities or characteristics of developing nations need to be carefully incorporated, if at all it is possible. Apart from this, teaching one single paradigm to students is particularly harmful. As most theories seem to depict Indian economy to be problematic; informal sector in India or black money is considered to create hurdles for conventional economic theory. The question is: do we adjust reality so that it conforms to 'theory'? And such rigid teaching of economics creates a situation where “there is not a single avenue left open to those who might want to think along different lines. Even dreams conform to the basic pattern. The restriction of the individual is complete.” [Feyerabend 1999a, p 105]

Therefore, it is of utmost importance that the teaching of economics is so restructured in a way that it includes as many heterodox theories as possible. This also provides the student more avenues of thought – which might aid in understanding and explaining the Indian reality in a better manner.

## Economics and/vs. Science

In this section, some of the issues pertaining to the use of science or scientific methods in economics are discussed. In addition, we ask whether economics requires the services of the method of science. In is this context that Feyerabend assumes importance. Feyerabend is primarily famous (although, this is an incomplete understanding of him) for his work *Against Method*, wherein, through exhibiting examples from the history of science, he argues that science does not have a single method. He also posited that major discoveries were made by those who went against a particular method.

As we have already seen, the transformation from 'political economy' to 'economics' encompasses the belief in the 'truth' of science and its method. Apart from this, economics now employs enormous mathematical artillery in order to analyse and interpret the economy. Advances in economics also connote 'improvements' in the methods of analysis – econometrics, game theory, calculus, linear programming, etc and so on. All these methods have been borrowed from the sciences. This *per se* is not harmful and is not a cause for concern. However, when such methods are applied without an adequate understanding of their assumptions and limitations, it poses serious problems. Feyerabend aptly captures the essence of the problem when he writes “I want to defend society and inhabitants from all ideologies, science included. All ideologies must be seen in perspective. One must not take them too seriously. One must read them like fairytales which have lots of interesting things to say but which also contain wicked lies, or like ethical prescriptions which may be useful rules of thumb but which are deadly when followed to the letter.” [Feyerabend 1999b, p 181] Hence, economists ought to be doubly cautious when borrowing tools from science.

In fact, the borrowing of concepts has proved to be more problematic. Economists frequently

use terms such as equilibrium, oscillation, cycles, tendencies, etc which have been shown to be inadequate. The greatest attack on 'equilibrium economics' was orchestrated by none other than Keynes<sup>2</sup> himself. Again, some of the giants in economics are those who went against the dominant/prevaling method – Marx, Keynes and Sraffa<sup>3</sup>- whose works redefined the understanding of economics itself. To quote Feyerabend again: “Ideologies are marvellous when used in the company of other ideologies. They become boring and doctrinaire as soon as their merits lead to the removal of their opponents. The most important change, however, will have to occur in the field of *education*.” [Feyerabend 1999b, p 188] Often, the dominant paradigm successfully relegates its opponents to exceptions or controversies through extensive use of footnotes. To reiterate, this procedure should never be followed in the teaching of economics. Using popular textbooks published in the US, especially impart only neoclassical economics and heterodox theories as appropriated by neoclassical economics.

To wind up this section, it is therefore “of paramount importance to strengthen the minds of the young and 'strengthening the minds of the young' means strengthening them *against* any easy acceptance of comprehensive views. What we need here is an education that makes people *contrary, counter-suggestive without* making them incapable of devoting themselves to the elaboration of any single view.” [Feyerabend 1999b, p 188]

### Economics and Scientific Rationality

Science is rational implies that it is based on 'reason'. This 'reasonableness' of science aids in making 'sense' of the natural world around us. This characteristic of science is considered to be the reason for its success. Also, this provides credibility to the entire enterprise of science. In a similar vein, economics is becoming more rational. This statement is based on the increasing

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2 In his *General Theory* he showed how disequilibrium is the order of the day along with persistent unemployment.

3 Compared to Marx and Keynes, Sraffa has not made much of an impact on conventional economic theory. This is possibly because of his extreme theoretical position. In fact, Marxian economics also suffers in a similar way.

acceptance gained by economics and economists in the public domain. But, this progress of economics (Feyerabend talked about science) is “because the show has been rigged in its favour and not because of any inherent excellence either of its methods or of its results.” [Feyerabend 1999c, p 206] This deserves more attention as institutions play a very important role in the promotion of economic development.<sup>4</sup>

However, as Feyerabend has noted, rationality makes behaviour more uniform and makes dealing with surprises difficult. [Feyerabend 1999c] This problem is related to the need for having a pluralistic theory in economics. The presence of different theories aid the social scientist in thinking about various kinds of mechanisms/processes that might be operational in an economy. However, teaching a single paradigm constrains the economics novice in thinking about practical economic problems around him/her.

Understanding what rationality means is necessary for making sense of the 'anarchist' position taken up by Feyerabend. For him, there are many kinds of rationality. And, theoretical pluralism is considered to aid in exploring different kinds of rationality. This in turn democratises the academic endeavour. As McCloskey clarifies “it means that scientists have to check all the ingredients of their trade and not only those which philosophers and established scientists regard as characteristically scientific.” [McCloskey 1994, p 392]

To conclude, to impart better education, pluralistic theories is essential in economics. This will also aid in the formulation of better economic policies in accordance with regional and historical specificities. In fact, neoclassical teaching of economics relegates heterodox theories as 'history of economic thought', which is considered inessential in the training of good

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<sup>4</sup> See Mary M Shirley (2008) for an 'institutional' perspective on the role of scholars on economic development.



economist. Also, borrowing from science should only be undertaken with a proper understanding of their applicability (and limitations). Teaching of economics is supposed to empower the student to see various possibilities of understanding a social phenomenon. It is this diversity that 'educates' the student. Let me end by quoting Feyerabend: "The questions 'What shall we do? How shall we proceed? What rules shall we adopt? What standards are there to guide us?' however, are answered by saying: 'You are grown up now, children, and so you have to find your own way.'" [Feyerabend 1999c, p 211]