

Review of Robert Skidelsky's *What's Wrong With Economics?: A Primer for the Perplexed*. New Haven, CT and London: Yale University Press, 2020, ix + 248 pp.

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Robert Skidelsky's 2020 book, *What's Wrong With Economics?: A Primer for the Perplexed*, is clearly a guide for the curious student. More subtly, however, it can be read as a call to action for economic methodologists and philosophers of economics to expand their research agendas. To expand our research agendas along Skidelsky's line would not only be for the benefit of economists-to-be but would improve the economics profession as a whole which spans far and wide—from academia to the public sphere to the private sector.

Skidelsky is best known for his three-volume series¹ on the life and work of John Maynard Keynes. Nevertheless, aside from a brief mention in the introduction and the two concluding chapters, the book rarely relies on Skidelsky's knowledge of Keynes, instead flexing his broad knowledge of the history of economics and economic methodology. The book is a broad and pluralist exploration of the many facets of economics for the curious, albeit concerned, economics student.

The book undoubtedly takes a broad approach to illuminating the potential for a pluralist and interdisciplinary economics. This is a strength of the book, especially for students, as each reader can find at least one, if not multiple, topic(s) to pique their interest and lay a foundation for further research and exploration. But, when reading through the whole book, this broad approach can create a slow and monotonous overview for those who are more familiar with these topics, likely the readers of the *EJPE*. Nonetheless, philosophers of economics and economic methodologists can find some value in chapters 13 and 14 where Skidelsky lays out the ontological and epistemological basis for his vision of economics.

¹ This was first published as Skidelsky (1983, 1992, 2000), and then compiled and abridged into a one-volume edition as Skidelsky (2003).

This review has a two-fold aim: first, we summarise what curious students and outsiders can expect to gain from this book; and second, we consider what additional value the book holds for philosophers of economics.

I. FOR STUDENTS

Skidelsky shows great empathy to students of economics by (1) allowing them to question the heavyweight concepts of mainstream economics—its mascots, so to say—which they have not had the chance to challenge, and (2) unravelling the hopes and dreams they may hold for the discipline they chose to dedicate their academic life to.

Cleverly, the pace and flow of the book mimics the trajectory of learning an economics' student likely faces in their studies. In chapters 2–5, Skidelsky walks the reader through the basics of economics but diverges from the standard textbook approach by also presenting normative ideas from methodological and historical perspectives. Skidelsky starts chapter 2 by describing supply and demand through wants and means, continues to economic growth in chapter 3, and equilibrium and shocks in chapter 4. In chapter 5, Skidelsky finishes this primer by exploring modelling with a particular emphasis on (i) the role of ideology, similar to Backhouse (2010), (ii) the place of rhetoric in economics, by exploring McCloskey (1998), and (iii) addressing the age-old question: *Is economics a science?* Skidelsky concludes that it is exactly because economics is *not* a science that it needs to learn from other disciplines. This sets him up for the next part of the book.

In chapters 6–12, Skidelsky explores the added value for economics outside the discipline itself. Like chapters 2–5, which mimic an economics curriculum, Skidelsky starts in chapter 6 with psychology, and thus behavioural economics, which is likely familiar to young students in economics. From chapter 7 onwards, Skidelsky ventures further out. He takes the reader off the island of economics completely, and with each chapter, ventures from psychology to sociology (chapter 7), institutionalism (chapter 8), political science (chapter 9), the history of economic thought (chapter 10), economic history (chapter 11), and even philosophy through ethics (chapter 12). In each, the reader is told what valuable resources they can learn from each discipline to take back to economics. For example, from psychology, they learn to challenge rationality; from political science, the need to understand the role of power; from sociology, how to question individualism with an introduction to methodological holism.

Along with introducing new topics, Skidelsky's venture to each different disciplinary island challenges the common mascots of economics. By mascot we mean the ideas which represent the core of mainstream economics. Rather than take these mascots at face value, Skidelsky helps the reader understand the core of the ideas and how they can be challenged. These mascots of the mainstream include concepts such as shocks, models, and rationality. Skidelsky walks the student through each of these mascots using insights from other disciplines. Skidelsky allows and encourages the reader to question these concepts and opens points of curiosity that a mainstream economics teaching may not allow.

Aside from recognizing students' curiosity around concepts in mainstream economics, Skidelsky strikes a chord with the unlikely but ever-relevant emotional tie students may feel when studying economics. This may seem counterintuitive. Why are students emotional about a field that is largely reliant on rationality? The reason is many students were sold on the idea that economics can do something for the world (something Skidelsky remarks on in the opening line of the preface): That it is a discipline which has the power and the tools to help people and society. Many students come to economics and become invested in the discipline with the hope of solving the problems our generation currently faces, such as climate change, inequality, stagnation, and automation, to name a few (147). These are problems and concerns that mainstream economics has not been the best at providing solutions for. Skidelsky captures the sentiment well when he calls upon the reader saying, "current dissenters from established opinion need not feel lonely" (147). At 83 years old, Skidelsky recognizes these emotions in young students better than many younger, mid-generation economists who fail to see the problems of the paradigm they have inherited.

II. FOR PHILOSOPHERS OF ECONOMICS AND ECONOMIC METHODOLOGISTS

First off, readers of the *EJPE* will be pleased by Skidelsky's ability to put his motto of interdisciplinarity into practice, which he explores in chapters 6-12. He engages with the giants, on which philosophers and methodologists of economics stand, including Rawls, Nozick, Sen, List, Arrow, Lakatos, and Kuhn. Skidelsky even engages with current and core practitioners in our field, including Hodgson, McCloskey, Angner, Blaug, Cartwright, and Davis. As mentioned, most interesting to the *EJPE* reader are the last two chapters, where Skidelsky brings together his overarching critiques of the economics discipline:

The two main problems we have identified in this book are related: insufficient generality of premises (epistemology) and lack of institutional mapping (ontology). We need a science which is more modest in its epistemology and richer in its ontology. (187)

In the penultimate chapter, Skidelsky identifies these two threads that have been running through the whole book. If most of the book is a great primer for students and outsiders, chapter thirteen—titled *Retreat from Omniscience*—is the part that offers most concrete insights for the philosophers of economics.

The first—epistemological—thread asks us to consider the insufficient generality of the foundational premises of mainstream economics, drawing out in particular how economics prizes utility maximisation. This premise constitutes the starting point of most, if not all, economists in the mainstream. To substantiate this epistemological problem, Skidelsky shows us his Keynesian blood and his decades of academic work on the venerable economist. The epistemological modesty Skidelsky asks of economics lies in the distinction between risk and uncertainty, something Keynes explores in chapter 12 of his *General Theory* (1936). Incorporating this Keynesian (as opposed to Knightian) distinction would entail that, rather than focus on utility maximisation under certain conditions, economics would instead model human behaviour under different conditions of knowledge, which may have varying levels of uncertainty. This move towards a Keynesian theory of rationality gives us a way to accept that which we cannot know and also that which we cannot represent formally.

The ontological—and dare we say deeper, though less obvious—thread points to economics' lack of institutional mapping. Here Skidelsky says that a return to Keynes' "underdeveloped" ontology would be insufficient (185). Mainstream economics' 'map' of the world is populated only by individuals; no groups or institutions make it on the map in any substantial way. In its methodologically individualist ways, economics does not capture influential forces in the economy: those of ideas, technology, community-membership, history, power, etc. Currently, the map shows the micro-level of individuals, and perhaps firms, and the macro-level of government. However, it misses a whole level, namely the *mesoeconomic* level, which is composed of many intermediary institutions linked by intricate social networks.

Taking the book's subtitle—*a primer for the perplexed*—seriously, we ought to ask, *what next?* We do not know if Skidelsky took inspiration from E.F. Schumacher's (1995) *A Guide for the Perplexed*, but the titles and the sentiment of dissatisfaction with the 'maps' the mainstream provides us with bear an eerie resemblance. There is no doubt that when Skidelsky takes his reader off the island of economics to gather insights from other disciplines, he is not only asking the reader to bring the insights back to the lonely island but to use them to move the island closer to the mainland of the social sciences. Skidelsky asks us to consider the epistemological and ontological threads together in the following way: to move economics to the 'goldilocks zone', which is achieved by moving towards holism and inductivism at the same time (see figure 8, reproduced below).

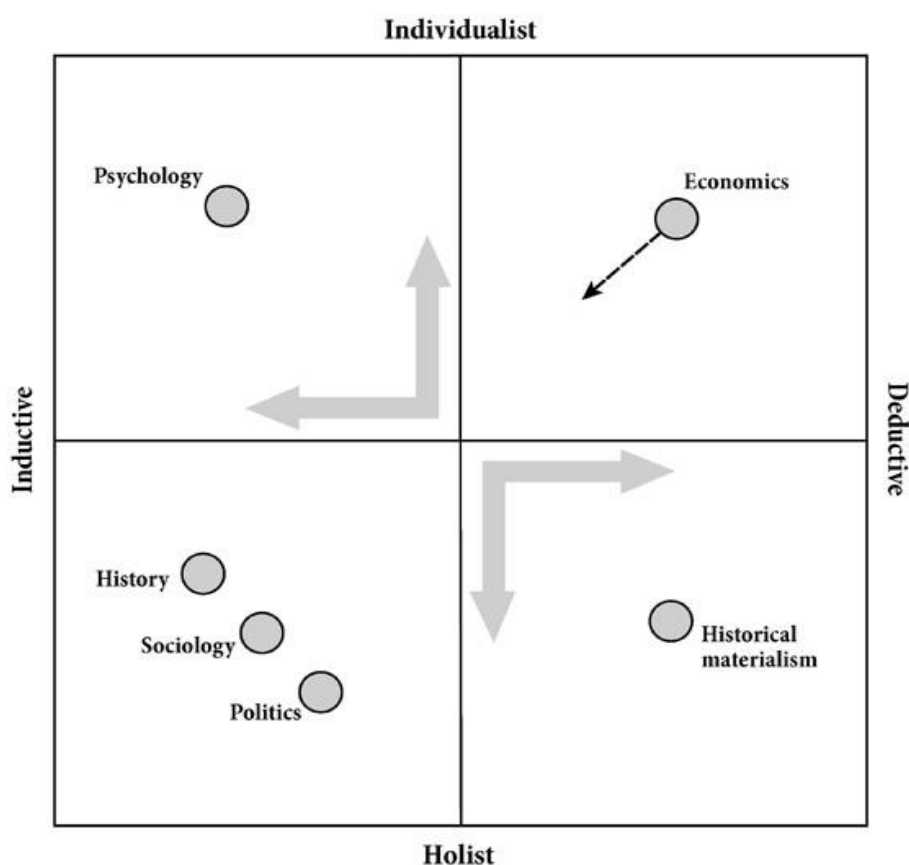


Figure 8: Different Approaches to Understanding (Skidelsky 2020, 188)

Herein lies the crux for philosophers of economics. These two dimensions should be understood as paths for change. Moving along the quadrant may lead to more resistance than Skidelsky seems to give room for. In

fact, it raises the question of whether student dissatisfaction is enough to move economics towards this 'goldilocks zone'. In the worst-case scenario, we could see a large, disruptive crisis to the real economic system leading the economics profession to the path of reflection it sorely needs. But is there a better way? Perhaps, if philosophers and methodologists of economics rise up to the challenge presented in this book and set the research agenda of their field to transform the discipline of economics. If they do not, then what is the point of the philosophy of economics?

III. CONCLUDING REMARKS

For students, this book is a staple for trying to quench curiosity and a great bridge from a bachelor's in standard economics to economic methodology and the philosophy of economics. For those unaware of the philosophy of economics and economic methodology, Skidelsky eases the reader into the main concepts.

For existing practitioners in economic methodology and the philosophy of economics, while the book may prove slow at times, it is nonetheless pertinent. In the final chapters, we read Skidelsky's book as laying down the challenges that economists and philosophers face to shift the mapping of economics. Skidelsky is asking for a research agenda around the philosophy of *pluralist* economics where some argue current philosophy of economics can be seen as the philosophy of *mainstream* economics (Hands 2015; Mireles-Flores and Nagatsu 2022). If economic methodologists are to take Skidelsky's call to action seriously, they need to expand their research agenda outside the bounds of mainstream economics to truly challenge the existing paradigm.

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