

The Economists by David Goldman

Stroking the 'Invisible Hand'

The Nobel Committee makes another contribution to maintaining the degraded state of political economy.

This year's Nobel Prize for Economics went to Gerard Debreu, the latest in a long chain of economists who have gone mad constructing a mathematical proof of the existence of the "Invisible Hand."

As Lyndon H. LaRouche, Jr. and I showed in our 1980 book, *The Ugly Truth About Milton Friedman* [New Benjamin Franklin House, New York—ed.], the case histories of Adam Smith, Jeremy Bentham, John Stuart Mill, and William Jevons prove that such exercises are a ticket to the loony bin.

Smith, the inventor of the term, argued in his *Theory of Moral Sentiments* that the "Invisible Hand" assures that individuals, through their bestial pursuit of gratification of the senses, will do God's work in all fields, and that is the only way lowly mortals can do so. Only later did Smith specify this effect for economics.

Debreu and his Stanford collaborator Kenneth Arrow (Nobel Prize 1972) employed linear programming models in an attempt to prove—without the flagrant absurdities of previous such attempts—that a regime governed by the arbitrary whims of producers and consumers produced maximum economic benefit for all.

Of course, systems of linear equations had already been invented over the past century to prove such nonsense. Leon Walras's mid-19th-century model allowed for negative prices and negative production as solutions to his equations. Debreu and Arrow merely assume no technological dimension whatever—not even econo-

mies of scale.

The technical term for the delusory assumption shared by these gentlemen is "equilibrium of the free market," i.e., a condition in which all goods produced "clear" the market at some price.

That such a condition might be fully described in a mathematical model assuming maximum arbitrariness among market participants is a silly presumption. All such efforts must cut out bodily the real subject of economics, i.e. how a population absorbs a surplus of production, above bare physical replacement needs, to increase its command over the earth's surface.

No one even attempts to argue that Debreu's work can apply to any known real economy. It represents the purest form of ideological obsession. At the heart of the obsession is the same cynical Calvinism that drove Adam Smith to insist that individual ego gratification is the path to divine results. It is no different in principle from the argument of the Khomeini terrorist who pulls the trigger of a gun: If a bullet should pierce the head of my victim, he reasons, it is Allah's will, not my trigger finger, which caused this to happen.

That explains why generations of enraged little men like Gerard Debreu devoted their lives to proving that evil is efficient in the universe, and why generations of evil men have funded their efforts.

Smith's brand of nihilism was paid for by the British East India Company, whose training center for foreign of-

icers, Haileyburg College, employed Bentham, James Mill, and Parson Thomas Malthus. In the strictest historical sense, the "Invisible Hand" was the official theory of the proprietors of the world narcotics traffic.

Dope traders, slave traders, Swiss handlers of Nazi flight capital, urban land sharks, IMF purveyors of "conditionalities," and similar cheats and thieves love economists of the Debreu or Milton Friedman stripe. Milton Friedman (Nobel 1976), for his part, selects as his exemplar of glorious free enterprise the capital of the world's heroin traffic, Hong Kong.

For all their wind about the free market, the latest generation of "Invisible Hand" jobbers shade over easily into totalitarianism. The common ground is "systems analysis," whose Delphic Oracle on American soil is the Cowles Foundation, led for years by Debreu's sometime collaborator, Herbert Scarf. The Soviets have embraced "systems analysis," knowing well that any system which reduces human economic effort to linear equations can function as well under Big Brother as under the "Invisible Hand." The leftist economist Abba Lerner and Milton Friedman reached explicit, published agreement on this point in 1949.

None of this should be surprising. The common denominator is an evil, Calvinist (or Hegelian) reduction of humanity to a collection of predestined (or predictable) egos, and rejection of the Judeo-Christian insistence upon the perfectibility of man. Man is in a state of "atonement" to the extent that he fulfills the command of Genesis to "be fruitful and multiply, to fill the earth and subdue it." That is the proper study of economics—the rest belongs to the police-blotter.

As for the "Invisible Hand," better to leave it to Zen Buddhist instruction in auto-eroticism.