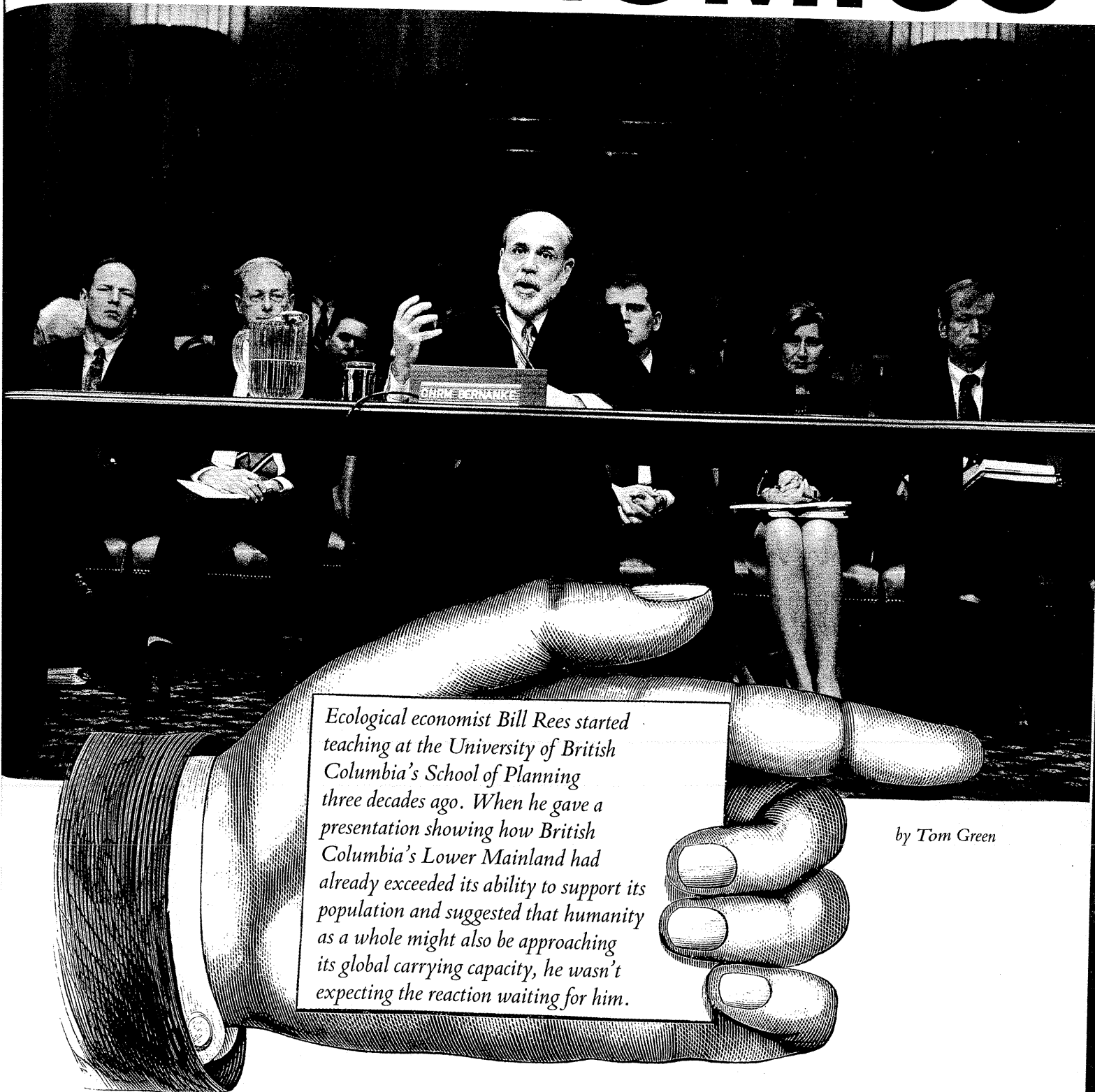


THOUGHT CONTROL IN ECONOMICS

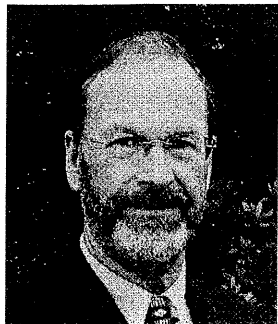


Ecological economist Bill Rees started teaching at the University of British Columbia's School of Planning three decades ago. When he gave a presentation showing how British Columbia's Lower Mainland had already exceeded its ability to support its population and suggested that humanity as a whole might also be approaching its global carrying capacity, he wasn't expecting the reaction waiting for him.

by Tom Green



One of UBC and Canada's best-known economists told him, in the most collegial way, history had proved Rees wrong and that carrying capacity was irrelevant.



Bill Rees

"He told me economists had all but abolished the concept of limits to growth and that if I persisted in this line of research my academic career at UBC would be 'nasty, brutish and short,'" Rees recounts to me as we sit in a campus coffee shop. "Ironically, that was the stimulus that led me to come up with the ecological footprint concept."

Rees has garnered rock star status for his role in inventing the Ecological Footprint Analysis – a measure of human demand on the Earth's ecosystems and natural resources. His theory has become instrumental in helping people rethink their impact on the Earth and his lectures are in such demand that he has little time for a personal life. But Rees has no intention of slowing down while humanity remains on a collision course with nature.

"Until society realizes that the flawed, growth-oriented neoclassical lens it has been using to guide economic decisions distorts reality and is leading to an ecological disaster, I am not very optimistic about humanity's long-term prospects," he confides.

But after three decades of questioning whether the world can continue to support our consumption habits, Rees has had trouble convincing his colleagues in economics that their economic model needs an overhaul.

"Over the years, a number of students made their way over from the economics department to take my graduate course in ecological economics," he says. "Then they stopped coming. I didn't think about it much but a couple of years back I bumped into a former student who told me, 'You know, the economics department will not allow



credit for your course. They don't consider it real economics.'"

What Rees tells me fits with what I've learned through informal discussions with students from different universities. When I explain to them that my research involves investigating what is taught in introductory economics courses, there is a very common reaction that starts with a grimace or a groan.

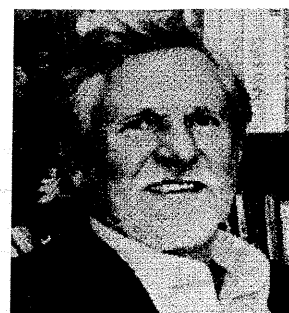
"I had to take first-year micro- and macroeconomics for my degree in International Development," explains University of Calgary student Alexis Crabtree. "Even though I took them with one of the most popular profs at the university, a guy who always won undergraduate teaching awards, I hated them. I found them so far removed from real life, and it seemed like the only thing economics was good for was to argue against my political views. For me, there were other considerations beyond shifting supply and demand curves, like social justice, but there was absolutely no discussion in class about those kinds of issues."

The news these days is full of stories that show how the global economy is becoming more vulnerable to environmental change caused by humans. The fear of climate change has led to subsidies for biofuels, which has resulted in grain shortages, soaring prices, hunger and riots. The price of gas suggests peak oil is upon us, promising many years of difficult and expensive transition for our gluttonous and polluting economies. And although people like Rees have invented new tools for understanding what happens when the economy presses against ecological limits, it seems that on university campuses only the mainstream, limits-denying school of economic thought has the official stamp of approval. The big issues of our era – and the theories that might help explain them – are not being discussed in economics lectures.

I decided to check in with some leading dissident economists to find out why mainstream economics had such a monopoly on our economic thinking.

Robert Nelson has all the accreditations expected of a mainstream economist and as a libertarian, he's no bleeding heart liberal. But in a career-limiting move, he became intrigued by the parallels between reli-

gious and economic beliefs, writing a couple of books on the theme. Since those books were published, he's no longer welcome at the party. As he puts it, there's an "orthodoxy of what's permissible" – step beyond that boundary and your colleagues stop inviting you to seminars and cut you off from publishing in the profession's leading journals.



Robert Nelson

"From the point of view of most economists," he acknowledges, "I don't do economics."

John Davies is a well-regarded historian of recent economic thought who teaches at universities in Wisconsin and Amsterdam. He

agrees that economists who stray from the mainstream fold are being cut out of university positions, conference slots and the leading journals. One way the mainstream does this is by insisting that only "formal" economics has merit: economics based on highly abstract mathematical models. "If your work doesn't have a formal character, then you're excluded," he explains, "but I think

John Davies

most heterodox economists would argue that this

is really a way of disciplining views that are unacceptable or critical of standard approaches."

Despite her interest in feminist economics, Julie Nelson's publication record is so impressive that she qualified for tenure at one of the top 30 US university economics departments. But she's disheartened by the state of mainstream theory. "We feminist economists have been assiduously ignored," she says of her neoclassical peers. "Really no one has tried to engage in any serious way with the feminist critique in terms of, 'We need to re-examine our assumptions.' Very little of that is going on."

These accounts are symptoms of a pervasive system of thought control in economics. But no one knows more about how unwelcome ideas are kept from being expressed in economics departments and tainting the minds of curious students than Fred Lee, a professor at the University of Missouri-Kansas City. He has documented over a hundred

cases where economists who wouldn't drink the neoclassical Kool-Aid got pushed aside — a problem that began over a century ago when the working classes started to teach themselves Marxist theory.

"The leading economists of the day feared that if workers understood Marxist theory, the working class would realize how badly they were being exploited," he says. "Fearing this might lead to revolutionary fervor, economists sought to recast economic theory to neutralize the



Julie Nelson

Marxist critique. They limited their neoclassical theory to looking at innocuous issues such as how prices change. They also sought to prove

that everyone gets paid exactly in accordance with their net contribution to society,

implying that workers aren't exploited and that is no basis for workers to claim a fairer share of the pie."

Listening to Lee was making me realize that there is a time-honored tradition in economics of avoiding questions about who gets the wealth, who benefits and who loses with different economic policies. But there have been times when it was possible to explore other schools of thought.

Mainstream control over economics was further consolidated during the hysteria of McCarthyism in the 1950s. By the 1960s US universities had been thoroughly cleansed of dissident economists. But this ultimately undermined the discipline's credibility. With the civil rights movement highlighting injustice in America, protests against the Vietnam War spreading across campuses, independence movements gaining strength in Africa and growing signs of an environmental crisis, the mainstream economics taught in lecture halls seemed stale and irrelevant to the commotion outside the classroom windows. Students took matters into their own hands and organized unofficial study groups in alternative theories of economics. In 1970, Lee himself discovered the vast literature written by heretical economists.

Eventually, universities ended up infected with economists who were openly critical of mainstream economics — those same self-taught students who had studied outside the accepted canon and had gone on to get graduate



Fred Lee



degrees and teaching positions. "For a brief time, many departments were tolerating a couple of dissident economists on staff," Lee

reminisces, "but with the surge of neoliberalism in the 1980s, those who asked the bigger questions were once again being ostracized, demoted and expelled from universities. In the last decade, the mainstream professional associations have convinced state funding bodies in the UK, elsewhere in Europe, Australia and New Zealand that other schools of economic thought should not qualify for research funds."

I ask Lee if economists get the teaching positions and the research money because, as they argue, they've got the better theory – in effect, the better mousetrap – while the economists with other perspectives have theories that don't work?

"The mainstream economists don't have the better mousetrap," insists Lee. "Much neoclassical theory has zero value in explaining any socially relevant economic problems – in many ways, like creationist theory, it fails to offer more than superficial explanations for most of what we observe in the world."

Perhaps Lee has seen too many witch-hunts against economists who stray from the neoclassical song sheet and now sees the dark shadow of suppression everywhere. After all, there might be less sinister explanations as to why only variations on the same old simplistic theory can be taught, and taught so uncritically. David Colander, who is rare among economists for being accepted in both alternative and mainstream camps, suggests that much of the perpetuation of mainstream economics is simply the result of intellectual laziness.

"It's easier to teach what you've always taught, a model that's been passed down from father to son again and again," says Colander. "Economists have nice jobs, they're at the center of society, they get to travel around the world, they have prestige, and why would you open up a can of worms if you could avoid it?"

I go back to Lee and ask him if there are other factors, beyond trying to defend the status quo, that would explain why professors discourage deeper questioning from students. Why are they not willing to introduce competing economic theories so students can make up their own minds?

"The fact that CEOs earn millions while their workers struggle by on minimum wages is either not examined in classrooms or is shown by the mainstream model to be completely consistent with properly working markets and to be leading to the best of all possible worlds," says Lee. "This of course makes most of the students who are concerned by such issues switch to other disciplines because they find economics pointless for what they want to know and do. So generally only the unquestioning students go on



to get a PhD and become professors with views just like the professors that taught them."

At first, these conversations leave me disheartened. Here we are, in full planetary emergency, a time when we need new young graduates with a realistic understanding of what is wrong with the world, with skills that will help humanity chart a new course. And what do economics departments aspire to churn out? Individuals trained to not recognize symptoms of impending collapse, trained to ignore appalling inequality, trained to celebrate profligate waste, trained to be closed-minded and unwilling to engage with different disciplines.

But there are signs that suggest that the era of thought control in economics is coming to an end. Complex systems theory tells us that just when a system seems most entrenched and stable, accumulating tensions eventually lead to rapid change, reorganizing the system. The tensions pulling at the mainstream discipline are growing. A number of the recent Nobel prizes in economics have been awarded for research that is beginning to pry open the mainstream model. Dissident economists are getting organized, holding conferences, winning prizes, publishing journals and attracting a new wave of students. Once again, mainstream courses are losing credibility with students as the toy economic models they play with in class grow more and more divorced from the alarming view outside the classroom window. Professors in other faculties are challenging economists for misunderstanding and misapplying knowledge borrowed from psychology, biology and physics. A growing body of research into happiness, much of it by economists, shows that following many of the policies promoted by mainstream economists is a pretty good recipe for minimizing happiness in this corner of the universe. A cadre of rebellious young economists, with their freshly-minted PhDs in hand, are unwilling to spend the next three decades of their lives within the approved confines of the neoclassical economics playpen.

Noted economist John Kenneth Galbraith once observed that ideas are eventually undermined by "the massive onslaught of circumstances with which they cannot contend." The system of thought control in economics is no longer able to delay humanity's awakening to the onslaught of news showing that we are breaching our planet's limits. And with limits acknowledged, we will be able to abandon the misguided pursuit of growth that demands no-holds-barred exploitation of people and the planet. We can draw on ideas long pushed to the margins to build a better world – a world with less strife, more laughter and more modest footprints.





Thought Control In Economics Textbooks

Readers of past issues of this magazine will know that we've been trying to get Gregory Mankiw, the Harvard economist and best-selling Econ 101 textbook author and advisor to George W. Bush to answer some questions. Since the last issue came off the presses, we again offered him the space in *Adbusters* to answer criticisms that have been made of his textbook, both by ecological economists and students who've had to use his textbook. Mankiw replied that he was too busy. To reduce his workload, we offered to do a ten minute interview – surely he could fit that in his admittedly busy schedule of teaching and writing on the magic of the market – but he said he would “pass.”

Adbusters believes the students who are raising questions about Mankiw's textbook deserve answers. And students need to know that the content they are being taught is sound and does not contradict knowledge from other disciplines. Right now, they've got many reasons to doubt that they are learning rather than being indoctrinated, what with the criticisms by French economist Gilles Raveaud (formerly one of Mankiw's teaching fellows) that we printed three issues ago, and the four questions posed about the viability of Mankiw's growth-obsessed model two issues ago.

For now, we are left with the uncomfortable impression that Mankiw doesn't want to face his critics because he

doesn't have good answers to offer. If that is the case, what he owes his students is a dramatically revised textbook. A textbook that begins with a new set of principles:

- ☞ The economy is a subset of the environment.
- ☞ Humans are dependent upon the state of the environment and if they degrade it, they degrade their future prospects.
- ☞ Natural resources are being rapidly depleted by current levels of consumption in the rich world, while the resulting pollution overwhelms natural systems.
- ☞ Under “free markets” – corporations powered by greed left to do as they will in a world of weak government regulations – resources are rapidly used up and the environment is quickly degraded.
- ☞ Once basic needs are met, further economic growth does little to increase human happiness.

For now, we invite students to keep their questions rolling in. Or take it to another level – how about making a video that challenges Mankiw to defend his textbook or that exposes its weaknesses? See the following story for one student's inspiring effort to open up economics to a competition of ideas.

A Textbook Insurgency

We sit around three clusters of whirring computers, watching our high school teacher read the lecture notes prepared from Harvard University professor Gregory Mankiw's textbook, *The Principles of Economics*. "Trade always makes all participants better off," he says. I glance at a friend across the room. We both know something is not right about this.

After class I talk with my friend about the economic evangelism we just experienced, the self-righteous dogma of the richest country in the world. Is this why we're rich? Is the key to prosperity really as simple as "higher productivity?" Why haven't the words "colonization" or "sweat shops" been brought up?

The next day I ask my teacher, "Don't we have to take into account natural resources? Isn't that the key to why some countries are richer than others – because they control the resources of other countries? And why does Mankiw's book assume these resources continue indefinitely?"

My teacher mumbles in circles, avoiding any answers – the lecture notes forget to justify the unequal allocation of resources. He returns to the book's PowerPoint presentation, insisting that the root cause of prosperity is productivity. After all, there is a chart that confirms this. 'Look, the USA has the highest productivity. Poor Africa, it's so unproductive.'

There is a certain seductive simplicity to Mankiw's economic fantasies. Perhaps this is why his textbook is used across the world. Still, my classmates and I prefer the truth. A few of us talk together after class. We can't understand why our teacher clings so desperately to Mankiw's doctrine, which says there's a clear tradeoff between equity and efficiency. Insist on equity, he wants us to believe, and nothing will work. Is this a study of how markets work, or just bible study for capitalism?

I decide that if our teacher will not point out and discuss Mankiw's shortcomings, I will have to take things into my own hands. I grab an article from *Adbusters* magazine called, 'Neocon Indoctrination the Mankiw Way,' and try to look as inconspicuous as possible while the school's copy machine churns out 15 copies of the essay.

Outside of class, I hand them out to my classmates. Later a friend and I cut out alphabet letters from magazines and paste them onto a copy of the article, spelling out, stalker-style, "Dear Mr. Totten: please enjoy this shocking document." We place it in his box at school.

The article fails to get the response we hoped. "I just skimmed it," our teacher tells us. "I don't read meaningless stuff." Try again.

Perhaps he'll respond better to an indirect attack on his gospel of economics. I photocopy an article from *Harper's* that calls for a new economic worldview – one that focuses on sustainability over growth. I distribute it to my classmates as well as my teacher, this time by hand. He eats it up. "This is exactly what I have been looking for," he says. "It addresses a lot of the issues I have been thinking about lately. Thank you." He even tells the rest of the class about it, recommending they read it. But when the lectures resume, nothing changes. He reverts to Mankiw's script.

Well, almost nothing changes. My teacher preaches the same old theories, but now he prefaces the most nonsensical points with the claim that we must simply accept them in order to pass the college placement test. What can we do?

Meanwhile, there's a letter from Harvard University: I have been accepted. I ask my teacher if there's anything he'd like me to pass on to Mankiw if I bump into him in the halls of Harvard. "Thank him for me, for making a textbook that explains everything so clearly," he says.

But if I run into Mankiw next fall, I have a few questions I'd like to ask him first: Why does his textbook refuse to admit that it has a point of view? What social purpose does he think is served by the stock market?

If he fails to respond adequately to my questions or the ones *Adbusters* has posed to him in previous issues, he'll hear some tough words from me about how the 'truth,' and not 'trade,' always makes participants better off.

Jasper Henderson is a senior at Fort Bragg High School in Fort Bragg, California. He will be attending Harvard next fall.

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THOUGHT CONTROL IN ECONOMICS

Why are you here in this economics department? The world has enough neoclassical drones. Supply – Demand – Grow. Economics doesn't want your input – it wants your soul. Yours is just another body to throw on the pyre of consumption. Stand up for yourself. Stand up for the world. Question the model. Question the math. Question everything.

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