

ECONOMICS' STRUCTURAL INCOMPLETENESS (II)

In my previous intervention I talked about the (structural and functional) incompleteness of both neoclassical model and idiosyncratic model of economics. But, what can be said about overcoming this incompleteness? I'll try now to identify three classes of possible way to reconstruct the economics bases in order to eliminate (and avoid in the future) the examined incompleteness.

Firstly, I think there is (and it is still maintained, especially by the neoclassical model) an unacceptable conceptual import from mechanical physics regarding the economic phenomenon (or economic process, as variation of the economic phenomenon), namely that it is an objective one. Epistemologically, we are here a peremptory effect of a crisp distinction between subject and object, which is „very legal” in the natural sciences but becomes „illegal” in the social sciences. Indeed, while the natural object or phenomenon autonomously exists related to the subject, instead the economic phenomenon doesn't exist without the human action (in the general sense suggested by von Mises), it appears, changes, and disappears if and only if the humans act (either by doing, or by abstaining) is performed. As consequence, the claim of current economics to explain (and, based on explanation, to predict) the economic phenomena in themselves is as impossible as useless. The conclusion is not only that the subject must be re-introduced in the economic phenomenology and theoretical models, but even more, the economic explanation (and prediction) should take with predilection into consideration the economic subject. It is not about to give up the economic object. Since the economics is, fundamentally, a praxeology, it implies, in a significant measure, the nature (for example, the energetic resources), that is, it implies the economic object, but even in this realistic case, the subjective causality must be dominant. In other words, the economic model must be dominated by the teleology in establishing the causal relationships. To be honest, many of current approaches in economics (without the ambition of building up a reconstruction of it) focuses on the economic subject, but generally in an experimental way, not in a theoretical one. For example, the idiosyncratic economics (or the so-called behavioural economics) was and is trying to do that but, unfortunately, without a theory in the back. In fact, in understanding and managing the economic field, we should be interested by the subject behaviour only, regarding the way of deciding and acting (including the abstaining). If we look at current economic prognoses performed even by the most titled forums or organizations (including IMF, World Bank, OECD, or European Commission) we'll only see some trajectories of time series data linking the past to the future, but we'll not see the humans anywhere. Instead the subject behaviour is presumed be implied (in an unclear way) just in the economic object kinematics.

Secondly, but as a logical consequence of the first, is the issue of the economic truth. If the economic phenomenon is entirely the result of the subject decision and action, if, still, the economic phenomenology is leaded by the teleology (i.e., by subjective goals), then the correspondence-truth becomes completely irrelevant in the economic field. Indeed, the correspondence-truth addresses the economic object (that is, the current object of the „professional” economic prognoses), while, in fact, what is determinant and significant in the economic kinematics and dynamics is just the subject. The economic object which has appeared at the end of the predictions horizon there is nothing else but the objectification of the subjective desirability. So, once the economic subject is reintroduced in the economic process (I would call such an „animal” the subject-object package – the SO package), a new economic truth must be designed and introduced in the economic phenomenology. Such a truth has, probably, to verify certain sufficiency logical predicates, in order to save the testability of the economic

enunciations or propositions. I think a new testability should be accepted and introduced in the economic theory. Such a testability must be weaker than the factual testability imported, via Karl Popper, from physics. For example, it could be a confirmability testability, as the logical positivism has already proposed. So, the economic prediction follows to be not only a pure prediction, but a mix between prediction and prescription (where the prescription is generated by the inherent teleology of economic process). As result, the testing of such a mix propositions will take the form of a procedural testing, not a factual one. The procedural testing implies to replace the correspondence-truth with the correspondence-goal, and the factual testing with the confirmability testing. Of course, all these are only some general suggestions, forasmuch a new basis for the economic truth is just about to be elaborated.

Thirdly, I believe a new economic formalism is needed in order to implement the mentioned above two directions of reconstruction in economics. About such a proposal I'll sketch some lines I consider very productive in the matter:

- (a) by now, the (very questionable) differential equations describing the economic world are explicitly focused on the „objective“ economic phenomena or processes, and barely focused on the economic subject; I strongly believe that this has to change so, by the contrary, the theoretical interest and modelling be explicitly focused on the economic subject and only implicitly on the „objective“ economic phenomena or processes; in other words, the economic subject must become the main explanandum of the economic theory;
- (b) consequently, the new economic formalism must be reconstructed (or, if this is impossible or too difficult, a new economic formalism should be invented) in order to capture the economic behaviour of the economic subject; we have to be careful do not allow the behavioural economics enter such a new economic formalism, so we have to resume the debate on the economic motivations, reasons and calculus around the economic subject. Probably the heuristics will not can be totally avoided, but a mix between heuristics and hermeneutics could be a good idea. In such a way, what is good both in the apodictic praxeology (see von Mises) and in the heuristic behaviour (see Thaler) could be put together;
- (c) if I asked how such a new formalism could be built, I would answer as follows: the economic behaviour is fundamentally socially anchored (see Bourdieu's concept of habitus, for example), so the most appropriate formalism should that which would capture such a feature. I think this purpose could be achieved by an economic formalism of topological type, i.e., a formalism with the potential to identify relatively invariant classes of economic behaviour and, consequently, a „map“ of inter-actions among such classes. To be observed that the proposal avoid both the concept of the representative agent and the concept of statistical agent. Probably we should accept a concept of something like „class agent“, where a class agent convokes all the individuals which verify a relatively invariant way of economic behaviour, what can be named as class-geodezic. Fortunately, once clarified, from the psychological and, especially, sociological points of view, the concept of class-geodezic, then the topological mathematics, which is already very developed by the mathematicians, could be simply imported and applied. But, this turn, that import is perfectly legitimated by the characteristics of the class-geodezic behaviour.