

THE METHODOLOGY OF ECONOMICS: AN AGENDA FOR REFORM

PETER SMITH

Institute for Development Policy and Management
Manchester University
Email: manindev@yahoo.com

Abstract

Uniquely among sciences, the methodology of economics (its epistemology, ontology, scope, and focal questions) has failed to improve the match between its theories and reality. It is aprioristic, assuming that introspection will reveal unchallengeable basic truths from which a valid theoretical structure can be logically deduced. Despite the efforts of Mill, von Mises, Robbins, Friedman, Hausman, and others, this remains indefensible: inter alia, the basic 'truths' are immune neither to professional/ cultural biases, nor to uncertainty. Reformed methodology is proposed that would take us closer to the other sciences; this includes a new set of central questions that focus on establishing a more realistic set of basic concepts, and the provision of tools for managing complex, dynamic economic problems (e.g., crises, development).

JEL CODE: A10, B10