

Do We Need Economists?



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This question has been asked more frequently in recent years. The same question was almost certainly asked about doctors during the Black Death. The analogy between the economist and the doctor can serve as a starting point in the search for an answer.

How do we judge that a doctor is competent? We expect them to be capable of correctly diagnosing the disease and prescribing the correct treatment. Most doctors know how to do both. On the other hand, if we ask an economist to cure a sick economy we often see that, after six months or even two years, the economy is in just as bad shape or even worse. Naturally we will conclude that economists are worthless and don't know anything. Neither conclusion is correct.

To begin with, it is not difficult for a group of economists to diagnose an economy as sick because there is not a long list of illnesses. Nor would there be great differences between them when it comes to prescribing treatment. Certainly some economists, those of a naturopath persuasion, would say the best thing was to just let the patient rest and let it cure itself, while other more conventional ones would recommend some form of medicine. Some, of the homeopathic persuasion, would dare to recommend more public spending in order to cure the deficit. Others, however, would suggest more extreme measures such as amputation (this school is gaining followers in Spain). But if the economists put the patient's interests first they will arrive at a treatment that perhaps contains an element of each of these, each applied during different phases of the illness.

So how can it be that the patient simply gets sicker? This is the fundamental difference between medical practice and the economist's sad profession. The individual patient usually pays attention to

the doctor's recommendations and submits to the prescribed treatment even if it is unpleasant. They will swallow bitter pills, submit to injections and all form of physical manipulation. On the other hand, those responsible for a sick economy tend only to adopt those of the economist's recommendations that are painless or are in their own personal interests, and call all the other measures into question. While the patient may recognize that their illness is often the result of their bad habits and promises to mend their ways, those responsible for the economy tend to blame everything on the previous government, an international conspiracy, on the bad harvest and in general on everybody except themselves. Moreover, they will do it with such virulence that it is not uncommon for the economist who insists that the medicine they have prescribed is indispensable to end up in jail or exile. The difference between the effectiveness of the doctor and the economist therefore does not reside so much in differences of knowledge, although they exist, as in the disposition of the patient.

Can economic data and arguments be of any use to ordinary people in their daily life? Of course. Economics after all, is a term that derives from home management, and this continues to be a good guide. A family with good habits usually has a solid economy. Bad economic habits in the family context have the same bad consequences when they are extrapolated across the entire country. If the national accounts don't add up the same things happen as when the family budget doesn't (although the disaster may take a long time to emerge). Economists can offer ordinary people two pieces of advice: firstly that they don't let their government do what they wouldn't do at home and secondly that they won't let them make decisions that they don't understand. Isn't this useful advice?