

Preface

This book is mainly addressed to members of the general public. Economics has assumed a dominant position in the political life of the West, and orthodox economic theory has exercised great influence on the conduct of public policy over the past ten to fifteen years.

Even to the intelligent member of the public, economics is often intimidating. Its practitioners pronounce with great confidence in the media, and have erected around the discipline a barrier of jargon and mathematics which makes the subject difficult to penetrate for the non-initiated.

Yet orthodox economics is in many ways an empty box. Its understanding of the world is similar to that of the physical sciences in the Middle Ages. A few insights have been obtained which will stand the test of time, but they are very few indeed, and the whole basis of conventional economics is deeply flawed.

An important purpose of this book is to try to convey this message in a way which is accessible to the general public. This does not mean that the arguments are in some sense diluted, for the book addresses difficult issues which are at the very heart of orthodox economic theory. But the style of the book is designed as an aid to the comprehension of a wider audience. Deliberately, there are relatively few footnotes, and the text is not cluttered with a large number of references to articles in academic journals.

Economists themselves will recognise the importance of those articles which are referred to in the book. For perhaps the most devastating criticisms of conventional economics have come from within the profession itself, from talented and gifted people who have looked deeply into the implications of the assumptions underlying orthodox economics, and in so doing have exposed its limitations on its own terms. This is the theme of Chapter 4 in particular, one of the hardest chapters for the general reader, but equally one of the most important. Good economists know, from work carried out within their discipline, that the foundations of their subject are virtually non-existent.

The challenge of constructing an alternative, scientific approach to the

analysis of economic behaviour is one to which increasing attention is being paid. The obstacles facing academic economists are formidable, for tenure and professional advancement still depend to a large extent on a willingness to comply with and to work within the tenets of orthodox theory. It is a source of encouragement that more and more economists are willing to look at alternatives, despite the risks they take in so doing.

I have been fortunate in being able to combine academic research with a business career, which has removed the formidable pressures to conform which are faced by full-time academics. The second part of the book represents an attempt to move the study of economics in the right direction.

Conventional economics offers prescriptions for the problems of inflation and unemployment which are at best misleading and at worst dangerously wrong. Unemployment in particular now represents a major threat to the fabric of Western society, and it is imperative that a better understanding of its causes and behaviour is obtained.

I am grateful to a wide range of people for discussions over the years which have helped to crystallise the ideas expressed in this book, and in particular to Michael Campbell, Will Hutton, Pamela Meadows and Maurice Peston. Susanne McDadd was instrumental in persuading me that the book should be written, following a paper I was invited to present at the British Association for the Advancement of Science conference in the autumn of 1992. She and her colleagues at Faber and Faber have given valuable comments on the successive drafts of the text.

Paul Ormerod
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