

## Introduction

# *The perils of leaving economics to the experts*

Each generation doubtless feels called upon to reform the world. Mine knows that it will not reform it, but its task is perhaps even greater. It consists in preventing the world from destroying itself.

Albert Camus<sup>1</sup>

The authors of this book are of the generation that came of age in the swirling maelstrom of the 2008 global financial crisis. It was a crisis that came as if from nowhere, interrupting our teenage years and sending shockwaves reverberating around the world. On the news we saw worry and confusion about debt overhangs, credit default swaps and sub-prime mortgages. It was a first glimpse for us into a whole new world and a strange rite of passage.

These experiences made it increasingly clear that economics was at the heart of the society we were growing up in: the driving instructor who lost his house and then his marriage when interest rates spiked following Black Wednesday; our teachers hammering home the need to get qualifications valued by the job market; and the constant sparring over economic credibility in politics. The economy made its presence felt almost everywhere.

The centrality of the economy in the world sat uncomfortably with the apparent unease many of our friends and family felt talking about it. We can each remember numerous occasions on which conversations have run dry when they have reached economics. Someone asks ‘Who do we owe all the money to?’ or states ‘We can’t do that because it will ruin the economy.’ There is a silence, shrugs all round and the conversation moves swiftly on.

A few people did not seem to have this hesitation. Economists, politicians, journalists and policymakers regularly appeared in the media giving opinions about the health of the economy and predicting how this event or that policy would affect it. These men (and it is mostly men) were confident and authoritative and their opinions were respected. They conversed with each other using jargon, graphs

## 2 The econocracy

and statistics which made them difficult to understand. We felt that to understand and shape the world we needed to speak their language and that's how we all ended up studying economics in the same year at the University of Manchester in 2011.

After that it felt like we had swapped sides. Now, when discussion turns to the political issues of the day and someone launches into their opinion, often they finish by looking over at us, as if to say, 'Does that all make sense, you know, *economically* speaking?' Sometimes, it's even more explicit – 'You're an economist, what do you think?' As economics students we have somehow ended up with a strange authority to judge the merits of political arguments.

These situations leave us feeling uncomfortable. Having graduated now we are all keenly aware that our economics education has not equipped us with the knowledge or skills to justify any authority we are given. In fact we were so frustrated with how little our education was helping us understand the world that midway through our second year at university we began a campaign to reform economics education. While we were memorising and regurgitating abstract economic models for multiple choice exams, the Eurozone crisis was at its peak, with Greece and Italy on the brink of disaster. This wasn't mentioned in our lectures and what we were learning didn't seem to have any relevance to understanding it. The elephant in the room was hard to ignore.

This was in early 2013. Little did we know it but other students were starting similar campaigns across the world and in time we linked up with them in a network called Rethinking Economics. Amazingly, what united us across different continents and languages was the shared feeling that there was a deep malaise at the heart of economics and that as a result we were being sold short as students and as citizens. While we were supposed to be on the road to becoming economists, we could also see economics with the eyes of outsiders. We saw the ramifications of this flawed education stretched far beyond the confines of university lecture theatres. We became aware that a degree in economics was a gateway to many important positions in society, whether it prepared you for them properly or not.

From this vantage point we can see that all those people who feel locked out of economics have a point and an important one too. When someone says 'I just don't understand economics' or 'economics is not for me' they are highlighting one of the defining features of society in the modern world. We have coined the term econocracy to describe the kind of political system that has spread across much of the world today. An econocracy has all the formal

institutions of a representative democracy – like political parties and regular elections – but the goals politics seeks to achieve are defined in narrow economic terms and conducted without significant public oversight. Of course some areas of politics, like war and national security, aren't justified in terms of their effect on the economy, but the overall trend of reducing politics to economics is clear.

It is estimated that there are about 7,000 languages in the world. The language of economics is one of the newest and least well known, but it is rapidly becoming one of the most important. The result is that citizens increasingly live in a world that they cannot shape. Without being able to speak economics it is hard to have a meaningful voice in how the economy or political system is run. We are in a very real way disconnected from the institutions and processes, and struggle to hold experts and politicians accountable. It seems that many people have this feeling to some extent. In a poll we did with YouGov we asked 1,696 respondents their view of how politicians and the media talk about economics – only 12 per cent said it was done in an accessible way that made it easy to understand.<sup>2</sup>

As the economy has become central to politics and policymaking, economics has become highly influential but it has also become highly technical. In this world economics is not for most people and little effort is made to discuss it in such a way that non-experts can join in. This leads to it being seen as a technical process not a political one, and as a result democratic culture and debate are undermined. Such a democratic deficit leads to a system where some people have economic authority without public oversight. Every year 10,000 economics students graduate and go on to become regulators, civil servants, consultants, journalists and traditional economists. These people are society's economic experts and we rely on them to manage the economy on our behalf. Currently they are being trained (not educated) to speak a language no one else can understand and to slot in unquestioningly to a system in which they have considerable authority while citizens do not. They are imbued with a confidence that it is possible to have the knowledge and tools to understand, measure and manage the economy without input from the public.

And yet the problems of economics education mean that many of the most important issues facing the world today, such as environmental catastrophe, inequality and financial crises, are either absent from most syllabuses or taught in a way that grossly oversimplifies their depth and complexity. The result of this education is that we, as the next generation of economic experts, are grossly underprepared to use effectively or responsibly the power we are given.

## 4 The econocracy

Economics has been labelled ‘the dismal science’ and has developed a jargon so dense it even confuses economists. But at its core economics is really just the story of seven billion people’s individual and collective choices. We are all embedded in the economy: when we work we contribute to production and when we buy things we contribute to consumption. When we’re born, educated, unemployed and ill the cost is recorded in government spending. We rely on the economy, whether through income or wealth, to survive, and the behaviour of the economy depends on our decisions.

It is during times of crisis – when individuals, families, classes and whole sections of society are torn up and reconfigured – that it becomes clear just how interconnected our individual circumstances are with events in the wider economy. Whether we want to or not, we cannot escape the power of economics. The financial crisis of 2008 is the most obvious recent example. The author John Lanchester expressed it perfectly when he wrote:

There’s a huge gap between the people who understand money and economics and the rest of us. Some of the gap was created deliberately, with the use of secrecy and obfuscation; but more of it, I think, is to do with the fact that it was just easier that way, easier for both sides. The money people didn’t have to explain what they were up to, and got to write their own rules, and did very well out of the arrangement; and as for the rest of us, the brilliant thing was we never had to think about economics. For a long time, that felt like a win-win. But it doesn’t any longer.<sup>3</sup>

Economics is for everyone precisely because it affects everyone. It is therefore too important to be left to the experts.

The gap between experts and citizens has not been created on purpose. Economic experts are not part of a shadowy cabal running society behind the scenes. Instead, the state we are in is the result of a particular set of historical circumstances. In this book we show how the history of economics as a discipline, the political events of the twentieth century and reforms to higher education have combined to create a world where economic decision making is delegated to experts who are not fit for purpose. This book is not about blaming anyone; it is about recognising the situation we find ourselves in and all taking the responsibility to address it.

In this book we open up the discipline of academic economics to scrutiny, criticising it strongly at times. However, we also recognise that the discipline has much to offer and is a vital part of the change we want to see. We believe that it is important for people to know

more about how economic experts think about the world, how their tools do (and do not) work and where their expertise is limited. By understanding better the knowledge that underpins our societal understanding of the economy, citizens can begin to engage with experts and politicians as equals, scrutinising their economic arguments and holding them accountable.

Most importantly we set out a positive vision for how academic economics could become a bridge, not a barrier, to increasing public participation in economic discussion and decision making. At Rethinking Economics our aims are to reform economics education so that tomorrow's experts are better equipped to understand the economy and engage with society. We are also trying to democratise economics because we believe that at its core economics should be a public discussion about how to organise society. There is an important role for experts here, but this role is as a humble advisor not a detached authority figure.

Albert Camus's generation had to prevent 'the world from destroying itself' in a nuclear war. Our generation has a choice of existential threats from financial meltdown to global warming and food and energy insecurity. To prevent these catastrophes and build sustainable, stable and prosperous societies our generation must have the ability to reimagine the economy. And to be able to do that it must reclaim economics from the experts, transforming it from a technical discipline into a public dialogue.

### **Rethinking Economics**

The authors of this book are all active members of Rethinking Economics (RE). At the time of writing RE consisted of over 40 groups in 13 countries. This book is our interpretation of the history and arguments of the student movement to reform economics and features the voices of students from all over the world. However, we could not hope to speak on behalf of the movement in its entirety. Some members of RE will feel that our arguments are too bold while others will want them to go further.

Our movement calls for more openness, diversity, engagement and reflection in economics and so it has a place for all of these views. We hope that this book reflects those principles and in doing so is part of the change we want to see. Thank you for reading this book and not leaving economics to the experts! If you want to know more about Rethinking Economics or get involved all the relevant information is available at: <http://www.rethinkeconomics.org/>.

## 6 The econocracy

### Notes

- 1 Albert Camus, speech at the Nobel Banquet at the City Hall in Stockholm, 10 December 1957. Available at: [http://www.nobelprize.org/nobel\\_prizes/literature/laureates/1957/camus-speech.html](http://www.nobelprize.org/nobel_prizes/literature/laureates/1957/camus-speech.html) (accessed 16 May 2016).
- 2 For full poll results see: [https://d25d2506sfb94s.cloudfront.net/cumulus\\_uploads/document/5tw8cdop65/RethinkingEconomicsResults\\_160229\\_Media&Economics\\_w.pdf](https://d25d2506sfb94s.cloudfront.net/cumulus_uploads/document/5tw8cdop65/RethinkingEconomicsResults_160229_Media&Economics_w.pdf) (accessed 27 April 2016).
- 3 John Lanchester, *How to Speak Money*, London: Faber & Faber, 2015, xiii–xiv.