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PURE ECONOMICS: IS IT LOSING SIGNIFICANCE?

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ABSTRACT

The present paper examines the relevance of Pure Economics in today's world. Pure Economics involves the principal lines of argument and the job of Applied economics is just supplying the details. Neo-liberalism and Chronic Capitalism determines the curriculum in the Universities and colleges. Since the market demands Applied economics, Pure economics is totally ignored. New Departments of Applied economics are open-up and the existing Economic Departments are converted to the Applied Economics Departments. But study shows that ignoring Pure economics at the cost of Applied economics will create a big vacuum in the economic literature. It will also affect the core area of research. Therefore Pure economics should be emphasized and should be funded more rather than Applied economics. Teachers, Universities as well as the Government should understand the relevance of Pure economics and act accordingly.

KEY WORDS: Pure Economics, Applied Economics, Neo-Liberalism, Pure Economic Research.

Jel Codes: A10, A11, A20, Z11

INTRODUCTION

*"I wonder if... advocates in the education arena will stop and reconsider whether they are importing free-market chaos and free-market punishments into the lives of children?
And who will stop them before it is too late?"*

-Diane Ravitch (Former U.S. Assistant Secretary of Education)

John Neville Keynes, who was a British Economist and was the father of the famous Economist John Maynard Keynes, was presumably the first economist to use the phrase “Applied economics”. Léon Walras, a French Mathematical Economist, had plans to organize his main research works into volumes on “Pure,” “Applied,” and “Social” economics. According to Walrus, Pure economics involves pure logic. Applied economics involves examining ways to achieve practical goals and requires making judgments about whether or not the logic of pure economics was relevant to the real world. Social economics also presumed pure economics, but dealt with a different range of questions than did Applied economics.

Pure Economics: Is It Losing Significance?

Vilfredo Pareto, an Italian Economist and Philosopher distinguish between “Pure economics” and “Applied economics”. According to Pareto, Pure economics contains only the principal lines of argument and Applied economics involves supplying the details. The origin and meanings of Applied Economics has a long history going back to the writing of J.B.Say and J.S.Mill. Say wrote about “applying” the “general principles of political economy” to “ascertain the rule of action of any combination of circumstances presented to us.” The title of Mill’s work is ‘Principles of Political Economy with Some of Their Applications to Social Philosophy.

Pure Economics involves pure thinking. Pure and abstract thinking is the basis of all economic theories. Pure thinking is the soul of Economics. But the commercialization of education leading to the ‘commercialization of economics’ has led to excessive emphasis on Applied economics. Commercialization has its own merits and demerits. Excessive dependence

on Applied economics at the cost of Pure economics will create a real danger for economics in the long run. Universities and Institutes revise syllabi and courses only on the basis of Applied economics. New Departments of Applied economics are open-up and the existing Economic Departments are converted to the Applied Economics Departments.

Since Applied economic analysis is based on examining ways to achieve practical goals on the logic of Pure economics, blind promotion and dependence on Applied economics ignoring the Pure Economics will create a real mess. According to Henry A. Giroux, even Public education is under assault by a host of religious, economic, ideological and political fundamentalists. The most serious attack is being waged by advocates of neo liberalism, whose reform efforts focus narrowly on high-stakes testing, traditional texts and memorization drills. At the heart of this approach is an aggressive attempt to disinvest in public schools, replace them with charter schools, and remove state and federal governments completely from public education in order to allow education to be organized and administered by market-driven forces. Schools would “become simply another corporate asset bundled in credit default swaps,” valuable for their rate of exchange and trade value on the open market.

According to Chris Thinner, the founding Director of the Center for the Future of Elementary Education (CFEE) U.S, Schools are not selling a product; stakeholders aren’t customers; and teaching and learning aren’t commodities... This language system of ‘customer,’ ‘client,’ ‘innovation,’ and ‘market’ is precisely the language system that has been appropriated by the ‘choice’ movement, corporate interests trying to profit from the

educational market, and pundits and wonks who allege we need to 'save' our 'failing' schools. These gestures don't help to support public education, but to destroy it — restricting our thought about the possibilities and the value of education to the degree that they impose the market model, and its language system, on the discourse and our decisions.

Henry A. Giroux adds... "Public schooling is increasingly harnessed to the needs of corporations and the warfare state. One consequence is that many public schools, especially those occupied by poor minority youth, have become the new factories for dumping down the curricula and turning teachers into what amounts to machine parts. At the same time, such schools have become increasingly militarized and provide a direct route for many youth into the prison-industrial complex or what is called the school-to-prison pipeline. What is buried under the educational rhetoric of hedge-fund and casino capitalism reform is the ideal of offering public schools students a civic education that provides the capacities, knowledge and skills that enable students to speak, write and act from a position of agency and empowerment".

Henry A. Giroux further states... "In both conservative and progressive discourses education is often reduced to a set of corporate strategies and skills to use in order to teach pre-specified subject matter, one that defines the citizen as a consumer, schooling as an act of consumption, faculty as entrepreneurs, and students as customers. In opposition to the instrumental reduction of education to an adjunct of corporate and neoliberal interest—which has no language for relating the self to public life, social responsibility or the demands of citizenship—critical pedagogy illuminates the relationships among knowledge, authority, and power. Is the production of knowledge and

curricula in the hands of teachers, textbook companies, corporate interests, the elite, or other forces? Central to any viable notion that what makes the education critical is, in part, the recognition that is always implicated in power relations because it offers particular versions and visions of civic life, community, the future, and how we might construct representations of ourselves, others, and our physical and social environment. Education is part of a broader struggle over knowledge, subjectivities, values, and the future."

The very subject of Economics is also under the attack of dark Neo-liberalist forces. Due to the demand from the market, curriculum is designed according to the market demands. In the short run it may help some of the graduates to get employment. But in the long run, it will affect the core area of research. It will make Economics barren and unproductive. It will also make Economics dead. It will create an impression that there is only one type of Economics... that is Applied economics. Market demand and supply cannot create fine and efficient researchers. Teaching and learning of Pure economics can do this magic. Teachers and students should understand that Pure economics actually involves the principal lines of argument and the job of Applied economics is just supplying the details.

Even in Mathematics the above argument is very much relevant. Best mathematicians states that they are more concerned with Pure mathematics rather than Applied mathematics. It helps them to be more creative and productive. Manjul Bhargava, Brandon R Fradd Professor of Mathematics at Princeton University, New Jersey and one of the four recipients of the Fields Medal 2014, officially known as the International Medal for Outstanding Discoveries in Mathematics, states "It is interesting that pure mathematicians like

me rarely think directly about applications. We are instead guided primarily by what directions we find most beautiful, elegant, or most promising.

Manjul Bhargava adds... "We tend to treat our discipline more as an art than as a science. And indeed, this is the attitude that allows us to be the most creative and productive. On the other hand, it is also true, historically, that the mathematics that has been the most applicable and important to society over the years has been the mathematics that scientists found while searching for beauty; and eventually all beautiful and elegant mathematics tends to find applications. That is why it is very important to fund basic science research. When science funding is only application-driven, it does not allow full freedom and creativity. Funding basic science allows a large interconnected database of scientific techniques and knowledge to accumulate, so that when a societal need arises, the science is ready to be applied and adapted to the purpose".

CONCLUSION

Even mathematicians believe that when a subject is only application-driven, it will not allow full freedom and creativity. It is exactly applicable in the case of economics also. We should understand that Pure economics should be emphasized and should be funded more rather than Applied economics. It will be the panacea for all ills. Teachers, Universities as well as the Government should understand the relevance of Pure economics and act accordingly.

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