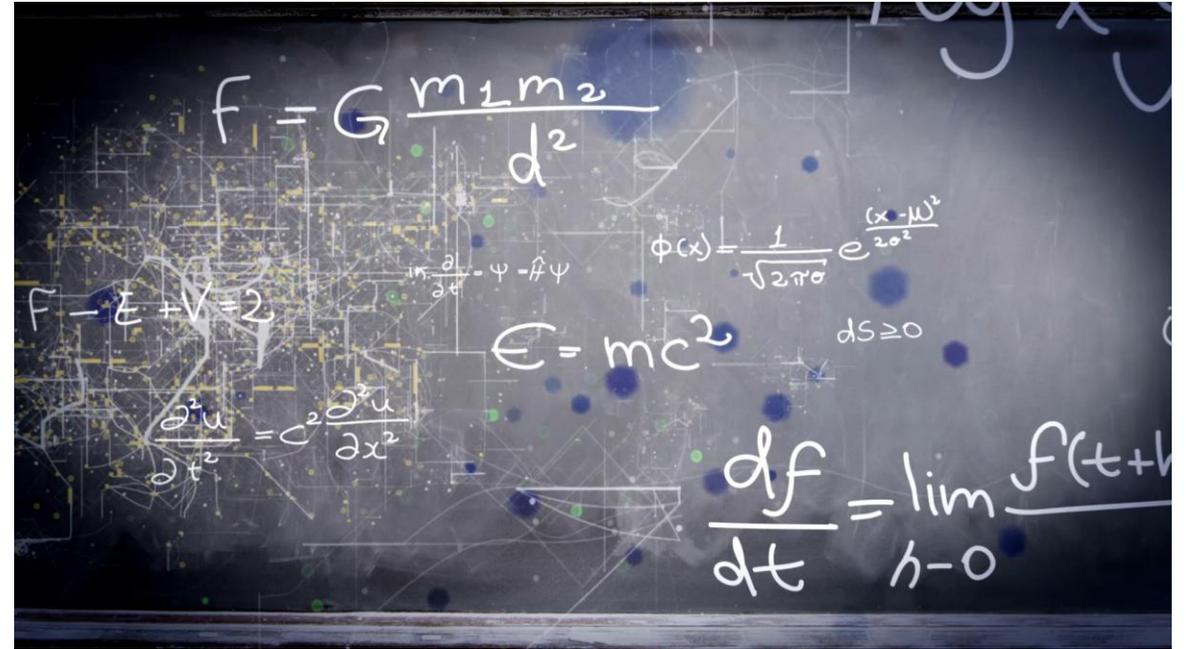
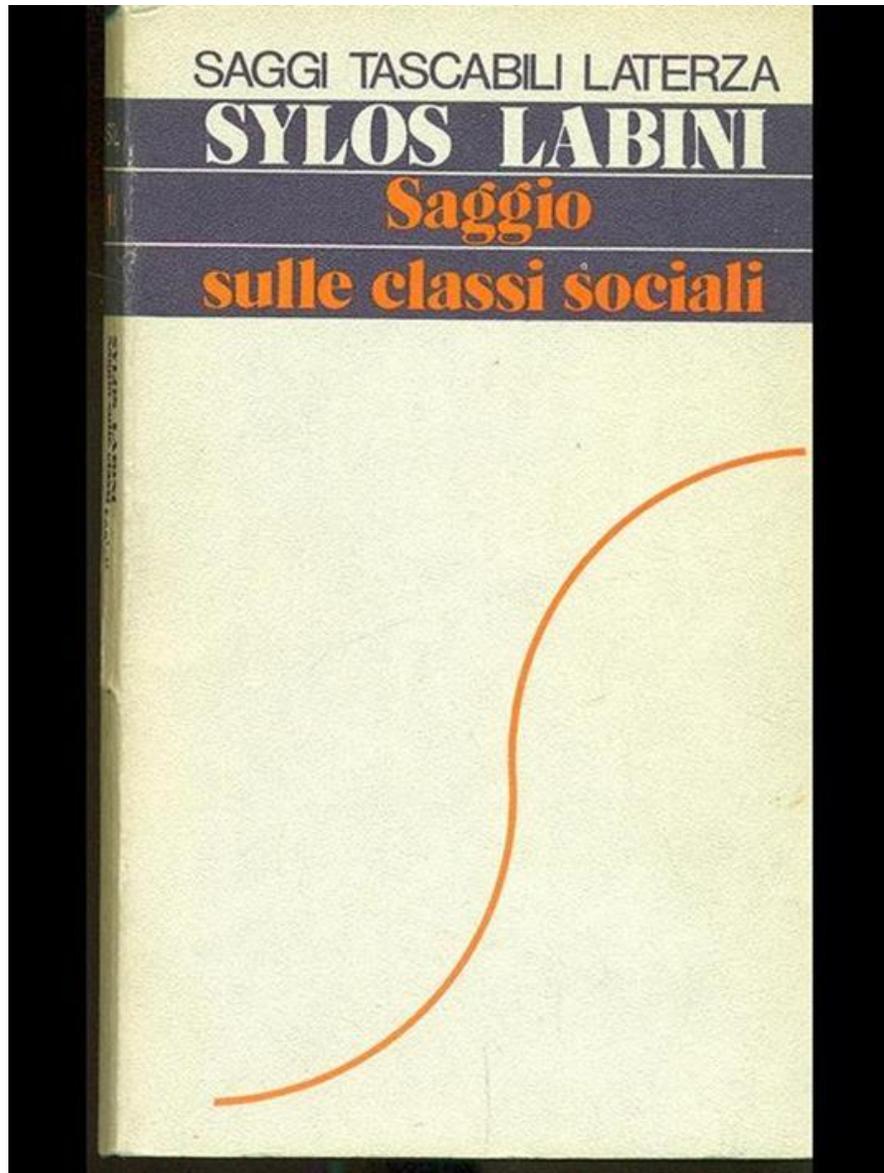


Dall'economia politica alla *cargo cult* *science*

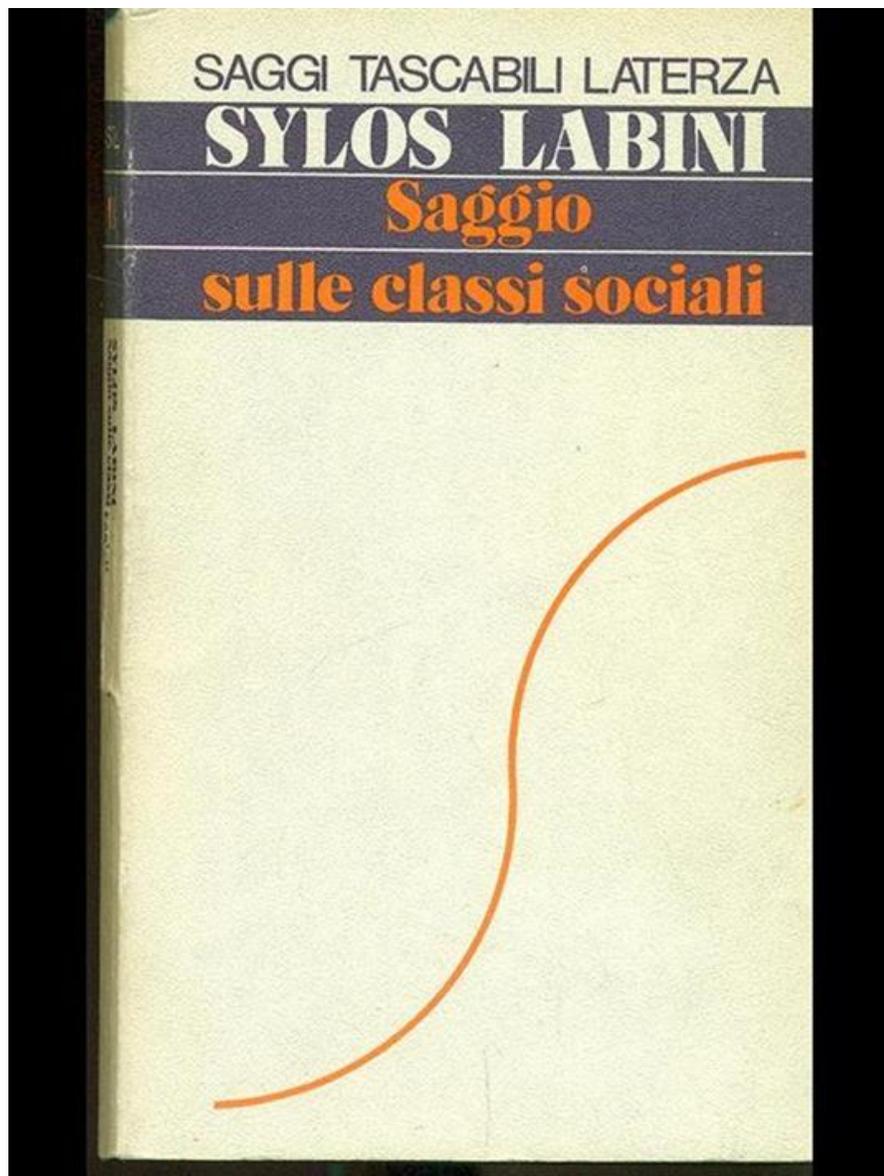
- matematizzazione,
- neutralizzazione del conflitto
- crisi della democrazia

Francesco Sylos
Labini





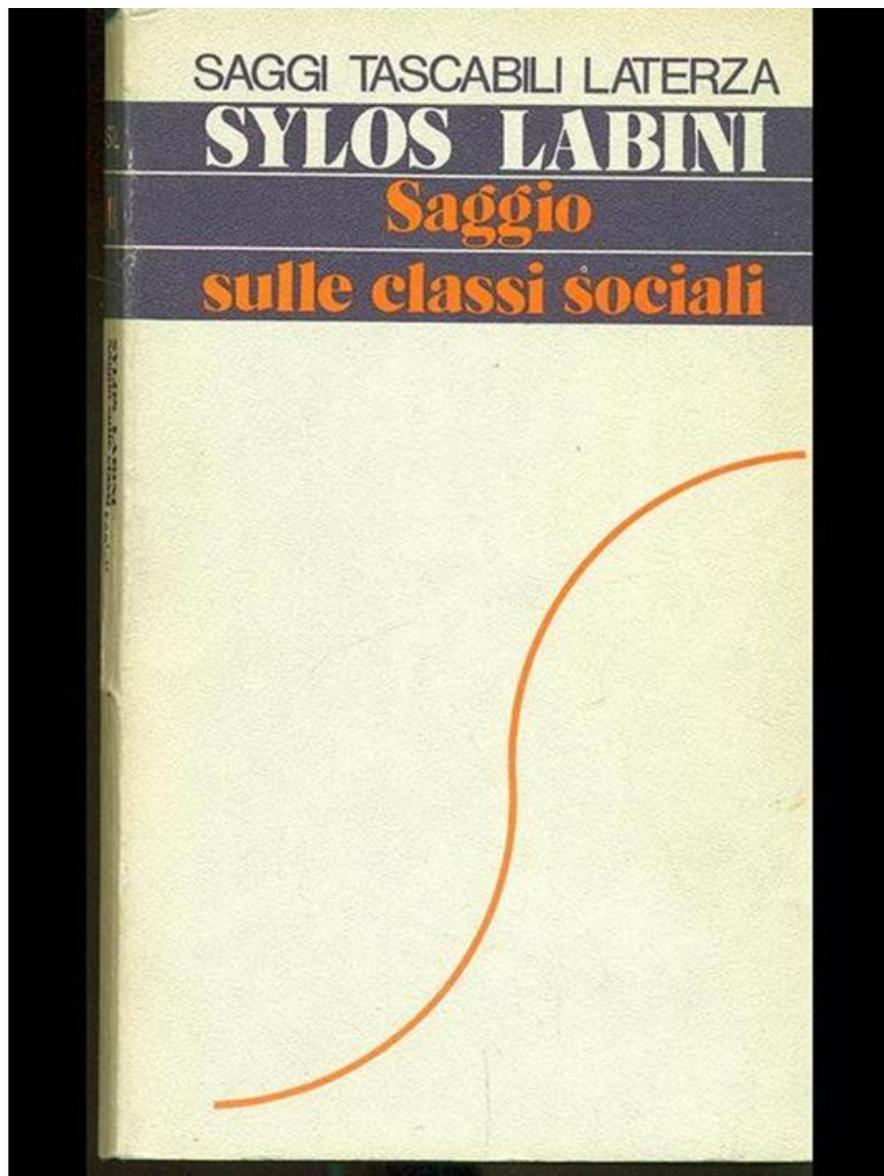
Il fisico studia gli atomi, ma egli non è un atomo. Il microbiologo studia i microbi, ma egli non è un microbo. L'economista, non diversamente dal sociologo, studia la società della quale fa parte: egli non è **estraneo** all'oggetto del suo studio nel senso particolare in cui si può affermare che lo sia il cultore di scienze naturali.



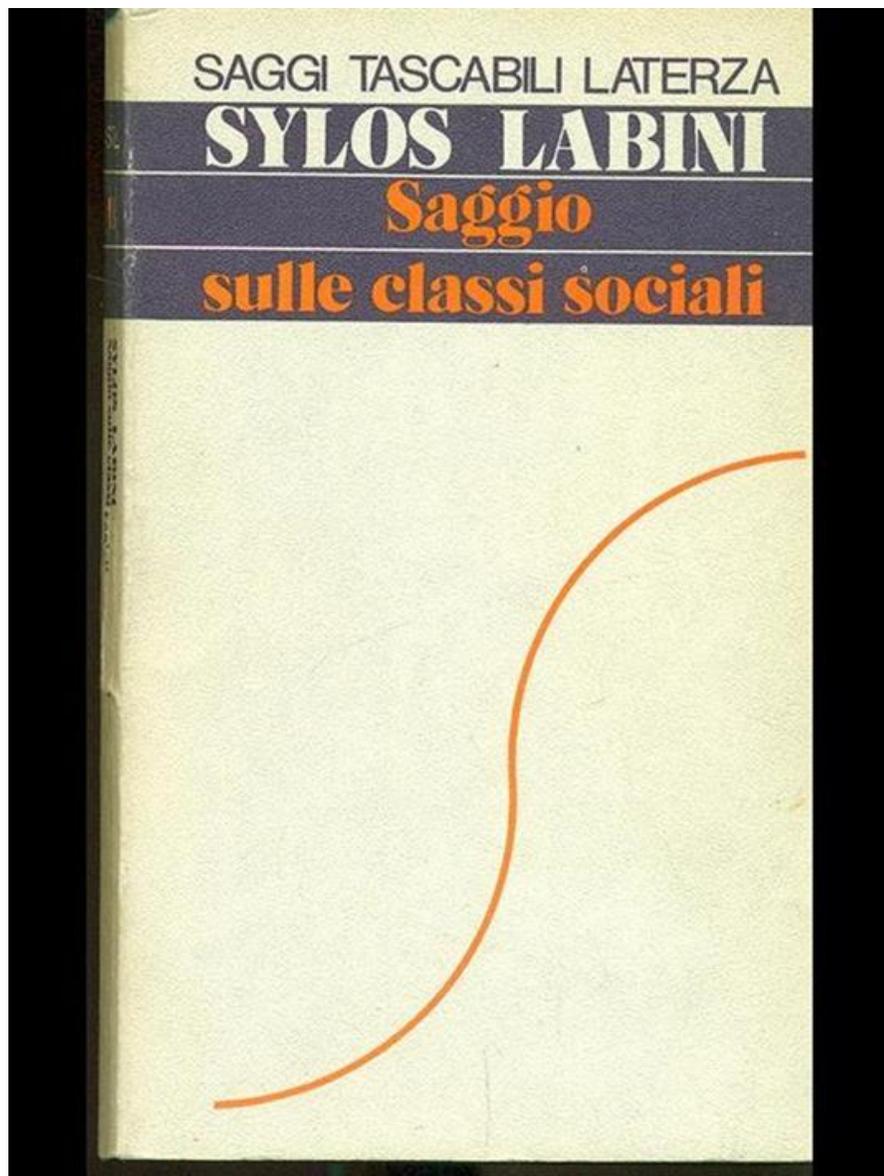
Di conseguenza, lo studioso di discipline sociali nella sua attività intellettuale (e politica) è necessariamente

condizionato

dall'educazione che ha ricevuto, dall'ambiente dal quale proviene, dalle sue preferenze circa i movimenti della società in cui vive, in una parola, dalla sua **ideologia**.



Di ciò egli deve essere ben consapevole, proprio per ridurre le **distorsioni** che nelle sue analisi - addirittura nella scelta stessa dei temi da studiare - può provocare la sua ideologia. Lo studioso di discipline sociali che si crede orgogliosamente «obiettivo», neutrale, fuori della mischia, è, tutto sommato, **un personaggio patetico**, perché è vittima di una ideologia senza saperlo e senza possibilità di contrastarne le pressioni.



Se lo studioso non può sperare di essere rigorosamente «obiettivo» (ciò che è impossibile), può e deve tuttavia sforzarsi di essere **intellettualmente onesto**, ossia può e deve cercare di vedere tutti gli aspetti di un determinato problema, anche gli aspetti per lui sgradevoli, e non solo quelli che sono conformi alla sua ideologia o utili per la sua parte politica

• “Nei mari del Sud vive un popolo che pratica infatti il **culto dei cargo**: durante la seconda guerra mondiale hanno visto atterrare aerei carichi di ogni ben di Dio, ed ora vorrebbero che la cosa continuasse.

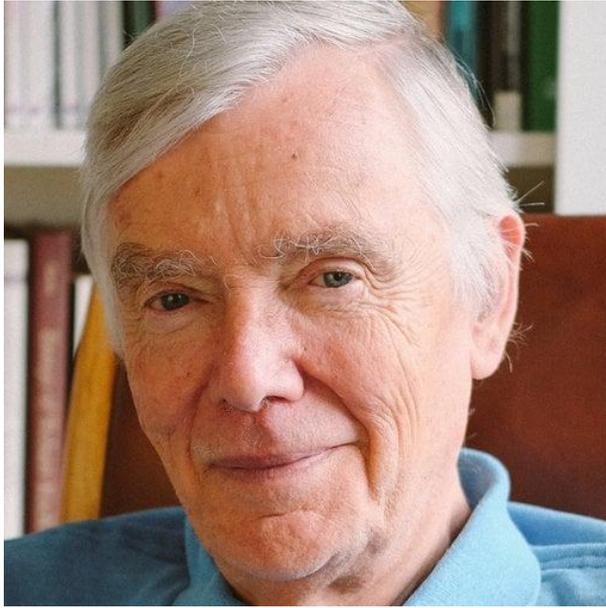
• Hanno tracciato sul terreno delle specie di piste; accendono fuochi ai loro lati; hanno costruito una capannuccia in cui si siede un uomo con due pezzi di legno a mo' di cuffie, e da cui sporgono dei bambù a mo' d'antenne radio; ed **aspettano che gli aerei atterrino**.

• Fanno tutto correttamente; la **forma** è perfetta e rispetta quella originale: ma la cosa non funziona. Non atterra nessun aereo.

• **Scienze da cargo cult**: sono scienze che seguono i precetti e le forme apparenti dell'indagine scientifica ma alle quali, però, **manca un elemento essenziale**, visto che gli aerei non atterrano.

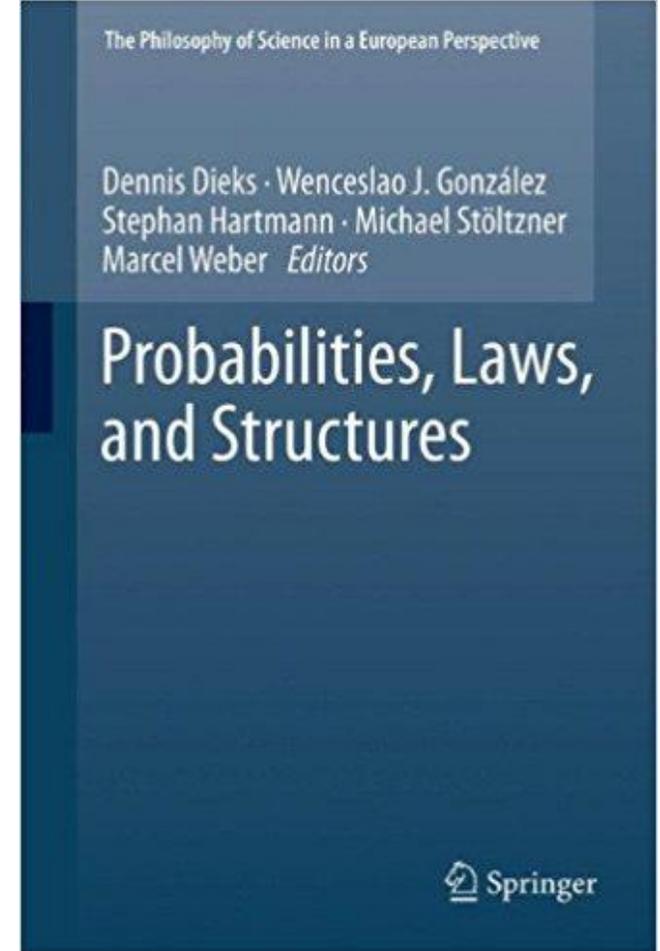


CARGO CULT

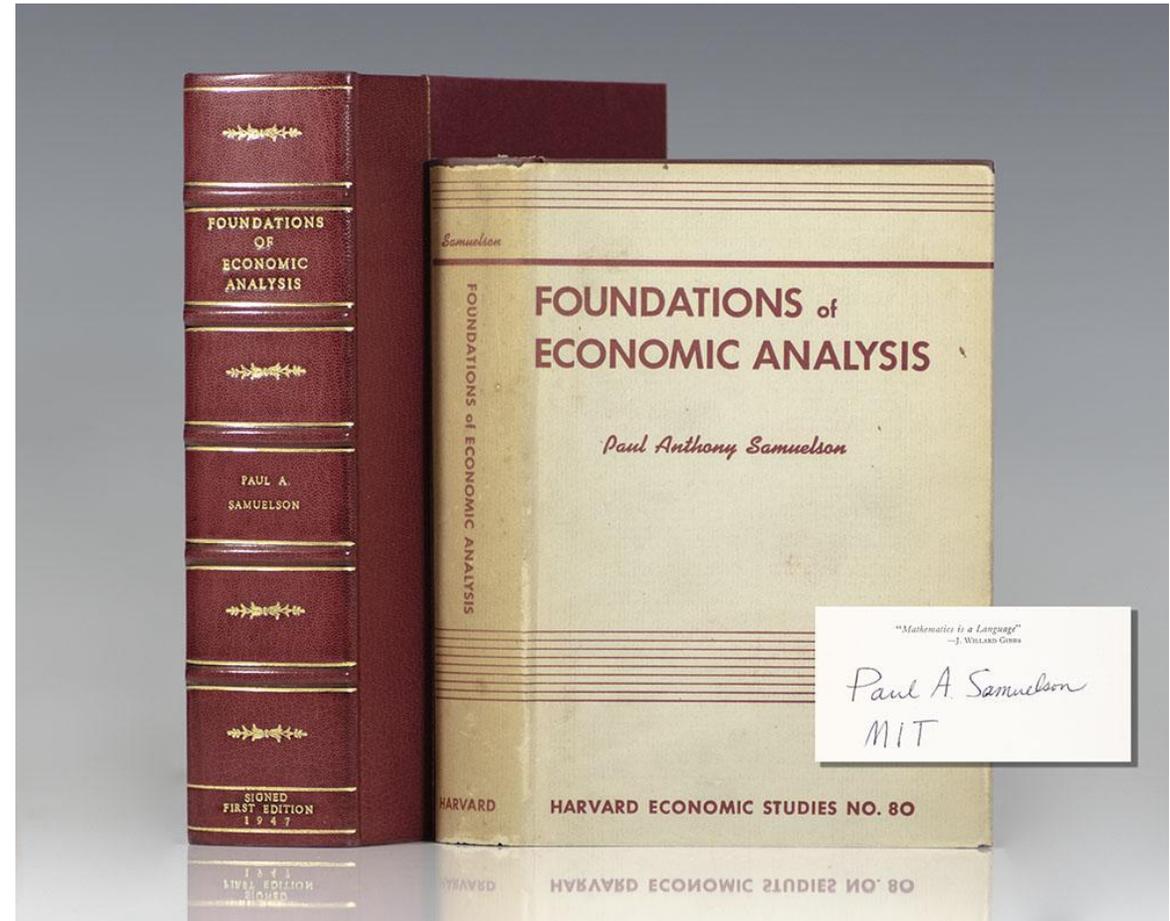


The Use of Mathematics in Physics and Economics: A Comparison

Donald Gillies 



- **Paul Samuelson** nel suo libro di oltre 400 pagine fitte di formule matematiche, non deriva nemmeno un risultato che possa essere confrontato con i dati osservativi. Addirittura nel libro non vi è menzione di alcun dato empirico!



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ECONOMETRICA

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NUMBER 3

EXISTENCE OF AN EQUILIBRIUM FOR A COMPETITIVE ECONOMY

By KENNETH J. ARROW AND GERARD DEBREU¹

A. Wald has presented a model of production and a model of exchange and proofs of the existence of an equilibrium for each of them. Here proofs of the existence of an equilibrium are given for an *integrated* model of production, exchange and consumption. In addition the assumptions made on the technologies of producers and the tastes of consumers are significantly weaker than Wald's. Finally a simplification of the structure of the proofs has been made possible through use of the concept of an abstract economy, a generalization of that of a game.

INTRODUCTION

L. WALRAS [24] first formulated the state of the economic system at any point of time as the solution of a system of simultaneous equations representing the demand for goods by consumers, the supply of goods by producers, and the equilibrium condition that supply equal demand on every market. It was assumed that each consumer acts so as to maximize his utility, each producer acts so as to maximize his profit, and perfect competition prevails, in the sense that each producer and consumer regards the prices paid and received as independent of his own choices. Walras did not, however, give any conclusive arguments to show that the equations, as given, have a solution.

The investigation of the existence of solutions is of interest both for descriptive and for normative economics. Descriptively, the view that the competitive model is a reasonably accurate description of reality, at least for certain purposes, presupposes that the equations describing the model are consistent with each other. Hence, one check on the empirical usefulness of the model is the prescription of the conditions under which the equations of competitive equilibrium have a solution.

Perhaps as important is the relation between the existence of solutions to a competitive equilibrium and the problems of normative or welfare economics. It is well known that, under suitable assumptions on the preferences of consumers and the production possibilities of producers, the allocation of resources in a competitive equilibrium is optimal in the sense of Pareto (no redistribution of goods or productive resources can improve the position of one individual without

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- **Kenneth Arrow e Gérard Debreu** (1954): i dati empirici sono del tutto assenti nel loro lavoro.
- **Edward C. Prescott & Rajnish Mehra** "The Equity Premium: a puzzle" cercano di confrontare il modello di equilibrio generale Arrow-Debreu di un'economia teorica con i dati ottenuti da un'economia reale, vale a dire l'economia statunitense nel periodo dal 1889 al 1978. In questo caso non c'è nessun accordo tra i risultati teorici e i dati empirici.

**THE EQUITY PREMIUM
A Puzzle***

Rajnish MEHRA

Columbia University, New York, NY 10027, USA

Edward C. PRESCOTT

Federal Reserve Bank of Minneapolis

University of Minnesota, Minneapolis, MN 55455, USA.

Restrictions that a class of general equilibrium models place upon the average returns of equity and Treasury bills are found to be strongly violated by the U.S. data in the 1889-1978 period. This result is robust to model specification and measurement problems. We conclude that, most likely, an equilibrium model which is not an Arrow-Debreu economy will be the one that simultaneously rationalizes both historically observed large average equity return and the small average risk-free return.

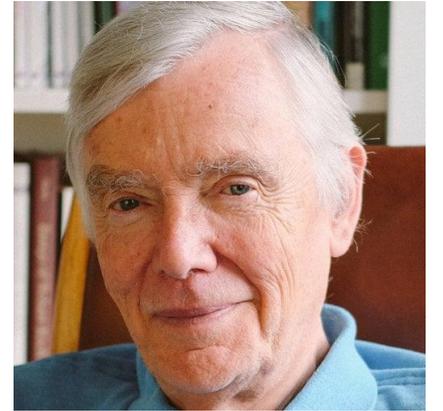
1. Introduction

Historically the average return on equity has far exceeded the average return on short-term virtually default-free debt. Over the ninety-year period 1889-1978 the average real annual yield on the Standard and Poor 500 Index was seven percent, while the average yield on short-term debt was less than one percent. The question addressed in this paper is whether this large differential in average yields can be accounted for by models that abstract from transactions costs, liquidity constraints and other frictions absent in the Arrow-Debreu set-up. Our finding is that it cannot be, at least not for the class of economies considered. Our conclusion is that most likely some equilibrium model with a

*This research was initiated at the University of Chicago where Mehra was a visiting scholar at the Graduate School of Business and Prescott a Ford foundation visiting professor at the Department of Economics. Earlier versions of this paper, entitled 'A Test of the Intertemporal Asset Pricing Model', were presented at the University of Minnesota, University of Lausanne, Harvard University, NBER Conference on Intertemporal Puzzles in Macroeconomics, and the American Finance Meetings. We wish to thank the workshop participants, George Constantinides, Eugene Fama, Merton Miller, and particularly an anonymous referee, Fischer Black, Stephen LeRoy and Charles Plosser for helpful discussions and constructive criticisms. We gratefully acknowledge financial support from the Faculty Research Fund of the Graduate School of Business, Columbia University, the National Science Foundation and the Federal Reserve Bank of Minneapolis.

The Use of Mathematics in Physics and Economics: A Comparison

Donald Gillies 



My survey of well-known works by four famous mathematical neoclassical economists who all won the Nobel prize for economics, has not revealed any precise explanations or successful predictions. This supports my conjecture that the use of mathematics in mainstream (or neoclassical) economics has not produced any precise explanations or successful predictions. This, I would claim, is the main difference between neoclassical economics and physics, where both precise explanations and successful predictions have often been obtained by the use of mathematics.

How To Be More Impressive

Unknown

Suppose we want to publish something that is as simple as

$$1 + 1 = 2 \quad (1)$$

This is not very impressive. If we want our article to be accepted by IEEE reviewers, we have to be more abstract. So, we could complicate the left hand side of the expression by using

$$\ln(e) = 1 \quad \text{and} \quad \sin^2 x + \cos^2 x = 1$$

and the right hand side can be stated as

$$2 = \sum_{n=0}^{\infty} \frac{1}{2^n}.$$

Therefore, Equation (1) can be expressed more scientifically as:

$$\ln(e) + (\sin^2 x + \cos^2 x) = \sum_{n=0}^{\infty} \frac{1}{2^n} \quad (2)$$

which is far more impressive. However, we should not stop here. The expression can be further complicated by using

$$e = \lim_{z \rightarrow \infty} \left(1 + \frac{1}{z}\right)^z \quad \text{and} \quad 1 = \cosh(y) \sqrt{1 - \tanh^2 y}.$$

Equation (2) may therefore be written as

$$\ln \left[\lim_{z \rightarrow \infty} \left(1 + \frac{1}{z}\right)^z \right] + (\sin^2 x + \cos^2 x) = \sum_{n=0}^{\infty} \frac{\cosh(y) \sqrt{1 - \tanh^2 y}}{2^n} \quad (3)$$

Note: Other methods of a similar nature could also be used to enhance our prestige, once we grasp the underlying principles.

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Economics focus

In defence of the dismal science

In a guest article, Robert Lucas, the John Dewey Distinguished Service Professor of Economics at the University of Chicago, rebuts criticisms that the financial crisis represents a failure of economics

Aug 6th 2009 | From the print edition

THERE is widespread disappointment with economists now because we did not forecast or prevent the financial crisis of 2008. *The Economist's* articles of July 18th on the state of

**LA CRISI NON È STATA PREVISTA
PERCHÉ LA TEORIA ECONOMICA
PREDICE CHE QUESTI EVENTI
NON POSSANO ESSERE PREVISTI**



LA CRISI NON È STATA PREVISTA
PERCHÉ LA TEORIA ECONOMICA
NEOCLASSICA ASSUME CHE QUESTI
EVENTI NON POSSANO **AVVENIRE E**
DUNQUE NON POSSANO ESSERE
PREVISTI. ***DUNQUE È UNA TEORIA CHE***
NON HA NULLA A CHE FARE CON LA
REALTÀ.

Prospects for the world economy

Paolo Sylos Labini

Abstract

Analysis here is founded on certain analogies with the Great Depression of the Thirties and four fundamental points: innovations, changes in the market forms, changes in income distribution and the sustainability of debts. The duration of prosperity depends first of all on the importance and variety of investment opportunities opened up by them, whereas crisis duration is conditioned by the size of indebtedness. The central problem in America today is precisely that of the sustainability of debts, to evaluate which criteria are studied in this paper. Full recovery will only be possible once past the stage in which firms and families contract debts primarily to repay other debts falling due and avoid bankruptcy. Proof that debts have fully reacquired the function of supporting growth will be given by the recovery of investments. In any case, the crisis is unlikely to reach the gravity of the Great Depression not only because a price fall is to be excluded, but also because repetition of the mistakes in monetary policy are to be ruled out.



Da almeno due anni avevo notato alcune rassomiglianze fra la situazione che si era determinata in America negli anni Venti del secolo scorso, un periodo che sboccò nella più grave depressione nella storia del capitalismo, e la



Economics and Research Assessment Systems

Donald Gillies

Department of Science and Technology, University College London, UK
donald.gillies@kcl.ac.uk

↓ Donald Gillies, 2012. "Economics and Research Assessment Systems," *Economic Thought*, World Economics Association, vol. 1(1), pages 1-2, July.

The Queen asks why no one saw the credit crunch coming

The Queen, whose personal fortune is estimated to have fallen £25 million in the credit crunch, has demanded to know why no one saw the financial crisis coming.



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The Royal Family

News » UK News »
Financial Crisis »

On 5 November, the Queen must have embarrassed the economists at LSE by asking her Question, which presupposed that all of them had failed to foresee the biggest Global Financial Crisis since 1929. **The Queen's Question clearly implied that something had gone seriously wrong with research in economics.**



Economics and Research Assessment Systems

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Department of Science and Technology, University College London, UK
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The Royal Family

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The Queen's Question clearly implied that something had gone seriously wrong with research in economics. Yet in the results of the Research Assessment Exercise, published the next month, research in economics was declared to be, by some margin, the best research in any subject in the UK. **Moreover, research in economics at LSE was given a grade of 3.55 out of 4.**



Economics and Research Assessment Systems

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Department of Science and Technology, University College London, UK
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The Royal Family

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The Queen's Question clearly implied that something had gone seriously wrong with research in economics.

Moreover, research in economics at LSE was given a grade of 3.55 out of 4.

Who was right in their judgement? The Queen or the RAE committee. It seems clear to me that the Queen was correct, and the RAE gradings were very seriously mistaken.

Matematizzazione
economia →
pseudoscienza

Scelte politiche →
scelte tecniche

Depoliticizzazione
dell'economia →
lesione democrazia

