

## Book Review

Lars P. Syll

*The Poverty of Fictional Storytelling in Mainstream Economics.*

Bristol, World Economics Association Books, 2023, 182 pages

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Lars Pålsson Syll is professor of social science and associate professor of economic history at Malmö University. He is likely familiar to readers from his many posts on his popular blog site (which is also carried on the *Real-World Economics* blog site), his previous book published in the World Economics Association Book Series, *On the use and misuse of theories and models in mainstream economics* (Syll 2016), and for his occasional contributions to *Real-World Economics Review* (e.g. Syll 2014).<sup>1</sup> Syll has written widely on the continuing relevance of Keynes, the work of post Keynesians and on MMT, but is perhaps best known for his critical realist informed critique of the methodology of mainstream economics, and especially the use of mathematical models and econometrics (see the interview Syll and Morgan 2019).

His new book consists in an introduction (drawn from Syll 2023a), which sets out the main aspects of Syll's approach to methodology and his general diagnosis of the state of mainstream economics, followed by six further chapters, each providing a methodological critique of an important aspect of the mainstream. A couple of quotes from the introduction provide a flavour of the book.

Economic theories always build – consciously or unconsciously – on methodological positions. The question is therefore not whether economists should deal with methodology or not, but rather how it should best be done. Methodological analysis is both desirable and inevitable in economic science. (Syll 2023b: 5)

For a realist, it is necessary to try to find assumptions in theories that are practically relevant and that work and are consistent even in other contexts and with other known knowledge and practices. Theories should be robust and able to explain studied events by indicating what caused them, not just logically deducible. Explanation and prediction of economic phenomena require theory

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<sup>1</sup> For further information visit: <https://mau.se/en/persons/lars.palsson-syll/>  
[https://en.wikipedia.org/wiki/Lars\\_P%C3%A5lsson\\_Syll](https://en.wikipedia.org/wiki/Lars_P%C3%A5lsson_Syll)

For access to Syll's blog visit: <https://larspsyll.wordpress.com/> and  
<https://rwer.wordpress.com/author/lulapa/>

construction, and seeking event correlations is therefore not enough. One must simply 'get beneath the surface' and see the underlying structures and generative mechanisms that explain the economic system. (Syll 2023b: 8)

Sometimes it is argued that the use of formal models is good because they can guarantee logical consistency, force explicit assumptions, enable a concentrated representation, and facilitate communication among researchers. This may be true, but one should not forget that these advantages often lead to simplicity and mathematical elegance replacing explanatory power, that the models give rise to counterintuitive and paradoxical results, and that the desire for formalization can become an end in itself. (Syll 2023b: 11)

For Syll, the real world economy is open, emergent, complex, and continually changing. Mainstream economics by contrast typically adopts methods and builds models which assume a closed system of atomistic individuals (from which one can build up an economy by aggregation). Modelling has become "the message" or an end in itself, an "iron cage" restricting how the world is investigated. While he is not anti-mathematics he highlights the simplistic tacit beliefs in economics (Syll 2023: 13):

- "math is the only valid tool"
- "math is always and everywhere self-evidently applicable"
- "math is all that really counts"
- "if it's not in math, it's not really economics"
- "almost everything can be adequately understood and analyzed with math"

And suggests "Science should not be reduced to substanceless fictional storytelling. This has been going on for far too long in economics" (Syll 2023b: 18). The chapters that follow explore the highlighted issues and interweave comment on his various prescriptions to help fix the mainstream.

The outcome is a sad story for modern economics. Despite its pretensions the mainstream failed to predict, has failed to adequately explain, and continues to fail to appropriately diagnose solutions for the major economic crises of the 21<sup>st</sup> century: from the Dot-Com collapse of 2001-2, to the financial crisis of 2008-10 and most recently Covid19 and its aftermath. Syll demonstrates that very little if anything has changed with regard to economic methodology in the dominant mainstream textbooks and models (theoretical or applied). Accordingly, he concluded: whether one looks to macroeconomics, econometrics or even game theory, while concepts have diversified and modelling has developed, the underlying methodological problems have stayed essentially the same.

Overall, Syll's book is a timely update of the debate on the absence of methodological considerations in mainstream economics, which has been fermenting since at least Mark Blaug's *The Methodology of Economics* (Blaug 1980). While Blaug was not 40 years ago as critical as Syll, he became, as formalism developed in the 1990s, more critical of the overuse of mathematics in economic analysis and famously stated, "Modern economics is sick. Economics has increasingly become an intellectual game played for its own sake and not for its practical consequences" (Blaug 2002: 36). Syll, building on insights first set out in Roy Bhaskar's *A Realist Theory of Science* (Bhaskar 1975) and following Tony Lawson's *Economics*

*and Reality* (Lawson 1997) and many subsequent works, is part of a long tradition of criticism of deductivism as the basis of theory and as a guide for policy.

Having read Syll's book, one cannot avoid wondering how it is that modern mathematical economics still holds such a dominant position in terms of textbooks and economic practice. This is especially so if you consider two things:

First, if one peruses the shelves of economic literature of any major bookstore (in London or even Copenhagen), it is clearly books written by dissenting economists which dominate the shelves devoted to the general interested reader: Ha-Joon Chang, Yanis Varoufakis, Robert Skidelsky, Mariana Mazzucato, Stephanie Kelton, Kate Raworth etc. Many of the more popular books (besides the Freakonomics type works) focus on "what's wrong with economics?". Yet the textbook shelves are dominated by mainstream works. Pause for thought!

Second, during all of the major 21<sup>st</sup> century crises mainstream models and predictions have typically failed and the policy prescriptions built from them have often been suspended by policymakers, forcing them to improvise. This has happened without widespread objection from mainstream economists. It is odd that the mainstream seems so unaffected by this and even odder that they continue to offer advice and analysis from the very same toolbox that failed in a number of fatal cases. Pause for thought!

Syll's book belongs with the popular authors in the first of these two conjectures, but is an important guide to the second.

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