

KUHN AND ECONOMICS: A SUMMARY

In a series of posts which you can find here, I have been trying to formulate an answer to the question why has neoliberal economics not been tossed out in the wake of its total failure as demonstrated by the Great Crash. I've used as a lens Thomas Kuhn's seminal essay: *The Structure of Scientific Revolutions*. I am totally dissatisfied with the usual progressive explanations of bad faith, whether in the form of the ubiquitous quote from Upton Sinclair: "It is difficult to get a man to understand something, when his salary depends on his not understanding it;" or direct or indirect accusations of intellectual dishonesty or corruption. The world is more complex, and we need to think more deeply, especially if we want to change things. Here is a list of the most important things I think I learned from the exercise.

1. Kuhn argues that science cannot proceed without a paradigm. That seems true in the hard sciences, but it seems inadequate as a description of the social sciences. Even so, there it remains an important insight. This series offered insights because I used the paradigm paradigm to examine a specific problem.
2. Following Mark Blyth, it seems that there are a number of schools of economics. These include neoliberals, post-Keynesians, Austrians, rational expectations theorists, and real business cycle theorists; to which we can add Modern Money Theorists, Marxians, and perhaps Piketty and his colleagues. Each of these has a paradigm through which it tries to organize the vast amount of data and theory we have accumulated over the centuries. Each has its own incommensurate ideas about what counts as data and about how to interpret the data. In other words, they each have a definition of truth, and their truth claims cannot be settled inside their paradigms, as Kuhn tells us is true about

the hard sciences.

That means that the decisions about which, if any, of these schools dominates at any point in time has nothing to do with some transcendent truth, but rather with a struggle over politics.

3. This view was reinforced by a reading of Keynes' delightful essay *The Death of Laissez-Faire*, which actually didn't die despite Keynes best efforts, but lives on in the grifter stylings of Grover Norquist and the rest of the zombie right wing. If Keynes caouldn't kill it, it is permanent.

4. It is further reinforced by Bronfenbrenner's suggestion that paradigms in the social sciences are not replaced outright as Kuhn argues, but are met by an antithesis, and eventually fall into a new synthesis. I suggest that Paul Samuelson follows this approach in his textbook, based on the back inside cover. In a Hegelian or Marxian world, this is supposed to represent progress, but I've always thought of it a just something different that might or might not be useful in a specific social situation.

5. I laid out the seeds of a paradigm for neoliberal economics in this post. In passing I pointed out that Mankiw's principles are couched in bland language, but they can easily be interpreted to carry out the neoliberal program. See 8. below. Again in passing, I note that tweaking them, and setting up a slightly different paradigm can produce a better solution to the problems our economy faces. That is an exercise for another day.

6. One crucial problem that arises from the existence of many schools of economics is that each can claim that there are no tests that disprove it. As Kuhn and others point out, that's because the meaning of facts and truth is determined by the paradigm, and neither facts nor truths are commensurate across paradigms. That's why the likes of Gary Becker and N. Gregory Mankiw can claim that the Great Crash was not a problem for neoliberal economics. What

looks like a failure to a person who got hammered looks like the normal course of events to an ideologue married to a paradigm.

7. The neoliberals recognized the importance of politics in economics long before the liberals. They wrote their views into textbooks, which have a thin veneer of science and a thick veneer of authority, and used them to indoctrinate generations of college grads who only took one or two economics classes. They also arranged to have the basic tenets taught in high school classes mandated in many states on the wonders of capitalism. As Kuhn explains, the textbook is the authoritative teaching tool for creating new scientists and presumably new followers of the dominant school of economics. The tenets of neoliberal economics are taught as if they were the only way to understand capitalism, and any other set of ideas are communist or socialist, by which we are to understand they are evil.

8. One factor Blyth doesn't discuss is why neoliberal economics has such a hold on the populace. Certainly a big part of that is the domination of authoritative discourse through the textbook process in point 7. Another crucial point is that without quite saying so, Mankiw's principles of economics play directly to the prejudices of the a large segment of the voting public. Take the first one as an example: People face trade-offs. Some people face the trade-off between summering in the Hamptons or on Martha's Vineyard. Others face trade-offs between rent and food. These are the same thing to neoliberals, who sneak in a bunch of outmoded Benthamite utility. And these are also the same for a huge number of conservatives. Suck it up and pick. It's your fault for not being rich.

The rich people who dominate elections and the public discourse in general can rely on those principles in anodyne form to pacify the liberals while dog-whistling to their base of conservatives.

9. As a result, the voices of authority on economic matters don't have to listen to anyone

who disagrees with them. They have a base of voters who think it's great to screw the poor and don't even necessarily want to accept anything that comes from the government.

10. We need to focus attention on the political nature of economic paradigms. Neoliberal economics failed. We need to hammer home the failure, to undermine the authority of neoliberals on economic matters.

UPDATE

Here are links to the posts in this series with a note about each.

1. The Two Prongs of the Neoliberal Project. This is a justification of the inclusion of economics at this blog. It is also a general introduction to neoliberal economic theory.

2. Paradigms in Economics. This is an introduction to Kuhn's theory of scientific revolutions and an introduction to a theory of paradigms in economics.

4. Paradigm Change in Science and Economics. This is a discussion of Kuhn's explanation for paradigm change in science, and begins the discussion of the comparable problem in economics.

5. A Possible Paradigm for Neoliberal Economics. N. Gregory Mankiw's textbook lists 10 principles of economics. This post takes those and a simple methodology as a possible paradigm for neoliberal economics. In passing, I discuss an actual paradigm change that seems to meet the requirements of Kuhn's analysis.

6. Pragmatic Aspects of Paradigm Change According to Kuhn. This addresses Kuhn's argument that even in the hard sciences, paradigm change requires persuasion, because the superiority of an alternative paradigm cannot be tested inside a different paradigm. This idea is applied to economics, and specifically to textbooks.

7. Keynes on Paradigm Change. John Maynard

Keynes calls for the death of laissez-faire, especially in its virulent form of demanding that government do nothing. Economic ideas don't die.

8. Paradigm Change Through Authority and Arguments about Truth. This is a discussion of a more sophisticated approach to changes in economics paradigms through a paper by Mark Blyth. Blyth offers a grounded approach to the problem of change as a result of authority and persuasion.