

Deconomics: Howard Reed's call for a redesign of econom...

Published: January 13, 2026, 9:30 am

My old friend, and occasional co-author, Howard Reed has an [excellent article just out in Prospect magazine](#). His theme is the failure of neoclassical economics.

As Howard argues:

After 10 years in the shadow of the crisis, the profession's more open minds have recognised there is serious re-thinking to be done. Behavioural economics, which takes the trouble to watch and learn from how real people interact in experimental settings, has moved from the margins to become a speciality that can win Nobel prizes. Under the auspices of the Institute for New Economic Thinking, Adair Turner has been floating radical ideas about the government printing its way out of debt. The "Rethinking Economics" initiative has brought together students unhappy with the old textbooks and academics willing to debate what they teach. This is all very much to the good.

But the truth is that most of the "reforms" have been about adding modules to the basic template, leaving the core of the old discipline essentially intact. My view is that this is insufficient, and treats the symptoms rather than the underlying malaise. The real problems go to the theoretical core of modern economic theory—the so-called "neoclassical" paradigm.

This has underpinned the academic discipline for well over a century, and has more recently come to warp public policy too. Its tentacles reach far and wide—from our universities, which are now run on economic lines that do not deem the humanities worthy of a teaching subsidy, to the bewildering structures of the NHS internal market.

What we need is not more tweaks, but a "deconomics," which decontaminates the discipline, deconstructs its theoretical heart, and rebuilds from first principles. This may sound melodramatic, and—coming from a career economist—perhaps perverse. I retain enough of an economist's instinct to be aware of the costs of starting over with an analytical blank slate. The admission of near total uncertainty would create a frightening void which could only be filled by vast and expensive new research. It can only be countenanced if the core tenets of "neoclassical" theory are not only awry, but

so badly misleading that it would sometimes be better to operate without any theory at all. This, however, is the judgment that I have reluctantly reached.

I strongly recommend reading what Howard has to say thereafter. This is an incredibly helpful contribution to debate.

You may also want to [read Prof Diane Coyle's response](#), the tone of which can be guessed from its opening paragraph:

Do the “tenets of neoclassicism” shape our day-to-day work as economists, as Howard Reed puts it [in his ill-informed diatribe for](#) Prospect? No—they do not.

From thereon the article is simply not credible. But failed philosophies never depart without a fight.