

Linguistic Nonsense and Liberal Economics

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Theme: [Global Economy](#)

Global Research, August 04, 2010

4 August 2010

Liberal economics has long been recognized by a host of writers, some of whom are economists themselves, as a religious-like dogma. Like Tertullian who believed “because it is absurd,” economists accept the dogma not because it makes sense, but because it doesn’t.

Whoa, you say, show me the evidence, and I will.

Consider this situation: A fully grown person buys and consumes just enough food to maintain her/his weight. Sometimes, in order to taste the spice of variety, s/he buys foods that are more expensive than those s/he usually buys. So during some months, her/his expenditures on food are more than s/he spends in others, but her/his weight never varies.

This situation can be viewed as a microcosmic economy. An economist viewing it would say that because more money passed from the consumer to vendors in some months, the economy in those months grew. (See my piece, [Gross National Product \(GNP\): How is it Calculated? What does it Measure?](#))

But the person did not grow. So what does an economist mean when she/he says that the economy is growing? Merely that more money is being transferred from consumers to vendors, but that does not mean that more goods and services are available for use by consumers. The material economy, the economy made up of actual goods and services, really has no definite relationship to the monetary economy that economists measure.

Consider these situations:

Over the past several years in the Dallas, TX area, a new sports-entertainment arena and a new professional football stadium were built. Then two older facilities devoted to the same activities were demolished. The result? Nothing essential changed. Dallas today has the same number of sports-entertainment arenas and professional football stadiums that it had before the newer ones were built. But two enormous piles of rubble were created.

Now a lot of money was spent building the new facilities, demolishing the older ones, and carting off the rubble, all of which economists count as additions to Gross (Domestic/National) Product. If these additions would have increased GP, the economists would have said that the economy grew. But the number of facilities did not. The pile of rubble did, however. The cost of the demolitions and carting off the rubble was also added to GP and the rubble itself is now considered by economists to be in the same category as building the new facilities. In other words, the rubble is by economic measures a form of production. a product, rubble was produced. By this reasoning, a society that spends a lot of money destroying itself is engaged in production. But production and destruction are

opposites. Productive destruction is an oxymoron which makes no sense whatsoever.

Even more egregious examples of ungrowing growth exist. Consider a fine art auction at, for instance, Sotheby's. Millions of dollars are often transferred from buyer to seller when an old master's painting is sold. The money transferred counts as GP, but not a single thing is produced, not even a doodle. So now a category of unproductive production also exists. Producing nothing is a form of production. But that's oxymoronic.

In April, it was [reported](#) that the number of new cars sold is likely to be less than the number of old cars junked. The result will be fewer cars in use in the material economy. But money is spent buying new cars and junking old ones, the sum of which is added to GP. If that raises GP, economists will say that the economy has grown, but the material economy will have shrunk. Now grow and shrink are opposites. Shrinking growth is an oxymoron. The economist's absurd claim makes no sense.

Most computer users will recognize the term "floppy disk." A floppy disk is a data storage medium that is composed of a disk of thin, flexible (floppy) magnetic storage medium encased in a plastic shell. The floppy disk has now pretty much been replaced by USB flash drives, external hard disk drives, CDs, DVDs, and memory cards.

The floppy disk itself underwent change. IBM introduced the eight-inch floppy disk in 1971. Then came the five and one quarter inch floppy disk, the three inch floppy disk, the two inch floppy disk, the two and one half inch floppy disk, and finally the ubiquitous three and one half inch floppy disk. As each new disk type was introduced, millions of older disks along with their drives were trashed. Over the past forty years, billions of floppy disks, each encased in plastic, have been transported to landfills. Most were still useful.

The Austrian economist Joseph Schumpeter became renowned when he made the phrase "creative destruction" into an economic theory. The floppy disk's history is an example of what Schumpeter meant. He would have considered each new disk type a form of creation and the trashing of the older types as destruction.

But what is creative about this process? One form of magnetic data storage is merely replaced by another. Compared to the situation described in paragraph three above, it can be likened to the person's replacing the tea she/he had been drinking with a new flavor of tea. Although the person is not forced to discard her/his old tea, the floppy disk user is eventually forced to discard her/his old disks and drives, and if she/he wants to preserve the data those disks contain, that data must be painstakingly transferred to a newer medium.

It is difficult, of course, to weigh the creativity against the destruction. Is creative destruction more creative than destructive or more destructive than creative? It varies, I suspect, by cases, but one thing is certain: creative destruction is an oxymoron. Creation and destruction are opposites. (See my piece, [Creative Destruction and More Economic Nonsense](#).)

The floppy disk and most technological "improvements" fall into a category of products often sold as "new and improved." But that phrase is insidiously oxymoronic. If the product is new, how can it be improved, and if it is improved, how can it be new? But the phrase evokes a deeper question. In what sense is improving an existing product creative?

Consider this example: A man goes to a store that employs an in-house tailor and buys a

new suit. He picks one out, tries it on, summons the tailor who marks and pins the suit here and there. The tailor then takes possession of the suit, and the next day, the buyer returns for it. He tries it on and finds that its fit has been satisfactorily improved. Fine! But what has the tailor created? Most certainly not the suit! So are such “improvements” of existing products ever creative? When Microsoft, for instance, issues a “new and improved” version of Windows, has Microsoft created anything new? I don’t know, but most certainly that something new has been created is not obviously true.

These situations establish that no definite relationship exists between growth in the monetary economy that economists measure and the material economy that people utilize. Sometimes the material economy grows along with the monetary economy; sometimes the material economy is unchanged as the monetary economy grows, and sometimes the material economy shrinks while the monetary economy grows. These situations also show that what passes for our economy is uneconomical. Trashing perfectly good and useful things because something newer comes along is nothing but wasteful. So what we have is an uneconomical economy, but that’s no economy at all.

Anyone who understands how a language works knows that words are not singular; they come in families. A noun cannot have a meaning that is different from its adjectival or adverbial siblings. The orthographic differences between the forms serve merely to show the word’s function in a sentence. “Economical” and “economically” go with “economy”; “uneconomical” does not. An uneconomical economy is an oxymoron, sheer nonsense; it is absurd. So what’s known as liberal economics does not describe an economy at all; all it describes is a conglomeration of commercial practices based on nothing but happenstance. Arbitrarily calling these practices “the economy” doesn’t make them one.

Even some economists recognize this. J. Bradford DeLong [writes](#), “One of the dirty secrets of economics is that there is no such thing as ‘economic theory.’ There is simply no set of bedrock principles on which one can base calculations that illuminate real-world economic outcomes. . . . The ‘economic principles’ underpinning their theories are a fraud—not fundamental truths. . . .” But then DeLong betrays his religiosity by saying, “Not surprisingly, I believe that. . . .” But why should anyone care what he believes; does he care what others believe? Do we care what Warren Jeffs, the Pope, the CIA, a Congressman running for office, or even the men who pick up our garbage believe? Good writing teachers continually tell their students not to tell what they believe but what they know. But no one with a religious-like ideology knows anything; if she/he did, she/he would not have to rely on beliefs. And even when reality has proven believers wrong over and over again, they, like Tertullian, continue to believe. Only people without knowledge cite their beliefs.

What people don’t understand about contradiction is that it cannot be contained. Once a contradiction becomes part of a person’s thinking, a belief, a theory, a dogma, or an ideology, contradictions and their resulting nonsense abound. The nonsense pops up everywhere. Here are just a few more examples:

Economists often refer to drops in the market as “corrections.” But the word “correction” can be used meaningfully only in relation to mistakes; what is right cannot be corrected. So if market lows are corrections, market highs are mistakes. But economists not only never tell people that, they cite market highs when describing the market’s condition. Isn’t that like measuring a student’s performance by the number of mistakes s/he makes? Wouldn’t it make more sense to cite the market’s lows when describing the market’s condition? After all, the lows are the corrected numbers.

People are told to save by investing in the market. An investor buys shares of stocks or bonds. These are known generically as securities. But market fluctuations demonstrate almost daily that these securities are insecure. That's another oxymoron—the insecure security. Would people change their attitudes toward the market if they were plainly told that they were being sold securities that are insecure? I don't know, but telling people that would at least be truthful.

And then there's the ubiquitous marketing chant that no economist has ever debunked even though economists often lament the lack of saving by Americans—buy now and save; the more you buy, the more you save.

No, not here on Earth, in Heaven, or even Hell! Buying is done by spending and spending and saving are opposites. Saving by spending is impossible, sheer nonsense. But no economist has ever told a consumer that. Why? Because economists only concern themselves with adding up the money that is transferred from consumers to vendors. If Americans increased their savings, GP would decrease, the monetary economy would shrink. To prevent such shrinkage, business practices have been developed that make it impossible for people to really save. (See my piece, [Why Americans Don't Save](#).)

All of the foregoing demonstrates that the only goal this conglomeration of commercial practices called the economy has is to pick the pockets of consumers for the benefit of vendors, and economists are only concerned with adding up and increasing the take. Whether consumers benefit or not is irrelevant. The goal of this "economy" is theft.

Genius is not required to understand this or even to figure it out. All that is required is close attention to the language being used. People need to listen carefully to what is being said and then ask themselves, does that make sense? More often than not, they'll conclude that it doesn't.

Language is perhaps the most complicated tool human beings use. Senseless sentences can easily be put together that delude people. Such sentences can often delude the speaker her/himself. The position of words in a sentence is not a sufficient condition for meaningfulness. The words also have to have logical coherence. Liberal economics is made up of a host of sentences whose words lack such coherence.

It is difficult to understand how an entire profession of supposedly "educated" people continues to talk this trash until one realizes that such continuous usage is a characteristic of true believers exactly like Tertullian. Just as many believe that God separated night from day before He created the Sun and stars, economists believe in contradictory notions, not because they make sense but because they don't.

John Kozy is a retired professor of philosophy and logic who blogs on social, political, and economic issues. After serving in the U.S. Army during the Korean War, he spent 20 years as a university professor and another 20 years working as a writer. He has published a textbook in formal logic commercially, in academic journals and a small number of commercial magazines, and has written a number of guest editorials for newspapers. His on-line pieces can be found on <http://www.jkozy.com/> and he can be emailed from that site's homepage.

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