



# 6<sup>th</sup>

## CES International Seminar on the Foundations of Economics

### Economic Expertise and the “Real World”

Project “OpenEc - Economics and the 'real-world':  
the case of the Portuguese Memorandum”,  
DINÂMIA'CET and CES Research Group on Science,  
Economy and Society

**28th | September | 2015**  
**10H00**  
CIUL Auditorium - Lisbon



## **Economic approaches to human labour: from the labour theory of value to the marginal productivity of labour**

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(Universidade Católica do Porto)

### **Abstract**

A most prominent economic framework, certainly very influential in policy circles, is the idea of a labour market, in which wages are set according to the demand for labour, which depends upon the marginal productivity of labour, and the supply of labour, which depends upon how subjective preferences lead to a given trade-off between consumption and leisure. This analytical framework, which leads to the conclusion that an efficient allocation of labour requires sufficient flexibility in the labour market, contrasts sharply with the approach to human labour of the early classical political economists, who studied value not in terms of supply and demand curves, but rather in terms of the cost of production, expressed in terms of human labour. Here I will discuss these two alternative approaches to human labour, taking into account the methodological and theoretical consistency of each approach, its empirical validity, and the implications that each framework has for economic policy making and the construction of political discourse.

**Keywords:** Labour, surplus, scarcity, marginal productivity, distribution, value.

### **Short CV:**

Nuno Martins é doutorado em Economia pela Universidade de Cambridge, e licenciado em Economia pela Universidade Católica Portuguesa (Porto). Ensina e investiga nas áreas da Metodologia da Economia, da História do Pensamento Económico e da Economia do Desenvolvimento. Recebeu o prémio "Emanuel Miller" na área da Filosofia da Ciência, atribuído pelo St. John's College, Universidade de Cambridge, pelo ensaio "Rules, Social Ontology and Collective Identity", em 2005, e o prémio "Helen Potter", atribuído pela Association for Social Economics ao melhor artigo publicado por um jovem investigador na Review of Social Economy, pelo artigo "Realism, Universalism and Capabilities", em 2007. É membro do Cambridge Social Ontology Group. Co-editou o livro Contributions to Social Ontology, e publicou em revistas científicas internacionais como o Cambridge

Journal of Economics, Review of Political Economy, Review of Social Economy, Journal of Post Keynesian Economics, Journal for the Theory of Social

Behaviour, Evolutionary and Institutional Economics Review, New Political Economy, Ecological Economics, American Journal of Economics and Sociology, Journal of Economic Methodology, Economic Thought, Journal of Critical Realism, Revue de Philosophie Economique, e na Revista Portuguesa de Filosofia.

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## **Milton Friedman and the tax-revolt of the late 1970s**

Tiago Mata ([t.mata@ucl.ac.uk](mailto:t.mata@ucl.ac.uk))

(University College London)

### **Abstract**

In 1977, a year after receiving a Nobel Prize, Milton Friedman retired from the University of Chicago and travelled West to California to take up the post of fellow at Stanford University's Hoover Institute. Friedman was immediately and irresistibly drawn to Bay area activism, but to causes of an unusual sort for the land of free love and Chicago unionism, he became a champion of tax limitation. From his privileged position of columnist of Newsweek, TV celebrity, and political adviser, Friedman lent credibility and arguments to the social movement of tax protesters. The tax revolt is a crucial albeit neglected episode in the history of economics that is at the root of the emergence of "supply side economics", the "Reagan revolution" and epochal shifts in the understanding of public finances.

### **Short CV**

I joined UCL-STS in February 2015. I have been a researcher and lecturer at the University of Cambridge, University of Amsterdam, Duke University, and Technical University of Lisbon. I am a historian and sociologist of economics, and have written on

topics such as academic freedom, the economics of science, the history of macroeconomics, and the role of politics in social knowledge.

My current research focus is the history and sociology of "economic journalism" since 1945 as Principal Investigator of the European Research Council project (2012–2016), 'Economics in the Public Sphere: USA, UK, France, Argentina and Brazil since 1945', the ECONPUBLIC project.

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### **Troika: como a imprensa económica percepcionou a aplicação do Memorando**

João Ramos de Almeida (joaoralmeida@gmail.com)

(CES - Universidade de Coimbra)

#### **Abstract**

Em Maio de 2011, foi assinado o Memorando de Entendimento com as instituições que compõem a troika (Comissão Europeia, Banco Central Europeu e Fundo Monetário Internacional), fixando as condições de apoio financeiro à República Portuguesa. O programa de reformas constante no Memorando era vasto, quantificado, faseado e previu, no final, uma alteração estrutural da economia portuguesa. Este estudo visa explicar a forma como a imprensa económica portuguesa recebeu esse conteúdo programático do Memorando e retrata a maneira como quis influenciar a sua aplicação, como acompanhou os seus sucessos e insucessos e, finalmente, como manifestou a sua decepção face aos vastos objectivos iniciais. O estudo é feito a partir da leitura das crónicas publicadas de 2010 a 2014, de seis jornalistas diretores e/comentadores económicos dos jornais económicos e do principal semanário português, profissionais que são regularmente convidados por canais de televisão para comentar os acontecimentos económicos.

## Short CV

**João Ramos de Almeida** nasceu em Lisboa em 1960. Formado em Economia pelo Instituto Superior de Economia e Gestão (1979/84), foi jornalista de Economia desde 1986 até 2012, tendo escrito em diversos jornais – Diário de Lisboa, Europeu, Semanário Económico, Público, Expresso e revista Exame. Desde 2012, é consultor do Observatório sobre Crises e Alternativas, organismo integrado no Centro de Estudos Sociais da Universidade de Coimbra. Autor de um livro sobre as fragilidades do sistema eleitoral, tem uma pós-graduação em Projeto Cinematográfico da Escola Superior de Teatro e Cinema e realizou dois filmes de animação e um documentário.

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## The Portuguese bailout experiment: does the IMF learn?

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Ana Costa ([ana.costa@iscte.pt](mailto:ana.costa@iscte.pt))

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## Abstract

This paper is part of a research on the relation between economics and the “real world” economy with a focus on the impact of economic crises on economic theory. The sensitivity, or rather immunity, of economics to “real-world” events is challenged by circumstances in which economics is confronted with the consequences of policy packages which were clearly devised by economic experts. The bailouts of Greece, Ireland, Portugal and Spain were clearly instances of such circumstances. Those bailouts may even be approached as real-life economic experiments and analyzed as such.

The paper focuses on the Portuguese adjustment process under the troika with the aim of determining the extent to which the IMF is able, or rather unable, to draw lessons from this real-life experiment. It describes at the outset the architecture, the theoretical underpinnings of the memorandum, its policies and its measures of performance. It analyses the IMF's assessments throughout its implementation with a focus on the stability of the program objectives, the evidence collected to assess implementation, the anomalies or surprises acknowledged, the dilemmas confronted, and the strategies of justification of the anomalies detected. The paper finally inquires the extent to which there were lessons learned from this experiment both in terms of the IMF economic knowledge toolkit and its policy.

#### José Castro Caldas' **Short CV**

José Castro Caldas é investigador do CES onde integra o Núcleo Ciência Economia e Sociedade (NECES), Observatório Sobre Crises e Alternativas e o Observatório do Risco. Anteriormente foi professor auxiliar do Departamento de Economia do ISCTE e investigador do DINÂMIA de que foi vice-presidente e membro da direção em diversos mandatos.

Licenciado em Economia e Mestre em Matemática Aplicada à Economia e à Gestão pelo ISEG é Doutorado em Economia pelo ISCTE. Os seus principais interesses de investigação atuais incluem a deliberação individual e colectiva, a economia institucionalista e a história da economia.

É autor de "Economia(s)" (com Francisco Louçã, Afrontamento, 2009) e de "Escolha e Instituições - Análise Económica e Simulação Multiagentes" (Celta, 2001) e de artigos publicados na *Revue de la Regulation*, *Journal of Economic Issues*, *The Journal of Artificial Societies and Social Simulation*, *Economics of Innovation and New Technology*, *Revista Crítica de Ciências Sociais* and *Cambridge Journal of Economics*.

#### Ana Costa's **Short CV**

- Co-Director do Doutoramento em Economia
- Subdirector da Unidade de Investigação DINÂMIA/CET-IUL

## **Qualificações**

- Doutoramento em Economia, ISCTE-IUL - Instituto Superior Ciências Trabalho e da Empresa
- Mestrado em Desenvolvimento e Coop. Internacional, Instituto Superior de Economia e Gestão - UTL
- Licenciatura em Economia, Instituto Superior de Economia e Gestão - UTL

## **Áreas de investigação**

- Deliberação Individual e Colectiva
- Dilemas Morais na Escolha e Acção Económica
- Institucionalismo
- Economia Comportamental **Principais publicações:**
- De ciência da escolha a ciência do comportamento: por onde anda o indivíduo na Economia?
- A Dificuldade da Escolha. Acção e Mudança Institucional
- Rethinking economics: the potential contribution of the classics

## **Paulo Coimbra's Short CV**

Paulo Coimbra é Bolseiro de Investigação no Projeto «A Economia e o "mundo real": o caso do Memorando Português».

É Licenciado em Gestão e Desenvolvimento Social pela Universidade Católica Portuguesa, Pós-Graduado em Ciências Políticas e Internacionais pela Faculdade de Direito da Universidade de Lisboa, Mestre em Gestão/MBA pelo Instituto Superior de Economia e Gestão da Universidade Técnica de Lisboa e, atualmente, frequenta o doutoramento em Governança, Conhecimento e Inovação, do Centro de Estudos Sociais/Faculdade de Economia da Universidade de Coimbra. Os seus principais

interesses de investigação incluem a integração económica e monetária, a teoria monetária moderna, a economia institucionalista e a história da economia.

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## **The forms (and impasses) of social critique in the neo-liberal “governing through objectives”**

Laura Centemeri ([laucetta@gmail.com](mailto:laucetta@gmail.com))

(CEMS/IMM, CNRS-EHESS)

### **Abstract**

Developed originally by sociologist Laurent Thévenot, the concept of “governing through objectives” is based on a pragmatic sociology of valuation and evaluation, which is mobilized in order to analyze the specific form of governing - meaning the exercise of (legitimate) power and authority - that characterizes the current phase of neoliberal and global (a-national) capitalism. The specific way in which power and authority are exercised in this form of governing influences, in return, the expressions of social critique, which is meant to defy this same power and authority.

“Governing through objectives” means a form of government in which 1) the market is considered as the general (normatively neutral) model of organization of every kind of economic and social activity; 2) the “managerial spirit” is extended to all domain of public policies; 3) individual interest explains human action and, more in general, human relationships to the social and the material world.

What Thevenot’s analysis highlights is the draconian reduction of the legitimate “languages of valuation” that the governing through objectives entails, which produces an equally oppressive reduction of what should count as the reality to be taken into account for public decision-making and its evaluation.

In the governing through objectives, public action is formatted as a plan (of action), meant to attain an “objective” (a goal), that has to be expressed in quantifiable terms,



in order to be "objective" ("true to facts"). To this purpose, mathematical tools and models are mobilized that provide a representation, in a quantified form, of economic, social and ecological dynamics, so to set quantified goals that are meant to orient policies, since these quantified goals assure, according to the model, the sought after state of the economic, social or ecological reality. The use of benchmark as a tool of policy evaluation is a typical expression of a government through objectives.

Moreover, the quantified goals thus set has to be reached respecting budget constraints (the "managerial spirit"). This means that the reality on which (social, economic, environmental) policies intervene must be translated, somehow, into the language of individual preferences and monetized options, the market being considered as a mere technical (normatively neutral) procedure of aggregation of individual choices.

The legitimacy of public action rests on achieving, in an economically efficient way, the quantified objectives set by the model. In this sense, public action is reduced to a plan meant to achieve an objective. Its evaluation is reduced to the conformity to the plan. In other words, a good policy is one that sticks to the objective.

The problem is not only the increasing quantification (and monetization) of all aspects of life that this form of government promotes, but the fact that tools and models - that are originally designed to support/help the decision-making process - determine not only public policies objectives but as well what should count as the relevant reality. Therefore, the objectives thus determined are not open to debate, to revision and adjustment, according to a pluralistic evaluation. By pluralistic evaluation I mean an evaluation that takes into account the existence of a plurality of languages of valuation in the actual contexts of action and the problems of incommensurability that they raise. In a nutshell, tools and models mobilized to define public policies as "plans of action" fix, upstream, the reality that matters for the decision-making process and, downstream, the evaluation criteria of the good decision.

What about critique? How is the specific form of authority expressed by the government through objectives challenged and defied? Three forms of critique can be detected:

1. critique expressed in terms of "neglected" stakeholders whose interest and preferences have not been taken into account (critique as denunciation of externalities);
2. critique of the rules, laws, and modes of organization of the current economic system, considered as expression of a power structure which entails injustices and inequalities

(critique as denunciation of unjust "costs shifting");

3. critique expressed by means of creating, through practice (especially of commoning), a "resistant" reality, subverting and challenging what should count as "objective". This practice is based on the primacy attributed to "emplaced" languages of valuation (placebased critique).

I am going to discuss these three forms of critique, as different ways to denounce different types of neglected pluralism: the pluralism of interests; the pluralism in the representations of justice; the pluralism in the modes of "engagement with" the environment. These forms of critique are often mobilized together in the same critical discourse, without paying the due attention to the different kinds of problems of incommensurability that each form of pluralism raises. My discussion is based on an ongoing research project on the "sustainable degrowth" movement in France and Italy.

### **Short CV**

Laura Centemeri é licenciada em "Discipline economiche e sociali" pela Universidade de Milão "L.Bocconi" e é doutorada em Sociologia Económica pela Universidade de Brescia. A sua tese, apresentada em 2005, analisou as respostas sociais ao desastre de Seveso (Itália, Julho de 1976) de acordo com uma perspetiva socio-histórica. Em 2006 foi-lhe concedida uma bolsa de Pós-Doutoramento pela Municipalidade de Paris (Bourse Internationale de la Ville de Paris) para conduzir um projeto de investigação sobre as controvérsias sociais relacionadas com os usos de espaços naturais em áreas urbanas, no laboratório GSPM (EHESS-CNRS, Paris), onde ela é investigadora associada.

De Novembro de 2006 a Abril de 2008 foi investigadora pós-doc no Departamento de Estudos Sociais e Políticos da Universidade de Milão no projecto "Economic action and social norms: from externalities to corporate social responsibility".

Desde Maio de 2008 até Setembro 2011 foi investigadora no Centro de Estudos Sociais da Universidade de Coimbra, onde trabalhou no Observatório de Risco (OSIRIS).

Desde Outubro 2011 é investigadora (chargée de recherche) do CNRS (França) no laboratório CEMS-IMM (EHESS, Paris).

Os seus actuais interesses de investigação são: teorias e movimentos sociais pela justiça ambiental e pela sustainable degrowth, sociologia pragmática francesa e sociology of valuation.

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## Trust and the Myth of Objectivity in Economics

Julian Reiss ([julian.reiss@durham.ac.uk](mailto:julian.reiss@durham.ac.uk))

### Abstract

The topics of this lecture are the notion of objectivity and the role for experts in economics. I will argue that economists pursue a mistaken ideal of objectivity, an ideal that is both unattainable and harmful if pursued. That does not mean, however, that objectivity as such is a bad thing, as long as we understand which goals are attainable and worthwhile. I will then develop an alternative notion and show that for economics to be objective in the new sense, expert judgments are likely to play a much more prominent role than they currently do (or, more precisely, ought to do following the traditional ideal). It is quite obvious, however, that making expert judgments more prominent alone won't suffice. We want experts whom we can trust. Thus, the right kind of expertise and expert judgment are needed. The lecture will end with some thoughts about what a better economic expertise might look like.

### Short CV

Julian Reiss is a Professor of Philosophy at Durham University and Co-Director of Durham's Centre for Humanities Engaging Science and Society (CHESS). He held previous appointments at Erasmus University Rotterdam, Complutense University Madrid and the London School of Economics (LSE).

Reiss read economics and finance at the University of St Gallen and HEC Paris before completing a PhD in the philosophy of science at LSE in 2002. He is the author of *Error in Economics: Towards a More Evidence-Based Methodology* (2008; Erasmus Philosophy International Research Prize), *Philosophy of Economics: A Contemporary Introduction* (2013), *Causation, Evidence, and Inference* (250), and about 50 papers in leading philosophy and social science journals and edited collections.

In his current research Reiss focuses on questions concerned with the methodological foundations of the sciences (e.g., What sort of property about a fact makes a fact evidence for a hypothesis? When does evidence constitute proof?), the metaphysics of the sciences (e.g., What is the nature of causal relations? How do causal claims and

counterfactuals relate?) and the intersection of ethics and science (e.g., How ought science to be organised so that it serves the public good? Where do values enter in science and how can we improve the role they play?). His work addresses these questions mainly in the context of the social sciences, especially economics, and of biomedical research.

Reiss is currently Chair of the International Network for Economic Method (INEM), a member of whose board he has been since 2010. He is also a member of the editorial board of the Journal of Economic Methodology (since 2007), and was a member of the programme committee for the INEM conferences in 2008 (Madrid) and 2013 (Rotterdam).

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## **The Crisis in the Eurozone and Fiscal Austerity Policies: A (missing) link between science and policy?**

Tiago Santos Pereira ([tsp@ces.uc.pt](mailto:tsp@ces.uc.pt))

### **Abstract**

While economic policy debates may often be considered largely as part of the political struggle, these might also be considered as examples of socio-technical controversies. Ulrich Beck (2009) considered the global financial crisis as an example of the 'world risk society', extending the concept initially developed most on the basis of the risks of technological progress. Considering the debate on the policies developed to address the crisis in the Eurozone, namely in Portugal (which the OpenEc project addresses), as a socio-technical controversy allows to address the link between science and policy as an open question, and the corresponding boundary as unclearly defined. It suggests that a controversy exists which is not only political, or policy related, but also one which is technical, with relevant impacts in the social and political order. It also allows to address the field of debate and of knowledge production in the area as a source of traces, of associations between different actors, theories or methodologies, rather than in dividing

terms. Finally it considers the particular role of boundary organizations (Guston, 2000) in stabilizing such boundary.

This communication explores this socio-technical controversy by using digital methods to analyse and map a limited set of scientific and technical documents (cf. Venturini, 2006) to understand the extent to which a clear link between the policies of the Troika and economic knowledge can be traced, or whether, on the contrary we can identify the role of boundary organisations, such as the IMF, with a particular role in intermediating both worlds.

### **Short CV**

Tiago Santos Pereira é Investigador do Centro de Estudos Sociais (CES). Doutorado em Science and Technology Policy Studies pelo SPRU, Universidade de Sussex, desenvolve atualmente a sua investigação na temática das políticas e governação da ciência e tecnologia, incluindo questões como peritos, decisão política e participação, C&T e desigualdade, políticas e indicadores de C&T, patentes e a investigação académica, e a economia política global da C&T. Tem trabalhado na intersecção dos Estudos de Ciência e Tecnologia (STS) e dos Estudos de Inovação. Desenvolve a sua investigação no CES no âmbito do Núcleo de Estudos sobre Ciência, Economia e Sociedade (NECES), de que é co-coordenador. Foi Diretor Executivo do CES entre 2006 e 2008, e Vice-Presidente do Conselho Científico entre 2011 e 2012.

É co-coordenador do Programa de Doutoramento 'Governança, Conhecimento e Inovação', lançado em 2005 em parceria entre o CES e a Faculdade de Economia da Universidade de Coimbra (FEUC), e procurando desenvolver uma ligação inovadora entre as perspectivas económica e sociológica sobre estes temas.

Tem procurado juntar ao seu trabalho de investigação outro tipo de colaborações, nomeadamente com diversas instituições na área das políticas de C&T, quer ao nível da avaliação, quer em estudos orientados para as políticas públicas, e com outros públicos. Foi Delegado Nacional no Comité de Programa do 7º Programa-Quadro Europeu, na prioridade das 'Ciências Socio-Económicas e Humanidades' e foi membro do Network Board da rede ERA-NET NORFACE, em representação da Fundação para a Ciência e Tecnologia. Tem também colaborado em textos de opinião para a imprensa.

