

Editor's Letter

Economics That's More Human

JOHN MAYNARD KEYNES, memorializing the death of his mentor Alfred Marshall a century ago, wrote that the “master-economist must possess a rare combination of gifts.... He must be mathematician, historian, statesman, philosopher.” Keynes might have been describing himself. He considered economics a moral science that must draw on a wide culture while keeping an “open mind to the shifting picture of experience.”

Today, the world urgently needs that rare combination Keynes described to guide the way through disruptions from climate change, artificial intelligence, demographic change, social and economic inequality, and geopolitical conflicts. This is particularly true given growing disenchantment with the economics profession and calls for the discipline to change to better reflect individual and societal values.

Extensive professional soul-searching since the global financial crisis of 2008 has focused on how economics can better integrate social sciences and elevate welfare and distributional issues. There has been much rethinking of macroeconomics and the design of policy approaches. And there is a growing consensus that the profession must be open to new ideas and frameworks if it hopes to solve the world's biggest problems.

This issue of F&D takes a fresh look at the discipline. We invited prominent economists with different perspectives to tell us how the profession can become better at answering 21st century challenges.

Of course, economists have embraced new thinking before, as the Keynesian revolution itself demonstrates. Author Niall Kishtainy provides a fascinating account of the forces that have shaped the discipline since Adam Smith's *The Wealth of Nations*, the 18th century opus that largely launched modern economics.

Nobel laureate Angus Deaton describes how his own views on such topics as labor unions, free trade, and immigration have evolved over half a century. He writes that mainstream economists must revisit their assumptions, cast a more critical eye on the influence of power, stop prioritizing efficiency above all else, and be humbler.

Jayati Ghosh of the University of Massachusetts, Amherst, laments the profession's lack of diversity—ethnic, racial, and gender. This deprives economics of new ideas, new problems to work on, and new talent, she suggests.



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Harvard's Dani Rodrik contends that existing policy models are inadequate to address such challenges as climate change, inclusion, and economic development. Economics must expand its collective imagination to tailor solutions to differing economic and political contexts. For example, Princeton's Atif Mian shows why new approaches are needed to break the debt supercycle, which poses a grave danger to the global economy.

How economics is taught is critical. The curriculum must be made more relevant to real-life problems, going well beyond the traditional concern with efficiency, Wendy Carlin of University College London writes, echoing Deaton. Ethical considerations are unavoidable, especially those of fairness and solidarity, she says.

Unsurprisingly, not everyone agrees that we need novel economic ideas. Stanford's John Cochrane argues that the solutions to today's challenges lie in the revival of evergreen ideas, including supply-side incentives and fiscal policy reforms.

There is much more to explore in this issue, including contributions on behavioral economics, political economy, and how wages are set. We also profile Betsey Stevenson, a noted labor economist, who has helped lead a rethinking of economics.

The implication from all of these perspectives is that economics must be open to institutional alternatives and experimentation and reflect the complexity of economic reality and values of our time. As Keynes himself observed, “The difficulty lies not so much in developing new ideas as in escaping from old ones.” **F&D**

Gita Bhatt, editor-in-chief