



# The Mint Magazine

Fresh thinking in economics



## Power: don't mention it

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Do economists speak their mind or mind what they speak? **Blair Fix** interprets.

Economists of all nationalities, when speaking about their area of expertise, have their own words and ways of using common words – their own dialect. It's a characteristic of most, if not all, specialists. I call economists' dialect *econospeak*. Like all dialects, *econospeak* affects how you express ideas.

*Econospeak* makes it easier to express the ideas in play in economics, much like terms used in thermodynamics help to describe properties of matter. But unlike scientific terminology, *econospeak* does not have a solid empirical footing. As Steve Keen showed in his book *Debunking Economics*, when the ideas in basic undergraduate economics – Econ 101 – are subjected to scientific scrutiny, they manifestly fail.

Despite this scientific failure, Econ 101 charges on like a juggernaut, largely unchanged for a half century. Why? The simplest, and most incendiary, explanation is that the course is not teaching science but indoctrinating students in an *ideology*. And former Federal Reserve chair, Ben Bernanke, admits as much. In his introductory textbook, *Principles of Economics*, he writes: "Economics is not a set of durable facts ... it is a way of thinking about the world."

This is true: Econ 101 teaches a fact-free way of thinking – the very definition of an ideology.

In their book, *Capital as Power*, political economists, Jonathan Nitzan and Shimshon Bichler, go further. They argue that mainstream (neoclassical) economics is “ideology in the service of the powerful”. If this is true, econospeak takes on a new purpose. The words that are absent from the economics dialect indicate ideas that the powerful wish to suppress. What econospeak suppresses is the idea of power itself.

To understand better the economics dialect, I recently assembled a sample of 43 economics textbooks. I measured the frequency of words in these books, and then compared this frequency to what is found in mainstream English (as measured by the [Google English corpus](#)).

Unsurprisingly, some words appear far more in economics texts than in the mainstream. The word ‘supply’, for instance, is about 30 times more common in economics textbooks than in mainstream English. The word ‘demand’ is about 50 times more common.

Economists also use some words far less than average. The word ‘imperialism’, for instance, is about *100 times* less common in econospeak than in mainstream English. And the word ‘anti’ (used to voice opposition) is about *1000 times* less common. It seems that economists rarely speak about imperial conquest, or of opposition to it.

We can find similar differences across the whole economics dialect. Because there are about 35,000 unique words in my textbook sample, I cannot discuss the results for every word. But to show the structure of econospeak I have divided the economics dialect into four quadrants (see figure 1).

In Figure 1, each point represents a word. The horizontal axis shows the word’s frequency in economics textbooks. The vertical axis shows this word frequency relative to mainstream English. I have divided the economics dialect into four quadrants: jargon, quirks, under-represented and neglected.

Figure 1: quadrants of econospeak.

The jargon quadrant contains words that economists use frequently, and far more than in mainstream English. Here you will find words like ‘supply’, ‘demand’, ‘marginal’, and ‘utility’.

*When we crunch the numbers, it becomes obvious which words*



What should we make of the scant use of power-speak in economics? One possibility is that economists are simply unaware of the power dynamics of modern capitalism. This is a popular argument made by in-house critics like Wassily Leontief – the former president of the American Economic Association. In his 1970 presidential address to the association, Leontief scolded his colleagues for building models that had little to do with reality. Economists, he claimed, made theoretical assumptions based on “nonobserved facts”.

According to Leontief, “naive assumptions” cause economists to neglect the language of power. Indeed, the assumptions baked into mainstream economics models are extremely naive – at odds with an ever-growing array of evidence. But what Leontief’s critique does not explain is economists’ intransigence. It has been 50 years since Leontief scolded his fellow economists for ignoring the real world. And yet in the time since, Econ 101 has remained virtually unchanged.

The intransigence of Econ 101 points to a dark side of economics – namely that the absence of power-speak is by design. Could it be that economics describes the world in a way that purposely keeps the workings of power opaque? History suggests that this idea is not so far-fetched.

John D. Rockefeller – widely regarded as the richest American who ever lived – was nothing if not a shrewd investor. What, then, did he consider his best investment? It was not stocks. It was not even physical property. No, what Rockefeller would describe as his ‘best investment’ was far less tangible; It was an investment in ideology.

In 1890, Rockefeller spent \$600,000 – the equivalent today of about \$170 million – to found the University of Chicago. While remembered as an act of philanthropy, Rockefeller himself considered this gift an investment because the University of Chicago would later promote ideas that vastly improved Rockefeller’s image.

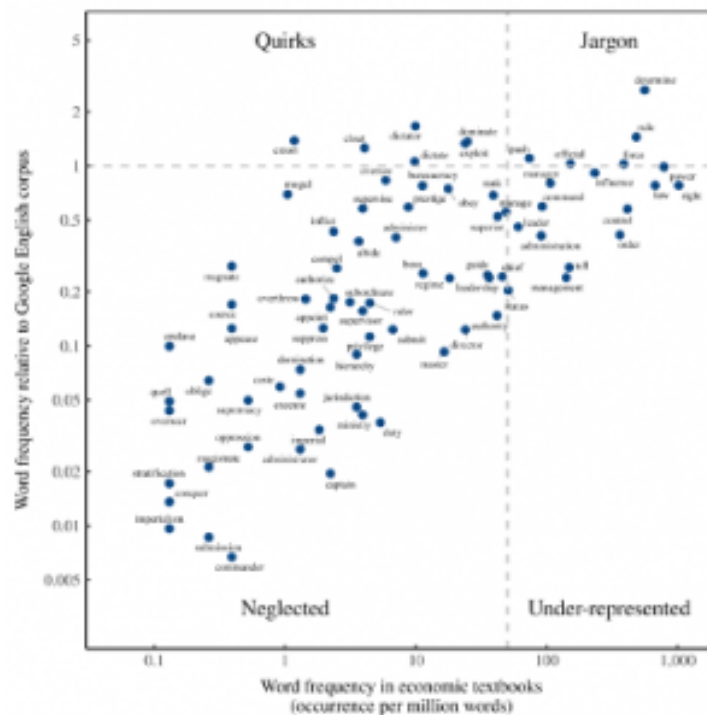


Figure 2: econospeak neglects the language of power.

In building his industrial empire, Rockefeller was ruthless in wielding power. According to Jonathan Nitzan and Shimshon Bichler in *Capital as power: A study of order and creorder*:

“[Rockefeller] invented every possible trick in limiting competition and output, in using religious indoctrination for profitable ends, in rigging stock prices and bashing unions, in enforcing ‘free trade’ while helping friendly dictators, in confiscating oil-rich territories and in uprooting and destroying indigenous Indian populations.

This ruthless use of power, you can imagine, gave Rockefeller a bad image. Enter Rockefeller’s investment in founding the University of Chicago.

*The assumptions baked into mainstream economics models are extremely naive – at odds with an ever-growing array of evidence.*

Rockefeller created the first bastion of neoclassical economics. It was at the University of Chicago that Milton Friedman penned his ode to free markets, *Capitalism and Freedom*. It was there that Theodore Schultz and Gary Becker proclaimed that income stemmed from productive “human capital”. And it was there that the Chicago boys were trained – a group of Chilean economists who helped Augusto Pinochet institute a brutal military coup in the name of the free market.

In the writings that came out of the Chicago school, ruthless acts of power were not discussed. Instead, the focus was on a fantasy world governed by “perfectly competitive free markets”. This fantasy, argue Nitzan and Bichler, “helped make Rockefeller and his like invisible”. It allowed capitalists to cloak their power in euphemistic language. Capitalists did not wield power ... they wielded “freedom”.

A century later, Rockefeller’s investment appears to still be paying dividends. As figure 2 shows, the language of power remains conspicuously – and deliberately – absent from economics textbooks.

The key to wielding power successfully is to make control appear legitimate. That requires ideology. Before capitalism, rulers legitimised their power by tying it to divine right. In modern secular societies, however, that’s no longer an option. So rather than brag of their God-like power, modern corporate rulers use a different tactic; they turn to economics – an ideology that simply ignores the realities of power. Safe in this ideological obscurity, corporate rulers wield power that rivals, or even surpasses, the kings of old.

Are economists cognisant of this game? Some may be. Most economists, however, are likely just clever people who are willing to delve into the intricacies of neoclassical theory without ever questioning its core tenets. Meanwhile, with every student who gets hoodwinked by Econ 101, the Rockefellers of the world happily reap the benefits.

For more details about my analysis of econospeak, see my blog post [Deconstructing Econospeak](#). You can also [access an interactive version of figure 1 above](#),

## Further Reading

Collier, P., & Horowitz, D. (1976). *The Rockefellers: An American dynasty*. Henry Holt & Company.

Nitzan, J., & Bichler, S. (2009). *Capital as power: A study of order and creorder*. New York: Routledge.

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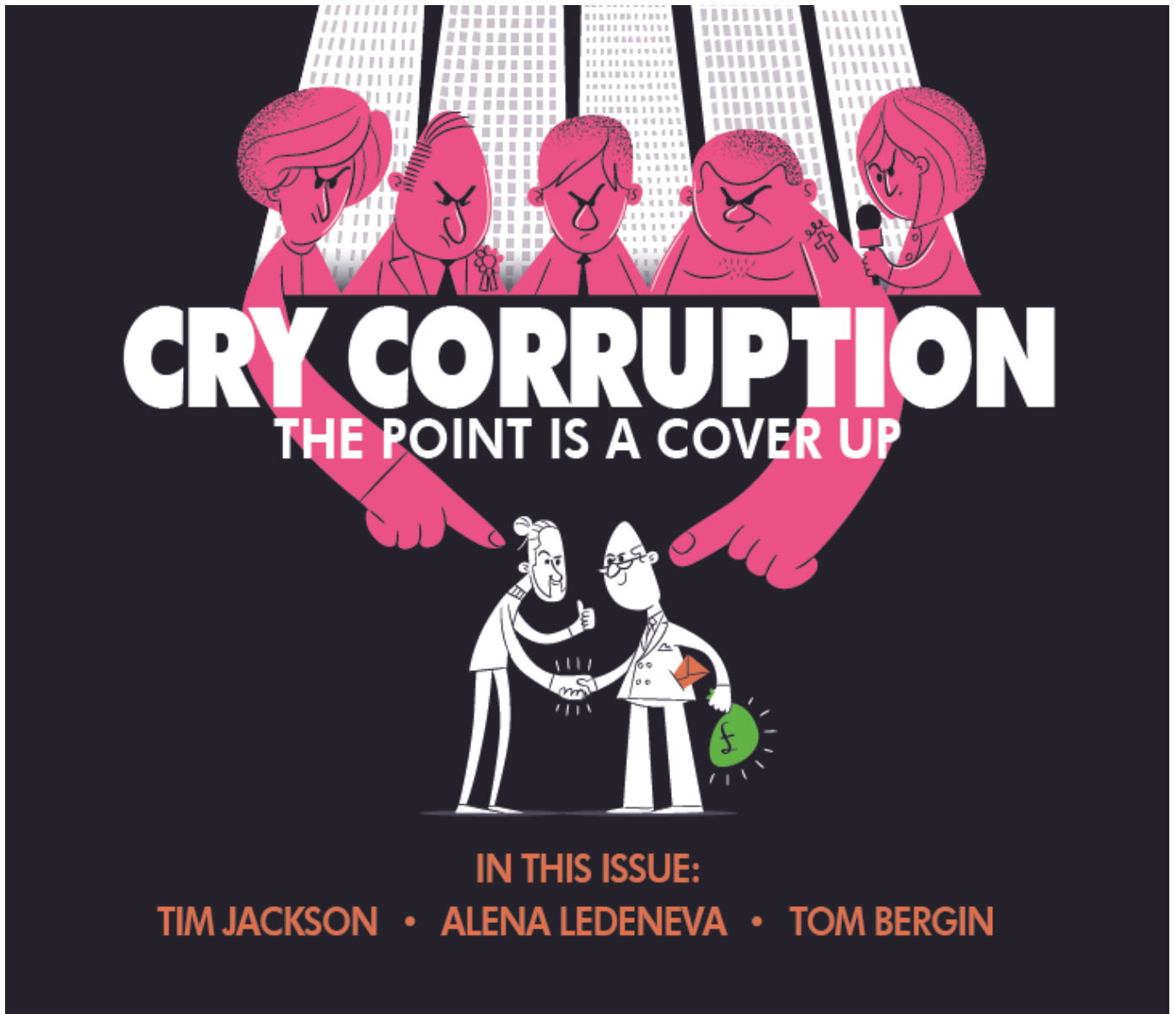
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