

LUKÁŠ AUGUSTIN MÁŠLO

University of Economics, Prague, Czech Republic

POST-KEYNESIAN CONTROVERSY ABOUT UNCERTAINTY: METHODOLOGICAL PERSPECTIVE, PART II

Abstract:

In this paper, the author follows a discussion of two post-Keynesian economists, Paul Davidson and Rod O'Donnell, about the nature of uncertainty in economics. The author focuses on two points of this discussion: a controversy about possibility/impossibility of such a proof and a criticism of Davidson's allegedly split definition of ergodicity. In a controversy about possibility/impossibility, the author puts O'Donnell to criticism for the latter's reduction of proving to providing empirical evidence and, in effect, omission of extra-empirical cognition. The author accepts O'Donnell's argument of Davidson's split definition and infers his own conclusion: the reason why Davidson keeps ignoring the incompatibility of both definitions of ergodicity is that he does not distinguish cumulative and theoretical probability. The author contends that Davidson's claim about predetermination of long-run outcomes in ergodic processes draws its persuasiveness from the ambiguity of the concept "long run": according to the author, Davidson perceives "long-run" in the meaning of "finitely long" while O'Donnell perceives "long-run" in the meaning of "limit infinity".

Keywords:

ergodicity, uncertainty, probability

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