



# Tidsperspektivet og økonomiske modeller

MAMTEP-seminar

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# John Maynard Keynes

- G. E. Moore og J. E. McTaggart-forbindelserne:
- 1903: Fulgte bl.a. McTaggarts (1866-1925) forelæsninger om generel filosofi og deltog i onsdag aftenes møder
- Keynes skrev et papir om "Time" (upubliceret, 1903)
- Han kritiserede begrebet absolut tid (Kant) og holdt fast i McTaggart
- Han hævdede, at det er umuligt at nå frem til et begreb for tid, der skal være uafhængigt af begrebet forandring
- McTaggarts 1908-artikel: The Unreality of Time, Mind 17: 457–73:
  - - Past, present and future
  - - Earlier than, later than

# McTaggart and the unreality of time

- Peter Øhrstrøm (2011), AAU, points out that there is the dynamical approach (the **A-theory**) according to which the essential notions are **past, present and future**. In this view, time is seen “from the inside”. Secondly, there is the static view of time (the **B-theory**) according to which time is understood as a set of instants (or durations) ordered by a **before-after relation**.



Time

*W. H. H. H. H. H.*

*W. H. H. H. H. H.*

511

# Neil Hart(1996): Equilibrium and time: Marshall's dilemma

- The neglect and misinterpretation of Marshall's treatment of time led many of his followers and critics **to overlook the significance of the qualifications and criticisms of equilibrium analysis in his Principles**. This misinterpretation arises from a failure to fully understand the purpose and method of Marshall's analysis. Marshall's methodological struggles in Principles did not arise from an attempt to preserve the concept of competitive equilibrium in a world where increasing returns are pervasive. Rather, they emanated from an attempt at **providing analytical tools capable of contributing to an understanding of the process of economic development that is continuous in time**.

# Keynes' essay on Time 1903

- Keynes vidste at han introducerede “one of the greatest stumbling blocks in every metaphysical system” (Marshall: “...the element of *time*, the source of many of the greatest difficulties in economics”, Principles, 9. 92)
- “Measure of time is no more than a measure of change” og det er Keynes' opfattelse, at det er “impossible to arrive at any conception of time which should be independent of the conception of change” because “A changeless state is, of necessity, a timeless state”.

# Economics as a moral science

- *I also want to emphasise strongly the point about economics being a moral science. I mentioned before that it deals with **motives, expectations, psychological uncertainties**. One has to be constantly on guard against treating the material as constant and homogeneous”.*
- Letter to Harrod, Collected Writings, XIV, p. 300

# The subjective factors

- *“The subjective factors, which we shall consider in more detail in the next chapter, include those psychological characteristics of human nature and those social practices and institutions which, though not unalterable, are unlikely to undergo a material change over a short period of time except in abnormal or revolutionary circumstances”.*
- Collected Writings, VII, p. 92



# Building a theory

- *“(1) the three fundamental psychological factors, namely the psychological propensity to consume, the psychological attitude to liquidity and the psychological expectation of future yield from capital assets, (2) the wage-unit as determined by bargains reached between employers and employed, and (3) the quantity of money as determined by the action of the central bank”*
- Collected Writings, VII, p. 246-7

# Keynes: The short run...

- "I have said in another context that it is a disadvantage of "the long run" that in the long run we are all dead. But I could have said equally well that it is a great advantage of "the short run" that in the short run we are still alive. Life and history are made up of short runs".
- Collected Writings, XXVIII, p. 62. New Statesman and Nation, July 1937

# Shackle: "Economic dynamics", 1954

- "There is on one hand, the objective aggregative **mechanical predictive dynamics** sought by the econometricians, and on the other the subjective private descriptive dynamics of an individual ... **a study of human conduct**, is faced with the question of free will or determinism"
  - The Complex Nature of Time as a Concept in Economics, 1954

# Two utterly different views of time

- 1. Outside view: "Consider the historian who is thinking, say, about the constitutional changes produced in England ... All this long process presents itself to him in one **panorama**, as a unity, every part of it as real as every other part; he is an **outside observer**, not himself part of what he describes"
  - Shackle: Time and Thought 1959

# Two utterly different views of time

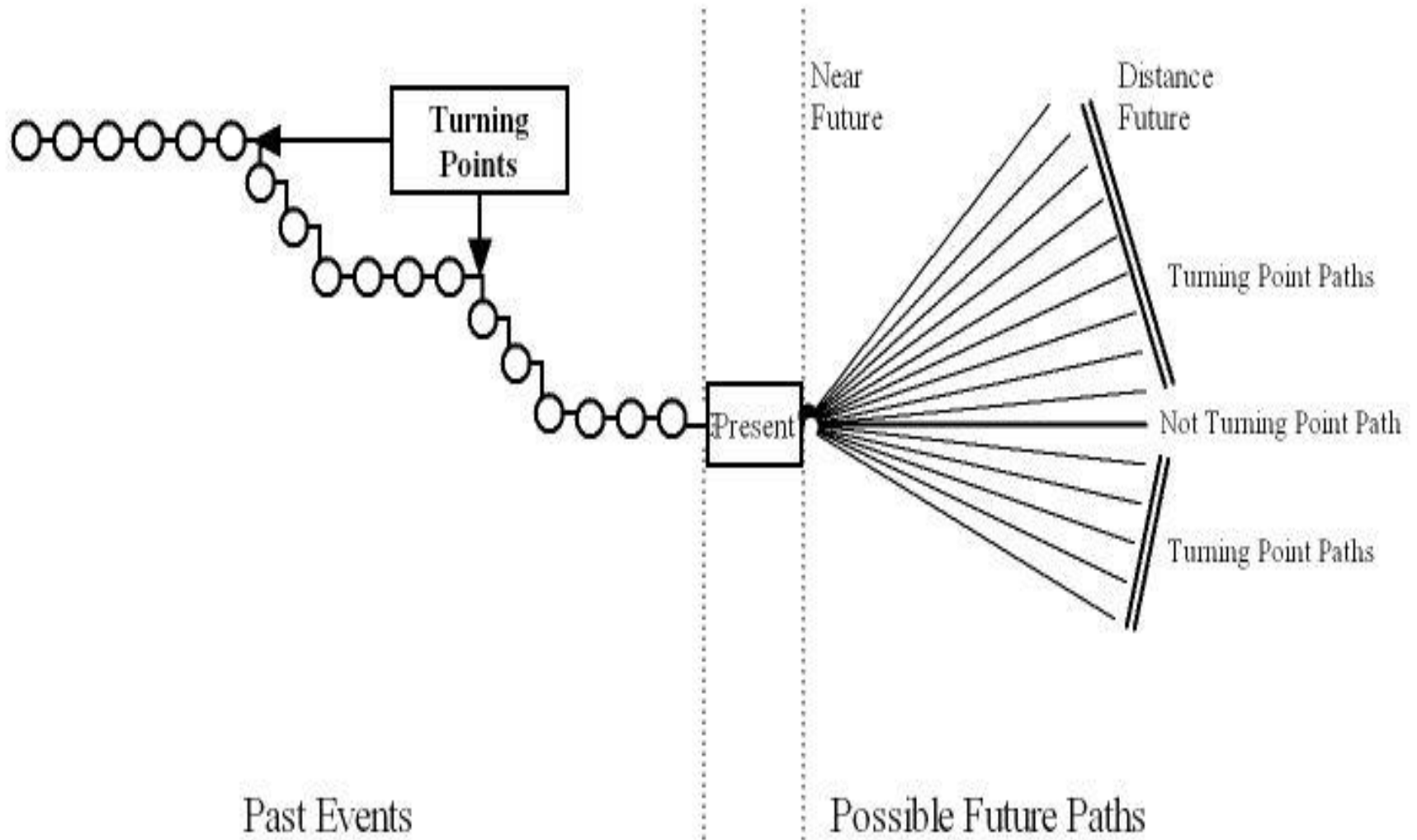
- 2. Inside view: "I want to contrast the *inside* view which each of us has in the very act of living, the time *in* which we **sense-perceive**, feel, think, imagine, and decide ... It is what I would like to call the ***solitary present*** og the ***moment-in-being***" (1959)
- **Time from the inside is the time in which we think, time from the outside is the time about which we think.**
  - Shackle: Time and Thought, 1959

# Shackle's letter to Jefferson, 1981

- This sheaf of diverse **scenarios** seeks to answer the question, not what will happen **but what could or can happen**. Since this is the attitude to our irremediable unknowledge of the future which I have been urging for very many years.
- Earl and Littleboy (2014): GLS Shackle

# Shackle: The moment-in-being

Keynes: Better to be roughly right than precisely wrong



# Hicks (1904-1989) inspiration from Keynes

- "I recognized immediately, as soon as I read *The General Theory* (1936), that my model and Keynes' had some things in common. Both of us fixed our attention on the behaviour of an economy *during a period* – a period that had a past, which nothing that was done during the period could alter, and a future, which during the period was unknown. **Expectations** of the future would nevertheless affect what happened during the period ... expectations, in our models, were strictly exogenous".
- From "IS-LM – an explanation", 1980



# Hicks' perception of time

"It is a very simple principle; the irreversibility of time. In space we move either way, or any way; but time just goes on, never goes back. We represent time on our diagrams by a spatial coordinate; but that representation is never a complete representation; it always leaves something out ... It is quite hard to get away, in any part of our thinking, from the spatial representation"

Hicks, 1982

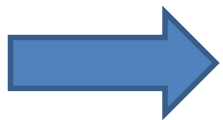
# Hicks: Nødvendigt at finde en anden vej ...

”... not the need to abolish economic theory altogether, but the need to find a different way to carry on – less abstract, more history-friendly, less technical, more concerned with real economic phenomena, less reductionist and more open to taking advantage of the contributions coming from other social and moral Sciences”

- Hicks (1984): Is Economics a Science

# Gode råd

- Tidsenhed skal vælges
- Repetitiv eller unik adfærd
- Inde i og/eller uden for tid
- Fortid, nutid og fremtid – ikke bare før/nu



Ikke liniær fremskrivning, men scenarier