“MICROECONOMICS, COMPETITIVENESS AND UNDERDEVELOPMENT”

Diego Guerrero
(Universidad Complutense de Madrid, Spain.
diego.guerrero@cps.ucm.es)

January 2002

VII International Post Keynesian Workshop
(Fighting Recession In A Globalized World:
Problems of Developed And Developing Countries, June 29 - July 3, 2002)

Introduction

Post-Keynesians are the left-wing side of the crowded well-meaning group of people who wants to fix up the great problems faced by the capitalist economy for at least a couple of centuries but they always think of easy to solve. Capitalism actually behaves as a mechanism which --in spite of the alleged good will of all kinds of governments and the invaluable help given by the do-gooder layers of civil society-- displays a record of failures to which we will not pay attention here, except to those related to unemployment, misery and underdevelopment, all of them secularly growing problems. In the historical long-run, the three mentioned problems are bigger and bigger, but many people speak and act as if it were the first time that our society faces them and no prior attempts to seriously fight them had ever been made.

In this paper, we aim to the following. After showing that a non-Neoclassical Microeconomics is perfectly possible and necessary, even one based in the Labor theory of value (LTV), we will try to develop a theoretical model for analyzing the reasons why the statistically obvious growing economic gap between the North and the South of our planet is an insurmountable need inside the functioning of the system; then try to evaluate the more convenient policies for both poor and rich countries to attempt to overcome those results; and eventually conclude assessing the meaning of competitiveness itself and the limitations that it imposes to a proper understanding and possibility to effectively act against the ultimate causes of the above mentioned problems.
I. A Microeconomics based on labor and technical change

In the present debates on Microeconomics, it is quite usual that different aspects of the theories of the firm, production and competition manifest themselves not only all interrelated but to some extent mixed and confused too. For instance, in non-Neoclassical Microeconomics it is largely criticized the sole mention of U-shaped average cost curves of the firms. This unjustified criticism has to do with the confusion between static and dynamic analyses and their relationship with the different approaches to Microeconomics arising from the orthodox and heterodox points of view. After Sraffa (1926) and many others arguing for the conclusion that decreasing average costs lead to monopoly, and the flourishing of so much theories of imperfect (as opposed to perfect) competition (imperfect and monopolistic competition, oligopoly models, monopolies, etc.), almost every theorist aiming to capture the reality of the industrial competition and firms tended to look at these alternative theories as the sole device to be worth to oppose to the most neoclassical colleagues.

In my opinion, almost the entire profession has failed to see that perfect and imperfect competition models still share a lot of erroneous or non realistic assumptions that make both of them, despite their differences, members of a big family of theories against which I am claiming here. For instance, the firms in the Chamberlin’s monopolistic competition model share with those of the perfect competition model the fact that in both models all firms present in every industrial branch are treated as equal in terms of techniques and then “long-run” cost structures, so that the label of the Marshallian “representative firm” is likewise predicable in both cases.

However, in the real world what we have is a set of such a large range of techniques simultaneously operating in the industrial fabric of every sector that we are obliged to
give up the assumption that it suffices with one production function for each sector.

Note that I am not referring here to the question of the size or “scale” of the firms. Of course, the neoclassical models take into account the existence of different possible scales operating “in the short run” and then draw just one sectoral long-run (envelop) curve representing the minimum costs for each volume of production once the scale of the firm is allowed to adjust.

![Diagram](image)

**Figure 1:**
Two simultaneous techniques in one sector (i.e. two simultaneously “representative firms”)

Instead, what the orthodox theory of the firm can not accept is the simultaneous existence of two (or more) techniques operating inside the sector (as in figure 1), which would mean that we need at least two different production functions at the same time, even if we select the optimum foreseen scales in both (or more than two) cases, for we have in fact two (at least) different kinds of relationships between the quantity of variable factor used up in production (and the amount of fixed factors associated to
them) and the maximum quantity of output produced by each of the two (or more) firms. (For simplicity’s sake, we will assume, from now on, only two techniques in the sector).

Once the simultaneity of the two techniques is accepted –each one representing as well a different “stage” in the real time process of social technical change, since the worst of them can be treated as the rear (social) one, whereas the other is the newer one, so that in figures 1 and 2 we are in fact treating a dynamic problem in a “comparative statics” framework--, we obtain, not only two production functions at the same time, but two sets of total and average costs curves as well (see figure 2). Each of both sets is actually operative in the sector, so that we have to necessarily face the intra-sectoral competition between the two firms, one aspect usually taken aside in orthodox Microeconomics, which only pays attention to the market side (the realization of

![Figure 2: Two sets of fixed and variable costs (Q are the quantities of variable factors, F the quantities of fixed factors; P are the prices of a unit of factor)](image)

Once the simultaneity of the two techniques is accepted –each one representing as well a different “stage” in the real time process of social technical change, since the worst of them can be treated as the rear (social) one, whereas the other is the newer one, so that in figures 1 and 2 we are in fact treating a dynamic problem in a “comparative statics” framework--, we obtain, not only two production functions at the same time, but two sets of total and average costs curves as well (see figure 2). Each of both sets is actually operative in the sector, so that we have to necessarily face the intra-sectoral competition between the two firms, one aspect usually taken aside in orthodox Microeconomics, which only pays attention to the market side (the realization of
“given” costs and values/prices) of competition, i.e. it analyzes the competition between the firms operating in each sector but actually assuming that they all are equal in terms of techniques and costs.

Now, orthodox Microeconomics includes the “normal rate of return” inside the costs of the firm, and just speaks of “positive” profits when they are greater than those corresponding to the average or normal rate of return (and speaks of “losses” when there are either actual losses or also positive profits just allowing the firm getting a rate of profit below the normal or average level). This means that what neoclassical economists call the envelop (or long-run) average cost curve is in fact a “price” (costs plus profits) curve which includes normal profits. Indeed, it is the curve representing what the Physiocrats called the “prix nécessaire”, the Classics called the “normal price”, and Marx called the “production price”. For me, the minimum point in this curve –where the exploitation optimum of the optimum scale is located— determines what I propose to call (see Guerrero, 2000a) the “production value” of the firm; and, if it is assumed that this firm is the “regulating capital” of this sector (see Shaikh, 1979, 1980), this point is also de “production value” of this sector.

The Labor theory of value is the sole theory that in addition to permitting to obtain the correct vector of these prices (or values) (see Bródy, 1970, where this author shows that this vector is the same vector that Von Neumann’s or Sraffa’s or Samuelson’s vectors), at the same time is able to explain the relationships existing between monetary prices and something else (labor, in the case). It is quite odd to see so many theorists apparently not concerned with the latter side of the question (the need we all have to answer clearly to it); or how many are always speaking of “relative prices” without truly asking what kind of thing are the “absolute prices” from which the relative prices (their quotients) must necessarily be obtained --ask a physical whether or not a relative (let us
say) weight needs two absolute weights, and so on, please. If we start from the labor-values of both commodity \( c \) and commodity “dollar”, it is obvious that their relative price and relative value are the same thing: the number of dollars one need to pay for each unit of \( c \) (a physical ratio at the same time).

The previous paragraph helps us to see why the production price (or value price) is the monetary expression of labor values in a fully capitalistically developed system—where commodities move throughout the system not as simple commodities but as fragments of capital, claiming for a profit proportional to the amount of the initial total investment--, i.e. the level determined by the so-called envelop curves of the firm which represents the regulating capital in the sector. Only when the “market equilibrium” is at the same time a “production equilibrium”, it can be said that the former is stable (what neoclassical economists call “long-run” equilibrium).

What has been said up to now is represented in figures 3 and 4, but we need now to deal with an “international” or “world extension of this model in order for us to be able to analyze the question of development and underdevelopment in their proper scale.
II. **The scourge of competitiveness**

Now suppose that we have a world with just two countries: the rich and the poor, the North and the South, the Center and the Periphery, or, as called in figures 5 and 6, country $x$ and country $m$. The only thing we need to extend our previous model is to assume that the most efficient firm in this sector is located in country $x$, whereas the other one is located in country $m$. Following now the practitioners of International Economy, we will analyze and compare two different situations. First of all, we will look at the autarchy, and then to its opposite, which for a better understanding we will analyze in its extreme: complete free trade between our two countries.
In the case of autarchy, each country gets one domestic market equilibrium which is determined by its domestic production equilibrium, so that in country $m$ we can see that this double equilibrium implies a price $p_m$ and a quantity $q_m$ (see figure 5), and in country $x$ the pair $p_x$ and $F$ (see figure 6). But imagine the two countries agreeing in a trade arrangement where all trade becomes totally free (without tariffs, contingents, or any other trade barriers). Then, there will be a unique world price which will impose its law everywhere. In country $m$ the consumers are apparently happy of being able to buy the same product for such a low price, and new firms flourishing in the new import sector will be happy too because of the new area for business in the country. However, the firms belonging to the sector we are analyzing (firm $m$ in our simplified model) will have to submit to the new world market conditions and cut their domestic production as determined by the domestic short-run supply curve. The excess demand now appearing (at the new price $p_x$) will transform into a new demand for imports by an amount of $AB$. This new demand will have to be added to the domestic demand already existing in country $m$, giving a new total demand $D_x' (= DD_x + ED_m)$ which, after the necessary adjustment period, will be able now of matching not only domestic demand but also the new demand for exports coming from country $x$. 

![Diagram of market equilibria in autarchy and free trade](image-url)
Unfortunately, this new market equilibria will not presumably make happier everybody. Let us see. In country $m$, the fall in domestic production will be accompanied by a rise in unemployment due to the redundancy of part of the working labor force previously working inside the sector. In the realistic case where the example of this sector is imitated by a majority of industrial sectors, the rise in unemployment due to free trade will be great, so that the domestic purchasing power of workers --and probably of the entire society after a period for letting the interdependencies among sectors to fully operate-- will fall so sharply that it will be difficult for the country to support such a situation. At the same time, country $x$ will be taking advantage of the new situation, enlarging both its production and employment.

Of course, what counts in explaining the international flows of trade are the absolute advantages (lower average costs and prices) showed by each country. In real world, it is difficult to find one sole country with no sector gifted with this kind of absolute advantage. The problem with many of those countries is that they posses such advantages in just a small set of sectors (linked to their possession of natural resources: mineral, climate, beaches…), but live in a world where 90 per cent of trade consists of industrial commodities. Unfortunately, in industrial production there is the technique of production which operates as the decisive arm in fighting against all rivals in the competitive battle.

As a consequence, the most probable is that poor countries, endowed by real history with such a (relative) reared level in science, technology and even people’s literacy and education (inferior development of the overall productive force of their societies), suffer from absolute disadvantage in so many industries that they are forced to consume many types of commodities by the only way of importing them, or not consuming them at all.
This will probably make of those countries net importers and at the same time will make of the rich countries net exporters.

Now, the orthodox economists appeal to the quantity theory of money (from Hume and Ricardo to Heckscher-Ohlin and Friedman) in their help. In this line of arguing, they hope that the international flows of money (gold or foreign currencies) act as a proper automatic mechanism able to counteract the competitive problems faced by poor countries. They expect the international general (or national) price levels to adjust in such a way as to make more competitive the countries originally suffering from a lack of competitiveness, and vice versa.

Indeed, the sole adjustments operating here, apart from the ones already mentioned (production and employment), will probably be the relative rates of interest (see Shaikh, 1979/80). Since the poor countries have become debtors, and the rich creditors, as the only way for sustaining the uneven trade flows and the corresponding access to the consumption of so many necessary products in the poor countries, and since the monetary flows go from poor to rich countries, there will be, in case that these flows generate an excess of liquidity in the bank system of rich countries (lack of liquidity in poor countries), and just due to this cause, a tendency for the interest rates to be low in the rich countries and high in the poor countries. Then, the latter’s firms (and even individuals: see the case of Argentina as a very recent case) will tend to become indebted with the former’s banks (in the currency of the rich countries, of course), and will make the entire economic and political systems of the rich countries able, as creditors, to require more and more harsh conditions to keep alive the permanent flow of credit needed by poor countries.

Summarizing the argument, we can see that the scientific and technological gap (historically explained) between both sets of countries become trade gaps and
dependency (positive trade balances in the rich countries, and vice versa), then finance
gaps and dependency, then productive gaps and dependency again (as for guaranteeing
new credits more and more assets, productive or not, have to be conceded to the big
firms in rich countries), and then a cumulative and vicious circle or several deep
dependencies which make more and more difficult for the poor countries as a block to
escape to such a mournful destiny. Of course, individual countries may do it (and
everybody remembers how many times we have heard of those cases), but it is also very
possible to walk the same path in the opposite direction (recall the Argentine case once
again, or Uruguay and many others).

III. Competitiveness policies and competitiveness’ consequences

Orthodox economists, great market admirers as they are, always glorify the
omnipresent goodness of the markets. However, and strangely enough, many heterodox
economists follow them in a cryptic way that often proves unnoticed. When asked, they
answer in realistic terms that “Of course, yes”: they want their own countries to show
higher and higher levels of competitiveness in a world –“let us be realistic”-- which
faces all of us with an everyday harsher war in competition. At the same time, we can
see how many present movements of critique, like the anti globalization movements, are
supported by much of these critic economists who defend higher contributions from the
rich countries’ budgets towards the growing needs of help coming from so many poor
countries.

Apart from these immediate policies of help or cooperation to development, claimed
by this movement, more thoughtful analyses insist in a realistic approach to the problem
of competitiveness as well, in order to implement proper policies conceived for the
longer term. Here too the connection between the theoretical and practical levels is much evident, so that it is not surprising to see how different approaches manifest themselves, depending on whether the analysis culminates in either more conventional or newer types of competitiveness policies (see, for instance, Guerrero, 1997). But instead of looking at that, one should recall here some of the results of two centuries of a worldly war for competitiveness, since it is usually forgotten that those terrible consequences do indeed exist.

Let us begin with the growing relative misery in which the poor world is submerged. Taking for granted that the data provided by Maddison (1995) are good enough, and also official enough (they have the support of the publisher, an international organization so much respected ad the O.E.C.D.), in figure 7 and 8 the only thing that the author is contributed with is in adding the data for the same 24 OECD countries for which the Maddison book displays data as long ago as from 1820. Provided that the book’s statistical appendixes also offer data for the entire world, and uses as a measure for the world (internationally and inter temporally comparable) production data the ones expressed in the well-accepted Geary-Khamis constant dollars, it is quite easy to obtain the part that those 24 countries represent both in the world production and in the world population along the later two centuries. This can be seen in figures 7 and 8.

As can be seen, the percentage in total population at first grew quickly as a consequence of the development of the United States and Australasia, then maintained almost constant and finally fell due to the present more rapid demographic growth in Africa, Asia and Latin America (see figure 7). The same process can be observed in the fraction of world production, although in this case the initial rising is more persistently sustained and the eventual fall is much less acute (see figure 8).
When taken together, both sets of data can help to see how much is and how has been developing in time the gap between the rich (the 24 OECD countries) and the poor in terms of a broad and rather rough measure (the only available for such a long period) of productivity: GDP per capita. This is performed by obtaining the “coefficient” which results from dividing the GDP per capita in OECD countries against the GDP per capita in non-OECD countries (see figure 9).
Several important lessons can be extracted from figure 9. First of all, despite the usual complaint aimed at just the two or three last decades of the so-called “neo liberalism”, with its associated increase in the inequality in the distribution of income and wealth (indeed true as well for individual countries: see Wolff, 2000, for the United States, or Guerrero, 2000b, for Spain), we can see that the world inequality is a much more extensive fact who comes from (at least) the beginning of the XIX century. It is also of interest to see that the increase in world inequality between 1973-1992 was not as fast as it used to be in 1950-73, the so-called “golden age” of capitalism to which so many Keynesians and Post Keynesians seem to aim as the perfect (realistic) ideal of human society (according to the apologetic phrases used by much of them).

One second lesson is specially useful for those (specially in Europe) who are always praising the wonders achieved by the Welfare State and the so-called “European social model”. The data shown in figures 2 to 4 (Maddison’s data) are the final results of the operation of the market, but not of any model’s market (where there is usually no State), but of the real markets which actually work in a pair with really existing States and also
with the really existing philanthropic civil societies who so wholeheartedly support the cooperation for the development of the poorest in the world. The three forces acting together are the responsible (or at least inept) for the net and evident increase in the inequality of the two real blocks existing in our world, not in any model.

Let us look now at unemployment. Just as late as one year ago it was used to say both in the United States and Europe that this problem belonged to the past, and that the so-called New Economy has provided, via the huge productivity improvements linked to it, the final solution to this largely bothering problem. In fact, we do not need enter the extensive literature about productivity growth levels and all that, but just rely on the own unemployment data, used in long terms (averages for decades) and for big blocks of countries (the OECD, since the data for the poor countries, obviously quite worse, are much less avoidable). In table 1 we can see that the unemployment is a growing problem since 1960, and we can expect that it will be worse in the next decade. In fact, in a LTV framework, we should expect that unemployment will be both increasing and unsolvable inside the limits of the capitalistic system (see Guerrero, 2000c).

<table>
<thead>
<tr>
<th></th>
<th>61-70</th>
<th>71-80</th>
<th>81-90</th>
<th>94-99</th>
<th>2005*</th>
<th>1994-2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union-15</td>
<td>2.2</td>
<td>4.0</td>
<td>8.9</td>
<td>10.4</td>
<td>7.6</td>
<td>10.0</td>
</tr>
<tr>
<td>USA</td>
<td>4.7</td>
<td>6.4</td>
<td>7.1</td>
<td>5.1</td>
<td>5.4</td>
<td>5.2</td>
</tr>
<tr>
<td>Japan</td>
<td>1.2</td>
<td>1.8</td>
<td>2.5</td>
<td>3.7</td>
<td>4.0</td>
<td>3.7</td>
</tr>
<tr>
<td>Simple average</td>
<td>2.7</td>
<td>4.1</td>
<td>6.2</td>
<td>6.4</td>
<td>5.7</td>
<td>6.26</td>
</tr>
<tr>
<td>Weighted average (using GDP and PPP)</td>
<td>3.10</td>
<td>4.66</td>
<td>7.09</td>
<td>7.05</td>
<td>6.08</td>
<td>6.91</td>
</tr>
<tr>
<td>Weighted average (using active labor force)</td>
<td><strong>2.93</strong></td>
<td><strong>4.47</strong></td>
<td><strong>7.08</strong></td>
<td><strong>7.23</strong></td>
<td><strong>6.14</strong></td>
<td><strong>7.08</strong></td>
</tr>
</tbody>
</table>

(Source: Eurostat, and OECD Outlook, Dec. 1999, for 2005)
In figure 10 we are apparently using again the instruments of the Neoclassical Economics in order to represent an idea coming from the LTV. The concept of “subsistence” has been often very inadequately understood. Neither in the Classics nor in the modern authors who use it (following the lineaments of Von Neumann, Leontief or Sraffa, for example) “subsistence” needs to be a strictly physical level. But, whatever it is its understanding by those currents of thought, what is quite straightforward is to understand Marx’s idea in this respect. At least in my own reading of Marx, subsistence means a variable level (in time) –but fixed in every precise time point-- of monetary income which allows the workers to buy the commodities entering their (usually increasing) level of consumption (in real terms) but does not allow them to actually make the savings they would need to stop being wage workers once and for all, and instead becoming members of the classes of the capitalists or the autonomous workers.
This level, either expressed in money or real terms, can be shown as a horizontal line (as are the other “long-run equilibrium supply curves” of all commodities in conventional Microeconomics) as in figure 10. Its level (height) is explained by the labor costs of reproducing the above mentioned subsistence level, and its length is defined in each case by the complex set of miscellaneous social circumstances explaining the fraction of the total population being part at any time of the active labor force (employed or not). The crucial point here is to see that it is the capitalist demand of labor force which determines, not the price --which is labor-value determined, as said--, but the quantity and fraction of the employed out of the total labor force present in the labor market.

In many respects the analyses of Marx and Keynes coincide in this point. However, when starting from the LTV it is quite natural to get the conclusion that the labor demand curve has to move (displace itself towards the left or the right) according to the cyclical pattern imposed to all markets by the very dependence of capitalist production on the market and profit mechanisms. In the capitalist production, phases of expansion and depression are likely natural, being the cause of the latter the existence of one phase of the former type, and vice versa. This movement is indeed deeply rooted in the tendency of the rate of profit to fall, which is a tendency accepted by all schools in economic thought, but which appears counteracted in some of them for some other factors allegedly operating as well, so that it has become by now a distinctive feature of Marxian economic analysis.

It is very important to see, in order to understand the real functioning of this tendency, that in real world we do not have either a constant technique of production or any of the other non realistic assumptions accepted in conventional Microeconomics. For instance, we cannot keep stating that the firms get exactly what they want. Of
course they want to maximize their profits; but unless we read this statement in the weak and irrelevant sense that makes of it something illustrating, for example, the fact that in a certain sense it can be said that Enron Corporation went to bankruptcy in order for it to “maximize profits” (or minimize losses, since if it had maintained its activity its losses would have been even higher), we should understand this “maximization” as really meaning a very different thing.

In a world where prices are always changing, mainly because values are always changing (i.e. because labor processes are always changing and consequently affecting the interdependencies of all sectors and firms inside the economy, due to continuous small and big changes in the combination of the working of the machines with the labor performed by human activity inside the companies), there is no guarantee at all that even if firms believe that they would not be prone to make an investment except if they expect –now!— that this investment will be a means for getting higher rates of profits in the future, it is necessarily true that this expectation is accomplished in reality –tomorrow!.

If we put aside the famous Okishio Theorem and other manifestations of the neoclassical mode of reasoning, we should conclude that technical changes, i.e. changes in the labor processes and in relative prices (do not forget that relative process are relative quantities) do cyclically affect the capitalist economy in such a way as to put it in a movement driven by the foolish aim of maximizing profits that necessarily leads successively towards accumulation-over accumulation-crises of over accumulation-and-depressions as the only way of movement that can be experienced by this system. Just note that the fall in the rate of profit is the best indicator that the things go as well as they can go in the capitalist system. If the profit is increasing and at the same time the volume of total capital is increasing too, but faster, i.e. without the former’s rhythm
checking the latter’s and so acting as a limitation for the accumulation path, then it is an obvious necessity that the rate of profit eventually falls. However, this is not the trigger of the crisis. It is just a way of saying that the things are going well as long as this fall in the rate of profit is compatible with a growth in the volume of capital that, taken together, amounts to a mass of profits which keeps growing. But as Shaikh (1990) has shown, following the line open by Marx (1894) and Grossmann (1929), the latter implies that at a certain moment the mass of profits must stagnate and then the crisis blows up.

When over accumulation manifests itself to the capitalists, the only acceptable answer is to stop investing, and then as a consequence displacing their curve of labor force demand towards the left (figure 10), and so generating unemployment --despite all the money the Government might be ready to spend attempting to help the spontaneous market demand to recover.

Lastly, the fact that the tendency for this cyclical pattern of unemployment is compatible with a long term trend towards an increase in the overall rate of unemployment has to do with something affecting the stock of every commodity in present capitalistic production. All the same as cars need more and more airbags as long as their normal or average speed is getting higher, likewise firms need more and more airbag-stocks as long as the speed in the rhythm of accumulation of capital is becoming higher.
IV. Conclusions: Is there a policy against underdevelopment, misery and unemployment?

As we have seen through the paper, all the problems mentioned in the title on this section have to do with the inherent functioning of the capitalist system. This means that the so-called “competitiveness policies” are exactly the opposite of what is actually needed, since in case that those policies are extensively brought in to play this will result in making the whole economy really more competitive, which is highly dangerous since it would make it more and more dependent of the volatile moods of the market and profit mechanisms.

Of course, for one single country, analyzed in isolation, a competitiveness policy might prove to be good, even if, as seen, it is more important for evaluating the performance of each country in this respect the effect of the uneven real World history than is the practice of national policies which are doomed to be partially offset one by each other.

But from the point of view of the world as a whole –and it is time for somebody to adopt such a view, beginning with people feeling themselves freed from nationalistic superstitions—the policies of competitiveness are not only absurd but very and increasingly damaging. Increasing competition is the most straightforward way to strengthen the evils we have studied in this paper. What we need is another kind of economic policies which cannot be taken in the frame of the capitalistic system.

This is not a way to avoid the problem, but part of any realistic solution. It does not necessarily mean that the only thing we need is a revolution and then to stop studying and instead to take arms and prepare for it. We need to begin to study another kind of Microeconomics, of International Trade theory, of economic policies… That is, we need
to make our job as heterodox economists in another radically different way. Moreover, we do not need to be the kind of reformists most reformists are, i.e. the one consisting in opposing on principle to any kind of revolution or even to the kind of simple and limited reforms which I am proposing here.

If one says: “Let us go through with a large reform aimed to suppress all the capitalistic relations of production in order for our society to be able of maintaining and improving everything else”, he is not necessarily meaning that this is an easy task to do. He is probably striving to make others just conscious of the fact that it is not difficult to think about economic policy in another way.

Indeed, just to make this thinking effective it is necessary to gather and think together about how to run such an economy led by so different principles. This requires many of us to stop spending such a lot of time in pretending that we are occupied in improving what it is not susceptible of improvement. It is straight that it is time to stop thinking over our present problems in the same way as the past historical experience in the two latest centuries has proven so wrong. Not only these problems keep growing at a sustained rate (unless we wish to believe in the pink world depicted by the fairy tales neoclassicists like to tell), but an increasing number of us are becoming so touched by these problems that we believe a pure nonsense to maintain the old, surmounted attitude.

Let us open a big space to think the other way. Let us free more time to do so.
REFERENCES


