



DISCUSSION OF
RADICAL UNCERTAINTY
JOHN KAY'S WEBINAR
SUERF 2 JULY 2020

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FASCINATING NEW BOOK BY KAY AND KING

If governments want policy recommendations on how to react to COVID-19,

«The main advice to emerge from the book is: don't ask an economist»

(Review of the book in the WSJ)

Reminds me of what French politician Clémenceau:

«War is too serious a matter to be left to the military»

CAMERON DALLAS: 21 MN INSTAGRAM FOLLOWERS

If we cannot ask
economists what to do
on economic matters,
who can we ask:

Bureaucrats?

Politicians?

Journalists?

Social Media Influencers?



POLITICAL IMPLICATIONS OF RADICAL UNCERTAINTY?

- Friedman: wisdom of crowds.

To assess the probability of a describable event: open a contingent market.
Bookmakers quotes aggregate individual opinions.

- Hayek's more subtle defence of free markets:

Central planning does not work because some contingencies are impossible to describe; only free competition between entrepreneurs can reveal them.

- Radical Uncertainty refers to the second not the first.
- Kay and King suggest «reference narratives» work better than quantitative models: does it imply that central planning does better than free markets?

EPISTEMOLOGICAL IMPLICATIONS?

- Kay and King are right that «the future is not always like the past»
- But can we develop any scientific knowledge about things that are not stationary?
- Can we we develop any scientific knowledge about things that cannot be quantified?
- Lord Kelvin: “when you can measure what you are speaking about and express it in numbers you know something about it; but when you cannot measure it, when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind”

ORSON WELLES AND THE SWISS CUCKOO

2019 UNDP ranking
of countries by
Human
Development Index

1	Norway	0.954
2	Switzerland	0.946
3	Ireland	0.942
4	Germany	0.939
4	Hong Kong, China (SAR)	0.939
6	Australia	0.938
6	Iceland	0.938
8	Sweden	0.937
9	Singapore	0.935
10	Netherlands	0.933
11	Denmark	0.930
12	Finland	0.925
13	Canada	0.922
14	New Zealand	0.921
15	United Kingdom	0.920

15	United States	0.920
17	Belgium	0.919
18	Liechtenstein	0.917
19	Japan	0.915
20	Austria	0.914
21	Luxembourg	0.909
22	Israel	0.906
22	Korea (Republic of)	0.906
24	Slovenia	0.902
25	Spain	0.893
26	Czechia	0.891
26	France	0.891
28	Malta	0.885
29	Italy	0.883
30	Estonia	0.882