

Economics, Economy and Society—Conformance with Experience?
(Draft: 290106)

(1) Gatekeeper Economics—Unreality	(2) Economy and Society-- Reality
<p>Abstract Time Certainty A free market assumed with independence of supply and demand. Complete Knowledge Rational Consumers and Producers—only economic prices matter. Perfect competition is the norm. People get just what they deserve so all inequalities are justified -- at least according to marginal products.</p> <p>The above tools of mainstream or conventional economics constitute <i>gatekeeper tools</i> for the capitalist system. They divert attention from the operation of the real world as described by Column 2 of this table.</p> <p>The above model becomes an end in itself so that its practitioners direct an increasingly narrow specialist attention to polishing, in effect the ends of pins. The entire apparatus, however, has been <i>debunked</i>.¹ Seemingly undeterred the <i>mainstream plows on deceiving students and contributing to its own intellectual and academic ignominy</i>. In effect, by taking the above system as given. The American philosopher John Dewey: “The transition from an ordinary to a scientific attitude of mind coincides with ceasing to take certain things for granted and assuming a critical and testing attitude.” [John Dewey, “Logical Conditions of a Scientific Treatment of Morality”, <i>Decennial Publications of the University of Chicago</i>, First Series, Vol. 3, (1903), 115-139), 115. “if you would be a real seeker after truth, it is necessary that at least once in your life you doubt, as far as possible, all things.”—Rene Descartes, <i>Principles of Philosophy</i>.²</p>	<p>Real Time. Uncertainty. There is no Free Market³ Overall the power and control of some people by others is the operative concept. It implies coercion and no choice in workplace settings for workers (it may imply weak and compliant unions); and limited choice for consumers. Supply and Demand are interdependent. Prices (and wages) are set and administered to markets.⁴</p> <p>Prices are kept as high as possible while wage costs are kept as low as possible. There may be explicit mark-ups on supply costs that set some prices. But material and other costs (there are no scarcities) may be irrelevant or of minor significance in the larger picture so that any measure of a mark-up on costs falls out <u>after the fact</u> of consumer exploitation contributing to a mal-distribution of income.⁵ The techniques used in each firm’s MODE OF OPERATION have to be determined and not assumed.</p> <p>A seller may try to extract as much income from consumers as possible no matter how low costs may be.⁶ So consumers beware! Keeping consumers in the dark -- with incomplete knowledge of products and about the seller’s MO, assists the seller in income extraction (expropriation). Consumers may demand more transparency in the consumer producer/seller interface. A search for social responsibility on the part of corporate sector ensues.⁷</p> <p>Producers aim to eliminate competition as quickly as they can to assure their own survival.</p>

¹ Keen, Steve. *Debunking Economics: The Naked Emperor of the Social Sciences*, (Annandale Australia: Pluto Press, 2000), or that of: Varoufakis, Yanis *Foundations of Economics: A Beginner's Companion*. (London and New York: Routledge, 1998). See also earlier work: E. Nell, “Economics: The Revival of Political Economy”, in R. Blackburn ed., *Ideology in Social Science*, (Isle of Man: Fontana/Collins, 1972), 76-95; and reprinted in: R. Albelda, G. Gunn and W. Waller, *Alternatives to Economic Orthodoxy*, 89-103. E. Nell, “Property and the Means of Production: A Primer on the Cambridge Controversy”, *The Review of Radical Political Economics*, VII(1972), 1-27. E. Nell and M. Hollis, *Rational Economic Man: A Philosophical Critique of Neo-Classical Economics*, (Cambridge: Cambridge University Press, 1975).

² Cited in: Moore, Richard. *Escaping The Matrix: How We the People can change the World*, (Redwood City California: The Cyberjournal Project, 2005).

<p>The discipline of economics ignores this. It follows that economics cannot be said to be a science. Indeed it can be said that mainstream economics seems rather to be practiced as a religion of the mythical free market. Richard Moore in his recent book, <i>Escaping the Matrix</i>, [with <i>matrix</i>, drawn from the film by that name], uses <i>matrix</i>, to mean system, with a metaphoric character. What one normally thinks of as reality is unreality; what one takes as truth is false: “what had been assumed to be reality turned out to be collective illusion, fabricated by the Matrix mainframe, ... true reality and perceived reality exist on entirely different planes.”</p>	<p>Oligopoly and monopoly are inevitable, leading back into product and prices and wages being administered to the market.</p> <p>There is a responsibility gap—According to the rhetoric corporations have only a responsibility to their shareholders. In fact corporate managers seem to be responsible only to them selves. The consequence is that inequalities widen in favour of the corporate sector and its managers and all the while a variety of social costs deepen.</p> <p>We ought to measure Gross National Cost System generated social costs include.⁸</p> <ul style="list-style-type: none"> Unsafe Working conditions Unfair terms and conditions of employment Impure Food and Drugs Unemployment Poverty Homelessness Criminal activity including violence, family abuse and breakup Extreme inequality Pollution of land, water, air Ill health, including fear, insecurity and psychological depression
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³ See: Perelman, Michael. *Railroading Economics: The Creation of the Free Market Mythology* (New York: Monthly Review Press, 2006.)

⁴ F.S. Lee, “From Post-Keynesian to Historical Price Theory,” *Review of Political Economy*, VI:3(1994), 311.

⁵ Joseph Turow and Lauren Feldman, *Open to Exploitation: American Shoppers On Line and Off Line: A report from the Annenberg Public Policy Centre of the University of Pennsylvania*, June 2005. [Open to Exploitation: annenbergpublicpolicycenter.org/.../Turow_APPC_Report_WEB_FINAL.pdf](http://annenbergpublicpolicycenter.org/.../Turow_APPC_Report_WEB_FINAL.pdf)

⁶ A specific example has been put on the ECON 410 course web site: Market Prices, Customized and Administered to Markets: Administered Prices. In particular the documents dated May 24, 2005 and August 1, 2005. At the request of the Dean there is now restricted access to these files.

⁷ Galbraith, JK. *The Economics of Innocent Fraud: Truth for our Time*, (New York Houghton Mifflin, 2004.) CA Reich, *Opposing the System*, (New York: Crown Publishers, 2004). Glasbeek, Harry The Corporate Social Responsibility Movement—The Latest in Maginot Liners to Save Capitalism, *Dalhousie Law Journal*, 11 (1988). Glasbeek, Harry. *Wealth by Stealth: Corporate Crime, Corporate Law, and the Perversion of Democracy*. (Toronto: Between the Lines, 2002). Glasbeek, H. Commercial Morality Through Capitalist Law: Limited Possibilities,” *La revue juridique Themis*, XXVII, No 2-3, (1993), 263-308. S. Marglin, “What do Bosses Do?: The Origins and Functions of Hierarchy in Capitalist Production.” *The Review of Radical Political Economics*, VI:2(1974). http://post.economics.harvard.edu/faculty/marglin/papers/What_Do_Bosses_Do.pdf; and “What do Bosses Do?: Part II” *The Review of Radical Political Economics*, VII:1(1975) http://post.economics.harvard.edu/faculty/marglin/papers/Bosses_Part_II.pdf

⁸ Kapp, K.W. *The Social Costs of Private Enterprise*, (Cambridge, Mass: Harvard University Press, 1950). Kapp, K.W. *The Social Costs of Business Enterprise*, (Bombay: New Asia Publishing Company, 1963). And again see: CA Reich, *Opposing the System*, (New York: Crown Publishers, Inc, 1995).