

## Edenomics

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In the beginning there was Adam, a single, and hence, representative agent. Adam maximized freely, got what he expected and expected what he got. He achieved an optimum every day. There was no society, no culture, neither arts nor science. There was only the Supreme Auctioneer (SA). Things were Perfect.

Then the SA introduced Eve into the picture. She was different, more proactive than Adam who was in any case a bit of a dolt. Now there was no longer any representative agent. But that was no problem because together Adam and Eve achieved General Edenium (GE) each day<sup>1</sup>. Things were Pluperfect.

There was food aplenty in the Garden of Eden. There were also all manner of animals but they played no functional role since Adam and Eve were Vegans. Nudist Vegans. The Serpent (who was not yet a snake) changed everything. Adam and Eve had been forewarned against being too inquisitive: GE = Perfect = Good, the matter was simple. Yet the Serpent posed disturbing questions. "If the SA continues to create more of you will there not be a scarcity of fruit at some point?" Particularly troubling for Eve: "Would GE even be possible if you were to put your partner's well-being above your own preference for fruit?" As A&E struggled with their own ignorance on such matters, the Serpent delivered the coup de grace: "Why is it that you don't know? The SA knows all, yet keeps such knowledge from you. Is not Asymmetric Information a fundamental imperfection? Can it not be said that perfection implies imperfection, and hence that there is no imperfection which does not imply perfection?"

If there was one thing the SA could not abide, it was Dialectics. There was Thunder, Lightning and Wrath. Specially Wrath. Adam and Eve, and even the poor animals that had played no role whatsoever in this drama, were forthwith cast into a world of death, thorns, pain, advertising, fashion and science. The Serpent was turned into the snake, forever condemned to embody nonlinearity, alternating unceasingly between holy convexity and unholy concavity.

This is the world we have inherited, the world we live in. But that is of no matter, for we are only interested in the world before the Fall. So, Children, shall we now discuss Utility?

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<sup>1</sup> Proper understanding of GE requires years of contemplation and training in Latin. At a less advanced level it is simpler to represent the Edenic household as one in which Adam handles all the maximizing. This has the added benefit of keeping Rational Gnostic Man at the center of all things.

\* Anwar Shaikh is the author of *Capitalism: Competition, Conflict, Crises*, Oxford University Press 2016, <http://realecon.org/>. The purpose of this book is to derive the central propositions of economic analysis and to explain the corresponding empirical evidence without any reference to hyperrationality, optimization, representative agents, rational expectations, perfect or imperfect competition, or perfect or imperfect information. I thank Mariam Majd for suggesting the current version of the title of this essay.