Afterword

These days, economists with very different theoretical perspectives rarely want to debate with each other. The widespread tendency to evade discussion comes in part from the growing importance of publishing numerous articles in mainstream, high impact factor, academic journals (the 'publish or perish' world). These strong and increasing pressures to publish lead to tailoring of papers according to the ideological position of the editorial committees of mainstream journals. This has two main consequences. Innovative and non-mainstream papers are difficult to get published and authors follow the suggestions from their anonymous referees without question, so that the paper gets accepted. These enormous pressures favour conformism and lead one to consider different perspectives a waste of time.[1]

This narrow-minded attitude may also be partly explained by the evolution of economics, which is becoming an increasingly specialized and fragmented discipline. The investment needed to acquire complex analytical techniques can lead to an avoidance of the adoption of alternative methods, compared to those learned during the long years of apprenticeship.

No less important is the role of well-paid consultancies through which economists become aligned with and supportive of the interests of the big banks and multinational corporations which pay them. In their published articles or papers, it is very rarely that they specify where the funding for their consultancies comes from. Neither in their websites, nor in their CVs, do they list paid consultancies. Possible conflicts of interest remain hidden. This leads to a loss of the sense of the common interest and to distrust of the experts.[2]

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Conformism and the refusal to participate in real debate have led to a growing intolerance and the tendency to replace argument with insults. Hence, significant damage has been done, because the comparison and verification of various hypotheses are the basis of scientific development. It has not always been so. From the end of World War II until the early '80s, there was respect towards those who espoused different ideas. Two relevant examples are significant. When John Maynard Keynes died, Hayek wrote of his staunch opponent: "[Keynes] was the only true big man I knew and for whom I had unbounded admiration."[3] The second example is Paul Samuelson. Evidence from the Paul Samuelson archives suggests he really did nominate Joan Robinson for the Bank of Sweden Nobel Memorial Prize in Economics.[4] The fact that he argued with her from the opposite side did not prevent him from appreciating her greatness as an economist.

Notes

1. Frey (2003) calls this phenomenon 'academic prostitution'. On the way in which mainstream approaches maintain their hegemony see Mitchell and Fazi (2017, p. 176). On the link between widespread conformism among economists and increasing pressure to publish in major journals in order to get a tenure, see Krugman (2014, Sept 14); Kirman et al. (2016, Oct 16). In the natural sciences the pressure to publish in top academic journals has effects that are no less worrisome. The need to arrive at new results worthy of being published, accompanied by the inability of the *referees* of journals to replicate the laboratory experiments, led to the publication of a surprisingly high number of erroneous results: in some fields the false positives (the assertions that something is true when it is not) can reach 50 per cent. While, the rate of false negatives (the assertions that a thing is not true when it is true) is very low. See The Economist (2013, Oct 19) where they mention, among other things, the sensational case of the *paper* by Reinhart and Rogoff (2010), quoted in the third dialogue, devoted to austerity and the fiscal multiplier.
2. See the Second Dialogue and, in particular, notes 46 and 47 and the Seventh Dialogue, note 14.
3. Hayek quoted in (Ruffolo 2006, p. 80). On the clash between Hayek and Keynes see the considerations and references in Carabelli and De Vecchi (1999); Machlup (1999); Caldwell (2003, pp. 176–181); Skidelsky (2006); and Wapshott (2011).
4. Mirowski (2013, pp. 22, 158). On the dispute concerning the theory of capital between Paul Samuelson and Joan Robinson, see the in-depth analysis by Harcourt (1972). For a broad and stimulating discussion of the various aspects of the theoretical work of Joan Robinson see Marcuzzo et al. (1996).

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Glossary

Adverse selection may arise when informational asymmetries and pre-contractual opportunism lead to a selection that is adverse to one party's interest

Aggregate demand total spending within an economy on final goods and services. It is the sum of consumers' expenditure, public expenditure, investment and export of good and services, less expenditure on imports of goods and services

Automatic stabilisers taxes and transfer payments that stabilise GDP without requiring policymakers to take action

Balanced budget a situation in which public expenditure equals income from taxes and other receipts

Black swan an event that comes as a surprise

Bond a financial instrument issued by a state, a bank or a firm. Bonds are tradable. Bondholders may be entitled to periodic payments in the form of interest and they are paid back at bonds' maturity

Corruption consists in dishonestly using decisional power or privileged information to obtain advantages. It involves a hidden exchange between two parties, which violates the law or codes of behaviour

Creative destruction the process of entrepreneurial innovation that destroys the existing industries

Crowding-out effect the process by which an increase in government borrowing and expenditure displaces private consumption and investment, because government borrowing tends to increase the interest rate paid by consumers and investors

Current accounts external transactions in goods and services of a country

Deflation the process of a reduction in the general price index

Economies of scale occur when a larger dimension of scale of a specific microeconomic unit leads to a lower total average cost of the product obtained

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Enforcement power the ability to oblige the parties either to respect the contract or to pay the injured party compensation

Eurobond bond jointly underwritten by Eurozone states

Exchange rate the price at which currencies trade for one another in the market

Externalities consequences of an economic activity of one party that affect the revenue, the cost or the utility of another, without this being reflected in market prices, such as pollution (negative externality) or the pollination of surrounding crops by bees kept for honey (positive externality)

Fiscal Compact a chapter of the 'Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG)' (1st January 2013). According to the Fiscal Compact, public deficit must not exceed the 0.5 per cent of GDP for states with a debt-to-GDP ratio exceeding 60 per cent. It is a strengthening of the budget-discipline rules contained in the 1997 'Stability and Growth Pact' that establishes automatic sanctions for countries that violated the Maastricht Treaty parameters of the 3 per cent deficit to GDP ratio and of the 60 per cent of the debt to GDP. The Treaty was signed by the representatives of all member states of the European Union with the exception of the United Kingdom and the Czech Republic. It has been ratified by the 25 signatories plus Croatia that joined the European Union in July 2013. The Fiscal Compact was not enacted as a Directive of the European Commission, nor consequently passed the scrutiny of the European Parliament

Fiscal multiplier a coefficient that measures the relationship between an increase in investment or in public spending, and the increase in national income

Fiscal policy changes in government taxes and spending

GDP (Gross Domestic Product) a measure of the total flow of goods and services produced by an economy over a specified time period

Gig economy a working model that is based on temporary positions and on-demand independent workers for short-term engagements (for instance, home delivery of ready meals, renting out a small room, designing websites, or driving their own car)

Gini index a coefficient that measures the degree of inequality in personal income. This index ranges from 0 to 100 (or from 0 to 1 on the decimal scale). If it is equal to 0, income is split equally and all receive an equivalent slice. If it is equal to 100, one person gets everything

Global supply chain is characterised by various stages of the production process that are located in different countries by outsourcing and offshore activities

Ideologies shared frameworks of mental models, which groups of individuals possess on the basis of their interests

Inflation a process of increase in the average prices of goods and services

Influence activity the attempt to influence others' decisions. Under conflict of interest, the party holding information may misrepresent, distort or fail to report the information needed by the decision maker. Influence activities may take place inside organisations, markets and political decision processes

Information asymmetry a situation in which information is not shared equally between the two parties involved in an exchange. It may bring about moral hazard or adverse selection

Investment is an expenditure of money or utilisation of resources that generates a potential flow of future benefits

Market failures situations in which markets fail to achieve efficient allocation. Market failures are mainly due to asymmetric information, externalities and economies of scale

Missing market when a market does not exist and therefore trade does not take place even if some agents would be willing to buy or to sell these commodities. Sources of missing markets include informational asymmetries, knowledge heterogeneities and adverse selection

Moral hazard when potential opportunistic actions chosen by one party after the contract are not observable and enforceable by the other party. Moral hazard is a form of post-contractual opportunism

Non-performing loans a bank loan is considered non-performing when the borrower fails to pay the agreed instalments or interest within 90 days

Perfect competition a model of industrial structure in which agents are not able to influence market price, firms can enter and exit the industry without a cost, and outputs traded are homogeneous

Perfect rationality implies complete knowledge of all possible courses of actions and of the full list of possible outcomes, and complete information-processing abilities. Under perfect rationality individuals are able to estimate all possible future payoffs consequent upon their actions

Productivity the relationship between the output of goods and services and the inputs of resources used to produce them

Progressive tax a tax that takes increasing proportions of income as income rises

Propensity to consume the fraction of additional income that is spent

Propensity to save the fraction of additional income that is saved

Radical uncertainty when individuals do not know the future payoffs

Regulatory capture when a government agency becomes 'captured' by the interest of organisations it is supposed to regulate

Rent-seeking strategy a behaviour that improves the welfare of someone at the expense of the welfare of someone else

Say's law supply creates its own demand, in other words, production results in an income that will always be entirely spent until it absorbs the whole production

Solvency of a state A state is solvent if it is able to meet all its financial commitments

Sovereign default the failure of a state to meet its financial commitments

Spread difference between the interest rates on a bond between two countries. In Europe, German bonds are generally used as the reference assets

Subprime loan a loan, especially to buy a house, to people who may not be able to pay it back

Transaction costs costs of exchange, i.e. the costs of using markets to satisfy economic requirements. Transaction costs encompass contract, information-knowledge and enforcement costs

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