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DAVID THESMAR: SPECULATING ON ECONOMIC CLICHÉS

The distance between the thinking of economists and common people, the very low level of economic competence of the average citizen and the position of the politician, who often believes certain clichés in good faith and is thus a "sincere liar": these were some of the topics dealt with by David Thesmar this morning at Palazzo Geremia, accompanied by rigorous analysis of certain data regarding the European and American economies. With Thesmar today the Festival indeed dealt with the topic of "Speculating on clichés" at a meeting arousing considerable interest, with an attentive and participatory audience.-

Thesmar, Lecturer in Finance in Paris, leader writer and author, dealt with a number of "false economic myths" circulating in western society today. There is a tendency to deny some truths known to economists, while certain mistaken theories are used by politicians to orient their decisions, not always in bad faith, or by certain lobbies to safeguard partisan interests. One of these myths, for example, establishes that there is a need to reindustrialise Europe. Even some authoritative sources believe that sustainable growth is linked to an increase in the manufacturing sector quota in the GDP, to the extent that in the USA there is talk of the need for a "manufacturing renaissance". The theory is also supported in Europe by industrialists, trade unions and politicians. However, the technological innovation that we have experienced in the last few years, Thesmar believes, can and must change this perspective, because with an increase in wealth the demand for intangible assets and services increases even more. Thus certain sectors, such as education and health and other non manufacturing sectors have created many new jobs. It is true that the process leading towards a post industrial society tends to increase inequality and it is therefore vitally necessary to find other routes for growth.

Another cliché is that a policy of competition destroys wealth and is bad for the economy, and recent studies have shown that people's perception about the riskiness of competition fuels this myth. Taking as an example the entry of a new telephone operator in France or the liberalisation of taxi licences in Italy, Thesmar explained that aspects generated by competition, such as the stimulation of innovation, improvements in the quality of services and the reallocation of jobseekers with a high educational level, are always neglected.

Another popular belief regards bank recapitalisation: it is thought that this damages credit, as banks are reluctant to loan money. However recapitalisation, while perhaps a disadvantage for shareholders, obliged to take on greater risk, is an advantage for current account holders and taxpayers, because the use of more capital certainly makes it less costly.

Concluding his lecture, Thesmar underlined that the role of the economist is precisely to reduce the disconnection between the people and the ruling class. He recalled, however, that everything has a price and that any intervention by governments or any resources set aside for a given purpose are not without cost.

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