

# Neoclassical economics is admitting what some of us hav...

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One of the comments I have made that is frequently picked on as a means to criticise me by right wing bloggers is that I became disenchanted with the undergraduate economics I was taught as a first year and remained so throughout the course, and pretty much ever since. This is taken as evidence that I know nothing of economics, although I went on to get one of the best results in my year even if that was now rather a long time ago.

I have always disputed this claim as being one made by economic charlatans with little or no understanding of the real world and therefore no ability to understand why, even at the age of 19, I could see no relationship between the economics I was being taught and the real world of human and business behaviour I could observe all around me. I knew, even then, that no one utility maximised, and because I went to university having already prepared my first set of accounts for a small business (probably sad, but true) I knew very well indeed that those businesses did not set prices in the way economics taught and had no clue how to maximise profit. It was pretty easy to rumble the consequences of the false assumptions that flowed from assuming these things happened once my eyes were wide open to these obvious faults in economics, which I'd gullibly and naively accepted as a sixth former but which were obviously wrong as an undergraduate.

Now, I know those assumptions can be and are relaxed in more advanced economic theory, but my point then and now is the same, which is that this does not matter when 99% of all understanding of economics carried from universities into the real world is based on the nonsense undergraduates are taught and not the reality of the world as it is. It is quite pleasing to see a new wave of recognition for this realisation (and that the situation has got much worse in the meantime) as a result, [as evidenced by Prof Wendy Carlin in the FT, for example](#), this morning, who says:

*The department chair at a top university in Turkey lamented that students could handle any applied maths exercises thrown at them, but if asked about the economy “their reasoning is no different from the wisdom of taxi drivers, and sometimes a bit less well informed”.*

Turkey is no different from Manchester, or any other UK university on this matter.

The fact is that economics students are not taught the history of economic thought.

They are also not taught that economics is moral philosophy. Indeed, they are not taught much, if any, philosophy, at most universities.

And they are taught that maths is all that matters when very glaringly obviously it does not because the simplifying assumptions made to ensure that the maths of modern economics works do not reflect reality; they do instead reflect and also inform the dogma of neoliberal economics which is designed to make the maths work and not reflect reality and then imposes the answers on the world rather than see if they fit the way people actually behave. The resulting stress is, to most people, all too obvious.

So I feel vindicated.

But I'll only be happy when a better economics is taught. I suspect that's a long way off as yet. In the meantime the damage will continue.