

Message to the Readers

It was with great honor and enormous gratitude that I received the invitation to become patron of our “Estudos Econômicos” (Economic Studies) journal, which completes its 41st year. It is the successor of an older publication, the “Revista de Teoria e Pesquisa Econômica” (Review of Economic Theory and Research).

This is a particularly interesting moment for our profession. The 2007/09 crisis that hit the financial system interrupted the “economic circuit,” already cost more than 5% of the world’s GDP and left unemployed more than 30 million honest workers. It exposed our limited knowledge of how the economic system in fact works. It showed more: the precariousness of what seemed to be a scientific revolution, the Financial Economics field, built by small economists, supposed big mathematicians!

The economist is a social scientist who tries to understand how the real world works (and not to impose what he wished it were), who tries to find some regularities and organize plausible stories about them. The result of an economist’s work should help to lubricate the functioning of the institutions that lead to sustainable development with social justice. Not every social activity is of interest to economics, but all economic activity is of social interest. The economic agent is a more complex animal than we suppose: it learns with bounded rationality and is inserted in a universe of uncertainties.

The methodological individualism and representative agents, which lie in the foundation of our theoretical constructions, are insufficient to understand the social phenomenon of the networks that dominate the social universe, from the tendency to imitate and the security that a norm gives to the citizen. The citizen undoubtedly moves by stimulus and interest, but moves in a social space, in a network in which is one element only, but conditions its choices.

The poor discussion involving the idea of “Minimal State” was just a diversionist action. Truly, there is no “market” without a State capable of guaranteeing the conditions for its functioning. To a large extent the form of the organization of the productive system is dictated by those who detain the political power and formulate the economic policy that suits its interests. The formalization to justify it and its theoretical justification is an ideological product. In order to comprehend this, suffices to see how the conquest of power by the financial sector in the USA led to an economic policy that gradually eroded the legislation that regulated its activities and was produced after the Great Depression. Very quickly, the “scientists” created the “science” that justified the total deregulation of the financial activity in the name of the “efficiency” and discovery of “innovations” capable of measuring the “risks” in a way that would never take us back to 1929!

It is necessary to incorporate into the economist’s DNA the autonomy of the politician. In situations of irreconcilable conflicts, only the political power can arbitrate. Even though we may have, for example, interesting suggestions on the flexibility of the

labor market (which from an empirical point of view is not very safe), they are clearly “normative” proposals that inevitably create “winners” and “losers.” It is a bit ridiculous to suggest to the latter that they should sacrifice in the name of a “higher value” that was constructed on debatable theoretical bases.

My hope is that “Estudos Econômicos” continues to harbor contributions of all hues, theoretical and ideological, because here, as in biology, only diversity is fertile. By the way, this is an old FEA/USP (Economics and Administration College/University of Sao Paulo) tradition. Just to give an example. Back in 1947, the illustrious Prof. Paul Hugon taught us – on the Political Economy chair – that money was “anything” accepted by society with the qualities of being a unit of account, redeem commitments and capable of being a store of value. It was just a veil that hide the real economy. Immediately after that, the no less illustrious Prof. Heraldito Barbuy – on the Sociology chair – would come to “enrich” us inspired by George Simmel, who was not so simple: money was the product of a social convention that had profound influence on human behavior, like cupidity, avarice and prodigality and exerted profound influence over the real economy.

We are in front of a new and exciting moment. I regret not being younger to take up the opportunities that open to our profession to continue the work of offering instruments to the good governance of States.

Good luck to all of you!

Antonio Delfim Netto