

# I'm not an economist but...

I was at a conference just recently, a weekend working gathering of folk on the left, and drawn from a variety of intellectual backgrounds. Up for discussion was a wide range of political issues. Among other things we addressed changing notions of identity (national, ethnic, personal), the challenges of the emerging forms of technological and organisational change, the form of politics embodied in 'the third way'... and we discussed economic issues.

Most people took part in most discussions. Economists, those who were interested, felt quite able to join in a debate on 'cool Britannia', for instance. Yet in the discussions of 'the economy' most of those who had the courage to intervene, but who did not have formal economics training, felt it necessary to preface their remarks by an apology, or perhaps it was an explanation for the potentially uninformed nature of the question which was to follow : 'I'm not an economist but I'd just like to ask ...'

It seems to me that it is the brief of a journal like *Soundings* to open up to question some of the things that political discussions often take for granted. I would argue that the status and nature of economics is one of those things.

Way back in the dark days after Margaret Thatcher's first election victory Keith Joseph, then in his pomp as Secretary for Education, prompted a change of name for one of the country's leading grant-giving bodies, whose function was to fund social and economic research. It had until then been quite happily known as the Social Science Research Council. Sir Keith, however, believed this nomenclature seriously to misrepresent the situation, and after debate and counter-argument, the name was changed to the Economic and Social Research

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Council. Two highly significant points were being made in this change. First, that most of these 'social' disciplines were not 'sciences' at all (and this was a point about quality and status; it was not being argued that 'social' disciplines were a different form of knowledge from, say, natural or physical sciences but of equal status; what was being argued was that they were inferior: they had not made the grade as proper sciences). Second, it was being argued that 'economics' had to be distinguished from this mushy social stuff. It is not explicit in the new title, but it is very definitely implicit that unlike the rest of the social sciences economics really is 'scientific'. The Economic and Social Research Council. The economic and the social were separated.<sup>1</sup>

**N**ow, this is a separation which cuts both ways. Not only does it, in Sir Keith's view of the world, relegate the study of the social to the outer darkness of non-science; it also removes from the idea of 'the economic' any notion that the economy is a social process too (and not, for instance a machine, or a law of nature). The effects on our understanding of both the 'social' and the 'economic' are disastrous.

And it seems to me now, as I reflect upon the goings-on at that recent conference, that in large parts of the left we have absorbed, and still cannot quite shake off, that same way of thinking.

#### **Like the force of gravity?**

To say that the economy is not a machine, nor the workings of the market equivalent to a force of nature, may seem to be stating the self-evident. Yet only recently Bill Clinton (and as we shall see the opinion is by no means confined to him) delivered himself of the observation that we can no more resist the current forces of economic globalisation (meant here in the narrow sense of the pressures towards free trade) than we can resist the force of gravity. Social processes are equated with 'laws of nature'. On the one hand, and perhaps more than anything for the sake of mischievousness, one might point out that this is a man who spends a good deal of his life flying about in aeroplanes, thus in this and other ways quite effectively resisting the force of gravity. On the other hand, and more seriously, this proposition was delivered to us by a man

1. They were separated in the title, that is. The ESRC in its actual practice, continues also to fund research which recognises the connections.

who has spent much of his recent career precisely trying to protect and promote this law of nature which is neo-liberal globalisation (his promotion of GATT, his support for the World Trade Organisation, his desire to speed up the signing and implementation of NAFTA). As far as I am aware, the law of gravity itself does not require politicians either to argue for it or to implement it.

And if (some) politicians think the economy (by which they mean the market, and the capitalist economy) is like a force of nature, some economists think it is like a machine. Alone among the sciences (both 'social' and 'natural') economics relies for its claims to scientific status on its likeness to nineteenth-century Newtonian mechanics. It is this which it takes as the basis of its claim to scientificity. This is in spite of the fact that it is now widely acknowledged that this is a false claim, that much of physics itself is no longer like that. Yet the claim is still made and still widely accepted.

This is, of course, already being challenged and perhaps most particularly by many an economist. The 'economics' to which I have been referring is perhaps better specified as a particular form of Anglo-Saxon neo-classical/neo-liberal economics; but there are many other approaches. The article by Sean Gray in this issue gives some intimation of debates within the discipline. The model is constantly challenged within its home discipline: it would be good to see an awareness of that challenge extend to the political arena.

### **Consequences**

For the consequences in politics of having imbibed this way of thinking are considerable - and fundamental to political debate (and a kind of political impasse) at the moment.

First, and most obviously, it leads to the assumption that there is nothing we can do about the nature of the workings of the economy, whether internationally or through national economic policy. Clinton's invocation of the law of gravity may be an extreme formulation, but the general acceptance of the laws of the market (and hence of global finance, multinational corporations, and so forth), both as inevitable and as the only possible forms of economic mechanism, is fundamental to the whole structure of 'third way' politics. 'The economy' is taken as given. 'It' is doing things to which we must perforce adapt. There is no possibility, on this view of the world, of intervening in or moulding the character of the operation of the economy itself. This is evident in third

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way politics even at their most interventionist. Tony Blair's autumn thoughts on restraining the excesses of the international finance system were prefaced by the thought that we should not try to stop it doing what it is doing; we should merely try to prevent its perceived excesses. The excesses which are perceived, of course, are those which threaten to rock the boat of the big western economies and multinational capital. Excesses such as dramatically increasing global inequality, or the continuing desperation of mass malnutrition and lack of the most basic services are, from this vantage point, imperceptible. Within the country, too, New Labour operates largely by letting the economy do its thing and then correcting at the margins for its negative results. There is little attempt (though there is some - the minimum wage might come into this category) to prevent the generation of inequality in the first place. It is as though there were only one possible form of economic growth. And yet we know that there have been periods in which economic growth has taken place without producing the alarming inequalities which are so characteristic of today. Fundamentally, what is going on here is the autonomisation of the economic - the exclusion from political debate of the basic workings of the economy.

**S** econd, this way of thinking of the economy as a perfectible machine is tied up with the idea that it is devoid of cultural or social content. It is this kind of view which underlies the breathtaking presumption that one can march, armed only with a formulaic model, into a country with the massive and deep social and cultural geography of Russia, and expect it to 'work'. (And then of course to blame Russia, rather than the presumption, for its self-evident failure.) It is this way of thinking which has provoked disagreements, for instance between Japan and the USA, within bodies such as the World Bank. It is this kind of scathing assumption that there is only one form, even of capitalism, which leads to the reduction of cultural variation to racist epithets such as 'cronyism'.

'The economy' itself is fully social and cultural. It has social and cultural causes and dimensions as well as outcomes. Economic pronouncements are not pronouncements of some indisputable 'truth' but discourses like anything else, and fully analysable and disputable as such. We may have shed demands for the nationalisation of the commanding heights and so forth, but that doesn't mean there is only one way to run an economy. It is high time the economic was brought back within the realm of the politically contestable.

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