

Column: 25 October 2021

**The uneasy long-distance relationship between
economic theory and policy-making**
~ musings on the Nobel Prize in Economics ~

The Nobel Prize in Economic Sciences¹ of this year was awarded to three economists² who had worked on the validity of empirical research into causal relationship by use of natural experiments. As opposed to research in laboratory or controlled conditions. Until now, the results of such research by way of natural experiments were not valid. So, it seems like an important step forward that, thanks to the newly developed methodology, results of such experiments are now deemed to be valid. Valid for whom? Yes, for the scientists. Are they now also valid for policy-making? Who asks for such proof underlying our economic policies anyway, and since when? The relationship between economic theory and policy-making is vague and changing. In fact, there should be no relationship. Science is objective and policy is, by definition, ideologically tainted. If, at all, there is a relationship, it is an uneasy one, and some distance should be observed.

Let's now turn our attention to the substance of the research into causal relationships that are subject matter of this Nobel Prize. Using the methodology developed here, research has been done into the causal relationships of: 'raising the minimum wage and ... the labour market, or education and ... the labour market, or migration and ... the labour market'. The political issues that could be answered by this research are possibly: is it good policy to raise the minimum wage ..., is it useful to provide good education to our citizens ..., or does immigration negatively impact ...? The end to achieve here would be 'an optimal labour market' (whatever that may be).

But, annoying as I am, I ask further questions – does science not require purity of argumentation? Why is the framework for the research not: 'what is the causal relationship between the existence and maintaining of wages so low that no one or no family can live of it and ...', what is the causal relationship between withholding citizens good education and ..., and what is the causal relationship between people not being forced to migrate (and thus happily staying home) and ...?

The occurrence of wages so low that people cannot live of it, is not a natural phenomenon, like gravity. It is something, for which we, as a society, have opted to come into existence. However, when we decide (and throw large budgets towards it) to investigate into the impact of raising wages, we, at the same time, posit 'wages so low people cannot live of it' as the norm, as the base line. And here the truth is exposed! Forget about long-distance, theory is completely in bed with policy. Yes, the relationship is an uneasy one, because theory still has to keep up the appearance of 'being scientific'. Not to mention the confusion at the policy side, trying to determine what is right and wrong.

Then finally, some more musings on the Nobel Prize of 2020. The one for Peace and the other for Economics. The Nobel Peace Prize was awarded to the Worldfoodprogramme of the United Nations, a programme that fights hunger at the global level. The Prize for Economics was awarded to two economists for their work on improving the systems for auctions. I am just a simple citizen and ask myself, where are

¹ The 'Nobel Prize in Economic Sciences' is not really a Nobel Prize. It has not been so determined in the will of Alfred Nobel. The Prize is awarded and funded by the Swedish National Bank.

² They are: Guido Imbens, Joshua Angrist and David Card.

the economists making improvements on the system of providing food to every one on this planet? A scientifically well-founded system would be so very welcome here, together with a direct line to policy and society, please.

Or maybe economic science just walks its own solitary path? Gérard Debreu, French economist and laureate of the Nobel Prize in 1983, said: “it is the duty of economists to inform that the right to life cannot always be guaranteed, due to its costs.”³ Do we detect here – coincidence or not – a perfect match with the programmes of our political worldleaders?

This article is a project by



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³ From: *Lettre ouverte aux gourous de l'économie qui nous prennent pour des imbéciles*, Bernard Maris, Ch.5.