The Resistible Rise of Mainstream Economics
The Dominant Theory and the Alternative Economic Theories
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There is not just one economic theory but a number of competing theories. The dominant theory is the neoclassical theory. This theory describes the economic system as a self-regulating system, with a unique and stable equilibrium characterised by full employment, the absence of crisis and uncertainty, and with an objective and fair distribution of income. To cope with the evidence to the contrary, the neoclassical theory built up a highly sophisticated protective belt of auxiliary hypotheses. There is, however, no change in the economic policy recipe: laissez faire!

Even before the neoclassical theory came into being, Ricardo and Marx showed that the economic or rather capitalist system is instead characterised by distributive conflict and that crises are the norm within it. Moreover, the critiques developed by Keynes and Sraffa during the twentieth century have shown that the world we live in is fraught with uncertainty, that the neoclassical theory is vitiated by irreparable logical flaws, and that if economic theory is to arrive at relevant conclusions, the importance of the political and ideological dimension – of history – must be recognised.


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