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Article

Economics Zombies in Transition: Navigating a Paradigm Shift from Tradition to Modernity

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Abstract: This article explores the pressing need for a paradigm shift in economics, challenging the dominance of classical economic theories and models that have long held sway. We delve into the limitations of traditional economic paradigms, which often rely on unrealistic assumptions and fail to capture the complexities of human behavior and the modern global economy. Drawing from insights in behavioral economics, environmental economics, and complexity theory, we argue for a more nuanced and multidisciplinary approach to economic analysis. Our discussion addresses the challenges of breaking away from deeply entrenched academic norms and the resistance to change within the economics profession. We highlight strategies for individuals and groups to advocate for the incorporation of modern economic theories in education and research. By fostering interdisciplinary collaboration, encouraging critical thinking, and engaging with policymakers and the public, we aim to catalyze a shift toward economics that is better equipped to address the intricate challenges of the 21st century. This article serves as a call to action for economists and educators alike to embrace a more dynamic and responsive approach to understanding human behavior and decision-making in the modern world.

Keywords: traditional economics paradigms; empiric approach; abstraction

Introduction

Economics, often hailed as the "dismal science," has long been shaped by traditional paradigms and celebrated authors whose works have laid the foundation for economic thought. Textbooks like Mankiw's *Principles of Economics* (2022) and classics such as Friedman's *Capitalism and Freedom* (1962) have influenced generations of economists. Yet, in the ever-evolving landscape of our globalized and complex world, the traditional economic paradigms that have guided the discipline for decades face scrutiny and challenge.

This article embarks on arguments through the corridors of economic thought, where the echoes of Samuelson, Hayek, and Keynes resonate. It is a journey that explores both the merits and limitations of these traditional economic frameworks, which have often relied on idealized assumptions of rationality and equilibrium. The weight of these paradigms has shaped economic education, policy formulation, and even the public's perception of how the world works.

As the world grapples with unprecedented challenges—from economic crises to climate change to growing income inequality—the limitations of traditional economics have become increasingly evident. We look to the groundbreaking work of Akerlof and Shiller (2009), who delve into the realm of "Animal Spirits," and Kahneman's (2011) revelation that human decision-making is far from rational in *Thinking Fast and Slow*. These works have illuminated the importance of understanding the complexities of human psychology and behavior in economic analysis.

In response to these limitations, alternative economic perspectives have emerged. Economists like Krugman (2012) and Stiglitz (2012) advocate for a new economics that addresses the price of inequality and offers insights into recession and recovery. Piketty's *Capital in the Twenty-First Century* (2014) ignited discussions about wealth distribution and the changing dynamics of our economies.

However, transitioning from traditional paradigms to more modern and relevant economic theories is not without its challenges. *Within academia, there exists a reluctance to abandon the familiar and the comfortable.* This article examines the hurdles that economists and educators face when attempting to usher in this much-needed change. We delve into the narratives that have sustained traditional economics and the institutional inertia that hinders innovation.



But this journey is not one of despair. *It is a call to action.* We explore strategies for change, from advocating for curriculum reforms to fostering interdisciplinary collaboration. We recognize the importance of fostering critical thinking, as exemplified by Krugman and Stiglitz, who engage in debates challenging the status quo.

In the spirit of change and progress, this article seeks to ignite a dialogue within the field of economics and beyond. It calls upon economists, educators, policymakers, and students to collectively embark on the path of evolution. As we navigate the transition from tradition to modernity in economics, we must recognize the urgent need to adapt our theories, paradigms, and practices to better address the multifaceted challenges of our time.

Discussion

The journey through the evolution of economic thought, as depicted in the references cited, offers a compelling narrative about the challenges and opportunities facing the field. It is evident that traditional economic paradigms, embodied by influential textbooks like Mankiw's *Principles of Economics* and seminal works like Friedman's *Capitalism and Freedom*, have left an indelible mark on the discipline. These paradigms have shaped not only how economists view the world but also how they approach economic analysis, policy formulation, and public discourse.

However, it is equally clear that the limitations of these traditional paradigms are increasingly conspicuous in the face of contemporary global challenges. The emergence of works such as Akerlof and Shiller's *Animal Spirits* and Kahneman's *Thinking Fast and Slow* has shed light on the profound influence of human psychology and *irrational behavior* on economic outcomes. These insights challenge the very foundations of rational choice theory that has long been a cornerstone of traditional economics.

Moreover, as Stern's *The Economics of Climate Change* (2007) and a growing body of literature on environmental economics indicate, traditional economic paradigms have often overlooked the critical issue of environmental sustainability. The global climate crisis and the urgency of addressing it have rendered traditional economic models inadequate for understanding and addressing the complexities of this challenge.

In response to these limitations, a wave of alternative economic perspectives has emerged. Krugman's *End This Depression Now!* (2012) and Stiglitz's *The Price of Inequality* (2012) offer fresh insights into recession, recovery, and income inequality. These perspectives emphasize the need for a more nuanced and inclusive understanding of economic phenomena, one that considers the social and distributional implications of economic policies.

Piketty's groundbreaking work in *Capital in the Twenty-First Century* ignited a global conversation about wealth distribution and the implications of capital accumulation. His work has led to a reevaluation of the traditional economic focus on efficiency and growth at the expense of equity.

Moreover, it is essential to acknowledge the severe limitations of relying on econometrics as a primary tool for economic analysis. Econometrics, while valuable in understanding past trends and relationships, *has inherent constraints when it comes to predicting the future.* Economic phenomena are influenced by a multitude of dynamic and unpredictable factors, and the past is not always a reliable guide to the future. This limitation underscores the need for economists and educators to adopt a more holistic and dynamic approach to economic analysis that incorporates a wide range of perspectives and methodologies.

Transitioning from traditional paradigms to these more modern economic theories is not without challenges. The academic community, as exemplified by references like Colander's *The Making of an Economist* (2003) and McCloskey's *If You're So Smart* (1994), often exhibits resistance to change, fueled by deeply ingrained narratives and **institutional inertia**. The prevailing paradigms have become comfortable and familiar, making it difficult for new ideas to gain traction.

Nonetheless, the references also point to strategies for change. Interdisciplinary collaboration, exemplified by Levinthal's work on adaptation (1997) and Miller and Page's exploration of complex adaptive systems (2007), offers a promising path forward. These approaches recognize the interconnectedness of economic phenomena with other disciplines and encourage economists to draw from a wider pool of knowledge.

Fostering critical thinking, as advocated by Krugman and Stiglitz in their works, is essential to challenging the status quo and nurturing a culture of intellectual curiosity. It encourages economists to question traditional assumptions and explore alternative perspectives.

In conclusion, the discussion underscores the need for a paradigm shift in economics. Traditional economic paradigms, while historically influential, have limitations that hinder their applicability to the challenges of the modern world. The emergence of alternative economic perspectives, along with strategies for change, provides a path toward a more relevant and responsive economics discipline. Embracing this evolution is crucial for economists and educators alike as they seek to better understand and address the multifaceted challenges of the 21st century.

Conclusions

In both the realms of medicine and economics, the persistence of practices and theories that are known to be outdated or harmful raises thought-provoking questions about professional ethics, the inertia of tradition, and the consequences of clinging to established norms.

The historical example of bloodletting in medicine serves as a stark reminder of how deeply ingrained practices can endure for centuries, even when evidence suggests their ineffectiveness or harm. It underscores the importance of questioning established norms and constantly seeking to align practices with evolving knowledge and understanding.

Similarly, in economics, the persistence of outdated theories and paradigms despite their limitations challenges the discipline's ability to adapt to a rapidly changing world (what is utility still doing in undergraduate books?). It calls into question the ethical obligations of economists to provide society with the most accurate and relevant insights. Just as doctors are entrusted with the well-being of their patients, economists bear a responsibility to the broader society and its economic health.

The parallel between these two scenarios serves as a reminder that progress often requires challenging the status quo, even within well-established fields. It calls upon professionals in both medicine and economics to prioritize evidence-based practices, ethical considerations, and the pursuit of knowledge in service of the greater good.

In conclusion, the narratives of persisting with outdated practices in both medicine and economics are cautionary tales that highlight the importance of adaptability, critical thinking, and a commitment to the welfare of individuals and society. By embracing change and acknowledging the limitations of the past, these fields can better serve the needs and well-being of humanity in the present and the future.

The persistence of outdated and ineffective economic theories not only raises questions about professional ethics but also highlights the issue of evident *intellectual dishonesty* among those who continue to teach these theories. While some educators may genuinely adhere to these traditional paradigms due to a lack of exposure to more modern perspectives, others may knowingly perpetuate them, fully aware of their shortcomings.

This undeniable intellectual dishonesty within a significant portion of economics courses is a matter of deep concern. It challenges the integrity of the discipline and undermines the trust that society places in economists as stewards of economic knowledge. Just as the Hippocratic Oath demands that physicians "do no harm," economists have a moral obligation to provide their students with the most accurate and relevant economic insights, rather than clinging to outdated theories that have been repeatedly debunked.

In this context, economists who persist in teaching and promoting outdated economic theories despite evidence to the contrary can be likened to intellectual zombies. They continue to propagate ideas that have lost their vitality and relevance, often to the detriment of students and society at large. This analogy underscores the urgency of addressing the issue and reinvigorating economics education with fresh perspectives.

In conclusion, the persistence of outdated economic theories, coupled with the evident intellectual dishonesty of those who teach them, underscores the urgent need for a transformation in economics education. By embracing change, acknowledging the limitations of the past, and upholding ethical standards, economists can better serve society by providing insights that address the complex challenges of the contemporary world honestly and effectively, leaving behind the era of intellectual zombies.

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