

From Weakness To Strength:
A Review of Dani Rodrik's "Economics Rules: The Rights and Wrongs of the Dismal
Science"

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Economics is a controversial science facing with numerous criticisms regarding its methodology, scope and conclusions. In his recent book, Dani Rodrik clearly states some of the characteristics of economics, which make economics powerful. Consequently, he creates a reference book for economists, economics students as well as non-economists. Due to the way of economics education, students and even professors are not able to defend economics eloquently. I, as an economics student, became able to look at models and methods of the field in a new way after reading this book. My aim in this paper is to explain what our education lacks in and how this book tries to fill these gaps. Initially, I would state the narrow point of view acquired by education, then I would try to explain how the components not described in detail could be taught differently.

In my university, similar to many others, most of the students from different majors other than economics have to take introductory level courses in economics. These courses, however, are unilateral in the sense that they favor markets mostly. Economists go through a similar training, therefore, they act very much like a guild. Lack of pluralism, as mentioned in the book, is one of the most frequent criticisms of students. These courses require infusion of history, politics, sociology and psychology, in addition to unorthodox approaches. At this point, it would be proper to say that economics contains some aspects from other social sciences. Moreover, there are distinct schools of thought in this field, other than the ones pampering market forces. What matters is that, I could realize it when I have become a senior. Students who only take Econ 101 are not able to comprehend the diversity in approaches and areas of economics. Even though a professor only teaches the basic profit maximization model through free markets, she should also state that there are many other views and models supporting government intervention or even socialism, emphasizing the diversity of the field. The History of Economic Thought is a course given only to senior economics students at Bogazici University. I believe, however, it should be a required course for freshmen, revealing the variety of the assumptions and conclusions and how they have changed dramatically throughout the history. Incidentally, the book gives an introduction to several schools of thought supporting its claims.

In the first lecture of Econ 101, for example, professor opens a slide about the definition of economics and mentions about raw materials, labor, demand and supply, showing that economics is a set of values used in the mathematical equations. He or she remains too narrow, showing the models of which have similar conclusions. Moral or ethical considerations couldn't find a place in such models, which are based on perfectly rational profit maximizers. Additionally, most of the models might be excluding values, emotions, culture and history; however, there are new areas of this field emphasizing the importance of behavior and imperfections of human beings regarding profit maximization and rationality. These new frameworks hold best when consumers behave in ways that cannot be explained by extant models. Again, I would highly support that professors should give small teasers of different point of views regarding the field; otherwise, students would continue to believe that economics is rigid and not open to

change. Furthermore, economists should explicitly show the instances when and why the model fails or not.

Students who don't take advanced economics, justifiably, criticize economics being too ideological and theoretical. Being theoretical might not pose a problem if economics was not a social science about human behavior and choice under the influence of scarcity. It is not wrong that economists use simplification and idealization while creating their models, since they are requirements of a science. Nevertheless, it would be a mistake to rely solely on models in the absence of relevant data to force models. It would be better to use case-based reasoning by working with similarities between cases, rather than using rule-based reasoning. I strongly agree with Gilboa that economics can be better understood if it can be also viewed as a collection of cases.

As Dani Rodrik points out in his book, many economists believe the fact that economics is not a science arguing what "should" happen; rather, it is a science revealing what actually happens and how people behave under certain circumstances, excluding value and morals. As Rodrik states, economists turn a moral responsibility including equality or global warming into a cost-benefit calculation. On the contrary, economists should draw conclusions sourcing from richer paradigm of human behavior, other than market efficiency. Market option is not a general solution without acknowledging multiple considerations. And professors should give real life examples of the use of theoretic models, highlighting the fact that models are not able to give concrete answers about real-life problems since individuals have other factors to consider and they are not making rational decisions solely based on profit maximization.

Throughout our undergraduate education, we are taught numerous models with different controversial assumptions having similar conclusions, as mentioned above. Then we accepted it as one of the major weaknesses of economics. Nevertheless, we haven't had a clue that it is also what makes economics strong at the same time. Rodrik loves the models, claiming that the more is better since we would need a different model to shed light on what is going on in a different issue or setting. While we, as economics students, are learning new models, we are not aware of the fact that economics advances by expanding its library of models. It becomes confusing for us that unlikely to natural sciences, new models don't replace the old ones, or disprove in economics. Thus, before teaching models from the first day, it would be beneficial if professors would focus more on the methodology and philosophy of this field to prevent misunderstandings. Also, we complain that some academic papers are full of mathematics and equations. While defending economics, Rodrik supports the mathematical nature of the field since it brings clarity of meaning, and claims that subjects are more open to real life applications than expected. But it is contradictory that he criticizes macro models and time series regressions by averring that "No conclusions can come out from such models". As long as we can comprehend the logic behind the math, I believe, the use of equations strengthens our field.

Additionally, it should be noted that we are not well prepared to choose between models due to the fact that our professors only mention about "the model", the one that, they believe, gives the universal answers for almost all contexts, also as dictated by our curriculum. On the other hand, I would expect discussions regarding the reasons of why most of the economists believe in "the model", even though they are aware of small insights that economic models can achieve. The problem, it seems, is always the economists and their attitude in conducting their profession, never economics itself,

according to Rodrik. Yet, I would argue the fact that there might be something inherent about the discipline leading professors to be arrogant while answering the most complicated problems of the human beings. If economists conduct their research aiming to advance the discipline by accumulating the models explaining different phenomena, then they would be able to appreciate the beauty of the diversity of models. The point is not to reach a consensus about which model is right, but it is deciding the model which applies the best in that context. Choosing the “best fit” is a great challenge in the sense that it requires open-mindedness and empirical investigation. As circumstances change, a different model may become relevant, requiring the “verification” in the process of model selection.

It can be easily seen that this statements of Rodrik, are valuable contributions. It is questionable, however, that how economists seem so sure about their conclusions while it requires great amount of research and craft. It might be the case that popular economists who speak on the public area seem confident in their policy decisions, creating a misrepresentative perception for all professionals of the field. When popular economists who had to pretend considerably assured fail, they damage the credibility and reputation of economics, unfortunately. As Rodrik supports, many economists are not sure about their conclusions: “Economists who remain true to their discipline are necessarily humble”. It is written that in economics, we can talk about tendencies since each economic model focuses on one aspect of the real world then other aspects, being context-dependent. As we don't have general rules and theories to apply all contexts in real world, there is nothing untrue about being uncertain about the conclusions drawn by economists. Therefore, professors don't have to insist on particular models and approaches assertively to explain all aspects of real world. The magical words are “it depends”.

Before concluding, I would like mention about “Rethinking Economics”, a community I am also a part of. Our aim is to create an international network campaigning for improved economics education. Hopefully, we would have an impact on our field to incorporate disciplines within and outside of economics, to advance neglected but critical economics perspectives and methodologies as well as to promote humility and ethical practice in academia, as stated by the co- founder Yuan Yang.

The lesson that should be taken from the book is the importance of specific contexts for economics policies and models. Although Rodrik has minor contradictions with himself, Economics Rules is an excellent book in the sense that it promotes the diversity of economic models, highlighting the strength it adds to the field. There are a lot of insights to use while reshaping economics education. With the help of the economists like Dani Rodrik and communities similar to Rethinking Economics, there is no reason to presume that economics education would not be transformed for the better. It should be noted that the most important aspect for change is to question existing, biased curriculum and to make way for pluralism in the economic theories and methods presented to students, with the help of academicians.

References

Rodrik, Dani. *Economics Rules: The Rights and Wrongs of the Dismal Science*. New York: W. W. Norton & Company, 2015.