

Economics as robustness analysis

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Abstract

All economic models involve abstractions and idealisations. Economic theory itself does not tell which idealizations are truly fatal or harmful for the result and which are not. This is why much of what is seen as theoretical contribution in economics is constituted by deriving familiar results from different modelling assumptions. If a modelling result is robust with respect to particular modelling assumptions, the empirical falsity of these particular assumptions does not provide grounds for criticizing the result. In this paper we demonstrate how derivational robustness analysis does carry epistemic weight and answer criticism concerning its non-empirical nature and the problematic form of the required independence of the ways of derivation. The epistemic rationale and importance of robustness analysis also challenge some common conceptions of the role of theory in economics.

Keywords: robustness, economic models, idealization, tractability assumptions

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