

## **Abolish the "Nobel" in economics: Many scientists agree.**

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**Caracas (Venezuela) - 16th December 2004**

**<http://www.alia2.net/article3237.html>**

The widely-touted , so-called " Nobel Memorial Prize in Economics " isn't a proper Nobel Prize at all. For many years, I and others have sought to correct this widespread error by reminding people of its actual name: The Bank of Sweden Prize in Economic Science in Memory of Alfred Nobel. The Bank set up this \$1 million prize in 1969 , as I have held, in order to legitimize the economics profession as a science.

Since then, economists with their claims to knowing how to manage national economies, have wrought untold damage, from the "shock treatment" they advocated for Russia to their "Washington Consensus" formulas for economic growth (free trade, privatization, floating currencies, opening to global capital flows, etc), which contributed to financial instabilities and excessive debts. As I pointed out in " G-8 Economists in Retreat" (IPS, June 2003) economics is now being undermined by new research in many other scientific studies.

Now, in an exclusive interview with me, Peter Nobel, Alfred Nobel's descendent, emphasized that "There is no mention in the letters of Alfred Nobel that he would appreciate a prize for economics. The Swedish Riksbank, like a cuckoo, has placed its egg in another very decent bird's nest. What the Bank did was akin to trademark infringement-unacceptably robbing the real Nobel Prizes ." Nobel added "Two thirds of these prizes in economics have gone to US economists, particularly of the Chicago School-to people speculating in stock markets and options. These have nothing to do with Alfred Nobel's goal of improving the human condition and our survival -indeed they are the exact opposite."

As this year's Nobel Prizes were awarded last week, a number of scientists went public criticizing the mis-labeled "Nobel" Memorial Prize in Economics" as an embarrassment which is diminishing the value of all other Nobel Prizes. In an Op-Ed in Sweden's main newspaper, *Dagens Nyheter*, December 10, 2004, Swedish scientists, Mans Lonnroth and Peter Jagers, a member of the Swedish Academy of Sciences, proposed that the prize in economics should either be broadened in scope or abolished. They reiterated similar criticisms of the economics prize by other mathematicians and physicists, because it is often given to economists who mis-use mathematics to claim that they have optimal ways of organizing societies. Lonnroth and Jagers cite this year's economics prize, which was awarded to Finn E. Kydland and Edward C.Prescott as typical of this mis-use of mathematics.

Prescott and Kydland's work in a 1977 paper, describes a mathematical model which purports to show that this model can be used for guiding whole economies ( and

therefore, societies ). The implication is that such political guidance is best left to economists rather than trusted to elected politicians. The statement of Sweden's Royal Academy of Science, which selected Kydland and Prescott, states that "Already, in their 1977 article, the Laureates' work has had a far-reaching impact on reforms carried out in many places (such as New Zealand, Sweden, Great Britain and the Euro area) aimed at legislated delegation of monetary policy decisions to independent central bankers."

This is exactly what many democratically-elected legislators oppose. The Swedish Central Bank's Prize in Economic Science, in its continuing subtle campaign to legitimate the economics profession as a "science", still hopes to portray economics as politically neutral. It is precisely these claims as a science, clothed in apparent "value-free" objectivity and mathematical precision that has given economists their mystique and predominant role in public policy-making worldwide.

In my *Politics of the Solar Age*, published in Swedish in 1982 as *False Priests*, I documented the evolution of the economics profession and how it came to colonize other disciplines and dominate public policy in Chapter 8, " Three Hundred Years of Snake Oil ". I showed how the theories of economists were largely unprovable hypotheses --- quite different from those in other hard sciences, which could be empirically verified or refuted by such evidence. For example, the equations which guide spaceships to the moon or in constructing a bridge must be correct. Or the bridge will collapse and the spaceship self-destruct. On the other hand, economists' so-called principles are mere concepts, which often conceal political or social ideologies behind smokescreens of fancy mathematics.

Other scientists joining the critical mass denouncing the Swedish Bank Prize include noted physicist, Prof. Dr. Hans Peter Durr, of the famed Max Planck Institute for Physics, who told me that "economics is not even bad science, it is incorrect in many of its basic assumptions". I had previously asked Prof. Durr "how could such a scandalous mis-use of other sciences have continued unchallenged for over 40 years ?" Durr had replied that academic etiquette usually restrained scholars from other fields from straying into other disciplines, especially with such criticisms. Austrian physicist, systems theorist and best-selling author, Fritjof Capra told me that "The dimension of meaning, purpose, values and conflicts is critical to social reality. Any model of social organization that does not include this critical dimension is inadequate. Unfortunately, this is true for most theoretical models in economics today."

Mathematician and chaos theorist, Prof. Ralph Abraham at the University of California, Santa Cruz adds, "The prize in economics should be broadened in line with the full spectrum of social sciences to which it belongs and it should be distanced from the Nobel awards, like the Fields Medals in mathematics." Yet Peter Nobel maintains that economics is not a science. Riane Eisler, systems scientist and author of the best-seller, *The Chalice and the Blade*, agrees.

Psychologist, David Loye, author of *Darwin's Lost Theory of Love* goes further and shows how Charles Darwin's great work was co-opted in Victorian Britain to emphasize "the survival of the fittest" and justify class divisions and competition, which Darwin

mentioned only briefly. This model of human nature was adopted by economists as their "rational economic man" who maximized his self-interest in competition with all others (still taught in economics). Darwin focused instead on the evolution of altruism, cooperation, bonding, sharing and trust, as one of the bases of human success (for more, visit [www.thedarwinproject.com](http://www.thedarwinproject.com))

It seems that a major scientific scandal is emerging, with historians of science including Robert Nadeau, author of *The Non-Local Universe*, and his devastating dismissal of economics as full of assumptions that have little basis in reality. Stay tuned!

**Hazel Henderson**

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Hi Professor Needham,

You may have already seen this article, but just in case you haven't, I thought I'd pass it along. It reminded me of a lot of the things we talked about in your 310 class and I thought you'd be interested to read it.

Hope all is well,

Alyssa

----- Forwarded message -----

From: pablo idahosa <[pidahosa@yorku.ca](mailto:pidahosa@yorku.ca)>  
Date: Mon, 10 Jan 2005 15:45:33 -0500  
Subject: [Fwd: Re: Fw: Abolish the "Nobel" in economics]  
To: GLOBAL-SOUTH@yorku.ca

Subject: Re: Fw: Abolish the "Nobel" in economics  
Date: Tue, 04 Jan 2005 21:06:18 +0000  
From: John Mutambirwa <[chakane@hotmail.com](mailto:chakane@hotmail.com)>  
To: [pidahosa@yorku.ca](mailto:pidahosa@yorku.ca)