

# Economics "Nobel" Prize Fraud

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Eyes on the Prize

<http://populistindependent.org/phpbb/viewtopic.php?t=560&sid=e095a63dcf76e3caff60c0ea90d40691>

Bertrand Roehner is a Professor of Theoretical Physics at the Institute for Theoretical and High Energy Physics at the University of Paris (Sorbonne). Dr. Roehner's main interest is interdisciplinary, particularly in the application of physics to social phenomena. He has written several books and many articles challenging the accepted theories concerning various social and economic events and substituting simple physical criteria. In his 2007 book, *Driving Forces in Physical, Biological and Socio-economic Phenomena: A Network Science Investigation of Social Bonds and Interactions* (Cambridge University Press), Professor Roehner interrupts a discussion of Macro-interactions as they apply to marketing and cell phones in cars, to discuss the Promotion of Neo-Liberalism, particularly with regard to the Nobel Prize in Economics.

Why is this a valid subject in a text that is otherwise about networks, connection schemes, and social bonds? The simple answer is that the Nobel story is an unbelievable tale. The neo-liberal economists were nothing more than a despised sect on the edges of Economic Science, unread, undistinguished, and unknown, until a series of Nobel Prizes transformed them into the rock stars of their field, more important by far than all competing schools put together. Unfortunately, Roehner detects what others have also noticed – that the story is quite literally unbelievable. The numbers alone tell the story: 58 total laureates for the Nobel Prize in Economics, of whom two thirds are from the United States (three quarters if school of affiliation is used instead of citizenship); 8 from the Mont Pelerin society; 5 presidents of that society; 12 politically prominent neo-libs; 16 affiliated in some way with the University of Chicago & not if the subject were cancer and the address, Love Canal, could such clustering be explained.

With meticulous attention to detail, Dr. Roehner dissects the story. He gives particular attention to the role of the National Association of Manufacturers (NAM). Roehner features the Volker Fund and reproduces some of the same material that we have in our accompanying article, but Roehner traces it all back even further to the IUHEI (Institut Universitaire des Hautes Etudes Internationales) conferences organized by Rockefeller, starting in 1927. The key role is reserved for the Mont Pelerin Society. Roehner demonstrates a pattern whereby 5 former presidents of the Society became Nobel Prize winners shortly after ending their terms as president.

As to how this was accomplished, Roehner traces the composition of the Nobel Committee which consisted of 5 Swedish economists. Particularly important was Erik Lundberg, the President of the Swedish Bank, who was also a fanatical neo-lib and a leading member of the Mont Pelerin Society, and who simultaneously served on the Nobel Committee for over a decade and was its Chairman for half that time. It was under his term that the libertarian flood began. Lundberg was succeeded as Chairman by Assar Linbeck who had not only been part of the Society but had collaborated with Milton Friedman. Linbeck had written a hysterical book, *Turning Sweden Around*, which called for slashing Sweden's social programs and the drastic

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privatization of state enterprises. Linbeck's co-author for that book was Torsten Persson, yet another member of the Committee destined to become its Chairman. Roehner's story details nearly endless corruption of this sort.

The resulting critique is devastating even though it is hidden deep within the bowels of a scholarly tome about other subjects. Professor Roehner might not voice it in the following terms, but the conclusion is inescapable: that a bunch of mediocre balding old white men hijacked the Nobel committee for Economics and proceeded to shamelessly give each other the Nobel Prize on ideological grounds alone (i.e., to save capitalism).

Yet, despite all this, Roehner's analysis is somewhat unsatisfying. Roehner does not dwell on or perhaps is only dimly aware of the central fact which trumps all others in this story: There is no such thing as the Nobel Prize in Economics!

There never has been one. Economics was not one of the five prizes bequeathed by Alfred Nobel (Physics, Chemistry, Literature, Peace, and Medicine), there is no mention of economics anywhere in Alfred Nobel's will nor in the enabling documents for the Prize when it was established in 1896, and not a nickel of Nobel's money has ever been awarded for such a prize. So where did it come from?

In 1968, the Swedish Bank established the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, put up the money for the award, and talked the King of Sweden into giving away their prize at the same time as the Nobels. The President of the Bank, the very same Erik Lundberg discussed above, promised a selection process and committee kinda, sorta, just like that of the real prizes, immediately stacked the committee, and they were off to the races.

In 1971, the first prize was awarded to a neo-liberal, F.A. Hayek, and the new prize became bathed in controversy. The prize was awarded jointly to Gunnar Myrdal, Sweden's most famous economist, and to Hayek. The ungrateful Myrdal immediately turned around and announced publicly that Hayek didn't deserve the prize. Oddly, Hayek agreed. Nevertheless, none of this prevented the world press from trumpeting, Universities from gushing, and Foundations from funding, the flood of new laureates, blissfully, or perhaps intentionally, unaware of the underlying fraud.

The comedy went on unhindered until Peter Nobel, the great-grandnephew of Alfred Nobel, went public with a blistering criticism of the memorial Prize in the 1990s. The Swedish Riksbank, like a cuckoo, has placed its egg in another very decent bird's nest. What the Bank did was akin to trademark infringement unacceptably robbing the real Nobel Prizes. Nobel said, Two thirds of these prizes in economics have gone to US economists, particularly of the Chicago School & These have nothing to do with Alfred Nobel's goal of improving the human condition and our survival indeed they are the exact opposite.

Faced with an unwanted controversy, the Swedish Bank promised significant reforms in its selection criteria and in the committee for the prize. The neo-liberal flood had already ended in any case. The final irony was played out in 2001 when the reformed economics committee awarded the prize to American Economist and Columbia Professor, Joseph Stiglitz.

Stiglitz's contribution is essentially a complete refutation of the one scientific claim made by neo-liberal or Austrian economics: that unregulated free-markets provide the highest possible economic efficiency. Nope. Not true. Perhaps even worse, Stiglitz mathematically and formally demonstrated the potential efficiency-enhancing properties of the state based on the Greenwald-Stiglitz theorems (by establishing the constrained - Pareto inefficiency of market economies with imperfect information and incomplete markets). In other words, big government isn't the problem from even the most elementary of economic

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standpoint. It is capital and markets which contribute the fundamental inefficiencies.

No Libertarian retraction is expected&

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