

Is macro in crisis?

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Published in H Bougrine and L-P Rochon (eds), *Credit, Money and Crises in Post-Keynesian Economics*, Cheltenham: Edward Elgar, pp. 231-245, 2020. Pre-publication version. The original publication is available at: <https://www.e-elgar.com/shop/gbp/credit-money-and-crises-in-post-keynesian-economics-9781786439543.html>. The only uses of this work permitted are private study or research.

Abstract

Yet again the failure of mainstream economics to address an economic crisis has promoted the idea that economics itself is in crisis. Throughout their careers, Marc Lavoie and Mario Seccareccia have contributed, not only to the critique of mainstream economics, but also to building up alternative theories and theoretical frameworks better suited to addressing real macroeconomic problems. This chapter is offered in honour of these contributions, focusing on the issue of how far it is feasible to establish agreement (among experts, far less the wider community) on the facts and causal mechanisms which provide the basis for macroeconomic policy. Is it a binary choice between fake news and truth? It is argued here that there is scope for different logics (types of reason) and different accounts of the facts, evident in the rise of populism. But this does not mean that any theory or any facts can be asserted. While experts seek truth, it is in general a matter for persuasion rather than demonstration (far less assertion). For persuasion of the wider population to be effective, institutional development is required to ensure that expert analysis makes a (two-way) connection with people's real experience.

INTRODUCTION

The contributions of Marc Lavoie and Mario Seccareccia to macroeconomics are many, important and various. These contributions extend beyond their own research to their leadership in fostering others' research. They have exercised this leadership, not only through their editing activities (most recently Lavoie and Seccareccia, 2017), but also in creating a supportive and productive academic environment at the University of Ottawa. I benefited from this myself first in 1983 when I was invited to present a seminar there. For the first time, I encountered impatience with what was then the required convention for heterodox economists of discussing the mainstream account of a topic before moving on to the heterodox alternative. This was a liberating experience.

Lavoie and Seccareccia share a fundamental concern to tailor economic analysis to addressing pressing socio-economic problems. Rather than being constrained, as is typical among mainstream economists, by internal methodological concerns, Lavoie and Seccareccia have pursued methodologies according to external methodological concerns, choosing whatever best suits the real policy problem at hand. They are methodological pluralists, allowing for a range of approaches to analysing a complex, evolving reality, while (as is proper for methodological pluralists) arguing strongly for the relative merits of their own chosen approach while critiquing alternatives (as in

Seccareccia's, 1988, critique of idealisation in mainstream economics, and Lavoie's, 2018, critique of DSGE modelling). They also accordingly explore relevant developments in the history of economic thought.

This has two consequences. First, the subject matter isn't confined to whatever can be handled by mainstream methodology. Seccareccia (2015) for example has addressed issues of social justice and social provisioning. While Robbins (1932) had argued that any issue involving choice under scarcity is economic, the mathematical analysis of any issue in terms of constrained optimisation severely limits scope. While, in principle, Robbins' definition of economics allows for an imperial expansion of economics to cover subjects normally addressed by other disciplines (sociology, psychology, politics, etc), in practice only those aspects of social, individual or political behaviour which are amenable to deterministic (if stochastic) representation can be analysed. Not only does this mean that an economic approach to other disciplines impoverishes them, but also that economics itself is impoverished to the extent that economic behaviour itself is not deterministic. Indeed, many policy issues are excluded by inattention, due to methodological constraints, to such crucial factors as evolving institutions, and crucial goals such as social justice.

Second, a willingness to allow for a range of approaches (while necessarily choosing one of them) highlights the issue of perspective. Lavoie (1983) presented an early analysis of difference in perspective, focusing on the significance of the national language of the economist. More generally, any approach is founded in an understanding of the nature of the subject matter (a perspective) from which follows an appropriate selection of questions, and methods for developing and appraising theory. One perspective will focus on class, for example, another on entrepreneurial behaviour, and so on. Methodological pluralism follows from an understanding of the subject matter as being too complex to be encompassed within one universal theoretical structure. Theoretical analysis inevitably abstracts, and there are many possible ways of doing that.

All of this is highly pertinent to the fact that economics, and particularly macroeconomics, is in crisis – again. The mainstream approach has fallen sadly short on both counts, not only among its critics within economics, but more widely in society. Economic arguments for the liberalisation of the financial sector, and then for austerity policies (after an initial fiscal expansion) and quantitative easing, were presented as the product of technical expertise, detached from politics and ethics. Yet the resulting increase in income disparities (including disproportionate gains in the financial sector which had created the economic and fiscal crisis) and erosion of social services had profound implications for politics and for ethics. The purview of economists had been too narrow to address these concerns, in anticipation or in retrospect.

The public backlash against economists has been fuelled by a clear difference in perspective between those economists who, disregarding issues of social justice, see an economic rebound following the crisis, and members of the public experiencing stagnant wages, job insecurity and rising inflation, compounded by continuing limits on the provision of social services. It is not a matter of truth having been replaced by 'fake news', but rather of different understandings of socio-economic conditions – different perspectives. To address difference of perspective, mainstream economics needs to abandon, not its search for truth, but its claims to have a monopoly of truth.

Much has been written on the financial and economic crises, not only in terms of the methodological limitations on mainstream theory in attempting to analyse them, but also in making important strides in building up alternative analyses. Indeed, much of importance has been written in this vein by Lavoie and Seccareccia themselves, or under their academic leadership. What is offered here is a particular focus on current discussion of the economist as expert, and on the issue of ‘fake news’, as a way of thinking about the purview of economics and about the importance of perspective.

As self-professed experts, we economists identify ourselves as developing theory and its application in order to promote the public good. Yet there has been a widespread rejection of expertise – especially economic expertise – and a flourishing of ‘fake news’ as an alternative basis for support for particular political positions. It seems so obvious that economists should support the role of experts and condemn the rejection of facts as fake news. But clearly there is a common view among much of the citizenry that experts and their presentation of facts do not correspond to lived experience. This view needs to be taken seriously, requiring an unpacking of the notions of expertise and facts.

Here we consider the different forms that expertise, facts and their presentation may take, challenging the binary understanding of reason/unreason and facts/fake news. The purpose therefore is to develop a more nuanced approach to expertise and facts which bridges the gap that currently exists with public discourse (see further, Dow 2017). This approach extends from methodology, to theory, to policy design and presentation, to constructive efforts to engage the citizenry with economics. The aim is not to condone wilful rejection of expertise or facts, but to encourage a better understanding of how expertise and facts may legitimately be differently understood, as well as developed, and therefore of the kind of discourse within which any one understanding is to be communicated and defended.

In what follows, we therefore start by considering two broad strands in the critique of expertise, and then focus on the one that promotes a broader understanding of expertise than that offered by mainstream economics. We explore how economics might be done differently, considering what is entailed in a ‘search for truth’ in general and in the nature of facts in particular if we move beyond the binary mainstream understanding of these concepts. In the process we draw on Adam Smith’s pertinent work on the philosophy of science and on rhetoric. The core underlying issues are epistemological.

THE TWO FACES OF THE CRITIQUE OF ECONOMIC EXPERTISE

The rise of populism has encouraged the rejection of expertise as supporting the perspective and interests of the socio-political establishment, a turn prompted not only by ‘fake news’ but also crucially by real experience, which contradicted establishment accounts of the ‘facts’. The austerity policies introduced to deal with the fall-out of the crisis damaged the employment, income and social-service prospects of many people, while it caused moral outrage that those who were identified as causing the crisis (bankers) emerged relatively unscathed. As economies resumed growth, the fruits of austerity policies were seen not to trickle down through the income scale, as employment conditions for many worsened and real wages stagnated. Indeed the

combined effects of austerity policies and quantitative easing were seen to worsen economic conditions for the least well-off while enhancing the value of the financial assets held by the well-off. The economics profession, identified as promoting austerity policies and quantitative easing as a means of restoring economic health, was therefore seen by many as serving the interests of the financial sector and the top 1 percent. Expertise which had been presented as technocratic and value-neutral had for many come to be identified as having served sectional interests. This was also the perception of many ‘leavers’ in the UK, during the Brexit referendum debate, in reaction to economic research propagated by HM Treasury which was seen to back the ‘remain’ side.¹

The inference was then made by many that it is valid to choose any experts and ‘facts’, which support prior beliefs; any other experts can be tarred as biased and any other facts can be tarred as ‘fake news’. This approach reflects a postmodern approach to truth: all expert opinion and all facts are equally valid (or equally invalid) and we are free to choose among them. The ‘establishment’ has had the power to promote one form of expertise and one representation of the facts as ‘true’, ensuring that the experts and facts which support its interests hold sway. Populist movements have challenged this power, and along with it, establishment expertise and facts.

But an additional current in the critique of expertise cuts across the argument about the power of the establishment over expertise and facts. A core critique of expertise is that it has not been very effective; it has focused on its failings *as expertise*. In the US, President Trump’s view is that the experts are ‘terrible... Look at the mess we’re in with all these experts we have’ (Gass, 2016). As a result he has stripped government departments of swathes of expert public servants and advisory panels, while at the same time his critique has been extended to challenging public statistics as purveying ‘fictions’ (Rocco 2017). In the UK too, experts have been challenged on quality grounds. Government minister Michael Gove (2016) explained that experts were being disregarded because they purport to ‘know what is best and get it consistently wrong’.

The conclusion that might be reached from the Trump/Gove critique might be that economic experts need to raise their game – stop being ‘terrible’ and stop getting it ‘consistently wrong’. To the extent that mainstream economists have addressed the critique of expertise, this is the line that has been taken (see for example Caballero, 2010). In their defensive answer to questioning by HM the Queen on economists’ apparent failure to predict the crisis, Besley and Hennessey (2009) admit to a ‘forecasting failure’ but hold out the prospect of improvement in expertise, whose success in forecasting future crises ‘will depend on the candour with which we dissect the lessons and apply them in future’. In a review of the *Oxford Handbook of Professional Economic Ethics* (DeMartino and McCloskey, 2016), Krueger (2017) is similarly sanguine about the capacity of mainstream economics to continue to successfully address any challenges. She reflexively employs the mainstream framework to justify its superiority in ensuring progress without need for further argument or inducement:

The rewards for overturning received wisdom are sufficiently strong to provide incentives that, if anything, are biased against doing research supporting received knowledge. [...] In addition, when policies fail to achieve their objectives, the incentives for investigating the causes of failure are strong. In the process, there is learning, and knowledge advances. (Krueger, 2017, p. 216)

1. Interestingly this was not the case in Scotland during the Independence referendum debate, when economists commanded an unusually high level of respect.

Since this review was a trenchant critique of a volume devoted to explaining the need for attention to be paid to the professional ethics of economists, the view was being perpetuated that economics is a purely technical subject, detached from politics as well as ethics, with inbuilt forces for progress. The populist critique is thus being roundly rejected, reflecting a modernist position among the mainstream. But it poses a false dichotomy that the only possible choice is between one agreed best way to produce economic advice on the one hand and ‘anything goes’ on the other.

In particular, the postmodern argument against any singular expertise and account of facts is not the only expression of populist sentiment. Another strand is the critique of the whole notion of a singular expertise and account of facts on the grounds that it reflects systemic forces within capitalism.² From this perspective, knowledge production and propagation are indeed the outcome of power relations, but they are also the outcome both of the diversity of experience and of the epistemological impossibility of establishing a singular true account of socio-economic processes. While experts *seek* truth, they cannot demonstrate it, but only seek to persuade others of the value of their analysis. This requires engagement with the range of real experience in society, and a recognition of the values embedded in any economic analysis. It also requires an understanding of how, and how far, facts can be established and theories defended with respect to an open socio-economic system. It requires a recognition of the socio-political aspect of knowledge production and dissemination. In short, it requires that economics be done differently.

The case against business as usual in economics has been made now so often and so persuasively that in what follows we seek to move on, taking seriously the popular concerns with economic expertise and fake news. While there is clearly scope for economists to ‘do better’ in some sense, the systemic approach employed, for example by Earle, Moran and Ward-Perkins (2017), raises much more profound issues with economics and its relationship with society. In what follows we pursue this approach in order to map a more constructive path for the discipline in response to critiques.

DOING ECONOMICS DIFFERENTLY

The starting-point for doing things differently is a critique of mainstream economics. But this is something which has been so well-articulated, by Lavoie and Seccareccia, among a wide range of commentators and scholars, that it does not require repetition here. What does require emphasis, and is our focus here in light of current debate, is that the failings of mainstream economic theory and application with respect to the crisis follow, not so much from expertise as such, but from the mainstream *approach* itself. It is the mainstream view of what constitutes reliable knowledge that accounts, not only for the content of theory and its application, but also for the way in which these have been presented to policymakers and the public. It is this approach which defines expertise in technical terms and which promotes the understanding of a binary divide between facts and ‘fake news’.

2. These two strands were embodied in the two new political parties (Social Credit and the Canadian Commonwealth Federation) forged in the Canadian Prairies in the 1930s out of populist movements. A core focus was on the role of the banks in the Depression; Social Credit saw the cause in the evil nature of bankers while the CCF saw the cause in the nature of capitalism. See Dow (2016b).

Certainly mainstream economics has been changing, with an increasing emphasis on application of theory and drawing on a wider range of evidence. Yet the underlying approach remains scientific, in the sense that it is based on the application to economics of the logical positivist approach to the physical sciences, whereby technically-derived theories are tested against facts which are presumed to be theory-neutral. There are important consequences. First, since economic theory is portrayed as value-free, it stands apart from the moral issues that have exercised public discourse and the drivers of populist politics. But second, its conclusions are presented with confidence (if not arrogance) that the scientific process ensures that they are as close to the truth as possible. Economic predictions are presented as being subject only to measurable risk – even the crisis was portrayed retrospectively as a long tail risk.

In contrast, the challenge to expertise from a systemic perspective addresses the scope for a different kind of expertise from what is offered by the mainstream, and a different understanding of what is understood by ‘the facts’. Rejecting expertise in the form of a technocratic, amoral, positivist exercise, and a binary understanding of facts as true or false, opens up the possibility of a different kind of expertise and of facts, i.e. a different approach. Alternatives to the mainstream are grouped loosely within different schools of thought, each of which pursues its own methodology to build (uncertain) knowledge with respect to its own ontology.

But there is sufficient in common between these schools of thought that we can consider an alternative approach to the mainstream in fairly general terms. What the various heterodox schools of thought share is an open-system approach to knowledge about an open-system reality (Chick and Dow, 2005). A *purely* open system (i.e. one which allows for no simplification or abstraction) defies analysis. The differences between schools therefore refer to the different ways in which their ontologies divide up reality for the purposes of theorising (Loasby, 2003). But this segmentation is only provisional given the awareness of those factors being left out of the analysis (the individual in Marxist analysis, class in neo-Austrian analysis, etc.). Models require explicit provisional closures, But as Keynes (1936, pp. 297–298) put it, the factors that have been left out of a model are kept ‘at the back of our heads’, to be reintroduced again when considering how to apply a theory to a real-world context.

Given the open nature of the subject matter it is not possible, even in principle, to capture it in one formal model. Rather than the mainstream aim to identify and refine the best model (see for example Caballero, 2010), the aim is to build up a useful range of arguments within a pluralist methodology. In the case of many schools of thought, such as Post-Keynesianism, this plurality includes formal mathematical models.³ Indeed heterodox schools of thought take what might be called a political-economy approach, which recognises that economic relations are embedded in society, in history, in politics and in moral judgements. In segmenting economic analysis from the other cognate disciplines, economists inevitably have to make assumptions about what is being taken as given, notably moral positions. Economics cannot simply be a technical subject, with normative judgements left to the politicians. Rather, theory that purports to conclude what is best for social welfare must involve ethical judgements. Thus, for example, however much this might be denied, mainstream economists presume the ethical merit of factors being paid according to market valuation of marginal product.

3. See Lawson’s (2009) critique of the efforts of Colander *et al.* (2009) to replace the mainstream model with a better one which would capture the crisis.

For economists to apply their theories to policy, and to persuade both policymakers and the citizenry of the merit of their proposals, their presumptions, e.g. about values, need to be brought to the fore and opened up to debate. This requires engagement with citizens whose needs economics should be serving. Engagement is also warranted by the partial nature of any group of economists' ontology – their understanding of reality. Not only do different schools of thought understand reality differently, but so do different groupings within society. Doing economics differently therefore does not refer just to practices within academia, but also to the engagement of academic economists with society. As Earle, Moran and Ward-Perkins (2017) argue, this requires a dual approach of actively promoting understanding of economics among citizens, as well as actively engaging with their understanding of economic experience.

EXPERTISE AND THE SEARCH FOR TRUTH

Public engagement was a concern for Adam Smith. Like modern heterodox schools of thought, he saw the role of the expert as being to try to make sense of a complex reality. Given that complexity, no one theory could be demonstrated to be true; rather, a theoretical system was like an imaginary machine (Smith, 1795 [1980], IV, p. 19), the product of the expert's imagination, and representing the expert's judgement as to the relevant causal mechanisms: 'A system is an imaginary machine invented to connect together in the fancy those different movements and effects which are already in reality performed'. How the expert promotes to non-experts the idea that this system explains real events follows from Smith's theory of knowledge. For him, theories could not be demonstrated to be true, but rather to be psychologically satisfying (or not) in their capacity to explain puzzling phenomena. It was up to the expert to persuade others that her judgement is sound.

Smith differentiated between physical scientists and social scientists in terms of their engagement with the citizenry. He argued that physical scientists, like mathematicians, could operate for long without the need to persuade others of the merit of their theories; this allowed their theories to be developed without much of an outside check with reality. 'Natural philosophers, in their independency upon the public opinion, approach nearly to mathematicians, and, in their judgments concerning the merit of their own discoveries and observations, enjoy some degree of the same security and tranquillity' (Smith, 1759 [1976], III.2.20). A major factor in the uncritical acceptability of theories in the natural sciences was the satisfaction promoted by an apparently complete explanation of events. But Smith warned of the dangers of imaginary theoretical systems being thought to be real systems; the aesthetic appeal of a large formal system, without detailed support from evidence – such as that of Descartes – could be particularly seductive (Smith, 1795 [1980], IV, pp. 65–66), though it 'does not perhaps contain a word of truth' (Smith, 1762-63 [1983], ii, p. 134).

Social scientists in contrast were kept on track by the need to persuade, relative to real experience. In Smith's words (see Smith, 1759 [1976]: VII.ii.4.14):

A system of natural philosophy may appear very plausible, and be for a long time very generally received in the world, and yet have no foundation in nature, nor any sort of resemblance to the truth [...] But it is otherwise with systems of moral philosophy and an author who pretends to account for the origin of our moral sentiments, cannot deceive us so grossly, nor depart so very far from all resemblance to the truth.

It is telling that we now find that economics has been allowed to stray from a reality check as it too has become more like mathematics and more distanced from popular discourse.

Of course Smith was not arguing against expertise as such – far from it. Indeed his discussion of expertise represented his first use of the idea of the division of labour, that some members of society specialised in pursuing knowledge, giving greater attention to reason than the rest of the population (Skinner, 2001). There was no intrinsic difference between the expert and the non-expert. Considering the core difference between the philosopher and the porter, Smith (1776 [1976]: I.ii.4) concluded that it derived ‘not so much from nature, as from habit, custom, and education’. While the citizenry’s understanding has been threatened lately by the pervasiveness of fake news, non-experts for Smith always have the potential for understanding; but education was necessary to unleash that potential, with social benefits which justify its public provision (Smith, 1776 [1976], p. V.i.f.61). Experts are different from others in that they are motivated by a sense of wonder at unexplained phenomena, and the need to develop explanations to set their minds at rest (Smith, 1795 [1980]). Indeed, as the social psychologist Kahan argues (see for example Kahan *et al.*, 2017), this curiosity encourages an open-minded willingness to set aside current beliefs. For Hume and Smith, superstition was the result of being unwilling to examine beliefs, something which should be countered by education.

Yet belief is a necessary element of theorising. The core elements of a logical positivist view of expertise are reason and evidence, which are seen to be sufficient to pursue truth. But Smith (like Hume) saw (provisional, uncertain) knowledge as arising from the combination of reason and evidence with belief, imagination and the passions. Indeed the passions were primary, providing the motivation for scientific enquiry itself. It was then imagination which allowed the scientist to envisage connections, within an open system, which are the basis for any theory (Loasby, 2003). And it was belief that underpinned understanding of evidence.

We need to consider the role of belief with respect to evidence further in the context of the issues surrounding fake news. Belief is the combined product of history, social norms and personal experience. Hume (1739-40 [1978]) argued that, without belief in some form, science could not proceed at all. While others (including Kant) misinterpreted Hume’s belief as religious and without foundation in real experience, for Hume it was a reasoned understanding of the complex real environment supported by social convention and personal experience, i.e. ontology, or in Kuhn’s terms, *Weltanschauung*. Kuhn (1962 [1970]) argued that, for the dominant paradigm, evidence which challenges this worldview may be swept aside for a long time. But this can only persist until the contrary evidence becomes recognised in society so widely as an anomaly that it constitutes an effective challenge. That evidence is understood differently by the dominant paradigm, the challenger paradigm, and society. The recent crisis is a case in point.

Which brings us to fake news. Is it legitimate to interpret evidence in any way at all? When are facts not facts? Some statements *can* be categorised definitively as true or false – that a piece of legislation has or has not been passed, that a data series displays a particular average value over a given length of time, etc. But discourse then moves quickly into matters of interpretation – over conceptual priors of data series, over methods of data collection, over statistical techniques, and so on. Even more scope is provided for different interpretations when ‘factual’ statements are made

which presume the operation of causal mechanisms. Thus, for example, it can be argued by some that measures are required to counteract the trend that poverty in work is rising. At the same time others may argue against intervention, pointing to rising employment rates and arguing that employment is the most effective route out of poverty. Each of these accounts rests on a different understanding of the economic process.

In particular, a logical positivist framework as employed by the mainstream, encourages the idea of model forecasts as being definitive (at least within a probability distribution). This idea has been particularly damaging for public trust in economics, since forecasts are often wrong. That the forecasts are the outcome of supposedly stochastic relationships, and covered by the *ceteris paribus* clause, does not help matters when the forecasts are made with such confidence on the basis of expertise apparently inaccessible to the citizenry. It is no wonder that, when economists make predictions that turn out to be wrong, some take it as open season on making up ‘facts’.⁴

But this observation doesn’t provide licence to assert anything as fact. How experience is expressed as evidence involves interpretation and mediation through understandings of causal mechanisms which require the exercise of judgement. The reasoning applied to this task itself can take different forms. Mainstream economics employs deductive classical logic, which relies on the initial premises being true. But, as Keynes (1921) argued, the complexity of real systems is such that any knowledge must be subject to uncertainty, such that classical logic has extremely limited purchase. He proceeded to analyse how we establish grounds for belief under uncertainty, as the basis for action. This required what has been termed ‘human logic’ (Dow 2016a), a pluralistic collection of chains of reasoning based on premises relevant to a particular circumstance, to which judgement is applied.⁵ It is the very complexity of the phenomena and mechanisms with which we deal as economists that requires our expertise, and our capacity to exercise judgements which we are obligated to explain and defend (Dow, 2016c). We seek truth without being able to achieve it. The best we can do is arrive at conclusions for policy proposals which we can justify and defend to non-economists, as well as fellow-economists.

Given the complexity of the modern economy, it is not reasonable to expect the public to mirror the understanding of specialist economists – that is what expertise is for.⁶ Nevertheless, we are witnessing what happens when economists fail to communicate effectively with the public. Smith (1762–63 [1983]) wrote extensively on rhetoric, with advice which still holds good today if you accept his view of knowledge. In particular, he advocated tailoring an argument to the audience, taking account of their prior beliefs about the world, and couching the argument for a new theory in terms which are already known: ‘...we observe, in general, that no system, how well so ever in other respects supported, has ever been able to gain any general credit in the world, whose connecting principles were not such as were familiar to all mankind’ (Smith, 1795 [1980], II, p. 12).

4. These tensions come to a head in political debate, e.g. around the UK’s Brexit referendum in 2016. While academic economists tended to be more circumspect, HM Treasury’s economists were more bold in their point predictions, and these were the ones which were given most media coverage.

5. The different schools of thought, which apply this approach, having different ontologies, employ different premises and different methods.

6. There is no effective market for ideas, so we cannot rely on the market to sift out the ideas with most support. The most obvious shortcoming of a neoclassical analysis of such a market is that full information is by definition inaccessible.

But the paradox is that the economist's appeal to the existing beliefs of a particular audience is in fact a means to challenge belief, by the application of reason and the marshalling of evidence, and the appeal to the audience's imagination by means of a telling analogy. (This contrasts with the organisational tendency of social media silos to reinforce beliefs, whatever their foundation.) But an appeal to the imagination can be misused by means of an arguably-false analogy. For example, the arguments for austerity were particularly persuasive because they were couched in terms of a household budget – even though that analogy was highly misleading (Dow, 2015). Indeed, it is a particular challenge for economists to persuade of the validity of arguments at the macro level.⁷ We have seen the disconnect between government assertions of economic prosperity at a macro level on the one hand, and individual experience of lack of prosperity on the other. It is a core issue for economics that, while macro models may reasonably segment reality for the purposes of partial argument, the final argument needs to accord ultimately with individual or social experience.⁸

Communication with a non-expert audience is bound to be more effective the greater the shared understanding of the material, hence the strategy promoted by Earle, Moran and Ward-Perkins (2017) to promote public education in economics.⁹ But, as Smith (1795 [1980]) argued, the audience needs to have a motivation to learn which is prior to the exercise of reason. Such an argument has resurfaced recently in Harford's (2017) application to economics of the work of Dan Kahn who finds that scientific curiosity seems to counteract biases in political information processing (see for example Kahn *et al.*, 2017). Harford (2017) concludes that economists 'don't need to explain ourselves better. We need to ignite in people this curiosity, this sense of wonder, the sense that the economy is a thing that is a mystery to be unravelled'.

CONCLUSION

If 'fake news' means the deliberate attempt to deceive, then it is not reasonable to argue that economists are purveyors of fake news. Economists in general seek truth, and aim to serve society, according to their own lights.

But economists can be very misleading in ways which have proved to be highly damaging to public trust. By regarding economics as a proficient technical subject, forecasts have been made with undue confidence and discussion of values has been disregarded. When forecasts have proved to be wildly wrong, and when economic advice has gone against particular social values, economists have lost respect as experts, and, worse, been suspected of serving sectional interests – 'fake experts' purveying 'fake news'.

The origins of this unfortunate situation need to be understood in order for the problem for economics to be addressed. It is the mainstream approach to economic knowledge¹⁰ that accounts

7. For neo-Austrians the answer is that *only* arguments at the individual level are acceptable.

8. In the UK, Bank of England Chief Economist has been holding public meetings to improve understanding of real experience as input to Bank analysis.

9. There is of course also the important question of the education of economists themselves, a matter on which the student movement has been taking a lead (see for example Earle, Moran and Ward-Perkins, 2017).

10. Its dominance in turn can be traced back to a range of causal forces.

for the problems of over-confidence and the refusal to discuss values. Public trust therefore requires the kind of alternative approach offered by non-mainstream economics. Here we have emphasised the interdependence between the content of non-mainstream theories and their application on the one hand and economists' engagement in this process with policymakers and the public on the other. It has been argued here that there needs to be an increased focus on mechanisms to promote a constructive discourse between macroeconomists and the public. None of this is to denigrate the enduring role of expertise, but rather to encourage greater modesty among economists about the scope of that expertise. It is also to encourage on the one hand better receptiveness among economists to public inputs to their expert analysis, and on the other hand better communication of their expertise. Were these considerations to be taken on board, notably by mainstream economists, macroeconomics need no longer be in crisis.

ACKNOWLEDGEMENT

This chapter is based on a presentation on 'How far are Economists Purveyors of Fake News?' to the 2017 Annual INET Conference in Edinburgh.

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