

Fly Against the Wind

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Hirofumi Uzawa

- Born in 1928, in Tottori, grew up in Tokyo
- After majoring in Math., moves to Economics with a desire to be part of the reconstruction of Japan
- Invited to Stanford, joined a group formed by Suppes, Arrow, and Karlin.
- Was a very pragmatic person. In Japan, went to a typist's school to learn touch-typing

Learning by Doing

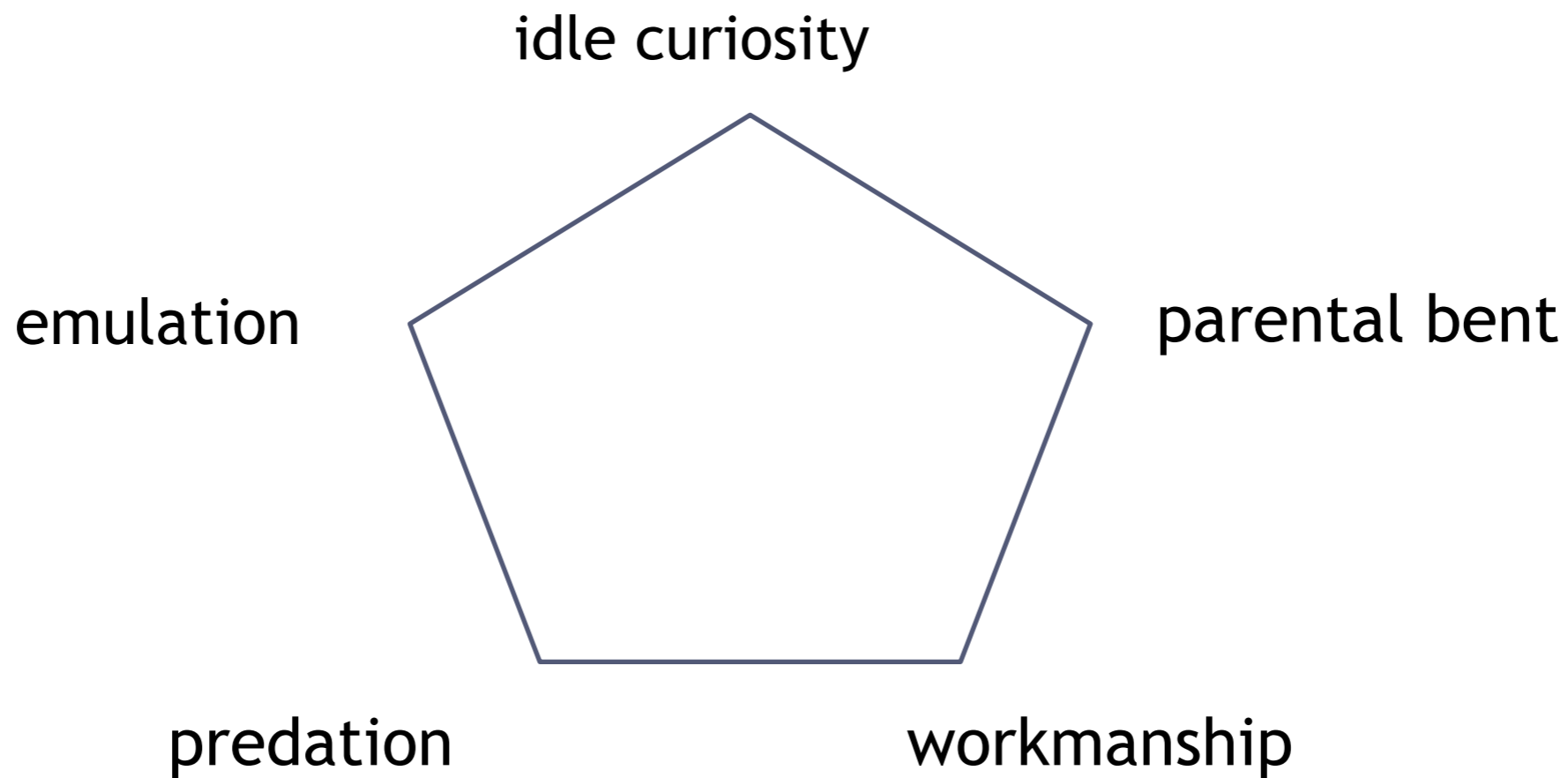
- At the beginning, his English was so bad that he thought that Arrow told him to write a paper a week.
- Part of the group formed by Suppes, Arrow, and Karlin on « Mathematical Methods in Social Sciences », a budding field. At that time, only MIT with Samuelson and Solow, worked on similar problems, thus pioneering the field.
- Intense work at Serra House: close knit group of about six to eight, constant discussion.
- Naturally curious, was a voracious reader, a regular at Moe's Books.
- Had a knack of going straight to the heart of the problem

Veblen

- Had a life-long interest in Thorstein Veblen
- Veblen postulates the following instincts: emulation, predation, idle curiosity, parental bent, and workmanship.
- Bankers work with the first two instincts, scientists and engineers work with the last three.
- Veblen's grief: what engineers invented to increase our welfare, turns into an instrument of exploitation in the hands of bankers, greatly destabilising the economy.

Recapitulation

- The instinct of emulation: to copy what others are doing and compete with others on the same ground.
- The instinct of predation: take away what others have.
- The instinct of idle curiosity: let one explore, without fixed aim, and with disregard of profit.
- The parental bent: concern for the welfare of the group at large.
- The instinct of workmanship: self explanatory



The market mechanism works solely on the base of the lower left, leading to distortions. Economic Growth and the maintenance of Social Common Capital relies on the upper right.

Conspicuous Consumption



Veblen's intent



Hiro's interpretation

However, he was never doctrinate as
the above shows

The role of Institutions

- Language and institutions not confinement but rather enable us to express ourselves in a socially acceptable way.
- Psychopaths are « fearless, confident, charismatic, ruthless and focused » (Dutton)
- A matter of how they express themselves.
- Prevalent trait in Wall Street, found about four times more than average.

What he would have said

- Powerful tools such as markets are double edged, and should be used with care
- When designing evaluation schemes, pricing, one should keep in mind what type of behaviour one is trying to encourage.
- Significant progress in 50 years. Keep trying !

Thank you !

Social Common Capital

- Not all capital are created equal.
- On his return to Japan, pollution, cars thrown into a city made for pedestrians
- The rosy figures seen from overseas not an accurate description of what was happening