

## **Economics, pluralism and democracy: An interview with Ha-Joon Chang**

HA-JOON CHANG is a Distinguished Research Professor of economics at SOAS University of London. Previously he taught at the Faculty of Economics at the University of Cambridge (1990–2022). Chang is a world-renowned scholar for his academic work on industrial policy, institutional economics, and political economy, but he is also famous for his advocacy of economic pluralism and his passion for bringing economics to non-specialist citizens. Chang has published 17 authored books (five co-authored) and 11 edited books (seven co-edited) as well as numerous academic articles and book chapters. His main books include *The Political Economy of Industrial Policy* (1994), *Kicking Away the Ladder* (2002), *Bad Samaritans* (2007), *23 Things They Don't Tell You About Capitalism* (2010), *Economics: The User's Guide* (2014), and *Edible Economics* (2022). His writings have been translated and published in 46 languages and 47 countries. Worldwide, his books have sold around 2.5 million copies. Chang has advised numerous international organizations, national governments, civil society organizations, and corporations (both private-sector and public). He is currently a member of CDP (Committee for Development Policy), the highest advisory body of the United Nations on development issues, as well as committees overseeing or advising other international organizations (e.g., UNRISD, AIIB) and academic bodies (e.g., IDS, Sussex). Chang is the winner of the 2003 Gunnar Myrdal Prize and the 2005 Wassily Leontief Prize.

Ha-Joon Chang gave a lecture at the University of Helsinki in June 2023, invited by the project “Rethinking the Serviceability of Economics to Society (ReSES)”.<sup>1</sup> Following professor Chang’s talk “Edible Economics—A Hungry Economist Explains the World”, Teemu Lari interviewed

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<sup>1</sup> <https://reses-argumenta.fi/>

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**EJPE’S NOTE:** This interview was conducted by Teemu Lari who, at the time of conducting this interview, was working on his article-based doctoral dissertation, *Diversity for the Common Good? Philosophical Inquiries into Pluralism in Economics* in the discipline of Practical Philosophy at the University of Helsinki. From January 2025, he is a visiting postdoctoral fellow at the Centre for Advanced Studies “Social Credibility and Trustworthiness of Expert Knowledge and Science-Based Information (SOCRATES)” at Leibniz University Hannover. His current work focuses on philosophical questions related to economic expertise.

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him about his personal intellectual history (section 1), his views on pluralism (section 2) and the role of economists in politics (section 3), and about his advice to young scholars (section 4).

## I. PERSONAL INTELLECTUAL HISTORY AND DEVELOPMENTS IN ECONOMICS

**TEEMU LARI:** *You are an economist. How did you become interested in the more philosophical, big-picture questions about economics, such as what kind of science economics is and what the proper role of economists is?*<sup>2</sup>

HA-JOON CHANG: I'm mainly an empirical economist interested in policy issues, especially trade and industrial policies, with 'sideline' works on social policy, labour market policy, and income redistribution policies. I have done relatively little serious academic research on methodology, philosophy, and other big-picture questions. However, almost right from the beginning of my study of economics, I became interested in these big picture questions because of the environment where I started studying economics.

I was educated in economics in South Korea in the early 1980s, where there was a huge socioeconomic transformation going on around us. The economy was growing fast. People had more disposable income. As a result, they ate more and better; they could heat their houses a bit more in winter; they could now go to the doctor and pharmacist if they were sick, which many had not been able to before. People lived longer and didn't have to see their children die young. People in rich countries take these things for granted. But at a very low level of income, where Korea was (Korea's income in the early 60s was less than half that of Ghana's and one-third that of Senegal's), these changes are literally matters of life and death.

So there were a lot of positive things happening, but at the same time there were really very harsh things going on as well. Workers were working 14-15 hours a day, and when they tried to organise strikes—most of which were illegal at the time—the government was sending riot police and beating them up. When new areas were developed, property development companies sent hired thugs to beat people up and kick them out in order to clear out the informal settlements.

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<sup>2</sup> The term "big-picture questions" is taken from Alexandrova, Northcott, and Wright (2021).

So there were a lot of good and bad things happening at the structural level. But unfortunately, most of our professors were teaching us the wrong kind of economics. There were all these huge changes, positive and negative, happening. And the professors taught us these abstract models. Not even dynamic models but equilibrium economics devoid of structural change, social conflicts and all the other things that were important. I and many of my friends just couldn't take it seriously.

So we started looking for answers. We organised study groups. We started reading other books. Marxism, dependency theory and what not... And there were a few professors who were really the remnants of the old economics profession in Korea, which was influenced by Japan, in which neoclassical economics was very insignificant. Many of these people were Marxist, Schumpeterian, or followers of the German Historical School. Of course, they couldn't openly teach Marxist economics, which was illegal at the time. But some of these professors at least taught us that there are these other schools.

And then when I moved to Cambridge, I got exposed to yet more schools. Behaviouralist school à la Herbert Simon; Austrian School, especially Friedrich von Hayek; New Institutional Economics, especially Douglass North and Oliver Williamson; and of course, Keynesian economics. There my appreciation of the diversity of economics and the respective strengths and weaknesses of different schools grew even further.

So I had always been interested in different approaches to economics, which naturally makes you ask all kinds of questions about the methodology and ethical foundations of the discipline—all those big-picture questions, as you call them. Along the way, I wrote a couple of academic articles that discussed some of these questions—one was 'Breaking the Mould—An Institutionalist Political Economy Alternative to the Neo-Liberal Theory of the Market and the State', published in *Cambridge Journal of Economics* in 2002, and the other was 'Institutions and Economic Development: Theory, Policy, and History', published in *Journal of Institutional Economics* in 2011), but it was only when I decided to write *Economics: The User's Guide*—which is at some level a textbook—that I thought, I really need to put this kind of stuff on paper and clearly articulate what I think about it.

***But already in 23 Things about Capitalism (2010) you write about some big-picture issues like the role of economists in society.***

Yeah. But those essays were not anything systematic and they come from my own empirical research. As I point out in the chapter in the *23 Things*, if you look at those government officials who created the so-called East Asian economic miracle, in Japan they were almost entirely lawyers by training. Korea had some economists. But until the early 80s or so, they were predominantly lawyers by training. Then in Taiwan and later in China, all the leading economic bureaucrats were scientists and engineers. Looking at this reality, I came to ask: if economics was not very important in creating one of the biggest economic transformations in human history, then what is it doing?

***You said that initially the mismatch between economics teaching and the economic problems you saw in Korea was the impulse to take a critical attitude towards economics. But when you moved to Cambridge, the economic reality with its problems must have been different. Did you recognize that people in the UK saw the adequacy of economics teaching differently? Was there a similar dissatisfaction with economics teaching? And if there was, was it for similar or different reasons?***

In Cambridge, I had an unusual experience in the sense that I studied in the University of Cambridge, where the majority of economists were not neoclassical at the time. It was of course the home of Keynesian economics, but there were also other types of economists—Marxist, Structuralist, and Institutionalist.

By the time I arrived in Cambridge, however, the neoclassical economists in Cambridge had gained the upper hand in the departmental decision-making structure, and they made sure that they did not hire non-mainstream economists. So, I actually was the last non-neoclassical economist hired by the Faculty of Economics in Cambridge. And I was hired in 1990. Since then they have not appointed any non-mainstream economists. My former PhD supervisor, Bob Rowthorn, was a famous Marxist economist, although by the time I started working with him, he had been moving away from Marxism—he's the one who made me read Herbert Simon and Friedrich Hayek.

And even I was appointed because my appointment was jointly with Development Studies and the appointment committee had a couple of non-economists. Had there been just economists, they probably wouldn't

have hired me. Although of course you can never tell these things in retrospect.

The teaching program itself was rather pluralistic. They taught the history of economic thought. They put a lot of emphasis on analysing real-world problems. They taught the students how to construct national accounts. They taught them economic history and economic development. There were two development economics ‘papers’ (courses), one in the second year and one in the third (and final) year. In particular, in the second-year development economics paper, they taught main issues in development economics through economic histories of particular countries—Brazil, Japan, India, and Germany. It was a very different kind of teaching program.

Cambridge had the most pluralistic teaching programme, but teaching programmes in other universities were also far more pluralistic than their counterparts today. For example, most PhD programmes in economics in major US universities required the students to take at least one course in economic history or history of economic thought. In some universities both were compulsory for PhD students. (I know this because I also applied to some US universities for graduate studies).

And all these departments had at least one token Marxist (one of them being Donald Harris at Stanford—the father of Kamala Harris, the US Vice President). And the US being the home of old institutional economics, there could be a couple of institutionalist economists. There were Keynesians... So even in the US, there were these people and they thought more broadly than what they are doing now.

Last but not least, at the time, the gap between the kind of economics that was taught and the reality was relatively smaller in the UK than in Korea, which was ruled by a right wing military dictatorship, which didn’t want economics students to be taught about the dark side of Korean capitalism.

***I see. That was a big contrast.***

But of course, in the subsequent years UK economics has become dominated by neoclassical economics, too.

***By when did a visible change in economics teaching happen?***

I think the big change in UK came with the Research Assessment Exercise, these days called Research Excellence Framework, which, when applied to economics, judged research records according to very strict neoclassical

criteria. When it first happened in 1992, the Department of Economics at the University of Manchester, which had a lot of Marxists and Neo-Ricardians—Ian Steedman and Jill Rubery among others—they got a terrible rating. And then they were forced to hire neoclassical economists. The irony is that the Department of Economics at the University of Manchester was one of the epicentres of the recent student movement against narrow economics teaching. Their particular thing was called post-crash economics, which was launched after the 2008 financial crisis.

I think the turning point overall was the early nineties. Of course, the university staff composition doesn't change that quickly because of tenure. But by the early 2000s, most of the people who did non-neoclassical economics either retired or they left for other departments—business school, development studies, geography, you name it.

***Before we go to the questions about pluralism more deeply, I want to ask you about your brother Hasok Chang who is a philosopher of science. He has written about pluralism, focusing on the natural sciences. It's amazing that you two are very prominent names when it comes to pluralism. Is this a pure coincidence or have you influenced each other's views?***

Frankly, until I read parts of his book *Is Water H2O?* (2012) I hadn't even realized that he was advocating pluralism in science. We are very close and we talk to each other all the time, maybe even about economics, but I never discuss what he does because I found it too esoteric.

For example, when he was doing his PhD in Stanford in the early 90s, I asked him “so what is your PhD about?” He said “it’s about measurement theory”. I asked him “what is measurement theory?” And he was silent for a minute, and then he said, “well, you probably wouldn't understand that if I tried to explain it as if I was talking to a scientist, but you can assume that it's about debating what it means to say that A is longer than B or A is bigger than B. I said, “okay, I give up.” So, I never discussed these methodological issues with him.

When I read his *Is water H2O?* book—actually after I wrote *Economics: The User's Guide* (2014), in which I explicitly advocate pluralism in economics—I realized that he is an even bigger pluralist than I am, because he can't use my standard weapons against the current approach to economics, which is to say that economics is not a science.

When I tell people that economics is not—and cannot be—a science, I tell them that studying society made up of individuals with free will,

imagination, moral standards, political views, and so on, you cannot predict behaviour in the same way that you can predict behaviours of natural things. After all, subatomic particles do not say “Well, the other particles behave in this way, but I'm not going to do it because I think it's ethically wrong”. The chemical molecules do not say “Normally we are supposed to behave in this kind of way, but wouldn't the world be a much better place if we behaved in a completely different way?”

This is a very effective argument, albeit not very sophisticated, in making people accept that social sciences are different from natural sciences. But my brother doesn't even have that weapon. He cannot say as I do that economics is not a science. He cannot say that science is not a science. So he is taking on a much more daunting challenge. But as far as I could understand from the last chapter of the book, I think he makes a very compelling case. So I really admire the guy, but normally we don't talk about these things.

*So it's really a coincidence that both of you have taken a very non-mainstream view of your respective intellectual fields?*

Well I guess we have always shared a critical perspective on the world. Because we, in different ways, both rebelled against this authoritarian education system in Korea in our days. We always tried to look at things with a pinch of salt. But it's not as if all Koreans have developed that attitude. And it's not as if our parents were great educationalists and tried to encourage us to think like that. They were just normal nice parents. I must confess I don't know where that came from.

## II. PLURALISM: DEFINITIONS AND ARGUMENTS

### THE DEFINITION OF ECONOMICS

*Fascinating. If we then turn to pluralism more closely, it's perhaps best to start with the definition of economics, because it's a crucial piece in thinking about pluralism. How do you see what economics is—how to define economics?*

I define economics as the study of the economy. To put it very simply, how we produce, exchange, consume, and these days waste, our goods and services. I know that many mainstream economists try to define it in terms of methods, essentially defining it as the study of rational choice. I think that's not right, because all other disciplines are defined in terms

of the subject matter that is studied. Chemistry is the study of chemical substances; sociology is the study of society. Because these days someone can be a professor of economics in a big university despite not studying what people normally understand to be economic issues. The best example is Steven Levitt and his book *Freakonomics*, where he basically discusses human behaviour. It's an interesting book. But is there anything in that book that we normally think of as economics? It's about how sumo wrestlers collude with each other, how American school teachers cheat, and so on. All very interesting, but there's nothing about the economy.

In contrast, you could have professors in geography studying inequality in housing provision between different regions in Britain. For me, this second guy is more of an economist than people like Levitt. Simply because the second guy doesn't use the methodology the majority of economists think is the correct one, he is not considered an economist. I think that's not right, because in the end, why are we studying the economy, studying politics, and studying chemicals? It's because we want to understand these things. If the rational choice theory is the criterion, then really all subjects could potentially be called economics because even when you study natural sciences, the methodology used might be the same as the rational choice theory. Of course, there's no active element of choice made by the objects of study in natural sciences (e.g., sub-atomic particles, chemical molecules), but it involves logical thinking and data analysis, as in economics based on rational choice theory. Well, if that's how you define economics, then everything is economics. And that's probably why these people think economics is a science of everything, as the titles of some of the best-selling popular economics books suggest.<sup>3</sup>

***Indeed, introductory economics textbooks, when explaining what economics is, sometimes characterize economics almost as the science of everything. Sometimes they imply that, if you are studying human behaviour empirically and logically, then you are already doing***

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<sup>3</sup> The sub-title of *Logic of Life* (2008) by Tim Harford, the *Financial Times* journalist, is *Uncovering the New Economics of Everything*. According to its sub-title, *Freakonomics* (2005) by Steven Levitt and Stephen Dubner is an exploration of the *Hidden Side of Everything*. The sub-title of *Economic Naturalist* (2008) by Robert Frank, the Cornell professor and a columnist for *The New York Times*, is *Why Economics Explains Almost Everything* [emphasis added].



***economics.<sup>4</sup> It reads almost as if other social sciences are not making conclusions based on data and developing theories.***

Exactly. I find it very problematic because neoclassical rational choice theory is based on a very particular view of human beings and a particular view of the world. It's not like non-neoclassical economists or other social scientists do not do logical thinking, do not do data analysis and do not theorize. It's that just that the way they view the world is rather different. Is the society made up of individuals or classes, for example? How important are institutions and organizations, and do they influence people, do they shape people rather than just being the products of sum of individual choices? *There is no single right way of characterising the world.*

And what counts as data is also determined by this particular view of the world. Neoclassical economists believe that quantitative data is considered superior to qualitative data that are derived from other kinds of ways of looking at the world (e.g., historical narrative, structured interviews). So, in the end, even though neoclassical economists might think they are just arguing for a logical and verifiable way of looking at the world, actually what they are doing is defining logic, data and theory in very particular ways.

You cannot really get away from the need to discuss the epistemological foundation of your theory and the categories that you use and even ethical and political assumptions underlying your theory. Neoclassical theory has a very particular way of looking at the world. They say theirs is the correct way to understand the world. But is it? In that sense I think the belief that you can define a subject in terms of methodology is very problematic because the methodology itself is not value-free.

***Can you clarify what do you mean when you say that it's not a value free methodology? I think it's a very important question.***

Well, I have already said it in a rather incoherent way. According to 'economics of everything', as I call it, or 'kiosk economics' as Uskali Mäki calls it (Mäki 2012), you have a particular way of analysing the world that can be applied to analyse anything. But first of all, who decides what is an interesting problem? The picking of the problem itself is determined by, on the one hand, your ethical and political inclinations, and on the other,

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<sup>4</sup> See, for example, *Economics* by Acemoglu, Laibson and List (2016, p. 45), which presents "empiricism—analysis that uses data or analysis that is evidence-based" as one of the three key concepts that set economics apart from other social sciences (other two being optimization and equilibrium).

what your theory is good at analysing. For example, until the global financial crisis, many economists aggressively claimed that inequality is not an issue.<sup>5</sup> But who decides that? Basically what the most important questions in economics are is determined by what the most influential economists think what they are. And what those economists think is basically influenced by the way that they look at the world—that is, their ethical and political positions. Secondly, it's not just the choice about the problem, but also the way you theorize about the world. Why are we insisting that individuals should be the ultimate unit of analysis? Why are we not using categories like class? Why are we ignoring the fact that individuals are formed by the institutions under which they live?

***I guess some people think it's somehow the best way or maybe the most helpful to some questions at least.***

For some questions yes. That's fine. I'm a pluralist. I don't have a problem with people saying that this particular question is best analysed by this particular way, but they don't make that claim. They make the claim that the neoclassical rational choice theory is the best theory for everything. But the trouble is that, once you theorize the world in a particular way, then you stop even to see a lot of potential problems. I think the best example is work. In neoclassical economics, which is basically the individualistic utilitarian theory, work is regarded as an inconvenience that you have to put up with, in order to be able to earn an income that will allow you to buy certain goods and services, whose consumption gives you utility. So, in neoclassical economics, practically your life ends when you go to work and it starts again when you leave work. In other words, neoclassical economics is very bad at analysing work because work is not really a part of its universe. It's also a theory that was mainly built to understand the market exchange, so it's very bad at understanding production. Okay, there's something called production function in neoclassical economics, in which some abstract quanta called capital and some abstract quanta called labour are combined according to some formula called technology and something comes out at the end, but I don't call that a theory.

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<sup>5</sup> Willem Buiter, former professor at Yale, LSE, and Cambridge once famously said: "Poverty bothers me. Inequality does not. I just don't care" (Buiter 2007). The Nobel Prize economist Robert Lucas went one step further: "Of the tendencies that are harmful to sound economics, the most seductive, and in my opinion, the most poisonous, is to focus on questions of distribution" (Lucas 2004).

*It doesn't say anything about how the production happens.*

Exactly. But neoclassical economics is very good at analysing market exchange. It's very good at analysing things like market power. But the trouble is that, once you build a particular type of theory, some problems become invisible.

*Many times, when people complain about the narrowness of mainstream economics or neoclassical economics, they claim that mainstream economics can't explain or illuminate this or that phenomenon. Mainstream economists might deny it and say, "look at all these papers we have on that topic, why are you complaining?" For example, feminist economists may complain that mainstream economics doesn't help us understand how power works in the economy. Then some economist says, "look, we have all these papers published in American Economic Review that deal with power" and the papers are about bargaining power between people. And so, I think that more accurate way of raising this complaint might be not to say that mainstream economics can't explain or theorize power at all, but rather that it can't deal with some specific questions about power, or some specific aspect of power. You can ask many kinds of questions about power. You can understand power in different ways. And mainstream economics deals with only a small subset of the possible ways of posing questions about power.*

I completely agree with you. It's not that it is incapable of explaining some things. But the question is whether it's explaining it fully and explaining in a satisfactory way. Because power in neoclassical economics is essentially defined in terms of the relationship in a bargaining situation. It's very bad at talking about structural power—discrimination embedded in the social structure, for example.

Of course, neoclassical economists from a long time ago tried to define discrimination as an expression of preference—"I don't like Black people"—but that is not discrimination in the sense that most people understand it to be. They do not understand or refuse to understand that racial discrimination or gender discrimination matters exactly because it's backed up by the social structure. If I said I don't like people with blonde hair, it wouldn't matter that much because it's my personal preference. But when you are talking about the racial discrimination against Black people, Asians and so on, that is something different because that is embedded in the power structure.

For another example, I think that the ultimate power is the power to make other people think what you want them to think. When Barack Obama tried to reform the health care system, there were all these demonstrations against the so-called Obamacare. And I was once shocked to find this placard held by some old people which said, “Government hands off my Medicare”. Medicare is a government program. But these old people, who have been benefiting from the government-provided medical insurance, called Medicare, have been so brainwashed by the American health insurance industry that in terms of health care, anything that is touched by government turns into shit. So they thought that the government is going to come and take this nice program away from them. When you have people like that, why do you need the army? Why do you need the police?

This kind of power is not discussed at all in neoclassical economics. And talking about structural power, you can also talk about supposedly voluntary choices. Let’s say that an Indian guy goes and voluntarily takes a job in a factory that uses a toxic chemical, which will certainly make him sick in five years and probably kill him in ten, 15 years. Is it right to say that he made a voluntary choice? Consenting adults and all that—that’s fine? No, it’s not. Well, at least from my ethical point of view.

But why the Indian guy in my example makes that choice “voluntarily” is because of the structural power that comes from the fact that some people have independent means to support themselves and others don’t. In the early days of capitalism, such means basically came from property ownership, as the Marxists used to emphasise. But in modern days, especially in countries like Finland, those means come also in large part from having social welfare entitlements, which give people access to basic services at affordable prices. When you change those independent means to support themselves, people’s choices change. Logically speaking, such consideration could be accommodated into neoclassical framework, at least in some watered-down way. But neoclassical economists don’t talk about such things because their theory is not designed to ask that kind of questions.

***It’s all about the questions the theory is designed to answer.***

Whatever the topic is—inequality, power, or whatever—neoclassical economists look at only certain aspects of it, not because they are evil, but because their theory has been constructed in such a way that only certain aspects are visible to them and only certain aspects are amenable to their

way of analysing things. This applies to all schools. Don't get me wrong. I'm a pluralist. Marxists, Keynesians... They're also very good at looking at some things, but they are rubbish at looking at other things.

***Yes, the thing is that you can't theorize a phenomenon or a concept without a perspective. Scientific thinking is perspectival.***

#### ECONOMICS FOR CITIZENS

***You have told you wrote your latest book, Edible Economics (2022), because you think it's important that all citizens have basic knowledge about economics. Could you clarify what you mean by laypeople understanding economics? What exactly is it important for them to understand?***

I think that they should understand at least some basic things about how the economy works. Just to give you an example that is rather important in European countries at the moment, let us think about the issue of austerity. Keynesians keep telling you that, if you cut government spending during a recession, you might actually make things worse. That you cannot treat the government as a household. But many people, including many neoclassical economists, are convinced that you should manage government budget in the same way that you manage a household budget. They need to understand the difference between a household and an economy. For another example, take the many arguments against the welfare state. When government collects more taxes to expand the welfare state, it is not as if it takes away the money and burns it somewhere. It simply increases the proportion of collective elements in the insurance that we need against illness, unemployment, old age, and other shocks in our lives. Shrinking the welfare state does not make the needs for these insurances disappear. In fact, the US may have a relatively small welfare state (just above the OECD average), but if you include private spending on welfare, its welfare spending (as a proportion of GDP) is among the biggest in the world.<sup>6</sup>

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<sup>6</sup> <https://www.oecd.org/en/topics/sub-issues/social-spending.html>. Retrieved 10.11.2024.

***You mean that if people understood economics better, they would not be as easily led to think one way or another by rhetorical means, such as the government-household debt analogy?***

That's right. And at the same time, people need to understand that there are different economic theories which are good at different things and which, even when they are looking at the same problem, give different answers. And the choice of policies needs to be based on this understanding that there are different economic theories and that there is no single best answer, like in physics or chemistry. A lot depends on the political and ethical assumptions in your theories. So, in addition to learning the substances about the economy, people also need to understand the plurality of theories and have to learn something about how to choose between these theories.

***Yes, but isn't that also quite difficult?***

Yes it is, but you know, ordinary citizens don't need to really understand these things fully. For example, the government gives dietary advice. In order to understand that and apply that to your shopping and cooking, ordinary citizens only need to know the basics of nutritional sciences. They don't need to understand the underlying biochemistry or physiology. That's for the specialist.

When I say that ordinary people should learn economics, I'm not talking about a specialist level of understanding. People don't have time to study these things in any depth. They are busy working and surviving and raising families and keeping relationships going. So I'm not saying that they need to really understand, say, the subtle differences between new institutional economics and old institutional economics. But you can get pretty far with some basic understanding of economics, in the same way in which you can with basic understanding of nutrition sciences.

***But in the case of economics there's the element of different perspectives or differences of opinion among experts, whereas in nutrition science there's no similar variety of theories about nutrition, right?***

I must point out that, even in sciences, opinions keep changing over time. You know these Australian guys who got Nobel Prize in physiology some years ago, they identified the bacterium that causes a stomach ulcer called *Helicobacter pylori*.<sup>7</sup> In the beginning, people thought this was a

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<sup>7</sup> Barry J. Marshall and J. Robin Warren.

ridiculous idea because they thought bacteria cannot survive in stomach acid, but eventually they were proven right. Having said that, it is true that the disagreement in the nutrition sciences is much less than in economics. But there is a greater need for people to learn economics despite the complicated and sometimes conflicting messages, because it affects so much of their lives, much more than nutritional science does. Even just to defend their own self-interest, like wages, working conditions, and welfare entitlements, people need to learn a fair amount of economics. I'm not even talking about building a better society, taking care of the future generations. It is because they don't know much economics that a lot of people are voting for political parties that are making their own lives less comfortable.

*Indeed. In Finland, the chairperson of the far right, populist Finns Party, now that she has become the financial minister, declared that she is a “fiscal conservative”. And despite the increasingly strict austerity policies the party endorses, somehow it still seems to retain its image as a working-class party because its historical background. And I'm not sure if the voters of the party really recognize the implications of the austerity policy for the main body of the of the voter population.*

Yes, exactly. That's that why people need to understand economics. I mean, it's okay if they say, I'm still going to vote for this party because I don't want immigrants. But you should understand the financial consequences. If they say, “I'm going to be €3,000 poorer by this, but I will still vote for this party”, that's still not smart, but understandable. But if they think this party is going to give them everything—more money, fewer immigrants, greater national pride, and what not—then we have a problem.

#### THE RIGHT KIND OF PLURALISM

*Let's discuss arguments for pluralism a bit more. Pluralism is a very ambiguous concept. There are many kinds of pluralism, and many possible reasons why you can support pluralism, and the economics of today is pluralistic in some ways and not in some other ways.<sup>8</sup> So what*

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<sup>8</sup> See Lari (2024a) for an overview of the potential benefits of plurality in economics and in science more broadly.

***kind of pluralism or plurality does economics need? We already discussed teaching but how about plurality in research?***

Of course, there are different types of pluralism. What I call political or ethical pluralism is summarized by a quote that is often misattributed to the French philosopher, Voltaire (it was actually written by Voltaire's biographer, Evelyn Beatrice Hall), that is, "I disapprove of what you say, but I will defend to the death your right to say it". This is a political, ethical pluralism.

There is also, unfortunately, opportunistic pluralism, which means that some people advocate plurality because they're in a weaker position and, even though they think that they are absolutely right, they want the political space to survive that pluralism can provide. This was the case with some Marxist and Keynesian economists in the 80s and 90s when they were on the defensive. To carve out that political space to survive, they argued for pluralism.

But for me that's not real pluralism. I want the pluralism which recognizes all the potentially useful approaches to economics as legitimate and recognizes their relative strengths and weaknesses. This kind of pluralism will also require that different schools try to learn from each other. For me, that's intellectual pluralism and that's what I argue for. It's not like just 'live and let live' or just allowing minorities to exist. Nor is this the 'I disagree with you, but I respect your right to be different' approach, which I called ethical/political pluralism. I'm not saying that those types of pluralism are wrong or irrelevant. But for me, true pluralism exists only when you have complete intellectual openness and humility to accept that you don't have a monopoly over truth. True pluralism means that we recognised that there are different kinds of respectable ways of doing research in economics. And most importantly, it would mean that different schools of economics learn from each other.

***When clarifying your favourite kind of pluralism, we should also discuss things you would like to see a plurality of. Pluralism means endorsing a plurality of something and that something might be very different things (Lari and Mäki 2024; Mäki 1997). For example, Dani Rodrik has advocated the idea that economics needs a plurality of different kinds of models. In his book, Economics Rules, he says that economics makes progress by coming up with ever more and more models (Rodrik 2015). That's one kind of pluralism: you want to have many different models, but they might be similar to each other in certain respects.***



***But you advocate something like a plurality of theoretical or methodological approaches?***

That's right. Economics has been generally open to the kind of plurality that Dani talks about. Numerous models with very different policy implications have been created by using neoclassical economic theory—in the 1930s, the Polish Marxist economist Oskar Lange even used what essentially is a neoclassical general equilibrium model to justify central planning, albeit a more decentralised one than what was then practised in the Soviet Union. I'm talking about differences in theoretical perspectives.

Different economic theories have different ideas about the constitutive units of the economy. The classicals, Marxists, Post-Keynesians... They talk about classes rather than individuals. David Ricardo was all about the distribution of surplus between different classes, not individual choices. They have different ideas about how different constituent parts relate to each other and how they should relate to each other. There's competition, coordination, cooperation organized in different ways, markets, states, cooperatives, industry associations, trade unions... They have different theories that theorize differently how the economy changes. Neoclassical economics is more concentrated on the external shocks, whereas Marxists and Schumpeterians are more interested in the internal logic driving the economy forward. And different economic theories have different views on the forces behind social changes: is it individual utility maximization, “animal spirits” of Keynes, entrepreneurship of Schumpeter, class struggle of Marx? These are very different ways of looking at the world.

Henry Ford apparently insisted on having all of his first model-T cars painted black. And when one of his executives told him, “sir, maybe we can have different colours”, Henry Ford is supposed to have retorted: “Yeah, they can be any colour as far as it's black”. So Dani's position is a bit like that. That within this one (neoclassical) theoretical framework, the conclusion can be anything and we should encourage diversity. But he and most mainstream economists don't accept that there are different ways of looking at things. Nor do they recognise that these different ways are, at least for some things, better than neoclassical economics.

**ARGUMENTS AGAINST PLURALISM**

***How would you respond to an economist who concedes that economics indeed needs several approaches, perspectives, or even schools of***

*thought, but claims that there are enough of them around? In addition to neoclassical economics, there is new institutional economics, experimental economics, behavioural economics, and so on. I believe many mainstream economists are pluralists in the sense that they welcome the co-existence of approaches like behavioural economics along neoclassical economics. They may think that, in its current state, economics in fact studies the world from all the perspectives that are fruitful or useful.*

I have quite a few things to say on that. First of all, what I'm talking about in terms of plurality is the fundamental theoretical construct. I'm not talking about operationalizing a particular theory in different ways. It's a bit like saying that composers can experiment with any style of composition as far as it's classical music. It is like saying that rock and roll, jazz, electronic music... they are not real music and that we have already incorporated *those few* useful elements in them into classical music, so now they are irrelevant. Would you call this attitude a pluralistic approach to music?

Second, the other 'legitimate' approaches that are supposed to be different from neoclassical economics and therefore make economics pluralistic—such as new institutional economics, experimental economics, so-called behavioural economics (I say 'so-called' because what passes as behavioural economics these days is rather different from the original behavioural economics of Herbert Simon)—are, like, variations on the neoclassical theme.

Let's first think about new institutional economics. I studied a lot of it. I learned a lot from it. I used it quite a lot. But in the end, it's a variation on neoclassical economics in that it sees institutions as the products of choices by individuals and ignores the fact that individuals are shaped by institutions under which they live (this is what I call the 'constitutive role of institutions').

Let me give you an interesting illustration. When I first came to England to study economics, I met this Swedish friend. He was called, like most Swedes, Anders. And you know, this guy was going on and on about how the social democratic party was ruining Sweden and how we need to cut back the government. Since then, I have studied the Swedish economy and other Scandinavian countries quite a lot, but at that time, frankly, my only knowledge of Sweden consisted of Pippi Longstocking. So out of genuine ignorance, I asked Anders, what is the problem and what is the solution? And he said, well, to put it very simply, we have a government that's

taking 55% of GDP in tax. This needs to be cut to 40% or 45%. And I burst into laughter. I said, Anders, if you said those things in Korea, you'd be arrested for being a communist. Because at the time, Korea was ruled by right wing military dictatorship, which was very good at industrial policy but had no regard for social policy. The entire tax take of the country was like 13% of GDP. And if you argued for 15%, they thought that you are a leftwinger. And in that kind of country, if you said 45%, that's communism. But in Anders's world, being right-wing meant the government taking 40% or 45%, rather than 55%, of GDP. So, his fundamental worldview was shaped by his life in Sweden. But, new institutional economics, it doesn't really look at these things.

For another example, take the so-called behaviouralist school. Neoclassical economists claim that we now take into account bounded rationality, which is at the core of original behavioural economics of Herbert Simon. But when economists like Oliver Williamson talk about bounded rationality, what they say is that people do joint maximization over resource cost and transaction cost, rather than simply resource cost. It's still an optimization model. It is not about the society being structured in a completely different way because of our bounded rationality, as Herbert Simon tried to theorize. In the world as theorised by Herbert Simon, our ability to rationally think and optimize is limited, so we build other means to deal with this existence of bounded rationality in a complex world. We develop personal habits, we build organizations, we develop organizational routines, we build institutions... That's very different from saying: well, people do not always act in the most rational way as is assumed by neoclassical economics, people are not as selfish as we had thought... These are all, kind of, minor variations within neoclassical economics. They are not fundamentally different ways of understanding the world.

*Maybe this means that school-of-thought pluralism is too vague, too coarse a label. Because schools of thought differ in how different they are from each other. I mean, some schools develop relatively similar ideas while others have more fundamental differences.*

I don't think that we should use the term 'pluralism in terms of schools of thought'. I think we should say something like pluralism in terms of the theoretical construct. And whether you call it 'school'... I think that is debatable. And also the boundaries between these theoretical constructs (or schools) are fuzzy—after all, there are hybrid schools like post-Keynesians, which is a mixture of Keynesian and Marxist. The important

point is that there are different theoretical constructs that have different kinds of basic units of analysis, different views on how these units interact with each other, different views on how the economies are driven, and so on.

I think what really bothers me is that those neoclassical economists who declare that “we have now enough diversity” do not really understand how different these theories are from each other. The Austrians might be in the same political camp with most neoclassical economists, but the way they, especially Hayek, understand the world is closer to, as I keep saying, Veblen and Simon; not Paul Samuelson, not Gregory Mankiw. When some neoclassical economists casually say that we have incorporated those few useful insights that other schools of economics offer, they reveal their ignorance about other schools. Because if they really knew how different those people are from neoclassical economists, they wouldn't be able to say that.

Finally, as for this argument that we have incorporated all the useful ideas from other schools, that's a very arrogant statement. Because first of all, what is useful? Who has decided that? It's the neoclassical economist. When they say that we have incorporated all the useful ideas, it means useful from the neoclassical point of view. But there are a lot of ideas that have been ignored because they don't neatly fit neoclassical economics. And when these are incorporated, they are often incorporated in a completely distorted way because the very theoretical constructs are different.

Some classical composers, like Stravinsky and Shostakovich, introduced some elements of jazz. Hard core jazz fans would get very angry if you suggested that these people have imported elements of jazz, because for them the essence of jazz is improvisation. And there's no improvisation in what Stravinsky and Shostakovich did with some elements of jazz. For them this is not jazz. I'm not saying that they are necessarily right or wrong, but basically, if you try to import elements or ideas from a completely different theoretical construct, you cannot fully get them integrated into the place where it is imported into. In this regard, I talk about what I call the powdered egg problem. The method of making egg into powder by shooting them through a narrow nozzle was invented in the 1920s, and then was used quite intensively during the Second World War because this way egg keeps for longer and it also massively cuts down on the transportation cost. Powdered egg is, surprisingly, still available. I haven't tried it, but some survivalists in America use this as a part of their

food reserve and, as a result, there are some reviews about this product on the internet. And as far as I can see, it's perfectly fine to use powdered egg for making scrambled eggs and it's okay if you use it in baking. But you cannot make a boiled egg or poached egg with this thing. I mean, it's not a real egg.

So the incorporation of these different ideas from different schools into neoclassical economics is like making egg into powdered egg. Let me explain what I mean. Neoclassical economics was constructed on the assumption that individuals that make up the society have no history and they have no culture (well, no culture other than that of a rational self-seeking, if you can call that culture). There are institutions, but institutions are products of individual choices and individuals are not affected by institutions in society in the same way that my friend Anders was. And they are apolitical—or political in the very narrow sense that they vote for a politician that promises more resources to them.

So you construct a theory on the basis of those constituent units—individuals without history, culture, history, institutions, and politics. And then you put these things back into the model. But the resulting theoretical constructs are different from theories in which (at least some of) these things have not been assumed away.

***How does the so-called empirical turn in economics relate to what you just talked about? Can we overcome the school-of-thought differences by just doing better empirical research and finding out how things really are? With sophisticated empirical methods, why do we need several “fundamental theoretical constructs”?***

I think it's a good thing that empirical economics now has better status than so-called theoretical economics, you know, abstract mathematical modelling. Indeed, until the 90s, even the early 2000s, there was a clear intellectual hierarchy within neoclassical economics. If you're the best, you do abstract mathematical modelling. If you are second best, you do complicated econometrics. If you are third best, you work with a real-world problem, you know. Now this balance has shifted. I think it's a good thing.

But, once again, what is empirical? What are the empirical problems that deserve investigation? Also, what are the methodologies that you use to do this empirical investigation? The answers to these questions are not as obvious as those neoclassical economists who celebrate the 'empirical turn' think.

***So, you think some basic elements of neoclassical economics are still there, even if people just do data analysis and econometrics?***

Exactly. Because, who decides what counts as data? Basically there's this strong view that you need quantitative data analysis, so other forms of data like historical narratives, oral history, semi-structured interviews, these things are not taken seriously. So that is one problem.

Also, a lot of this data are generated from a very particular theoretical point of view. I mean, Goethe once famously said that everything factual is already a theory. A lot of people think that these data are objective, that there's no value judgment there. But that's not the case. GDP data are generated on the assumption that if something is valuable, it will be transacted in the market, which means that the unpaid household work and care work done most mostly by women is ignored. It excludes the income for subsistence farmers because they don't sell much in the market. And most importantly, GDP is based on the assumption that the market is the ultimate arbiter of what is socially valuable.

You say that this much income has been transacted in the market, and this is how rich or poor we are. But is that really true? There are things that are very valuable from certain points of view but are very cheap in the market, say labour of care workers. Also there are a lot of indexes of transparency or corruption or whatever. But all of these are generated according to particular economic theories. Once you grind them up and make them into the numbers, you may think that they are meaningful. It may be meaningful from some theoretical point of view, but it may not be from some others. Also the data on which economic phenomenon do you collect? That's also determined by people's theoretical position. In other words, the fact that it's data analysis doesn't mean that somehow you are less bound by ideology.

Also my worry is that becoming so focused on this sort of data analysis, economists are forcing themselves to work on a very small world. Working with small specific contexts like RCT, laboratory experiments... Because, in order to come up with really, well, scientifically strong results, you need to control the situation. Once again, I have no problem with these methods themselves. In my paper with Mohsen Javdani on ideology among economists, I use RCT (Javdani and Chang 2023). But this means that we lose the sight of the forest to talk about the trees in the most accurate way. Of course, these grand narratives have their own problems. Sometimes they are just kind of hot air. But, you know, we have now

studies of the villages in India or somewhere in Africa with only a very sketchy stereotype understanding of the bigger national political economy.

We have laboratory experiments done mainly with middle class Westerners and children of the global elite in the top Western universities. We have studies of historical episodes without the understanding of the global political economy of imperialism, colonialism and unequal treaties. We need broader understanding as well as narrowly focused empirical studies. I think the kind of empirical studies that are being done... overall it's a good thing, but they shouldn't blind us to the need to do bigger-picture studies.

*I want to ask you about your opinion on a paper by David Colander from 2000. He said that the term “neoclassical economics” should be proclaimed dead in the sense that we shouldn't use “neoclassical economics” to describe modern economics. According to him, neoclassical economics assumes that people are perfectly rational and focuses on efficient allocation and marginal trade-offs. And neoclassical economics accepts utilitarianism. So, he thought that these premises, in fact, do not characterize modern economics. How do you see that?*

Well, I think it's a matter of degree. I mean, I think that it's wrong to say that today's economics is not neoclassical economics. Yes, they don't talk about perfect rationality. They admit that people are not always selfish. But the approach still remains the firmly rooted in methodological individualism so that it doesn't allow categories that have meanings independent of individuals. So that there's no class nor nation, you know. Okay, they could use those terms, but they are ultimately a collection of individuals. Whereas others think that these categories have independent meanings.

*So it's about reducibility to individuals? It's a kind of ontological issue?*

Yes that is one thing. But there are more in the core tenets of neoclassical economics. First, there is the emphasis on resource allocation. Yes, neoclassical economists talk about income and wealth distributions more than they used to, say, until 10-15 years ago, but allocation is still at the centre and they don't really talk about production. There is also the idea of marginal trade-offs, which some people think is (or at least used to be) another key characteristics of neoclassical economics, although

personally I am not sure whether it really is, because all reasonable economists, not just neoclassical economists, would admit that there are trade-offs.

Anyhow, some of these core assumptions have been relaxed, but have they really fundamentally changed the way that the group of mainstream economists, who may not want the name ‘neoclassical’, conduct research? Because when Dani says that there are many recipes but only one economics, he's assuming that there's a particular body of theories and an acceptable range of empirical tools of empirical investigation that defines (neoclassical) economics.

***Alright, so this was one argument that one can find against the calls for pluralism—that economics is already pluralistic enough. You said that in a certain sense economics is still limited to one approach.***

That's right—Henry Ford's idea of diversity.

***Another argument that one sometimes encounters is the need for sufficient disciplinary unity or perhaps disciplinary identity. For example, Diane Coyle has written that there's a certain set of methodological principles that make up the essence of economics.<sup>9</sup> So, many economists seem to think that an academic discipline needs to be somehow coherent or united, and in some way, it just can't handle such plurality of different approaches and frameworks you're advocating. Once in a Twitter conversation about this issue, I read an economist saying that if economics didn't have the kind of shared principles it has, communicating with each other would be “chaotic”.<sup>10</sup> Do you recognize this need***

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<sup>9</sup> In *Soulful Science* (2007, 251-2), Coyle stresses that while economics can include certain variety, certain methodological fundamentals are non-negotiable: “The key elements of economic methodology, unchanged from the classical days, are the status of rational choice and the use of equilibrium as a modelling concept. If these are limitations, so be it: every subject has core restrictions in its methodology, which in fact represent its strengths and distinctive insights.” However, Coyle's most recent book *Cogs and Monsters* (2021) stresses the need for methodological novelty to the extent that one may wonder whether she still subscribes to the earlier view. For another example, Rüdiger Bachmann in (Becker et al. 2017) stresses the need for self-consciousness about disciplinary identity (“starkes disziplinäres Selbstbewusstsein”, “selbstbewusste Disziplinarität”).

<sup>10</sup> Cf. the concept of *interaction costs of diverse plurality* as introduced in Lari and Mäki (2024)



***for unity or shared starting points as a description of economics? And how do you see it yourself?***

I find this statement quite shocking. I guess it depends on how you define economics. But, you know, why does economics, or field of academic inquiry or study, need an identity? Political groups need an identity, but not scholars. Other social sciences like sociology and political science have many different schools. Well, some of them apparently hate each other so much that they wouldn't talk to each other in department meetings, but they at least teach the students that there are different approaches and teach these different approaches at least at the introductory level to the students. Actually, this view that economics needs an identity suggests that some economists see economists as a political group rather than a group of scholars.

And this really confirms my frequent assertion that economics is playing the role that the Catholic theology played in medieval Europe. You know, basically it's an ideology that justifies the current social order, however unjust, wasteful and inefficient it may be from some other point of view. Because unless you have that implicitly assigned political role, why is there a need for identity? It matters only because you want to present yourself as a coherent political group, like the Catholic theologians in medieval Europe.

And as for this argument that there will be chaos... I think these people seriously underestimate the students' intelligence. I mean, students are perfectly capable of learning a different type of economics and choosing which theories to apply when. And, I mean, it's not as if these different types of economics, different schools of economics, use completely different languages. There's a common set of empirical problems—innovation, productivity, economic development, and what not—that we are looking at. And, with a bit of effort you can understand all of these different schools. I have studied many different schools and used many of them in my writings. So, I just think people who say, “oh, this will create a chaos” either seriously underestimate other people's intelligence, including students, or they just want to find an excuse not to teach more broadly.

***Another idea, which you already touched on a bit, is the worry some economists seem to have that if there was more diversity of approaches, this would somehow harm the societal position, or scientific***

*authority of economics.*<sup>11</sup> For instance, Jean Tirole says in his book *Economics For the Common Good* that, “if there were no majority opinion, financing research in economics would be hard to justify” (Tirole 2017, 75). Some people may also be worried about the perception of how scientific economics is—they may worry that if there are differences of opinion, different viewpoints, and different methodologies, then somehow economics comes across as non-scientific and worthless.<sup>12</sup>

I find this statement extraordinary. It's very symptomatic of what is wrong with mainstream economics today. It manages to be both totalitarian and mercenary at the same time.

The saying that we need just one idea imposed on the whole economics community is intellectual totalitarianism. Usually totalitarians are not commercially minded. They don't care about money because they think they have the absolute truth, and everyone who disagrees with it should be killed or imprisoned or whatever. Now, at the same time these economists are saying they also want more money. Usually people who want money are flexible with their ideas—as long as we get money, we don't care exactly what theory we peddle, so to speak. But now you have this weird combination of intellectual totalitarianism and commercial orientation, you know, we need more research money from the government. If economics, or at least the kind of economics that Jean Tirole practices, if it is so good, why doesn't he go to the private market? After all, they believe in the market. Why do they want public money? Go and crowdfund, go and get that funding from commercial organizations, whatever.

*I guess the spirit is sometimes that, if cracks in the facade of unity are found, then economics would lose its public support and authority?*

Yes. But what an extraordinary position to take! If they cannot persuade people that what they are saying is right, maybe they should reexamine whether what they say is good. I mean, this is a really extraordinary position. You think that you have a monopoly of absolute truth, but you think that you need protection from the government (through research funding) because the world is so full of idiots who don't understand that you are right. After all, these are people who believe in the market competition

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<sup>11</sup> Cf. the concept of *authority costs of diverse plurality* as introduced in Lari and Mäki (2024).

<sup>12</sup> See also Goodwin (1998, 64–67) on how the lack of methodological unity in economics in the post-WWII years was perceived to endanger the scientific standing of economics and thus its access to funding under the newly established National Science Foundation.

overall. So, if they are losing the competition, they should admit that maybe there's something wrong with what they are doing.

***Indeed, the issue of reflexivity in economics is interesting—whether doctrines of economics apply to economics itself. Economists like competitive free markets but may not always welcome free markets of ideas.<sup>13</sup>***

That's right. And I think that this idea that somehow people wouldn't be convinced by a discipline where there's disagreement—that is once again underestimating the intelligence of other people. After all, what is the point of having democracy? It is to acknowledge the plurality of worldviews, plurality of values, plurality of interests. You know, democracy has already accepted that there is no one view. This is why I call this view totalitarian.

***But isn't there something to this worry about any science being open about internal dissent towards the public? If we think about climate science, it is a very politically loaded science in terms of its implications, just like economics. There are people with vested interests who try to exaggerate the disagreements about climate change. Like, selectively amplifying the voice of dissenters and trying to challenge the vast consensus on climate change. So that's one way the dissent might be kind of misused.***

The analogy is valid, but I think that you can take it only so far, because it's not as if neoclassical economists have managed the real-world economy well. Just look at the statistics. During the so-called Golden Age of Capitalism, when most of the advanced capitalist economies practiced quite high degrees of state interventionism, regulation, and so on, the world economy was growing at roughly 2.7–2.8 per cent per year. And in the last four decades of neoliberalism, despite the super growth in China (which obviously did not follow a neoclassical recipe), it has been growing at only about 1.4–1.5 per cent. Income inequality has risen in most countries. We have far more frequent financial crises. I mean, they don't have a real record to show for. The climate scientist at least can point out the melting ice in the Arctic Circle and the problems with the permafrost in Siberia. But these economists have really nothing to show for in terms of improving economic performance with their theories. They cannot say that that we are as legitimate as climate scientists.

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<sup>13</sup> As argued in Hodgson et al. (1992). See also Mäki (1999).

*I see. And what do you think about the following argument against pluralism in economics? One could refer to the possibility of division of labour between disciplines. One could think that there's a possibility that, even if economics is not pluralistic, this could be compensated by other disciplines, so that disciplines like economic sociology and economic anthropology would provide all the needed perspectives to the study of the economy, so that economics would not need to cover all the possible perspectives to the economy (Lari 2024c, 95). Could we just have plurality among disciplines instead of plurality within disciplines?*

I think this view—namely the view that, as long as we allow different disciplines to co-exist, that is okay, because we have multiplicity of perspectives—has a serious problem. It's not as if other disciplines are represented by just one perspective—so economics is neoclassical economics, economic sociology is Weberian sociology, and so on. Each of these other disciplines has multiple perspectives within itself. Plurality is acceptable (or even the norm) in other disciplines, so why should it not be allowed in economics? As I keep saying, I believe that disciplines should be determined according to the objects of study, not the perspective or the methodology. Once again, I recognize that there are different positions regarding this among methodology scholars, but at least my view is that each discipline should be defined by the object of investigation.

We cannot say, as some economists do, that “well, we don't have to think about all these things like history and politics because there are political scientists and historians that who do that”. Insofar as there is *economic* history, insofar as there's politics related to *economic* management and *economic* conflict, they should be studied by economists, perhaps in collaboration with other subjects.

Finally, the problem is that mainstream economists have this view that they are somehow superior to other social scientists. So even if they allow other people to do different things, they are always going to come back and say, “well, but you know, what you guys have to say does not carry the same intellectual weight as what we say”.

***Yes, if a claim or recommendation comes from an economist, it seems to have a special weight.***

This is why I keep saying that economics is now like Catholic theology in medieval Europe. Like it or not, many people, especially economists, consider economics to be superior to other disciplines. So, saying that, as far as other disciplines view the world differently from what economics does,

overall we have plurality of viewpoints might make logical sense, but in practice it's not going to make the world more pluralist, because in practice it will be always the economists who have the upper hand.

*Yes, I think the influence and status, or prestige, of economics gives economists a certain responsibility. Like, if you have authority and a possibility to be influential, then you also kind of have a special responsibility to consider things from many perspectives.*

I absolutely agree.

*In a democracy, it doesn't matter if individual, say, members of the parliament or even individual parties are very focused on one interest group or one issue, because there will be other parties that focus on different things and make the whole political agenda more diverse in a way.*

Yeah, that's a great analogy. So it's a bit like one party being allowed to dominate a country's politics and saying that it is a pluralist because it allows other parties to exist. When you have 90% of the seats in the parliament, the fact that you have all kinds of diversity in the remaining 10% doesn't matter.

#### DEVELOPMENTS WITHIN ECONOMICS

*Let's move on from arguments for and against pluralism to reasons why the state of plurality is the way it is in economics. You begin your latest book, *Edible Economics*, by recalling your dissatisfaction with the food that was on offer in the UK when you moved there in the 1980s. You thought it was boring and one-sided, and in the book you compare contemporary economics to the British cuisine of the old days, saying the menu of perspectives in economics is a boring one, consisting only of one item, neoclassical economics. Luckily the world of food in the UK got more and more varied, you tell in the book, and nowadays one can find everything from Japanese to Turkish to Peruvian food. Now, I assume this was because producers noticed a growing demand for non-traditional dishes and started offering them. But what about the demand for diverse and many-sided economics? Is there currently not such a demand, or if there is, why does the demand not translate into*

***a more varied menu of ideas? Whose demand is it that determines what kind of economics is on offer?***

The British food scene has changed in the last few decades for two reasons. First, there has been an increasing influx of a more diverse set of immigrants than before, offering an increasingly diverse range of cuisine—and themselves demanding a more diverse range of cuisine.<sup>14</sup> But more importantly, it was the ever-more diversified and sophisticated demands from the native British customers, who have been exposed to different foods through foreign travel, studies or work abroad, and globalized news media.

In economics, there indeed is an increasing demand for a more diversified offering. Students are calling for curriculum reform in a more pluralist direction. With increasing problems with the economy (e.g., lower growth, higher inequality, financial crises, climate crisis), citizens call for different types of economics, which was not the case in the past. Governments, international organisations, and even private sector firms are increasingly seeking advice of non-mainstream economists (like myself) while hiring more people who had training in non-mainstream economics (e.g., from pluralist departments like SOAS and Leeds in the UK, or other social science programmes that teach non-mainstream economics). For example, many of my PhD students (who either did a PhD in Economics, with clear non-neoclassical economics dissertation, or did a PhD in Development Studies) have been hired by many mainstream ‘real-world’ organisations (not just the United Nations, which have always been more open to non-neoclassical economics, but the IMF, the OECD, the Asian Development Bank, the Bank of England, the French Ministry of Finance).

Unfortunately, these growing demands for non-neoclassical economics from the ‘customers’ are not reflected in the academic profession, because there is no genuine competition among different kinds of economics, unlike in the world of food.

First of all, the profession is incredibly oligopolistic. The assessment system is built around mainstream journals, which are controlled by a small number of top American universities. For example, according to the PhD dissertation of my former PhD student, Jack Wright, if you want to go high in the economics profession these days, you have to publish in the top 4 journals (*American Economic Review*, *Journal of Political Economy*, *Econometrica*, *Quarterly Journal of Economics*), 2/3 of whose editors earned their PhDs from 4 departments (Harvard, MIT, Chicago, Stanford)

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<sup>14</sup> For some statistics on immigration, see Demireva (2019).

(Wright 2019).<sup>15</sup> These journals make it sure that non-mainstream papers are not published in them (e.g., *QJE* rejected my ‘ideology among economists’ paper (Javdani and Chang, 2023) within 20 minutes of submission, saying that “the subject matter is not suitable for the journal”).

Second, professors have tenure, so they don’t have to change according to the changes in the real world—at least quickly enough. How many economists lost jobs after the 2008 Global Financial Crisis, despite having had said that there could not be any major crisis anymore?

Third, students have very limited ‘consumer choice’. They are given virtually no choice in the type of economics on offer in their degree programmes. There is virtually no teaching of ‘history of economic thought’ that teaches students that there are different types of economics on offer, and there are very few non-neoclassical courses offered. There are very few pluralist departments left (and usually ranked low in league table, as it uses criteria determined by mainstream economists). There is very little choice for students.

Fourth, demands from ordinary citizens are totally dismissed, as misguided or even ignorant. Think about Tirole’s remark we discussed earlier. When I, tongue in cheek, claimed in my ‘Lunch with FT’ interview back in 2013 that, according to the ‘market’ logic, I must be one of the most successful economists because I have sold more books than most other economists, one of my then Cambridge colleagues is reported to have said that “according to that logic, J.K. Rowling must be the most successful economist” (Pilling 2013).

***How about the means to change economics into a more pluralistic direction? Suppose that a reasonably big share of the economics profession agreed that a greater diversity in terms of schools of thought or methodological approaches was a desirable direction for economics. But even then, one cannot just wish the diversity of approaches into existence. Of course, science is not like a centrally planned economy. There’s no board of directors who could dictate that more economists should use let’s say Institutional or Marxian approaches. What should economists do if they wanted their discipline to have a greater variety of approaches or schools?***

There is a simple solution that is working perfectly well in a real place—Brazil. The solution is that you change the method of evaluating the quality of research in a way that gives equally high rating to top scholars from

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<sup>15</sup> See also Wright (2023) and Lari (2024b).

each school. In Brazil, there are a lot of non-neoclassical economists. (By the way, I don't like to use the term, 'heterodox', as it is a relative term. If you are a member of the Greek or Russian Orthodox Church, the Pope is the heterodox guy). In Brazil, half of the top economics departments are dominated by non-neoclassical economists. This is only possible because they have a system where you get the same credit for publishing in *Cambridge Journal of Economics* if you are a non-neoclassical economist, as what you get for publishing in *AER* or *JPE* if you are a neoclassical economist. Of course, neoclassical economists in Brazil have been desperately trying to change the system, but so far they have not been successful, and that is why Brazil has such diversity of economists.

### III. ECONOMICS AND DEMOCRACY

*Let's move to the relationship between economics and democracy. I'll start with an example. In Finland, we had parliamentary elections in 2023. Before parliamentary elections in Finland, the Ministry of Finance typically publishes a so-called outlook review that tells what a reasonable and responsible fiscal policy should look like in the coming years. This time they wrote that "government finances must be strengthened by at least nine billion euros over the next two parliamentary terms" (Ministry of Finance 2022, 9). This is a huge sum in relation to the size of the Finnish economy and implies major budget cuts (assuming the amount is not covered by tax hikes). The need to cut the public expenditures indeed became one of the foremost themes in election debates, and right-wing parties that did not significantly oppose the Ministry's view won the election. Every time such reports are published, there is public debate on whether the officials in the Ministry are overstepping their authority and making prescriptions that should be left for democratically elected politicians. Similar worries about technocracy relate to other prescriptions and recommendations by economists, such as the reports of the Finnish Economic Policy Council. How do you see the appropriate role of academic economists and economists in the government administration vis-à-vis democratically elected politicians?*

The very fact that there is a debate on this in Finland shows how advanced democracy is in Finland. When, during the Eurozone crisis, the EU imposed 'technocratic' prime ministers Mario Monti and Lucas Papademos on Italy and Greece, respectively, there were only a few murmurs.



Economists are absolutely necessary for technical stuff, but they should not dictate the policy goals, which should be determined by democratic politics, however ‘irrational’ it may seem from some point of view. Saying that economists should also determine how the country should be run would be like saying that the plumber should dictate how the house is designed (six bathrooms, one living room, three sinks in the kitchen, etc.). Plumbing is absolutely important for hygienic and comfortable life, but that does not mean that plumbers should decide how to design and build the house—you need the architect, structural engineers, interior designers, and the resident-to-be to have a discussion and come up with the best house.

At least, when making these recommendations, economists should make it clear that these recommendations at least partly reflect their political and ethical views, rather than are totally disinterested scientific recommendations.

*There’s another question about the relationship between economists and other citizens on which I’d like to hear your view. You have said that it is very important that ordinary people understand some economics, and I believe many other economists would agree on that. But there are different and even conflicting reasons why one might wish the public to understand economics. Recent books like *Economics for the Common Good* by Jean Tirole (2017), and *How Economics Can Save the World* by Erik Angner (2023) seem to suggest that ordinary people should understand economics so that they wouldn’t dismiss economists’ clever and science-based policy proposals because of their ignorance. You, on the other hand, seem to suggest that people should be more educated in economics so that they would not accept economists’ advice without a pinch of salt—especially their recommendations for neoliberal policies. Is this the correct interpretation?*

Yes, it is the correct interpretation. As I’ve already said in relation to Tirole’s comment, this is basically totalitarian thinking. The only difference between this argument and various totalitarian regimes suppressing dissent among the population, both on the right and the left, seems to be that the latter are willing to use violence in doing so.

#### IV. ADVICE FOR YOUNG SCHOLARS

*Before we finish, do you have some advice for young economists who would like to have a broad-based understanding of the economy? Apparently, combining an economics major with a broad university education is not very easy because in economics degree programs mathematics and statistics take up all the time that is left after the economics courses.*

It is not easy, but it is possible. First, some determined and clever people manage to study economics more broadly even while doing a mainstream economics degree through self-study and cooperation with fellow students. For example, one of the leaders of the pluralist economics movement in Cambridge<sup>16</sup> was also one of the very top performers in his year.

Second, there are people who study economics in a pluralist way by doing degrees in non-mainstream departments, for example at SOAS or Leeds; in other social sciences that have economic components, such as geography, international relations, or development studies; or in interdisciplinary degrees, like economics and history, or economics and politics. Many of these people get jobs as economists in ‘real-world’ organisations and often very good ones, as I have talked about earlier with examples from my PhD students.

Third, even when you have done a mainstream degree and got a job on that basis, you can learn and incorporate non-mainstream economics into your job. For example, there are pluralist economics groups consisting of (mostly younger) economists in the UK Government Economic Services or Bank of England.

*Doing a career in economics, or in any other discipline, is arguably easier if one “plays by the rules”. That is, one can more easily publish in highly regarded journals if one sticks to mainstream theories, methods, and approaches. Can young economists afford to have a critical attitude towards the mainstream views of their discipline?*

In the economics profession, and indeed in any other profession, it is safer to play by the rules. So, if you want to be an academic economist, in most countries you have to publish in mainstream journals at least until you earn a tenure, whatever your ‘true’ view is on economics. Although in a few countries, like Brazil, Turkey, and Japan, the situation is a bit

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<sup>16</sup> CSEP–Cambridge Society for Economic Pluralism.

different. However, you can incorporate at least some ideas from non-neoclassical economics, if not their full methodologies in your research. For example, I have a PhD student who incorporated Fred Hirsch's idea of positional goods into the study of inequality and got published in mainstream journals.

Of course, once you start doing research in a way that is acceptable to the mainstream, it becomes difficult to do different types of research. But, even then, you can at least teach your students in a broader way—or collaborate with non-mainstream economists to do research in a less neoclassical way.

Also, there are many places where you can work as an academic economist outside the mainstream economics departments. There are pluralist economics departments, business schools, development studies, geography, international relations, and so on. Real-world organisations seeking economists' advice do not mind much that you don't technically belong to an economics department. And there are lots of non-academic jobs where they don't mind—sometimes even prefer—non-mainstream economists, as I have explained earlier.

Of course, in the long run, we have to change the rules of the profession, so that people with critical attitudes towards neoclassical economics can not only survive but flourish.

*How about your advice for young scholars who are in other disciplines than economics but still want to constructively interact with economists, maybe in the form of interdisciplinary cooperation and exchange of ideas and information, or in the form of fruitful criticism? Non-economists face the problem that the technical language of economists is difficult to understand, and still more difficult to speak. Yet conversation, be it critical or cooperative, requires enough common ground between the discussants.*

Unfortunately, these days collaboration between economists and non-economists often takes the form of non-economists providing interesting ideas, case examples, and so on, and economists packaging them in a way that is acceptable to mainstream economics. While this is not necessarily a bad thing, this kind of collaboration results in the 'powdered egg' problem I talked about earlier.

A more genuine collaboration would require both economists and non-economists understanding each other's language. This would involve some 'translation' from both sides. Often it is believed that the translation

problem is one-way, that is, non-economists not being able to understand the language of economics. In reality, the problem applies both ways—the fact that arguments are written in ‘words’ rather than maths in non-economics does not mean that these arguments are easier to understand for non-specialists. But I believe that with enough effort to mutually respectful translation, it is possible for economists and non-economists to collaborate in genuine and productive ways.

***Thank you for this advice and for the entire discussion. It has been extremely interesting and thought-provoking.***

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