

# **Running Economics Down: Fact and Fantasy in the Presentation of Economists in the Media**

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## **Abstract**

The paper describes and appraises the campaign against economics that has been conducted through the Australian media since the beginning of the 1990s. This campaign has variously asserted that 'Economics insinuates selfishness; is an apology for the rule of wealth; is dominated by economic rationalism, is dogmatic and ideological'. The paper presents empirical evidence that many claims made by this campaign are false.

William Keith Hancock, 1930:

*Australians have always disliked scientific economics and (still more) scientific economists.*

## **INTRODUCTION**

Media denigration of economics in Australia is no great novelty.

Our present experts in the dismal science have fallen into disrepute with their fellow countrymen. It is said on the one hand that they have helped us get into our present fix and, on the other, that their bad advice to get us out of it is bad.

.... The irritation is felt in all sections of the community ... In its failure to revalue the pound during the past year, in piling on huge development programs ... and in now attempting to cool it off by instigating higher taxation, the economic policy of the Federal Govt has been a poor advertisement for its own economic advisers.

Thus spake an editorial of the *Australian Financial Review*, August 23 1951

But it is only since about 1990 that the Australian media has turned from occasional disparagement towards something that amounts to a campaign of denigration.

People have to be blind or totally isolated from society if they fail to realize that from the late 1980s especially, economists have hardly been the flavour of the month in the Australian media and have been condemned as either the bearers of bad tidings, or as midwives through wrong policy advice in inducing ...hardships ...”

*Peter Groenewegen (1994, p. 155)*

One may add, the campaign condemns economics, not only as midwives of hardship, but also on account of its supposed insinuation of selfishness, its supposed apologies for the demands of great wealth, its supposed ideological character, and its supposed economic rationalist tenets.

This stream of contempt has flowed copiously from the pre eminent organs of the media: including the *Australian Broadcasting Commission*, the *Sydney Morning Herald*, the *Australian Financial Review*, the *Australian's* "Higher Education Supplement", and the *Age*.

This paper is concerned to survey this campaign, and to evaluate the truthfulness of its principal assertions.

We begin by distinguishing the methods of the campaign.

### **THE MEDIA AS ACCESSORY**

There principal means by which the media campaign operates are two. They may be called, "media as accessory" and "media as accuser"

In "media as accessory", the media facilitates of a campaign against economics by elements in the broader public culture by disseminating, circulating and accommodating the anti-economics of non-media authors, typically academics. A good illustration of this facilitation occurred in 1991 when the media propelled into public consciousness *Economic Rationalism in Canberra*. The author of this work, the sociologist and anti-economist Michael Pusey, has gratefully recorded how the media performed this service:

When the book was finally launched on '7 September 1991, all the springs were coiled 'Kirsten Garrett's superb ABC "Background Briefing" Program (25 August 1991) coincided with the launch' ... Then Hugh Stretton's marvellous, full-page review article in the *Australian* on 11 September 1991 really got it going in an ideally favourable way. [with] "about 50 radio interviews ... about 23 'dedicated' articles in the metropolitan press; five parliamentary hearings; and wide magazine and journal coverage... Clearly the media attention was quite decisive in every stage.

Pusey, 1993, p. 384

### Australian Broadcasting Commission

The principal media accessory of the campaign against economics is the Australian Broadcasting Corporation. Its highlight public event, the Boyer Lecture, has three times be bestowed on anti-economists; Eva Cox in 1995, Tom Fitzgerald in 1990, and Hugh Stretton in 1974.

Eva Cox's 1995 Boyer Lectures, *A Truly Civil Society*, turned on the contention that economically rationally man will "destroy society". Eva Cox has, in fact, spoken in *two* Boyer Lectures, as she spoke at length in the sixth session of the 1985 Boyer Lectures, of which more, later. The flavour of title of Tom Fitzgerald's Boyer Lectures of 1990 are well indicated by it title: *Between Life and Economics*.

Hugh Stretton was anti-economist well before the current wave of fury against economics. He is liberally thanked by Thomas Balogh in the forward to his *The Irrelevance of Conventional Economics* (1982), for his collaboration in the preparation of that book's final draft<sup>1</sup>. Throughout the 1990s Hugh Stretton was a frequent skirmisher with Economic Rationalism, which he blamed, in part, to the 'steady growth in the number of economists and their arrival at the top of the civil service' (Stretton 1993, 57)<sup>2</sup>. To correct for the miseducation of economists 'in 1981 he began, in 1995 finished, and in 1998 at the eighteenth attempt found possible publishers for, a partly unorthodox economics textbook', *Economics: A New Introduction*. This anti-economics

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<sup>1</sup> "I am specially indebted to Hugh Stretton, who saved me from my increased impatience and read, and helped in finishing, this book. He gave generously his time and collaborated in revising the final draft", (Balogh 1982, ix).

<sup>2</sup> Stretton is less severe than some anti-economists. 'Neoclassical economic theory has great coherence, elegance, and opportunities for elaboration refinement, elaboration and expansion.' He adds approvingly, 'The most acute critics of innocent faith in the hidden hand are some neoclassical economists of general equilibrium, of second best, of externalities and social costs—and they have also won Nobel prizes.' (Stretton, 1993, p. 57).

text has had the honour of twice being the subject of favourable plugs on the ABC (Tuesday, 16 November 1999 with Phillip Adams, and 4 September 2001).

Still more recently, Steve Keen's *Debunking Economics: The Naked Emperor of the Social Sciences Sydney* has been given wide attention by the ABC, appearing three times: the Book Program (on September 4), The Drive Program in Melbourne (April 17 2001), and The Drive Program in Sydney (April 27 2001).

It is true the ABC has sometimes accommodated the defenders of economics<sup>3</sup>. In 1985, for example, it conferred the Boyer Lectureship on Helen Hughes. In her opinion this decision was made unwittingly, and was one the ABC soon regretted. She explains,

The ABC's producers "heard somewhere that I had been a lefty during my student days...and ...did not discover that I had become more sophisticated even by 1951. ... But as I had made my reputation abroad, the Australian media still thought my reputation abroad, the Australian media still thought of my ideas as being pre-1950"

Hughes adds "the ABC were so put out as my Boyer lectures evolved (I wrote them from week to week) that they organized an extra session at the end of the series [that included Eva Cox] to bucket me .... The ABC has never done it again, so the 1985 6th [extra] session remains unique".<sup>4</sup>

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<sup>3</sup> In 2001 the author received two invitations from the ABC to discuss a defence of economics, *Exasperating Calculators* that he had co-authored.

<sup>4</sup> In the event, the sixth "discussion" session of the 1985 Boyer Lectures was distinctly one-sided. "Some way through the debate, the Canberra technician responsible for my end of the hook up went off for a cuppa, and I was left off the air, not able to hear or participate. It must have been 10 minutes before I found him in the ABC's Canberra labyrinth and got him to put me back into the debate !"

*Sydney Morning Herald:*

Another centre of anti-economics is the *Sydney Morning Herald*. The 26 May 2001 issue gave the entire lead page of its Saturday “Spectrum” section to an article by Steve Keen pressing his *Debunking Economics* over 2557 words. It is worth keeping in mind the size of the audience that this piece of anti-economics would reach. The Saturday *SMH* has an audited circulation in December 2000 of 379,317, and a readership of 1.301 million people<sup>5</sup>. This compares to the 6,000 enrolments in HSC in NSW, and 3000 enrolments in some sort of economics course in NSW.

*Australian* “Higher Education”:

The *Australian*’s “Higher Education” supplement has not infrequently advanced anti-economics sentiments. Most of these sentiments are provided by Alex Millmow, who effectively amounts to the economics correspondent of “Higher Education”. Millmow declares the contents of standard introductory texts to amount to “nintendo economics” overlaid with “puerile morality”, and praises Hugh Stretton and Steve Keen.

Steve Keen, with material inspired from his best selling book, *Debunking Economics*, presented convincing mathematical and logical proof showing how the theory of the firm is quite untenable.

The *Australian* “Higher Education”, 15 August 2001

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<sup>5</sup> Roy Morgan Research. <http://www.fairfax.com.au/adcentre/smh/reader.htm>

It should be appreciated, however, that Millmow's stance on anti-economics is equivocal, belittling economics one moment, and then defending it the next<sup>6</sup>.

*Australian Financial Review:*

*Debunking Economics* was provided favourable review by anti-economist Brian Toohey in the *AFRs* "Boss" magazine (*AFR* 13 July 2001)<sup>7</sup>.

*Australian Book Review:*

The ABR, chaired by Robert Manne, seems to not review economics titles. However, in its June 2001 issue two economics titles were reviewed. They were heralded by the headline "Brutal Economics" on the cover page, followed and "Ideological Economics" on the inside<sup>8</sup>.

Complementing the facilitation of anti-economists is the relative scarcity of "academic" economists (ie a person with a PhD in economics) in the Australian media. At the present there is only one regular academic economist in a formal column is *Barry Hughes*, who has furnished a kind of "cycle watch" column for the *Australian* since May 20 2000 . One might also mention

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<sup>6</sup> Millmow's praise of Keen's "convincing proof" of the untenability of the theory of the firm, is followed by his statement that "Only a fool would deny that there is still much residual wisdom and insight within the body of micro-economics", 15 August 2001, *Australian*. His suggestion that economics 'needs a facelift' suggests that surgery required by economics is cosmetic, however radical.

<sup>7</sup> The *AFR* also published a highly negative review of *Exasperating Calculators* (*AFR*, 6 April 2001). *Exasperating Calculators* did receive favourable reviews in the *Courier-Mail* (21 July 2001) and the *Western Australian* (28 April 2001), and favourable notice in the Paddy McGuinness' column in the *SMH* (22 February 2001).

<sup>8</sup> These headlines in the *ABR* were occasioned by a highly negative review of the author's defence of economics, *Exasperating Calculators*, and favourable review of Steve Keens' *Debunking Economics*. The appearance of a negative review of *Exasperating Calculators* in the *ABR* has, of course, nothing to do with the fact that Robert Manne's wisdom on economics was not always treated very reverently by *Exasperating Calculators*.



*John Quiggin* who does tireless battle with Economic Rationalism in the op-ed a pages of the AFR<sup>9</sup>.

This scarcity of Australian academic economists in the media makes a contrast with their significant presence in the US media. One might cite Robert Barro, with his monthly column in *Business Week*; the appearances of Rudigar Dornbusch *Business Week*, the *Wall Street Journal*, and the *Financial Times*; Robert Solow's and Benjamin Friedman's contributions to the *New York Review of Books*, and above all the irrepressibly prolific Paul Krugman. In July 2001 alone he had 9 pieces in the *New York Times*<sup>10</sup>.

## **THE MEDIA AS ACCUSER**

The media is much more than a simple accessory in the campaign. The media itself has been prominent in heaping scorn on economics. Several accusations are popular.

### 1. Altruistic anti-economics

This is one of the most popular strokes of anti-economics. This claims that economics amounts to a doctrine of selfishness. Economics at best condones selfishness. More likely it insinuates its.

Ross Gittins, the economics correspondent of the *Sydney Morning Herald*, has pressed these contentions several times

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<sup>9</sup> Economists with regular media columns in the past include *Judith Sloan's* weekly column (*Australian*, October 1995, 9 April 1998); *Helen Hughes*, "Trends" (*Sun-Herald*, August 1994-96); *Steve Kates*, "Economic Analysis" (*Canberra Times*, February 16, 1998 through to August 29, 2000).

<sup>10</sup> Robert Mankiw's column in *Fortune* during 1998-99 is also worth recording.

*Economical with generosity. It's right there in the figures practitioners of the dismal science are a pretty selfish bunch,*

*SMH, 16 April 2001*

This piece of Gittins consists of report (in truth, a misreport) of a studies of cooperative and non co-operative choices in experimental games, and of charitable donation of academics. Economists, we are told, seek to “gain at the other’s expense” 50 percent of the time compared to only 20 per cent of non-economists. Gittins adds that, according to surveys, “though the economists generally had higher incomes, they were among the least generous in the size of their donations”<sup>11</sup>.

## 2. Left Anti-economics

In this form of anti-economics economists are presented as “apostles of the rich”. They are there to justify, legitimate, rationalise and apologise for the rule of wealth. It is specifically against welfare state, and income equality.

Ross Gittins again,

*Why the punters reckon economists spruik for the rich.*

*SMH, 9 June 2001*

With a vulgarity and brutality that only finds a parallel in Marx, Gittins favourably presents a quotation to the effect that economics produce “a thousand impressive looking theoretically sound arguments favouring economic policy choices that maximise returns to professional economists that is, by way of their economic masters (such as big corporations, financial

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<sup>11</sup> Gittins add that this lack of generosity blinds itself to the fact that public likes to treat people fairly” (really?). The “economists model of human motivation is deeply flawed”.

institutions, or politicians in government) ... Economists are quite ready to shape their theories to provide someone else excuses”.

### 3. Ideologising anti-economics

Ideologising anti-economics dismisses any notion of autonomous economic science as a pretence. Economic science, like *all* science, is just a cover for values, morals, ideologies, faiths, dogma, religion. Thus Romana Koval, (an Australian columnist, and ABC journalist with responsibility for Books and Writers) favourably advances a quotation;

... Future historians will ponder over the capture of the commanding heights of the world’s economy by religious maniacs masquerading as scientists in the 1980s and 1990s. They will draw comparisons between Calvin’s Geneva or Spain under the inquisition. (Quoted in Koval *Australian*, 6 January 2001).

### 4. Economics as economic rationalism

In this extension ideologising anti-economics, economics is largely a matter of economic rationalist ideology. In the words of Romana Koval, economics suffers from “domination of economic rationalist theories” (*Australian*, 6 January 2001).

### 5. Right wing Economics

According to this extension of ideologising anti-economics, the preceding doctrine, economics is “right wing” ideology.

### 6. Anti-scientific anti-economics

This does not deny the existence of economic science, but says that science is at best inappropriate for economic issues. Ramona Koval again,

A fascinating tension between theory and reality in economics teaching started in France last year, when university students circulated a petition on the internet that urged their fellow students to object to the way in which economics was taught. They were against ... the marginalisation of critical and reflective thought in their academic courses, and the use of increasingly complex economic models<sup>12</sup>.

*Australian*, 6 January 2001

### 7. Demos-cratic anti-economics

This species stresses a divide between public thought and economics, and maintains that economics is in need of mending. Ross Gittins :

*Public uses its loaf differently to economist,*

*SMH* 9 May 2001

This piece faults economists for dismissing public demands for price control as irrational, or as a matter of vested interest. According to Gittins, “It is the economists who need to take their model back to the workshop”.

## **HEROIZATION**

According to the media, then, economists are greedy, spruikers for the rich, who are fixated by economic rationalist dogma that marginalise critical thought. A parallel to this blackening of economists is a lionising by the media of anti-economists.

The media-treatment of Hugh Stretton (1924- ) is an excellent illustration. Hugh Stretton has long been a darling of the media. In 1976 *The Age* awarded him “The Age Book of the Year”

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<sup>12</sup> *French rebel against economics teaching*

“The French Government has launched an official inquiry into the teaching of economics, writes Stephen Long. You might call it the new French Revolution, only this time the economists have their necks on the guillotine.”

(for *Capitalism, Socialism, and the Environment*). In 1974 the ABC made him Boyer Lecturer. To Tony Stephens of the *SMH* is a “a great thinker” (15 January 2000); to Alex Millmow he is a “great social thinker”, (9 August 2000, *Australian*)<sup>13</sup>.

But these plaudits are prosaic compared to the peroration supplied by Romana Koval. To Koval’s mind Stretton’s “militancy and gentility” are reminiscent of a “failed Knight”. But, she enjoins her readers,

Let’s start the new year by remembering that far from merely tilting at windmills, we can see that the blades are rusting and that they may be an alternative wait ahead. Hail brave knight!

Even Koval is restrained compared to Shelley Gare’s profile of Hugh Stretton in the lead article of “The Review” section of the *Weekend Australian*.

Next months’ Adelaide Festival of Ideas is dedicated to the social theorist Hugh Stretton, who was born in 1924. So erudite, thoughtful, clever and warm is Mr Stretton that when I interviewed him a few weeks ago, all I wanted to do was to jump down the phone line to re-emerge on his Adelaide hearth as he and Mrs Stretton discussed the ways of the world in what could only be a more civilised life than mine.

*Weekend Australian*, 23 June 2001

### James Wolfensohn

A similar exaltation of another person who is no friend of economics is seen in the media raptures over James Wolfensohn of the World Bank. *Cameron Forbes*, for example, begins his profile of this (evidently) saintly man by his reception in darkest Rio:

The *favela* of Rio de Janeiro, the slums that line the steep hillsides, are mostly poverty and misery with a view. A visitor has made his ascent. The woman takes him into the spot. She proudly shows him a toilet. She flushes it. She cries. She tries to kiss his hand.

*The Australian*, 9 August 2001

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<sup>13</sup> Hugh Stretton is also one of Barry Jones’ “leading 25 Public Intellectuals”.

Saint James is contrasted to the “bad old” IMF and World Bank. Both the IMF and World Bank, we are told, “contributed to the corruption industry and were on occasions cosy with authoritarian governments”.

To *Peter Hartcher* James Wolfensohn’s World Bank is the “good fairy” to the IMF’s wicked witch. Wolfensohn is a “super achiever, and yet is “personable, common touch genuine human warmth” (*AFR* “Magazine”, 31 March 2000)<sup>14</sup>. Hartcher then quotes Paul Keating analysis of James Wolfensohn;

“That’s what runs him basically – doing good”.

Well, of course.

But contrary to Forbes, the World Bank under Wolfensohn’s stewardship (that began on July 1 1995) was just as ‘cosy’ to ‘authoritarian governments’ and ‘the corruption industry’ as any of his predecessors. Suharto Indonesia is the leading case in point. The Bank softened reports on Indonesian economy in August 1997 at request of the Indonesian Government; its ceaseless praise of the Indonesian economy of which Wolfensohn was entirely a part, “significantly contributed to complacency”; the Bank’s endurance, even toleration, of the corrupt misuse of Bank funds is well-known<sup>15</sup>.

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<sup>14</sup> Despite his “personable” presentation to journalists, Hartcher refers to Wolfensohn’s temper “turns” at the World Bank. “It can’t be easy reforming a giant institution”, chirps Hartcher.

<sup>15</sup> “We were caught up in the enthusiasm of Indonesia”: Wolfensohn.

## **THE ACCUSATIONS ADJUDICATED**

Can any justice be found in these accusations?

### *1. Economics as a Creed of Greed?*

Economics does never praised, recommended selfishness. It is a complete misrepresentation of economics to suppose that it supposed that selfishness was good. Economics has merely claimed that certain good things do not require selflessness. In particular, National Wealth does not require selflessness; the prosperity of the typical citizen does not require that the typical citizen loves his neighbour as himself. What it does require, according to mainstream economics, is a good measure of economic freedom. It is economic freedom that economics has, rightly or wrongly, recommended, praised and expressed thanks for, not selfishness.

Instead of economists supporting selfishness by their favour of the free market, the reverse is the case: economists in favouring the free market are often pitted in opposition to selfishness. It is interventions in the market process that so often have the discolour of brutal self-absorption. Restrictions on entry to industry, or the labour market, are especially delinquent in this respect.

It is also doubtful that economics insinuates selfishness. Gittins flourishes a study (Marwell and Ames 1981) that concludes that in Prisoner Dilemma games economists play the non-cooperative solution (in which one party “gains at the expense of the other”) more frequently than non-economists. There are three deficiencies in any inference regarding selfishness from these observations:

- ◆ it is not clear whether playing a co-operative strategy is actually more selfish. Consider a player facing a non-co-operator. To play cooperatively means one party gets 3 and the other zero. But to play non-cooperatively each player gets one. Which is the fairer solution? Can anyone say in this situation it is “greedy” to play non-cooperatively?
- ◆ as Frank (1993) notes, the Marwell and Ames comparison was not adequately controlled: the non-economists were high school students while the economists were college students; and the non-economist sample had more females than the economist sample.
- ◆ experiments with the Prisoners’ Dilemma type games leave unclear whether participants choose co-operating from the disutility of not co-operating *or* from not understanding the game.

Experiments in which the understanding is surely not at issue have pointed to quite different result. Consider the experiment in which \$10 notes are planted in class-rooms. Economics students are more likely than non-economics are more likely to return 10 dollar notes planted in class rooms by experimenters; 56 percent of such notes in economics classes were returned, while only 31 percent of notes left in non-economics classes were returned (Laband 1999).

But Gittins does not restrict himself to experimental data. He reports Frank as concluding from a survey of academics that economists “were among the least generous in the size of their donations”. Sorry Ross: the paper you refer to reports the median donation of economists is *more* than the median donation of other groups This is stated quite clearly by Frank (1993, 162).

What Frank *does* report is that the economists he surveyed are the least generous to “large charities such as United Way and viewer supported television”. One has to ask, what is the significance of this? Not very much. When one thinks of “charity” a *television station* does not leap into mind. Neither does the sort of organisation that is the United Way. United Way should not be mistaken for Oxfam or the Salvation Army; it is more a community services club.



United Way Boards have come to favour “safe, uncontroversial agencies – crowd pleasers instead of boat rockers”. Today the Boy Scouts, the Girl Scouts, the YMCA get about 31 percent of United Way funds. The implication is that United Way is quite purposefully serving only blue-chip causes, that is those which will generate the smallest amount of controversy and which service individuals not economically distant from the donor.

Keating 1981 118

Underlying this last claim is the conclusion from a 1979 study that donations to United Way is *positively* related to the donor’s perception of the income of the recipients United Way assistance; a positive relation is exactly the opposite of what you would expect of donations from charitable motivation<sup>16</sup>. Thus a charitable motive can only be a weak impulse for giving to the United Way. The expectation of some sort of self benefit is a stronger motive.

Further, US data suggests professional economists are less likely than sociologists to cheat on the dues to their professional societies. A 1994/5 US study of 892 economists, sociologists and political scientists indicates that 38 percent of sociologist with incomes above \$40,000 reported to their professional society an income below that, and so payed a lower membership fee to their professional society (Laband 1999). 28 percent of political scientists did the same. Only 23 percent of economists did so<sup>17</sup>.

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<sup>16</sup> Another study pointed that the overwhelmingly significant determination of United Way donations was ‘pressure’ (ie on the job solicitation for United Way donations by the donor’s employee; donor’s supervisor at work feeling strongly that all supervisees should donate Keating et al 1981).

<sup>17</sup> To explain the derivation: 77 percent of sociologists have an income \$40,000 or over. But only 48 percent pay the fee pertaining to \$40,000 or over. Thus only 62.3 percent (= 48/77) of those with incomes over \$40,000 pay the right fee, and 37.7 percent do not. The methodology assumes that the probability of a sociologist being a member of their professional society is invariant to income.

Table 1: Percentage of US Academics who Apparently Cheat on their Subscription to their Professional Societies

	Economics	Sociology	Political Science
Income \$40,000 or above	22.8	37.7	26.8
Income above \$50,000	33.5	50.5	25.2

*Economics as the Rule of Wealth?*

Contrary to this Left anti-economics, surveys of economists have repeatedly shown a distinct balance of opinion of economists in favour of the redistribution of income as a goal of policy. In particular, only 17 percent of US economists oppose redistribution of income as a goal; and only 27 percent oppose making it more equal than it presently is<sup>18</sup>.

In Australia Argy’s survey of the ACT branch of the Economics Society revealed that a clear majority agreed that governments need to be concerned about distribution and should try to prevent further increases in income and wealth inequality (Argy 2000).

*Economics as Ideology*

Consider this remark of the Nobel Laureate Robert Lucas.

I write down a bunch of equations, and I say this equation has to do with people’s preferences and this equation is a description of technology ...But that doesn’t make it so. Maybe I’m right, maybe I’m wrong. That has to be a matter of evidence ...Monetary shocks just aren’t that important. That’s the view I’ve been driven to... There’s no question, that’s a retreat in my views.

Robert Lucas<sup>19</sup>

<sup>18</sup> For the US see Alston, Kearn and Vaughan 1992, for Australia see Anderson and Blandy 1992.

<sup>19</sup> Quoted in Cassidy, 1996, p.55.

One looks forward with pleasure to hearing such an unassuming presentation from anti-economists.

### *Economics as Rationalisation of Right Wing Politics*

Is economics a matter of party sympathies? Is it “Right Wing?”

Several studies have been done on the party sympathies of economists in the United States and the distinct tendency of these studies is to conclude that in the face of choice between Republicans and Democrats economists are distinct Democrats.

- ◆ In 1968 68 percent of US academic economists voted for the Democrat presidential candidate, compared to 58 percent of university wide faculty, and 43 percent of the American population. (Ladd and Lipset (1975)).
- ◆ In 1969 a survey by the “Carnegie Commission on Higher Education” indicated 64 percent identified themselves as Left of Liberal.<sup>20</sup>
- ◆ A 1989 study found that 63 percent of academic economists described themselves as “liberal” and only 20 percent conservative.<sup>21</sup>
- ◆ In 1996 a random survey of 60 macroeconomists in US (which yielded 41 responses) indicated that 71 percent thought a Clinton presidency would be more beneficial for the economy than a Dole presidency (*The Economist* October 1996, 35).

Even more significantly, surveys have indicated that economists cannot be fitted into either a Right or a Left view. A 1992 survey compared responses to 30 economic questions, of delegates to Democrat, delegates to Republican conventions and US economists.<sup>22</sup> The correlation between the responses of Republican delegates was  $-0.02$ . The correlation of responses of Democrat

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<sup>20</sup> By contrast, the 1984 Carnegie Survey indicated only 27.7 percent of surveyed economists identified themselves as Left or Liberal. But this sample size of this survey is small, only 112, compared to 1250 of the 1969 survey. And the reduction in Left or Liberal identification compared to that of 1969 is so massive one is inclined to doubt the representativeness of the 1984 sample, despite the assurance that the sample was random (Hamilton and Lowell (1993).

<sup>21</sup> The American Enterprise, (1991), “Politics of the Professoriate”, *The American Enterprise*, 2 (4).

<sup>22</sup> Fuller, Alston and Vaughn (1995).

delegates with those of economists was 0.24, but was statistically insignificant. Further there is no linear combination of Republican and Democrat responses which yields a statistically (or quantitatively) significant correlation with economists responses; indicating that economists cannot be considered merely a mixed population of Republicans and Democrats. The economists position cuts across party sympathies<sup>23</sup>.

### *Economics as Economic Rationalism*

To draw a picture of economics as a sect economic rationalists is a ludicrous misrepresentation, as anyone with any passing acquaintance with Australian economics will be aware.

It is true that the tendency of the profession is to prefer market solution over market intervention. But, without actually joining the protests against Economic Rationalism, many economists have mixed opinions about Economic Rationalism. In the opinion of Fred Argy ‘a substantial number (perhaps a majority) [of economists] disapprove of the narrow free market approach to economic policy’ (Argy 1998, p. 213). Argy has also pointed to a survey of members of the Canberra branch of the Economic Society that indicated that a majority strongly disagreed with the proposition that government outlays should be reduced as a percentage of GDP, and that a clear majority agreed that governments need to be concerned about distribution and should try to prevent further increases in income and wealth inequality (Argy 2000). Earlier, a 1992 Australia-wide survey of professorial opinion in economics (Anderson & Blandy 1992) revealed a strong consensus for financial deregulation and tariff reduction, but no tendency to adopt Economic Rationalist positions on many other issues. For example, 47 percent agreed the ‘Australian

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<sup>23</sup> A 1996 survey (Blendon 1997) indicated that economists are much less given to “right wing” explanations of why the economy is not doing better than the general public.

labour market discriminated against women’, and 49 percent agreed that ‘the distribution of income should be more equal in Australia. No more than 52 percent agreed (with or without reservations) that government expenditure should be reduced’. Further, large numbers of economists have joined in certain public confessions that are hostile to Economic Rationalism, including the public letter to John Howard over Budget cuts in 1996, and the statement of 131 economists in 1997 over the Federal Government’s greenhouse gas policy. The stereotyping of the professoriate as uniformly Rationalist is wrong.

### *Economics and the Public*

We do not believe that it is economists who need to take their model back to the public. We respectfully and modestly submit that those who study the economy understand it more than those who do not. Surveys have also shown a remarkable insensibility of the public to common economic reality. Thus a survey in US in 1996 revealed that a majority of the public believed (i) the unemployment rate was no lower than in 1991, (ii) the inflation rate was no lower than in 1991, (iii) full-time employment was no higher than in 1991, (iv) poverty among the elderly had not fallen over the previous 20 years, (v) wages of the average worker had fallen behind cost of living over the previous 20 years (Blendon 1997). All these are serious falsehoods.

Neither do we believe that the public has any better insight into the basic question of wealth creation.

Table 2: On Why the US Economy is not Doing Better  
Per cent of group

	General Public	Economists
Too big Federal deficit	77	32
Too many people on welfare	70	11
Too much Foreign aid	66	1
Taxes too high	61	18
People place too little value on hard work	59	18
Too many immigrants	47	1
Too much regulation	42	23
Too much affirmative action	18	2

Source: Blendon, Robert J. et al (1997), "Bridging the Gap Between the Public's and Economists' Views of the Economy", *Journal of Economic Perspectives*, 11(3).

We do not believe that economists need to take their model back and discover that it is, for example, too much foreign aid (and immigrants) that is responsible for the US economy not doing better.

Finally, Table 1 does not indicate that the public are any more 'caring; than economists. The postures of the public on welfare , immigration, foreign aid seem to indicate the opposite.

## CONSEQUENCES

The media's campaign against economics has not been made without a view to its practical consequences. On the contrary, the fundamental goal of this campaign has been to neuter economics as critical voice in policy formation; to reduce it to the padding accomplice of social proprieties and public opinion, and make it the meek dependent of political processes. In the mind of the campaigners it would be best, therefore, if its teachings were discredited, its honours abolished, its representatives barred to public institutions, its institutional identity effaced, its

centres of propagation encumbered or eliminated. In this goal it has been surely a distinct success.

Bill Hayden, Treasurer 1974-5, surely the original Economic Rationalist, is one illustration of the success in making economists a butt of blame. The focus of Hayden's public lecture of October 2000, "Core Cultural Values", was the Aboriginal predicament. Before he reached this topic, Hayden, apropos nothing, began to flick disdain at economists, quoting Raulston Saul for the purpose. Later, having found his main theme, he criticised "black arm band" historians for misrepresenting the experience of Aboriginals, but paused to quickly assure his audience that he meant no disrespect for history, and that really enjoyed the subject. Here we see in miniature the reach of denigration of economists: the man who brought the ALP "to accept as the source of its economic ideas ... the economics profession... the IMF and the ... OECD" (Kelley 1992, 23) now apologises for any offence to historians, but sees economists as fair game for random pot shots.

### *Decline in economics education*

A second consequence in the campaign has been the decline in economics education. Between 1991 and 1996 there was a 45 percent fall in high school enrolments in economics (Lewis and Norris 1997). (New Zealand, by contrast, experienced only a 7 percent fall. Alvey and Smith 1999). Some later dater indicates the fall continued past 1996. In 1991 there were 20, 177 enrolments in NSW HSC economics; by 1998 there were 6,197 enrolments in NSW HSC

economics.<sup>24</sup>

Table 3 shows a distinct contraction in tertiary enrolments in the past 5 years.

Table 3: Business and Economic Fields

Field of Study	1995	% of total	2000	% of total	% change
Business, Admin, Eco. – General	23357	18.1	32249	17.9	38.1
Business Administration	19661	15.2	25036	13.9	27.3
Accounting	28228	21.9	28312	15.7	0.3
Admin. & Management	16205	12.5	27360	15.2	38.8
Banking & Finance	4699	3.6	8932	4.9	90.1
Business Data Processing	4874	3.8	6770	3.8	38.9
Industrial Relations	1326	1.0	861	0.5	35.1
Hotel & Hospitality Mgmt.	4299	3.3	4688	2.6	9.0
Marketing & Distribution	7194	5.6	14743	8.2	104.9
Personnel Mgmt. & Devt.	2714	2.1	2744	1.5	1.1
Public Administration	1410	1.1	1082	0.6	-23.3
Secretarial Studies	385	0.3	254	0.1	-34.0
Valuation & Real Estate	2473	1.9	1734	1.0	-29.9
Business, Admin. – Other	2785	2.2	6598	3.7	136.9
Economics	7205	5.6	4900	2.7	-32.0
Agricultural Economics	839	0.6	535	0.3	-36.2
Economic History	66	0.1	28	0.0	-57.6
Economic Statistics	86	0.1	388	0.2	351.2
Economics – Other	1371	1.1	3292	1.8	140.1
Subtotal	129177	100.0	170506	94.5	32.0
Courses linked to two fields			9997	5.5	
Total	129177	100.0	180503	100.0	39.7

Source: *Australia*, 15 August 2001, DETYA.

<sup>24</sup> Millmow records: “I had the horrifying experience the other week of asking my introductory macro-economics class how many were going to do an economics major in their business degree. Not a hand went up” (*Australian*, 9 August 2000). We wonder if reading Alex Millmow’s columns would encourage a student to believe that an economics major would be worthwhile?



### *Decline in influence of economics*

There has been a muting of the voice of economists in policy formation.

“‘There is no incentive...You have bureaucrats saying they don’t produce the best policy because the politicians won’t listen’. As a result, morale in the middle and lower rungs is at ‘rock bottom’”.

Sid Marris, *The Australian*, January 2001

## **CONCLUSION**

The leading contention of this paper is that, as far as economics is concerned, the media is enemy occupied territory. The media has subject economists to denigration to the point of calumny, and in flat contradiction to the evidence. This has been combined with the exaltation of anti-economists whose opinions on economic matters are, regrettably, worthless.

We will not be misconstrued: it is not our contention that economists are beyond criticism. Everything should be criticised. Economists should be criticised<sup>25</sup>. So should journalists. So should criticism. Our grievance is not that media has criticised economics, is that it as accommodated and sustained such spectacularly bad criticism of economics.

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<sup>25</sup> See for example the criticisms of business economists by the Treasury Secretary Ken Henry, and the criticism of forecasters by David Clark (“Beware of a consensus of economists”, *Personal Investor*, 01.07.2001).

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