

ECONOMICS, THE OBFUSCATED SCIENCE

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Numerous academic disciplines, such as medicine, are under pressure from powerful interests, but economics is especially appreciative of the proximity with the establishment. So it has been in the past; so it will be in the future. Consequently, mainstream economists have been acquiescent in accommodating their discourse of the dominant economic and political order. To read an economics textbook is a pleasant experience. The theoretical justification of the status quo is argued with intellectual rigor and clever equations, while graphs and factual statistical data support the theory. This rosy account of the rules that govern our society - described as the best possible compromise - is very reassuring. The vision for the future is usually sanguine, provided that the cardinal functions of market, profit and finance will be carefully guarded. But, however disguised or evaded, at the basis of these theories there are convenient assumptions, disregarded anomalies and arbitrary simplifications that haunt even the best disposed student with a critical mind.

The books reviewed in this issue highlight these weaknesses. Hill & Myatt, following a textbook approach, analyse in a systematic way the keystones upon which mainstream theory is built. And, under the sceptical eye of the authors, the handy axioms, statistics and simplifications reveal their questionable scientific soundness. The authors also show how easily different conclusions can be reached, if only the tottering assumptions are slightly changed. They neither claim nor offer any proof that the textbooks are wrong. They simply expose the skewed viewpoints of the theory, thus evincing that it could be wrong. But the bias is never explicit; it is obfuscated in the omissions, in the non-declared value judgments or in the missing contrary empirical evidence. There is no novelty in this, as failings are not uncommon even in physical sciences, especially when the researchers are biased by ideology or consumed by ambition. But, there, the flaws are accidents in the scientific process. What makes mainstream economics a pseudoscience is the fact that value judgments are obfuscated in the very methodology of the

discipline, much like other non-evidence based scientific claims, a good example being homeopathy.

With the other two books we go further; we show that what could be wrong is often actually wrong. And in no small detail, as we are touching the very foundations of the socio-economic contract of our society: the market and the profit. The instances considered in the books couldn't be farther apart - in the domain of art in one case and in the domain of finance in the other, in our time the first and in the sixties the second. Yet, in both cases, the market has correctly played its formal role, free from any authoritarian coercion, but producing capricious prices that defy any existing theory of value other than the one based on the tautological statement that the value is the price. And the same market has gifted the winners that appear in the books with profits that are hard to define as deserved or as useful fuel for economic growth. Even less, can we perceive the presence of a benign invisible hand, when we realize that the profit is part of a zero-sum game where frequently innocent victims are on the losing side of the table. But all this is not confined to big money - scaled down - it is part of that daily real-life that should inspire any practical theory meant to be of guidance for society; and that economics has all too often ignored.

Books' reviews by F. Bianchetti

Note: Our trailers are a seamless series of excerpts freely assembled in a meaningful fashion by the reviewer to better illustrate the style and standpoint of the authors. Though they are neither spoilers nor a condensed version of the books. They have not been proofed by the authors.