Submission from the Association of Heterodox economists to the consultation on the QAA benchmark statement on economics

Response to Question 1: does the statement define the nature of the discipline?

The statement below is a response to the revised QAA statement for economics which has been drawn up by the Association for Heterodox Economics. This body has held eight annual conferences in the UK, with a growing number of papers reaching 90 in 2006, and has a membership of 150. It represents a wide spectrum of opinions. The AHE is committed to promote pluralism in economics. This response represents the consensus view of our members. The AHE seeks to be consulted in future revisions of the statement and to be one of the bodies involved in the definition and implementation of QAA standards in the subject.

Our comments are of such a nature, and on such a scale, that we felt it not useful to respond to the board separately under each requested heading for consultation; we therefore present a single response to the first question in the pro forma for consultation, ‘does the statement define the nature of the discipline’?

We list below ten interconnected weaknesses in the statement as we see it. We believe these require a substantial rethink of the statement as a whole. We recognise that it is unlikely that the board at this stage will want to undertake such a full rewrite but we hope, nevertheless, that it will be able to take these views into account and, in particular, will make them known to the profession for consideration by those involved in drawing up curricula for teaching economics.

(1) The benchmark statement wrongly defines the object of study of the discipline of economics. It identifies the object of study with mastery of one particular theory – mainstream theory in its present state of development – and one particular method – the application of purely quantitative techniques to the formation of judgements on qualitative questions.

(2) The statement fails to identify the faculty of judgement as a professional and academic requirement for practitioners. It does not require economists to distinguish false theory from true theory, which makes it hard to understand how, as so defined, it can be considered a science.

(3) The statement fails to recognise pluralism – the consideration of a variety of theories in forming judgements – as a requirement of professional competence. A scientific and evidence-based approach must select, from a variety of competing theories and explanation, which best accounts for the observed empirical features of the object of study. This is what scientific judgement consists of.

(4) The statement identifies the requirement for critical approach but fails to spell out what this consists of, how it might usefully be taught, and how it might be assessed. In our understanding, critical theory requires that the practitioner examine and lay bare the presuppositions of a theory. This ensures that when a false theory is rejected on the basis of evidence, the theory is reshaped by rejecting those assumptions and abstractions that have been shown to led to
conclusions unsupported by evidence, and upholding those which have led to conclusions upheld by evidence.

(5) The benchmark statement effectively identifies an evidence-based approach with inductive reasoning. An evidence-based approach requires that evidence be confronted with theory in order to make judgements. This does not reduce to inductive logic. In the absence of the requirement to understand and test a variety of theories along with their presuppositions, inductive reasoning contributes little more to human knowledge than the study of gambling.

(6) The statement reduces the history of economic thought to the category of an optional topic. Without understanding the origin of a theory, we do not see how it is possible to lay bare its presuppositions and hence, how good judgement may be exercised as to whether these presuppositions are valid.

(7) It offers no reward for innovation or creativity in the solution of problems. In fact it stifles it, defining economic knowledge as something to be assessed by the mere reproduction of the existing, mainstream, orthodox abstractions and tools identified in the first part of the statement. It seems clear to us that any student who departs creatively from the mainstream or seeks alternatives to it, will be positively discouraged and penalised in assessment and any department which seeks to encourage such creativity will be penalised in recognition, just as its researchers are already penalised in both publication and funding by the existing combination of the RAE and the diamond list.

(8) In consequence of (7) the statement omits any clear conception of change in economic thought and charts no road-map of how progress (or regress) might have occurred in the past, how to foster progress or inhibit regress in the future, or how the new generation of practitioners might contribute to raising the quality of economic advice and judgements. Our members view it as raising the frozen state of current thinking as a single standard by which good practice may be assessed or good students rewarded.

(9) There is a growing feeling among heterodox practitioners of economics that our discipline is wrongly situated in relation to its sister social sciences, and the QAA statement does nothing to alleviate these concerns. Economics is the product of a confluence of many currents in the social sciences, including Philosophy, ethics, not least Political Economy as such, Law, History, and Sociology. We fear in losing sight of its origins it is also losing its bearings. Economists should be required to go further than mere awareness of other disciplines. They should be required to absorb and actively seek new insights from them (as has occurred, to the gain of the subject, with Evolutionary Economics and the New Economic Geography). They should take account, above all, of results from other disciplines which confirm or deny the results of economics (as has occurred with psychological studies of consumer behaviour) and submit themselves to the discipline of re-examining those of their own results which are at odds with the findings of other researchers.

(10) The statement appears neither to take account, nor to direct students to take account, of public criticism. Indeed the requirement that students be able to ‘explain the subject to a non-economic audience’ is strongly suggestive of the supposition that the explainer must necessarily be right and the explainee necessarily wrong. Rather, the requirement to listen and take account of the
views of a non-economic audience is to be encouraged. It is particularly disappointing that the board seems to have paid no attention to the growing currents of criticism among students of economics such as the Post-Autistic Movement in France or the criticism developed by Cambridge students; nor to the growing popularity among the educated public of highly critical works on economics. If, for example, the same advice were given to students of medicine, architecture or engineering, we feel it would not be long before the consumers of their products would rightly revolt. The requirement of submitting and responding to external criticism is a sadly missing element of the professional training offered by the benchmark statement.

To sum up: the benchmark statement neither defines economics to be a social science, since in contrast with the benchmarks of all other areas of social study including even the study of religion, it excludes both diversity of theory and creativity of approach, and since it effectively denies its sister sciences any say in the judgement of its results; nor does it define economics to be a social science since, in contrast with all other sciences, it excludes the critical exercise of judgement to distinguish, on the basis of evidence, false from true theory.

The benchmark defines economics, in short and sadly, to be a dogma.

**Comparison with other disciplines**

It may be felt that the above is overly critical or sweeping, and that a more partial approach would assist the benchmarking committee iteratively to improve upon its initial deliberations.

In order to assist the profession, its peer disciplines, and the consumers of its output to form a judgement on this issue, we compare the statement with the approach of other benchmark statements. We feel that even a cursory scrutiny of the field confirms that our subject requires a comprehensive and self-critical review of the entirety of the assumptions which have gone into a statement so at odds with standards outside of our subject, that nothing short of such a review can rescue our discipline from the all-time low esteem in which it is held among all but its own practitioners.

**Theology**

Given that constant new development has been the characteristic of the field of TRS since the latter half of the twentieth century, both in the UK and elsewhere, it is vital that any definition of the subject does not constrain future innovation…

Much of the excitement of the discipline lies in its contested nature…

TRS as a subject discipline may be characterised as a family of methods, disciplines and fields of study, clustered around the investigation both of the phenomena of religions and belief systems in general, and of particular religious traditions, texts, practices, societies, art and archaeology. Most would identify within this the unifying principle of addressing questions raised about, within or between religions through a range of different academic disciplines

**Accounting**

[K]nowledge and understanding of some of the alternative technical languages and practices of accounting (for example, alternative recognition rules and valuation
bases, accounting rules followed in other socio-economic domains, alternative managerial accounting approaches to control and decision-making) …

Knowledge and understanding of contemporary theories and empirical evidence concerning accounting in at least one of its contexts (for example, accounting and capital markets; accounting and the firm; accounting and the public sector; accounting and society, accounting and sustainability) and the ability to critically evaluate such theories and evidence

Politics
The scope of politics and international relations is broad, the boundaries often being contested or in movement.

Perhaps in no other academic discipline are the subject matter and approaches so much in contention and in flux. This contributes to the challenging yet captivating nature of the discipline. The present state of the discipline is the result of curiosity, free inquiry and debate and its future will be driven by the same forces. It is therefore not the intention of this section to lay out a 'national curriculum' for politics and international relations. All that can be asked of institutions is that they should continue to develop their teaching and research and to offer to their students a curriculum which is founded on the discipline as it has developed to date…

International political theory could be taught as contending approaches such as realism, neo-realism, neo-liberalism, institutionalist theory, feminism, pluralism, Marxism or critical theory; it could also be taught as normative theory.

Earth sciences
The benchmarking group believed that ES3 degree programmes share the following important features:

- most tuition has an holistic, multidisciplinary and interdisciplinary approach
- the integration of fieldwork, experimental and theoretical investigations underpins much of the learning experience in earth and environmental sciences, but may be less significant in, but not absent from, courses in environmental studies
- quantitative and qualitative approaches to acquiring and interpreting data
- examination of the exploration for, and exploitation of, physical and biological resources
- examination of the implications of sustainability and sustainable development…

It is stressed that the examples which follow should not be taken as prescriptive but are presented to illustrate the variation in emphasis from subject areas which can be described as natural sciences-based to those characterised as more social sciences or humanities-based.

We take it as self-evident that knowledge and understanding of the human past is of incalculable value both to the individual and to society at large, and that the first object of education in history is to enable this to be acquired…
History

We have seen our task as the following: to lay out criteria for judging the suitability and adequacy of single-honours degree courses in history; to do this in a way that is as specific as possible without undermining the principle that there are many different suitable and adequate ways of constructing and making available the great richness and diversity of history; to do it in a way that recognises also the need for adaptability to new academic developments in the field, and innovations in course structures and teaching methods. We insist that teaching and learning are evolving processes and that it not our intention to freeze the teaching of history in a particular model. Our subject benchmark statement should be seen as a starting point: departments and subject groups will have the chance to demonstrate how benchmark standards can be built on by the provision of additional or perhaps alternative opportunities.

Geography

The breadth of geography means that many of its core constituents can be approached through a number of routes, and so any attempts at prescription must be discarded; institutions offering degree programmes in geography must be free to decide upon the details of content and organisation. A valued characteristic of the discipline is its plurality of ways of knowing and understanding the world, and the depth to which individual specialisms are studied will vary according to the nature of specific departments.

Summary

Faced with a benchmark less critical of its prescriptions than theology and which attaches less importance to diversity than accountancy, it is hard to accept that iterative reform is a practical procedure. This is why we consider a complete rethink to be necessary. Such a complete rethink should review the QAA statements of the whole of the peer disciplines with which, it is recognised in the statement, economists should be able to interact.

An impartial approach to the definition of the subject matter, standards of attainment, and criteria for the judgement of ability and competence within economics, must recognise that the economics QAA departs so far from contemporary standards in any other comparable field, that it is inconceivable that the discipline can progress further without such a comprehensive rethink.

In the history of economics, at every juncture that new insights have been gained into the workings of the market, this has occurred because existing conventional wisdom has been overturned. The question which must be asked is this: will the economists of today, trained in the standards of this statement, be able to contribute to the advance of the subject during their lifetimes to an extent comparable with the changes of the past of the subject, which have seen in our own lifetimes, to name but a few, the emergence of Keynesianism, of monetarism, of the Phillips curve, of the new economic geography, of the new labour economics, of an entire range of theories of economic development, of econometrics itself, of the Hendry and related critiques of econometrics, of critical realism, of feminist economics, and countless other innovations that are alternately included in, and excluded from, the mainstream with the regularity of fashion in clothing and taste in cuisine?

The duty of those who wish to secure the continuity of the subject is to ensure that its history, and the variety of opinions which have contributed to its formation are both
recognised and built on, and that the principles of divergence and creativity to which it owes its existence are made requirements of valid professional practice.

The benchmark statements’ failure to place variety, plurality, diversity, contestation, criticism, discussion, debate, argument and, not least, the confrontation of theory with evidence at the centre of our subject, which owes its existence and continuance to these very faculties, is at variance with virtually the whole spectrum of disciplines outside its own.

We now proceed to a discussion of a number of individual aspects of this submission.

**Object of study**

The object of study of any science must be clearly distinguished from the theories which that science applies in order to comprehend that object. We think that the QAA fails to make this distinction.

The object of study of the Politics and International Relations revised subject benchmark is defined thus: “Politics is concerned with developing a knowledge and understanding of government and society”.

The equivalent statement for modern economics would be “Economics is concerned with developing a knowledge and understanding of the market and its relation to society.”

The benchmark statement defines the object of study not as a social or institutional formation but as the study of the “factors that influence income, wealth and well-being”. These are the abstractions of a specific theory of the market, not a definition of the subject which is the market itself along with its relation to the social, cultural, political and institutional formations of which society is constituted. For the study of the market, many different sets of abstractions can and are made by different theories and students should be familiar with this range of approaches, just as they are required to be in the sister disciplines of economics.

For example in the bodies of thought with which AHE members have considered we might find some or all of such definitions such as, “the study of production, consumption and distribution” or “the study of society and the use which it makes of natural resources” or “the study of price and enterprise” or “the relation between money, production, and society” or “the study of world trade and the institutions which shape it” or “the interactions between exchange, culture and gender”. Nor does this list exhaust the possibilities. It would be nugatory to choose between them, because the object of study is itself a social object – the market and its interactions – not a particular definition of this social object.

The flaws identified above are translated into the remainder of the opening section which raise to the status of an object of study an entire range of concepts and methods which are the core not of economics but of a particular paradigm, namely, neoclassical economics in its current state of evolution.

The relevance to the subject of every one of the following elements, asserted to a part of the subject’s definition, are all contested by one or more viable theoretical alternative currents of thought in economics: scarce resources, with world real incomes at $7,000 per head on average in the globe, it is particularly ironic that almost no resource is now ‘scarce’ in the sense separable from human
considerations, opportunity cost, incentive, equilibrium, assumption-based mathematical models that can be quantified.

Not one alternative abstraction advanced by other approaches are suggested, much less required, as of equal potential value in the study of the object: to name but a few: institutions, price, money, capital, gender, nationality, ethnicity and culture, place, class, labour, governance, technology, environment.

**Some detailed points**
The following final section elaborates some of the initial eight points in more detail

**Pluralism**

We have already cited the politics benchmark statement to the effect that “Thus the Politics and International Relations benchmark clarifies that a range of theoretical approaches are appropriate for the study of this object: International political theory could be taught as contending approaches such as realism, neo-realism, neo-liberalism, institutionalist theory, feminism, pluralism, Marxism or critical theory; it could also be taught as normative theory”

If the benchmark statement requires students to approach economics in any different spirit than the above (echoed, as we have shown, by almost every other subject area), it needs to justify and explain to students, and require them to understand, why and how economics may dissociate itself from the norms which prevail in every other subject, and yet claim to be scientific. We think it is unlikely that this can be done and that is why we think the statement should be rethought at least to bring it in line with its sister disciplines in the social sciences, not to mention good practice among the sciences as a whole.

Science consists in testing theories to determine which is best. Nowhere in the statement do we see how students are expected to do this on the basis of familiarity with only one approach, an approach moreover distilled from what on examination turns out to be an eclectic mix of a variety of views in economics which no single economist subscribes to but behind which most mainstream thought merely hides its differences. This lends the statement the nature of a catechism. Students attempting to conform to the benchmark would expect positively to be penalised for considering variety and rewarded for reproducing existing thought by rote, since overwhelming priority is given to demonstrating the ability to apply a prescribed and allegedly homogeneous theory.

**Judgement**

In the section entitled “The nature and context of economics” the benchmark statements states (2.3):

“This points to certain key intellectual features that characterise the economist's approach. First there is the ability to abstract and simplify in order to identify and model the essence of a problem. Second is the ability to analyse and reason - both deductively and inductively. Third is the ability to marshal evidence and to assimilate, structure, analyse and evaluate qualitative and quantitative data. Fourth is the ability
greed with the exception of non-renewable natural resources – the only scare resource that does not figure in the benchmark.
to communicate results concisely to a wide audience, including those with no training in economics. Fifth is the ability to think critically about the limits of one's analysis in a broader socio-economic context. Sixth is the ability to draw economic policy inferences, to recognise the potential constraints in their implementation and to evaluate the efficacy of policy outcomes in the light of stated policy objectives. “

As far as we can ascertain, not one of these statements distinguishes economics from astrology. The sole exception is the ‘ability to think critically’; unfortunately, this is the one learning outcome which is neither defined nor assessed in the remainder of the document.

All human intellectual activity, not least religious reasoning, exercises the faculties of abstraction, reasoning, and ‘marshalling’ evidence. The most cynical of spin-doctors is required to communicate results to audiences, particularly those without training in economics. The ability to draw policy inferences is hardly the defining talent of an economist as compared with, say, a public relations or marketing advisor.

What is missing is judgement. Judgement consists in choice: in recognising why one explanation of the phenomena is superior to another; why one line of reasoning leads to false results and another to valid results, why in the light of evidence this, and not that, explanation should be preferred.

The history of law, philosophy and religion demonstrate that no deductive argument is sounder than its premises. The history of science demonstrates that no superior criterion for choosing between premises exists beyond the evidence of the senses.

Economic theory itself has shown that any number of alternative models may ‘explain’ phenomena in the sense of statistically predicting their quantitative manifestation. Galileo’s theory equally with Ptolemy’s predicted the observed sequence of positions of the heavenly bodies. It was, however, only in accounting for such qualitative phenomena as the comets, the moons of Jupiter, or the irregularity of the surface of the moon, that judgements could be, and were made, as to the relative superiority of the terracentric or heliocentric view.

The question is not therefore whether the student can make abstractions or exhibit arguments, nor even whether the student can communicate these conclusions to policy-makers (or other decision-makers, not mentioned in the statement), but whether the student understands how, on the basis of economic investigations, decision-makers may judge which abstractions are valid and which are not, which reasoning is false and which is true, and hence to provide the decision-maker with the means to choose between a variety of abstractions or premises, a variety of models or explanations and a variety of conclusions, by extrapolating the consequences of each such set of assumptions with reason, and testing the results against evidence. Not even such elementary statistical precautions as the replicability of results, the triangulation of sources, and the testing of conclusions against datasets with which their models have not been calibrated, receive mention.

How should it be determined whether cycles are an unavoidable consequence of a developed market? Or whether rising global inequality is an inevitable consequence of globalisation? Whether poverty will disappear of itself or whether it requires the intervention of governments? Whether the offer of credit dominates, in the determination of the interest rate, over the demand for credit? Whether the division of society into classes is a social consequence of the wage-relation? What is the source of gender inequality? Why are wages not everywhere equal? Whether a tax on carbon
emission will reduce global warming? Why do cities exist? These are ‘real-world’ questions which the users of economics rightly expect it to be able to assist in answering.

If economist are trained on the basis of this benchmark, will they be better or worse equipped to solve these questions than their predecessors? It would have helped to state these questions; having done so, it would help even more to demonstrate how students of economics will be better-placed to answer them having acquired the training.

**Critical reasoning**

Revolutions in the natural sciences follow each other with growing pace. In every case that we can see where a new paradigm has superseded an older one, or indeed where an older paradigm has been reconsidered and reinstated perhaps in a new form, these sciences replace not just the ‘normal science’ conclusions of their subject but the underlying assumptions on which normal science is based. These revolutions are, as is now widely accepted, paradigmatic in character and involve the selection and rejection of the basic abstractions and assumptions of the discipline. Thus, physics has seen the overturn of the Newtonian conception of space and time, the particulate and wave theories of matter, and the nature of gravity; geology has seen the emergence of plate tectonics, chemistry the radical reconstruction of the subject under the impact of statistical mechanics. This is no different in the social sciences.

A critical approach to theory requires that the thinker ask the question ‘what assumptions must be made, what abstractions are required, in order that the theory may arrive at the conclusions under study? The function of deductive reasoning is not just to move from unexamined conclusions to an allegedly ‘positive’ result but to make it clear on what assumptions these conclusions depend. If, then, the decision-maker chooses to adopt alternate assumptions or abstractions, a critical thinker must be able both to show how or whether this affects the conclusions, and if necessary to confront the alternative conclusions of the two lines of reasoning, with the evidence provided by the predictions to which these give rise.

The requirement of critical thinking is highly underdeveloped in the benchmark statement. It is mentioned but nowhere defined. In our view, an adequate definition, and assessment, of critical thinking is coterminous with a pluralistic approach. It requires that the student appreciate, and demonstrate an understanding of, the impact of variation in assumptions in the outcome of the reasoning.

**Evidence, reasoning, and the elevation of method into a criterion of judgement**

Many of our members feel that recent developments such as Critical Realism have identified substantive flaws in two strong strands in the benchmark statement, namely its treatment of deductive reasoning as a signifier of excellence, and the elevation of quantitative modelling techniques into the status of a supreme standard of judgement – although as we have noted, the document nowhere identifies explicitly what distinguishes good judgements from bad ones.

In effect, the benchmark statement elevates method into a criterion of judgement.

As many recent writers have established, deductive reasoning is no guarantee of truth and may in ‘closed system’ reasoning be positively productive of error. Among the many causes of such error is the following: a chain of reasoning is never better than its premises. But the entire tone and thrust of the benchmark document leads students
and designers of curricula, we believe, to treat as good practice the simple reproduction of mainstream ideas, instead of, from the outset, adopting a position at least of systematic doubt, the hallmark of enlightenment science. All theory in economics should be, many of us believe, ‘guilty until proven innocent’ and all contesting theories should be treated in principle as ‘equally valid until proven invalid’. The economic enquirer should be trained and encouraged to adopt such a standpoint and to creatively seek out, and test, alternatives. In the absence of such a pluralistic and creative formation, reliance on deductive reasoning does not distinguish economics in any way from Mediaeval Theology, which from Aquinas onwards was systematically governed by logic and indeed, in many sense gave it its present form.

Equally strong doubts persist, and have been systematically developed by Critical Realism, as to the role of quantitative reasoning. There is a growing and justified unease inside the profession, and particularly outside the profession, with the excessive reliance which economics places on quantitative and modelling-based techniques. Both public and institutional experience suggests that these produce results all too often at variance with reality. In this respect we encourage the board to examine the IMF’s recent independent review of its own forecasts published in World Economic Outlook along with the independent review of its recommendations in Argentina, and to consider the reasons for the popularity of many works pointing either to the flaws in the predictions of economists, or the validity of alternative outlooks all too frequently ignored by mainstream economists. To persist without due consideration in the face of public esteem now so low that it verges at times on ridicule, will not benefit the employment prospect of today’s students if they wish to become tomorrow’s economists.

If quantitative and particularly model-based reasoning has a place in economics, it must be recognised by sound practitioners that such methods lead to error as frequently as they do to valid results; that qualitative methods lead to results of equal and, in the right context superior validity; and there is no single standard of judgement in economics over and above the simple and as yet unrefuted maxim of science, that the theory to be preferred, is the theory which best explains the phenomena we observe, and that the method by which that explanation is arrived at has no place whatsoever among the criteria for preferring one theory to another. The elevation of method into a criterion of judgement belongs to the sphere of dogma; students should be encouraged to adopt any and every method which leads to a critical understanding of the object of study, and effective means to judge between explanations of this object.