

## Popular beliefs, unpopular economics

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### *Abstract*

In the recent decades, a good number of surveys conducted across the world with the aim of eliciting what people *think* about various public policy issues have thrown up challenges to the ‘experts’ who are increasingly uncomfortable with the emerging fact that people’s beliefs are, more often than not, orthogonal to what is known to the experts as ‘expert knowledge’. In their recently published book *Good Economics for Hard Times*, Abhijit V Banerjee and Esther Duflo report several such cases of deep disconnect. There are public policies motivated by ‘real concerns’, such as the cooked mid-day meal programme in schools, which are typically not backed by a mainstream economist and would readily be dismissed by the financial press as ‘populist’. There are policies, on the other hand, which a typical economist would advocate on theoretical as well as empirical ground but unlikely to get accepted for implementation by the popularly elected governments for the fear of being unpopular. Most economists are uncomfortable with arbitrary restrictions on the flow of people and commodities across the borders. Yet, popular beliefs often go contrary to this and any perturbation in the domestic economy that has repercussions on the lives of a good number of people generates reactions against the immigrants. People’s beliefs do affect public policies, especially in democratic regimes, and economists have long viewed it as a cause of potential conflict between economics and politics. In this paper we go beyond the typical rhetoric that the financial press frequently deploys to criticise any move by the government which is targeted to the less privileged, and try to understand the disconnect between popular beliefs and what is often claimed as ‘sound economics’.