



A study of culture, belief and social structure

By

Tahir Iqbal © 2008

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i) Introduction

The purpose of this collection of essays is to create a framework for interdisciplinary analysis of social science. This begins with philosophy, which we take to be considered examination of the most simple of issues and definitions, though we construct a narrative of one social science, economics, and discuss the problems and difficulties it faces in the strength of supposedly reasoned thinking within it. Principally we suggest that direct observation and reasoning from these real observations is the principal route to truth used by science. We argue that this is what interdisciplinary social science should observe. We propose that social science is concerned at its macro level with layers of interrelated processes which have their origins in history, institutions and social forces. A process is a sequence of connected events, which exists in the mind of the social scientist observer as an abstraction and is mapped from reality. The repetition of processes in history and across the world allows us to identify them, through seeing similar effects and similar structures we can deduce an abstract mechanism that is identified with the process. In addition our research strategy involves thinking about structures in reality and considering what the logic of these are, which allows us to do thought experiments aided by simulations in spreadsheets to allow us to isolate these processes' effects in as much as they are consistent phenomena. The reality that processes will lead to consistent effects at times is due to the existence of pervasive structures in society. The presence of a road will lead to a consistent flow of people going down it subject to certain conditions of population size and need for travel down that road. But structures do not necessarily have to be physical, a contract, such as a loan, with its concomitant features leads to various processes in society, indeed it has been considered by Minsky that the concept of the loan leads to our boom-bust economic cycle. Changing the structure of the loan in terms of who receives what and when would lead one to believe that different outcomes are possible. We have therefore some idea of how basic structures can be useful, insofar as one would like to eliminate recessions. One of our key points we find is that structures are often accepted, they are not dynamical optimising in the sense that they do not tend towards the best solution to society's problems necessarily. In the case of loans this is because the concept loan is determined historically and only changes in line with the whims and spirits of the banking industry, that is the complex that creates the loan. What should be noted is that a complex is also created of people who have borrowed money which itself creates the effects of boom-recession.

We discuss later the idea of a complex, the core of the process, the structure that causes the process to occur. When we look at the complexes later, we can get a handle on what is actually going on in the society and also appreciate that different outcomes can occur often with the same basic structure. Thus we lead away from deterministic economic theory and into a realm whereby we can see risks to certain structures as well as appropriate ways of altering these outcomes. Our essays take us from seeing the world as being one of flux to rationalising why certain elements of society remain widely held and constant for long periods of time. An additional aspect of our analysis makes use of the concept of the 'scenario' (academically this is called the 'counterfactual'). This is taken from financial analysis used by industry practitioners in corporate finance in the City of London. A scenario approach involves looking at how the outcome of processes varies according to different events and environments, much as one might consider the variance of a population in addition to its mean. This does not mean that we look entirely at all possible events, in fact we are often most interested in the unlikely at any given time, yet possible and perhaps inevitable long term results of a process or system composed of processes. The essence of identification of a process is abstraction of mechanism, that is the focus on the observed driver of the dynamic in the object of enquiry. This is because we are looking for areas where the policy maker can cause change to the system, so what we can loosely call causal links found from abstraction of mechanism is important. This is not to side with the academic movement that seeks to find immutable, universal, ahistorical laws, as is the case in economics. Our judgement that society is the sum and interaction of many layers of processes within a context of free will, subject to tendencies yet not necessarily necessary ones.

We discuss a number of frameworks based on our methodology that springs from our criticisms of economic theory; debate structure and projected narrative, idea maps, conversation dynamics (both in terms of interaction as a game, e.g. through blocking strategies in conversation, and in terms of extensive form game theory as the multiple interaction of discussion), non-reductionist memetic-network lifeworld theory.

We apply these frameworks to several issues which are not all linked directly to economics, the area from where we started the discussion. These areas are the understanding of the tendency of poverty to lead to crime, the very

structures of culture, the development of Islamic political theory, the understanding of Anti-Americanism as a social phenomena, the problem of analysing and solving poverty in the entire world, the issue of terrorism and several essays on aspects of economic theory; the core mechanism of the housing market, the aggregate production function and the debate on the source of economic growth, perfect competition. The wide variety of subject matter shows that this approach has the ability to make more ideas concerning many important issues.

From these frameworks we hope will grow research in social science from which we can be nearer to Truth and more helpful to the world which not only funds us but to which we owe a duty of care. Knowledge is about releasing the potential of humans.

ii) Idea Maps introduction

A key development and distinction in our analysis is the introduction and application of the 'idea map'. This requires further elucidation and the foundations of it must be made clear. Many things in society involve relationships, linkages, connections. As such any analytical tool must embody this. Relational analysis is a key part of Marxist theory in the social sciences. While critical theorists such as Adorno and poststructuralists, such as Barthes, acknowledged culture and developed narratives of this, we feel that a systematic technique is necessary for further development of the understanding of culture, particularly in modern post-industrial societies or indeed for any complex society that is the product of many different social forces. As an aside, this is a key tool in understanding multicultural societies, though the technique of 'idea maps' is not strictly restricted to ethnic groupings. Academic movements, debates, even individual essays can be brought into the rubric of idea maps. By creating an idea map we communicate complex social phenomena into a visual language, as Gaugin would have put it, directly accessible to the brain which then produces different information from the idea map that may shed light on issues that were previously opaque and intractable. If one puts a real life problem into mathematics, then one can reason using mathematical logic to create different information to the original observations. What we must make clear is that mathematics is not always suitable for understanding society since it has not developed the key complexity tools for analysing the social world. In addition mistakes made by economists in their abuse of mathematical reason can be understood as being similar to having an equation $x=y+1$ and then putting ones data on x and y into it in the incorrect variables to find the answer. Furthermore economists have also made the problem of arguing that the economy is, say, $x=y+1$, when in fact it is not possible as yet to put it into equations that have much in the way or meaning.

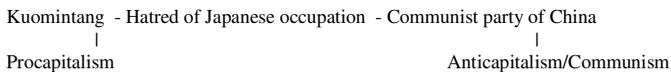
The foundation, the goal of idea maps is information compression. Just as a teacher will compress her judgement on the merit of a student's essay into a percentage number which relates to a class of a degree in order that the pupil will be able to adjust and improve their arguments, so idea maps are compression of information from some aspect of society that is based in ideas or can be represented as ideas. We use the unit of analysis as the idea, though this does not restrict the subdivision of ideas, loosely so that it can deal with complicated themes just as easily as individual arguments. The idea map can thus show the macro-picture (as would a lab microscope show a cell) or one can increase the level of detail to show a micro-picture (as an electron microscope would show much smaller surfaces of a biological sample). One can look at an idea map as similar in many ways to set theory, in the sense that it is essentially saying, what are the set of ideas that relate to a particular class of object of analysis. The new development in the framework is to draw links between one object and another relating to the sets of ideas that are contained within each object's 'idea set'.

An example of an idea map is the project of interdisciplinary social science. This is a grand project to bring together all social sciences away from division and produce multilayered narratives, theories and models to produce complete solutions and arguments drawn from all parts of social theory, sociology, economics, political theory, anthropology, human geography, history, etc. Consider part of the idea map produced by the project of interdisciplinary social science, that of methodological assumptions:

Sociology (homogeneity) – Anthropology (heterogeneity)
A part of the idea map of interdisciplinary social science

Here we can see the approach of connecting sociology which looks at the world to a far greater degree of homogeneity than anthropology. Thus we see a tension arising in the idea map. Clearly there is a degree of subjectivity to forming an idea map, just as one can focus on the eye in a Picasso painting or the mouth in it or perhaps the entire picture. A strong aversion to subjectivity in analysis may be considered by some to be unscientific, difficult to deal with. Yet two people can sit at a table and communicate that they both believe that a table exists that they are sitting at. While one may look at the legs of the table and the other looks at the surface, they may find agreement and should a third person come and disagree, there is the potential for the other two to obtain data and communicate this to the third party who may then become convinced. Above all this approach requires a certain level of intellectual maturity and focusing of the academic group involved in a debate concerning idea maps.

Idea maps can also be used to look at social groups, particularly, if one follows from Saussure, that language makes reality, thus social groups are the ideas attached to them. Consider the following idea map of Chinese social/political groups around the time of the Japanese occupation of China;



The above idea map shows the nationalist forces of the Government of China sharing a common idea with the Communist party under Mao of dislike of the Japanese occupation of parts of China. They thus entered into an alliance to fight and expel Japanese forces from China. However when the Japanese were removed, these two groups fought each other given that the mutually exclusive ideas of capitalism and communism brought in a tension among them. Clearly this does not do justice to a complete and compelling historical narrative that this period of history deserves, yet we can see that we can compress information such that clarity can be observed. Should someone disagree, they may bring forth their analysis which may show other facets of interest.

Mutual exclusivity is one of the perplexing questions involved in cultural analysis. This is where two ideas cannot both be held together since there is a strong tension among them. The above example of Capitalism or Communism, but it could be something more mundane as drink Pepsi/drink Coke. Clearly sometimes ideas synthesise, but there are often reasons due to their complete incompatibility that mean that this cannot occur. We will continue this particular discussion in our extension of the idea map methodology to memetic structural analysis where this question is most pertinent.

Values, that is the ideal ideas that form the basis for a nation-state, must be carefully analysed. By their nature they are 'models' rather than necessary action and thus reality. A nation may have the ideal value of freedom, yet may engage in reality against this. Very often much ideology can be divided into de facto and de jure, in the sense of what happens and what is understood to be good action. The reason for this division is that value is plausibly often an a posteriori judgement of an action while the production of the action is not necessarily driven from a particular value. Care must also be taken to divide values as are propagated and values, such as greed, which are commonly held but do not, in many sections of society, hold much social reward for propagation. Values are a special case of an idea map and are sometimes related to political economy. An aspect of values is that they determine the moral high ground which different institutions and nation-states often strive to obtain, especially where there is conflict.

In summary, we argue that the idea map is a useful tool to simplify exposition and analysis of many facets of society, its institutions, history and knowledge. The key development is to identify the ideas related to an object of discussion and draw links with ideas from other objects of discussion. The links can be classed as being tensions, where ideas are non-coherent or in the extreme case, mutually exclusive. We hope that application of this information compression technique will elucidate many areas of society that have previously been opaque.

Idea maps have an internal process of change and development as well as an external one. This relates to a meta idea map which is often consensually held among participants of a society. An example which we discuss in modern society is the coherence rule, whereby ideas are added to the idea map in accordance with the principle

that they are coherent with other ideas in the map. Liberalism leads to the end of slavery, while democracy tends towards direct democracy. As a thought experiment we can consider the effects of varying rules that determine the process of change of the idea map. So one could have a rule whereby the colour green was considered good. As a result ideas would become linked to the colour green, as is evident from the environmentalism social process impacting on company logos. Here we see that a fundamental and transcendental category in idea maps is the separation of good from evil. Perhaps one can say that this evolved from religion and has become a supreme way of categorising, debating and communicating different possible avenues of outcome and action. However the good of religion is in terms of altruism whereas the good of modern capitalism is in terms of benefit to the self. So we see that the transcendental categories are themselves idea maps. Idea maps are thus within idea maps within idea maps and so on.

This can be seen as the next step from Saussure's project of talking about reality in terms of language which he argued was a relational system. We see this to assume an intersubjective reality of signs that is potentially volatile yet obtains a paradoxical coherence and consistency across time. So instead of seeing reality as a system of related signs we see the social reality as being analysable through the schema of idea maps, the related system of ideas and their associations.

Clearly there is a neurobiological basis for this since ideas in the brain are supposed to be contained in neurons which are linked to others. Thus we obtain the idea of the subconscious whereby a racist sees the out group and associates negative characteristics to them. One may learn these links from existing publications and forms in the world, thus there is an element of this involved in the stability of idea maps. They must be stable to obtain a useful result in analysis. However people can write their own publications, communicate their own views, yet still there remains commonly held ideas and associations with other ideas. The possible reason why idea maps are stable is that there is a logical necessity to them, in as much as logic is used to produce and reproduce them. This logic is not necessarily universal, different societies may have a different 'logic' or methodology for determining idea maps.

Yet we see that idea maps are intersubjective realities, they are formed like Habermas' lifeworlds in a consensual communicative set of acts among people involved with them. The prevalence of humanity to find itself meaning in domination is old as anything and the domination of ideas, since they make up our very consciousness, our very thoughts and thus our action, is self evident. This was Foucault's thesis.

iii) focal points

Essential to our work is the understanding of the idea of a focal point. This is an observation drawn from criticism by practitioners in industry, government and society that academic thought has a low level of applicability to their needs. If we define the service users of academic thought as a key consideration in the development of such debate and analysis then we see the need for understanding why academic thought does not cohere with the needs of practice. Since the practitioner is directly involved in influencing the system one may feel that their needs and concerns are more related to what is truth, while academics seek truth using reason. This is truly paradoxical.

Our argument for why this occurs is the difference in focal point of academic thought and the wider users of this thought in society. Academic thought as it exists today is a complex idea map involving Liberalism, Scientific method, The definition of individual ownership of ideas, a privileging of objectivity and systematic analysis, reason and logic. Each individual academic subject has different additional consensual idea maps that define the subject itself. Deviation from this underlying idea map is socially controlled by members of the group by means of disciplinary control systems, such as the fear of loss of status or respectability. This is not always the case, revolutionising the underlying idea map can also result in the academic being ascribed as a genius. It is argued that idea maps which are consensually held have an impact on the development of new ideas. From Velleman, the subject's need for coherence is a key process in the development of thought. Thus where the underlying idea map of an academic debate is consensually held there is a drive to make all new ideas 'fit in' to this base idea map. Since the underlying idea map is the overlapping set of methodological ideas and world views of the subject it generates a tendency to condition any new ideas in the subject. The reality faced by Foucault that the

very terms of our language and implicitly the arguments involved in the underlying idea maps are historically generated by many factors that have little to do with the subject matter, such as political economy, particularly strategies employed by social groups for their goals, or historical incidents, such as the great focus on cutting inflation after the 1970s leading to theories that had at the core of the analysis the linking of inflation to money supply. The thing to notice here is that the theories focused on a specific area, a focal point.

Consider a Picasso painting. One can look at the eye, the nose, the face or the entire painting as it is. What we say about the painting depends on what we focus on, our focal point. Thus the data collected for empirical analysis and even the very creation of theories, depends on our focal point.

We suggest that the mechanism of coherency in a subjects idea map diverts the path of debate in respect of shared focal points. A focal point is often determined by the character of the academic, the underlying idea map and the path of the debate. A focal point is thus not something that will adhere to the truth. One can see a common Gestaltian picture of two faces that look like a vase depending on what one focuses on. Thus the same data can imply different 'truths' or at least varying arguments. Even the issue of what data is collected and what constitutes the unit of analysis can vary with focal points. Look at the EU, Britain, Scotland, Glasgow and a family living in Glasgow.

In our opening essay we suggest that economic theory has the incorrect focal point because it is subject to the dynamics of debate we have discussed, particularly in respect of being moulded and distorted by intervention of political economic social forces. In this way we choose to alter the underlying idea map involved in economic theory, that we say is called 'rigorous analysis' and instead privilege the focal point of the questions that society faces as givens. Whilst economic theory seeks to find a justification to what society should do in terms of 'rigorous analysis' and rejects the objectives and goals that come from society, it creates a weak social force that is in line with ideological concerns. We argue here that practitioners need to know what can be done, what options they have and what concomitant risks are implied to each option. This is an alternative scheme for the debate to structure itself around, maybe a methodology or perhaps more likely an ethos. This imposes a tendency on debate and empirical and logical theorisation to obtain results that are non-prescriptive but allow interest groups of many colours to have a central form of communicating their arguments.

We suggest future research in methodology could involve looking at how methodological rules (both implicit and explicit) determine the kind of knowledge created and the dynamic path it involves. Were a criteria for truth known then the outcome of methodological rules could be compared in respect of the truth. For example, one could be exclusively deductive, yet because the tools one has that are considered deductive are simple and do not adhere to the real processes in the object of study, one can see that one will constantly be leaving reality with ones knowledge. An example of this is the use and abuse of mathematics in economic theory, which has found itself impinging on other social sciences.

iv) Feedback

A crucial development in thinking occurred in the 'Cambridge Debate' on the coherency of the underlying idea map of laissez faire economics with Sraffa's introduction of feedback between variables, particularly capital and its price. The key point we take from this is that economic systems, and indeed cultural and belief systems, involve the flow of variables passing through each one many times. Thus water is brought to the sea by the river and then evaporates into the atmosphere to return to the river in the form of rain. What should be noted is the core mechanism of unidirectional complex systems which we analysed through a series of matrices in a spreadsheet and found that where the movement of a unit of, say, money flows from one agent to another in one direction, there is, irrespective of the size of the entire network, a common dynamic which can be represented as a triangular network of 3 agents each passing on either an ever increasing amount of a substance, a stable quantity or a decreasing amount. This can be represented as an equation of transference between agents x, y, z of $f(x(t)) + x(t-1) = f(y(t-1)) + y(t-2) = f(z(t-2)) + z(t-3)$, where agents are assumed to transfer the quantity by an equal proportion by the function $f(\cdot)$. Should $df(\cdot)/dt$ be positive, in other words if an increasing amount is transferred each time, then the system tends towards an increasing, perhaps exponential amount of increase. There is thus hysteria or apathy. Boom or bust. Hate or Love. Understanding complexity and the varying indeterminate

dynamics it presents opens a new era in social science. The simplifying analysis of social science has difficulty in giving prescriptions for the varying strategies an actor can involve themselves in to alter the social system, whether they are a radical revolutionary or a conservative capitalist.

We integrate the observations of the implication of feedback into our analysis. Particularly we talk about the total level of loans being a function of asset value due to the institution of the banking sector. A second area is the production of hate between different cultures and social groups. A third area where feedback is involved is in the structural dependencies of the poor in terms of environment, strategy and will. We argue that poverty leads to crime through the feedback in the system that a poor person experiences, in terms of their lifeworlds interacting to cause frustration and thus negatively associated behaviour and strategy.

The understanding of complex systems (a complex system is where there are many components that cannot be summarised in terms of the core mechanism of causal effects which often have properties of the system as a whole (emergent effects) distinguishable and indeed not clearly from any individual component) must be developed in social science as it is the very frontier of knowledge at present. Physics understands that Newton gives no predictions for the 'many body problem', the complex systems of this subject. We give the option for developing our understanding of complexity through simulation of systems in spreadsheets where there is a numerical aspect or in terms of the rational imagination where there is a more subjective idea involved. We do use mathematical ideas, yet avoid some of the traps and blind alleys of conventional economic theory by interpreting simple findings about structures that occur in economies sometimes which we can actually see. This may seem an obvious point, yet no economist has been able to jump out of the constraints of the debate in economics which has lead economists down a path of unsophisticated simplicity of equations. The maths used by economists has been too simple yet too complex to understand. It has not understood that there are many very simple facts about the economy, simple structures that repeatedly appear, as well as complex emergent properties. The fact is we need new mathematics bespoke designed for complex systems such as economies and sophistication in our insight and clarity in our mapping of phenomena to our models. We find in our analysis that many problems such as financial and economic crises could have been understood better with such an approach.

v) lifeworlds and idea maps

Habermas in his Theory of Communicative Action discusses the concept of the 'lifeworld'. We can summarise this idea as a division of society into a set of interpersonally derived consensus' which have a goal or reason adduced by the members of the lifeworld. The lifeworld can be seen much like an idea map at varying levels of magnification, a lifeworld is composed of many lifeworlds which are themselves composed of many more. This concept is primarily used by Habermas to contradict the functionalist sociology of Mead and Parsons which sought to draw an analogy between society and the organ analysis of a biological being. In the sense that a lifeworld is a linguistic extensive form game theoretic state of existence for people. Since the lifeworld is the common existence of humans, then the process of developing this into a world as the functionalists would have us believe society was is less clear.

Habermas talks of lifeworlds being divided in keeping with Durkheim's belief that capitalism divided and alienated through anomie social relations. We discuss later the common phenomena of 'nightlife' in Western capitalism, whereby social relations divided by work (the division of labour) become reunited and form complex transient networks in the experience of the lifeworld of 'going out on the town', that is leisure activities after work with friends particularly going to nightclubs and pubs. Therefore, in terms of time geography, Western capitalism finds its legitimacy, production and reproduction in the weekly cycle of work and nightlife.

We see the lifeworld as a loose term for a social element of intersubjective consciousness, where there are rules, norms, systems of domination (both in terms of individuals in hierarchy and in terms of idea maps of the very meaning of the lifeworld and its components, as well as and the interpretative dialogue which can be summarised by conversation trees), actions and consequences.

So work is a lifeworld from the standpoint of the actors involved in the theatre of work. Play is a lifeworld for children, while nightlife is the adult analogue. The interconnections between these two in the formation and

reproduction of nightlife is self evident. A holiday is an experience of a lifeworld that is of another culture and society to some extent or perhaps a hybrid of one's own culture of leisure and another's.

What should be clear is that an individual may have many lifeworlds, indeed they may even occur at the same time, as is the case with networking, where a businessperson socialises for the purpose of making new business contacts. Another example is religion, a British Muslim may have the lifeworld of Islam while at the same time follow the lifeworld of influencing the state, engaging in politics. The lifeworld of Islam involves a cycle of activity involving prayer, charity giving, fasting, engaging in the defence of other Muslims among other prescriptions. A Muslim who is at work will often go to prayer at the specified times. Thus the two lifeworlds are held simultaneously.

The Islamic lifeworld is generated, as we will discuss further below, by a social organisation of Islamic scholars, the criteria of that being a matter of debate, who create what can be analysed as an idea map, where action is divided into, for example, obligatory or *wajib* (like prayer), good but not obligatory (such as helping a poor person beyond one's basic charity obligations), disliked acts, etc. We discuss further that the evolution of this Islamic idea map has involved a kind of coherence process with new kinds of actions being added to this categorisation as defined by scholars who themselves follow a certain analytical method. Thus the Islamic idea map is an interconnection of lifeworlds whereby scholars debate with an existing idea map of previous scholarly doctrines (normally seen as the main schools of accepted Islamic thought) that forms an idea map in the mind and social group of various Muslims that is then the producer of the lifeworld of the Muslim in terms of their religion.

Thus we see that idea maps and lifeworlds form systems which can be the analytical basis for further research of connected case studies into a variety of social objects of enquiry.

1. Recovering economics from the theory

There is a fact most policy makers and some economists know. This is that economics is essentially lies. This thesis is to be proved in this essay. In addition we consider an appropriate philosophical redirection of the debate in economic theory. We outline the reasons why debate in economics has moved so far from Truth which is our basis for explaining and justifying the strategy to make economics a subject of science rather than ideology.

Economics takes a methodology of science and looks for causal laws, structures that produce stable results. This leads to a desire to measure and evaluate through statistical analysis. We believe this most fundamental of approaches is wrong. The biggest problem with this is that human's have free will. To assume stability in such a system is fraught with overconfidence in the analytical approach of economics. To assume that there may be a stability of effects and cause produced by the structure of society, i.e. norms, values and institutions, that is historically contingent, is deftly put away with the sociological argument that losers from such a social structure can change the structural aspects of society to make themselves winners, thus the social structure is not an equilibrium. We would perhaps be lead to the belief that all is flux, ever changing randomness, in respect of the outcome for society. Yet we only begin at this stage.

The core of economics is to advise the policy maker in a nation-state and of international organisations. The result economics must produce is the development of structures that aid the accumulation of the world. The insight we bring to the debate is that the policy maker does not need to know the exact effect and relations of various policy instruments. It does not need to know every detail of the future path of GDP or any other statistic. It just needs to know what is the best policy and what is the solution to various problems thrown up by events. Thus the exacting analysis of economics can be discarded. Rigour in logical argument needs replacing with rigour in observation and making the focus point involve the concerns of different societies in their own set of underlying consensual idea maps.

Economic theory has developed along a line of ever greater complexity of mathematical artifacts that lead to one conclusion. That the best answer is some concept called the "market" and there is nothing that can be done to improve on this. Clearly this is an ideological result that weakens the case for debt-orientated trade capitalism for society which sees through the lies and reduces the ability of the state to effectively dig capitalism out of the holes it finds itself in at many junctures in history. We suggest that if policy makers had a greater insight into the economy and the social sphere, then accumulation could be much higher and more sustained. If

you understand how a machine works in Truth then you are more likely to be able to fix it when it is broken. If we don't fix it then we will be broke.

Thus in terms of maintaining the development of capitalism we argue that long term accumulation needs an eye above the system. An eye that sees through lies and brings better results. The vacuity in explaining the effect of the market without delving into the ever changing structures built by markets is evident. The economist may say that they are simplifying, yet few know anything about what it is to do business. Few business people know what others are doing in the economy and more pertinently, how this all fits together. The question is often left unanswered as to whether a political-economic-social structure tends towards growth and the assessment of risks of different structures. Adam Smith developed his ideas from observation of the economy. He draws the example of the pin that is produced through separate specialised processes and uses this observation to focus his analysis on the economy. He identifies a process in reality and then considers the implications of this. We hope to bring economists back to the basic technique of Adam Smith.

Economists have since Smith developed reasoning from truths. A person may be assumed to optimise for themselves. Therefore they may do the best thing for themselves. Therefore they are always allocating at best. Errant economists from the centre and left have criticised economic theory by falling into a trap of working within that system of thought. Williamson says the perfect market is efficient yet it is transactions costs which lead the outcome away from optimality. The point is that true reasoning, where the assumption and logic are truth, does not necessarily confer with reality. The fact is that science begins and ends with observation. To observe the sun in motion from the Earth we would happily believe that it is the earth that is stationary until observation shows that this is incorrect. But deeper than this, one can prove with argument contradictory points simply by changing the terms of the structure of the system one is observing. In other words we need to accurately define what it is that we are dealing with to avoid misleading logical conclusions.

What we suggest is that the social world is a collection of processes. These processes are connected sequences of events that have effects on various objects of interest. They exist in the sense that they can be identified and observed though sometimes they are only present in effect. Economic theory is in fact hypothetical processes that may or may not exist. The process of the perfect market producing the lowest cost may be true. The consumer who is optimising between two choices may be happy. Though, of course, the history of revolutionary activity would suggest to the contrary. Economics has generated many hypothetical analytical instruments that have a coherence due to being attached to mathematic results, but we argue that this mapping of mathematical structures to the material reality is naïve to the point of being deceptive. For example an equation is set of the average person's choice to obtain happiness through either allocating their endowment of time to either work or leisure. Reality ends here though in the economist's analysis as the person is then analysed in terms of optimising a function of their happiness where the control variables are 'solved' in mathematics of dynamic optimisation (from Bellman's technique) whereby each time period's equations are optimised. The circularity of the logic, that the person is assumed to always try to optimise to their own benefit and thus the results of an optimising process such as; dynamic optimisation, lagrangian analysis, optimal control theory, lead to a result that is in line with what economists want to say, that is that the market left unhindered always produces the best results. The idea map here is a connection of;

greed – person optimises – mathematical optimisation tool – economic interpretation

We suggest that the final element in the argument of the economist, that the mathematical result of an optimisation tool is linkable in truth to economic results is unsound. A simple reason why this is the case is that the mathematical tool does not exist in reality, one cannot find indifference curves or pontangryin's maxima principle in the world. Thus we see that the onus is on economists to show that these things actually exist before jumping to their naïve conclusions. A second reason why the economist is lead astray is that the process involved in mathematical optimisation do not map onto real processes, no one actually solves an equation to choose what to buy or could be seen to be doing a similar process in abstraction. The third reason is that the assumption of optimality of the agent necessitates the optimality of the result, thus the assumption is the cause of the answer and the mathematics is obfuscation. The existence of social processes, whereby there are features of the whole of society that are not necessarily evident in any particular individual, lead one to see that there may be things that cannot be readily put into mathematics. The fact that the individual is a part of a greater whole, one that has a historical contingency and is defined by an interaction of individual with the society, leads one to realise that more work is needed on the very basics of who we are and what we do both in terms of ourselves, our identities,

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