Summary. Keynesianism is a form of neoclassical liberalism which distinguishes itself from contemporary neo-liberalism by a higher realism regarding the limits of its theoretical analysis of unemployment. However, both Neoclassicals and Keynesians think it possible, after an accurate diagnosis of the problem, to find out the appropriate recipes to cure unemployment in the framework of the capitalist system. After reviewing both explanations, a third, heterodox view is offered, according to which the value of the labour force, as that of any other commodity, is determined by its costs of social reproduction (ultimately, in labour terms). This commodity is supplied in the magnitude given by social conditions determining the size of the active labour force. When capital accumulation develops itself healthily, the market labour approaches full employment; whereas after an overaccumulation crisis and depression the demand of labour shrinks, with no possibility for any force --including government policies-- to convince the capitalists that they should lose more money by hiring more workers. As long as the economy is based on private profits, it is illusory to hope an end to both a cyclical behaviour of unemployment and a trend towards its long-run increase, as it is the case with any other commodity, ruled by the same "airbag logic". As for the policy implications, my view is that theorists should, beginning with the third approach, redirect their focus from the very limited possibilities of finding out the way to a lower rate of unemployment inside the capitalism, towards the effort to build up an alternative with profits replaced by another engine of the economy. My case is for a simple reform consisting in linking the decentralized and equal "remuneration" to every individual to their status as citizens (not to that of labour suppliers) which amounts to make the labour market unnecessary.
1. The Neoclassical approach to Unemployment

Mainstream economics continues to be dominated by neoclassical economics, which is not only true in general but in the field of macroeconomics as well. My intention in this paper is not to develop specialized topics in very concrete areas ranking in the huge literature on unemployment, but to offer a general overview on the three main families of explanations of the problem. This purpose necessarily leads oneself to simplify the matter, as one becomes more interested in the comparison between the simplified but general features of each one of the three kinds of explanations. The language and instruments used in the paper will voluntarily keep a very elementary level so that any beginner may follow the argument.

1.1. The Neoclassical diagnose of unemployment

The Neoclassical theory of unemployment is obtained by simply applying the framework of the theory of partial market equilibria to the special case of the labour market. The partial market equilibrium theory maintains that in the short run the freely operating market forces will make every market reach their respective points of equilibrium. Graphically, with its ever-decreasing demand curve and its ever-increasing supply curve, the intersection point (E) determines simultaneously the equilibrium quantity and the equilibrium price, so that any market will reach the pair (q*, p*). However, had we begun from any point different to E, then the market mechanism would move the market back towards its equilibrium position, as can be easily understood. Suppose the price is initially higher (lower) than p*. In that case, the excess supply (demand) would give way to an over-competition among the suppliers (demandants) of commodity x, so that an emergent force would push the price down (up).

Were the labour market a perfectly free market, this would exactly be the case when analysing it as well. Were the real wage (the price in this particular case) higher than the equilibrium wage (w*), for instance w' in graph 1, and the excess supply would lead the wage down due to the increased competition among the sellers of the labour commodity (the workers). So, if this is shown not no be the case, something must be happening --alien to market forces, indeed-- that does prevent wages from moving down. This rigidity must be the result of foreign interferences in the market behaviour. Now, most neoclassicists agree in pointing towards just two favourite responsibles for this anomaly: the State and the Trade Unions, which --separately or combined inside the so-called Welfare State-- make the labour market run away the market discipline and equilibrium. The resultant excess supply (the segments ab or cd in graph 1) in that market shows the precise magnitude of unemployment in this case.

The main means used by both institutions in acting in such a harmful way are well known of anybody as we all are continuously reminded of them by the media. The State distorts the market by regulating the labour relations in an improper way, specially by fixing minimum wages, by legislating in favour of the workers, by setting a Social Security system which allows people to live with no compulsion to work and makes the unemployed to lose any interest in finding a job, and so on... The Trade Unions, on the other side, confere the workers an unjustified monopolistic force, a sort of monopoly power that, when dealing
with the many firms in the market, makes them able to impose an over-price which shows itself, due to that factor, reluctant to any downward movement.

Graph 1: The Neoclassical labour market

The double net result of those interferences is also well known: the price is higher ($w' > w^*$) and the quantity lower ($c < q^*$) that they would be were the market free. This artificially high real wage (our price here) is directly responsible for the really existing unemployment (the segment $cd$ in graph 1). Another consequence of this way of thinking directly follows from the previous result: as the Welfare State is a combination of the state and the unions, its higher or lower strength (at the national level) will be directly associated with higher or lower national levels of unemployment. This turns to be the case nowadays when one can easily see --they keep saying-- that the USA enjoys a much lower rate of unemployment than the huge one observed in the European countries, where the so-called European model (or social model) shows itself to be the perfect example of a pious desideratum eventually transformed into the worst evil.

However, let us throw some doubts over this evidence, just by showing the results of one of the few studies properly trying to use the same theoretical and methodological criteria as far as the measure of the rate of unemployment is concerned. The American Express Bank Review issued a study in 1994 showing that what seemed to be a very large range of rates of unemployment in the main developed countries in the world was in fact a very different panorama, with the adjusted rates very much closer one to each other than previously imagined. It would be quite plausible to extrapolate the same results to the present times in order to reach a very similar conclusion, with the only difference that, due to the fact that
the current official rates of unemployment are by now clearly higher in Japan than in the USA, the former must be in practice double or triple than the American (official) ones.

Table 1: Unemployment rates (adjusted and non-adjusted) in the main OECD countries

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<td>Japan</td>
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1.2. The Neoclassical medicine

In coherence with its own diagnose, the neoclassicists state that the correct recipe against unemployment consists in making the wages decrease until all workers willing to work at such an equilibrium wage (the supply of labour) coincide in quantity with the number of jobs the firms are willing to supply to the market (their demand for labour). Since the initial problem rooted in the excessive regulation coming from the state interference, as well as the excessive force reached by the unions, the solution must require a de-regulation of the labour market, and at the same time a fragmentation or/and liquidation of the monopoly power of the Unions, so that the harmful effects of Social Welfare and all kinds of rigidity may disappear, thereby allowing all workers to work and at the same time leading the whole bunch of firms to supply the precise number of jobs in order for the former to get one for each.

2. The Keynesian analysis of unemployment

Every student of Economics learn that the term macroeconomics is associated to John Maynard Keynes, even if the first economist who used the term as well as that of its half-orange, microeconomics, seems to have been P. de Wolff (and others like R. Frisch spoke before Keynes of macro and microdynamical analysis). The essential point here links to Keynes's statement regarding the need for using a macroscopic view in analysing the labour market, instead of repeating the traditional way of studying it, tradition that he received from Marshall and Pigou.

2.1. Keynes's criticism of the neoclassical labour market analysis

According to Keynes, the neoclassical analysis of unemployment is only partially correct, as it suffers from avoiding the necessary point of contact that this specific analysis should maintain with that of the other markets in the economy. For Keynes, wages are not only a cost to the firms but also the main source of demand in a waged economy. So that, were the
economy put in a situation of depression and huge unemployment, the neoclassical analysis recalled in section 1 above might be not only insufficient but even dramatically incorrect and dangerous, jeopardizing the economy to fall into a deflacionary spiral which would be the worst of all evils an economy might face.

Graph 2: Keynes's criticism of the neoclassical Labour market

His argument reads as follows. If, in graph 2, the starting point is an unemployment rate of cd/Od, corresponding to the wage level w', it might be a fatal error to put into practice the neoclassical "solution" to unemployment (making pressure to downsize wages from w' towards w*), because the elasticity of the curves of demand and supply of labour could be in the nature to make the national wage incomes decrease (instead of increasing), so that all other markets would be affected by an overimposed generalized problem of realization (i.e. the lack of an adequate rythm of sales of the aggregate volume of commodities produced). If all along the entire economy every firm are forced to reduce their path of production in order for themselves not to suffer from a permanent overproduction (relative to the diminished capacity of absorption by the market), the inmediate result would be their firing all the (now) redundant workers as well as their not hiring any new labour supplier. That means that the displacement towards the left (L'd) of de labour demand curve (L_d) is just a consequence of the previous displacement in the same direction of the demand curves of many other markets in the economy (generated by the self-defeating neoclassical attempts to make wages lower).
The displacement of the labour demand curve makes obvious that E ceases to be the equilibrium point of the market, as the wage level determined by E is again higher than the one required to reach full employment. The unemployment in graph 2 would be now (just by a coincidence which makes the new vertical line ac to cross w*E just on the new demand curve) cq*, which means that the decrease in the wage level has proved not to be a solution at all. If we applied --Keynes keeps saying-- the neoclassical recipee again, since w* has by now become artificially high (according to the new data offered by the labour market, seen as a separate and independent market), we should proceed making new efforts to push wages down (say, until they reach the w** level thereby allowing the economy to reach the new equilibrium point, E'). But the problem might keep growing as the new decrease in the national wage income would add new problems for the other markets in the economy, which would in turn have a negative feedback effect to the labour market, thereby generating a new displacement of the demand labour curve towards the left, and so on and on.

The final point of the neoclassical recipee might put the economy in the way towards a deflationary depression (just as Keynes was in fact seeing everywhere during the thirties) with levels of wages and prices lower and lower, and levels of employment more and more reduced (and with successive false equilibrium points descending towards the left all along the labour supply curve).

2.2. Keynesian policies against unemployment

After a new diagnose, we must expect a new recipee. If according to Keynes the roots of the problem lay* outside the labour market it is there where one should look for the solution of the problem, not in the labour market itself. Keynes suggested that perhaps the problem with graphs 1 and 2 is that w' is not an artificially high wage, that may be w' is the normal wage level and then, due to some unknown cause coming from outside the labour market, the labour demand curve --which initially crossed over point b-- is itself displaced itself towards the left, making the wage look like relativey high. But if this is the case, one should look at other places in order to figure out the causes of the initial problem instead of just fixing his eyes on the labour market.

Keynes's diagnose is that the origin of the problem is the volatility of the investment function of the firms, which in turn depends on the capitalists' profit expectations. When the capitalist class becomes reluctant to keep the investment path maintained up to then, because its animal spirit is low, the private, spontaneous investmmente demand is not enough to maintain the capitalist expansion. If investment weakens, consumption will also weaken as a result. Then the only solution lies in the State trying to supplement private demand with public demand by means of every tool at its disposal. In order to avoid the proceeding of the depression, the Government should put into practice fiscal and monetary policies intended to put a break into the deflationary spiral: by issuing new money and credit and by spending itself all those quantities that private agents are unable or unwilling to spend, the increase in the aggregate demand might generate the impulse necessary in order for the productive capacity of the firms --until then highly unutilized as a result of the precedent depression-- to take off, as well as GDP and the global mass of employment.
2.3. Right-wing and left-wing Keynesianism

Unexpectedly --taking into account Keynes's political and social ideas--, Keynesianism has turned to be associated with left-wing policies, specially since the new strength of the so-called neoliberalism has forced the retreat of the Keynesian rhetoric towards the background. This way of explaining the things does not go without problems, and this is due to several reasons. First of all, Keynes's economic thought was in fact the result of a


2 O One of the classical authors of what is presently meant by neoliberalism, Friedrich von Hayek, dedicated his most famous book, Road to serfdom (1944) "to the socialists in all parties", as opposed to any form of economic interventionism as he was, he found socialists not only in his natural place --the socialdemocratic or even communist parties-- but everywhere. In his preface to the 1976 edition of that book, after acknowledging he made in 1944 "some concessions that I do not see as justified anymore" for "he was then not fully freed from all interventionist superstitions that were usual at the moment" (1944, p. 25), he makes some qualifications about the Welfare State, surely due to the fact that the socialists he hated so bitterly in the forties looked more democratic to him in the seventies. That is why he writes now that in 1944 "socialism meant without any doubt the nationalization of the means of production and a centralizad economic planning", whereas in 1976 "socialism has turned to mean basically a profound redistribution of income via taxes and the institutions of the Welfare State"; hence, even if keeping thinking that "the final result tends to be almost exactly the same" --i.e. "serfdom"--, he qualifies by saying that "the process through which this result is reached is not the same as the one described in this book" (p. 25).

Hayek's thesis is that "planning leads to dictatorship" (p. 102), and also "only in this system [capitalism] is the democracy possible", so that "once it turns to be dominated by the interventionist creed, democracy will be unavoidably destroyed" (p. 101). However, Hayek does not forget to make a crucial point: "planning and competition can only be combined for planning competition, not for planning against competition. It is of the foremost importance for understanding this book that the reader does not forget that all our critique is aimed at the planning against competition alone, the planning directed towards the substitution of competition", whereas it is not in discussion "the unavoidable planning that is required by competition in order for it to become as efficient and beneficial as it may be" (p. 71).

Hayek insists: "It is important not to confuse the opposition against this kind of planning with a dogmatic attitude of laissez-faire. The liberal case defends the best possible use of the competitive forces as a means to coordinate human efforts, but it is not a case for letting the things be as they are (...) It does not deny --to the contrary, it states-- that if competition has to act virtuously it requires a legal structure carefully thought (...) The efficient use of competition as a means of social organization excludes some types of coercitive interference in economic life, but it admits other that can be considerably helpful to its operation and even requires some forms of official intervention" (pp. 64-65). A bit below, he clarifies that "the only question is to know if in each particular occasion" to intervene "advantages are greater than the social costs imposed"; and clearly states that "the maintenance of competition and a large system of of social services are not inconsistent" (p. 66). However, it is also true that "a necessary result of what has been said, only paradoxical in appearance, is that the formal equality before the law collides and in fact is inconsistent with all activities of the state deliberately aimed toward the material or substantive equalization of individuals, and all policies directly aiming at any substantive ideal of distributive justice must deal to the destruction of the Rule of Law" (p. 111).

Hayek recognizes that "the case for the State helping to organize a large system of social security is very strong", as "there cannot be any doubt that a minimum of food, accomodation and clothing, enough to preserve health and labour ability, can be secured to everybody" (p. 157). Nor there is a reason "for the State not to assit individuals" nor "inconsistency in principle between a larger security, provided by the State in this way, and the maintenance of the individual freedom" (p. 158). Moreover, in order to "fight the general fluctuations of the economic activity" it will be necessary "a lot of planning in the good sense" --for instance, a lot of "monetary policy, which would not be inconsistent with XX anymore XIXth liberalism"--; he thinks it harmful just "the planning aimed at protecting individuals and groups against the diminition of their incomes (...) This sort of security or justice is not consistent with the freedom to choose the own job" (pp. 158-159).
thought that property rights and freedom of contract had very much to do with liberty; Ryan when he writes that "Mill dissociates his defence of individual liberty from supported freedom for the Unions and over all defended cooperation" (1999, p. 199). This is confirmed by book that Mill "proposed reforms of rural and urban ownership, the modification of the hereditary system, against competition" (p. 677). In the chapter dedicated to the "Fundamentals and limits of the principle of laissez-faire. Mill never thought that property rights and freedom of contract had very much to do with liberty; Liberty [his most famous book, 1859] is wholly consistent with his defence of worker cooperatives in the Principles [of 1848] and with his discussion of government activity in that work" (Ryan, 1987, pp. 469-70).

W. J. Ashley reminds us that, apart from his father, the most influential persons on Mill were Coleridge (and the Coleridgeians like F. D. Maurice), Comte and his own wife, Mrs. Taylor (Ashley, 1909, p. 10). Cole says of Coleridge that, like Southey, he was a "romantic anticapitalist", and that "this anti-capitalistic romanticism led them not towards socialism but towards a paternalism that had much in common with the social Christian movement in the continent" (1953, vol. I, p. 124). As for Comte, once separated from Saint-Simon, "in his latest phases reached an opinion that had a lot of the doctrine of the 'New Christianism' of Saint-Simon" (p. 55) and claimed "a religion of mankind based on the positivist doctrine of social evolution" (p. 215). As for Mill's wife, the own Stuart Mill, in his Autobiography, says he borrowed her the tone of his Principles, that "consisted mainly in making the correct distinction between the laws of production of wealth --in fact laws of nature, depending of the properties of the objects-- and the forms of its distribution, that, subject to certain conditions, are dependent on human will. Every political economist confuses them (...)" (in Ashley, 1909, p. 19).

In the chapter of his Principles dedicated to the "probable future of the working classes" (1871, pp. 644ss.), Mill does not see "fair nor healthy a state of society where there exists a 'class' who does not work or persons who do not need to support their participation in the works that are inherent in the human life" (p. 644). He adds that "in the present phase of human progress, when the ideas of equality spread among the poorest classes (...) is not foreseeable that the division of the human race in two hereditary classes: masters and workers can be maintained for ever", and proposes as a measure "in order to liberate at least the wage workers" the "largest diffusion of land ownership" (pp. 651-652). However, his favourite proposal is the "association" in "one of the two following ways": "the association of workers with the capitalist" or "the association between the workers themselves".

He writes about the first way that "it is a current practice to remunerate with a percentage of profits those on whom a special trust is placed, and there certain cases in which this principle is carried up to simple manual workers, and Mill prefers the second way, i.e. the cooperative of production, inspired in Owen and Louis Blanc's ideas, in which, "after paying to each associate a fixed minimum, enough to self-maintenance, the remaining remuneration is distributed according to the work done" (p. 667), taking into account that "piecework labour in the most perfect contract", even if "less befemenial for the lazard willing of be paid without working" (p. 668). It is "foreseeable that the progressive advance in the cooperative movement turns out in a large increase in production" (p. 675).

He concludes from the latter that "I am therefore in agreement with the socialist writers (...) but (...) completely disagree with them in what relates to the more visible and vehement of their teachings: their attack against competition" (p. 677). In the chapter dedicated to the "Fundamentals and limits of the principle of laissez-faire or non intervention", he begins by stating that "no issue has been the object of more vivid discussions in present times" (p. 804) and then turns to make a difference between "the authoritarian intervention of the government", which he opposes, and the "government interventions that do not limit the freedom to act of individuals" (pp. 805-7), and, after making a long list of the latter, he reaches the question of "public charity" and "the poor laws". He distinguishes in this respect "two kinds of consequences": those of the "attendance in itself", benefical according to him, and "those derived from the fact of trusting on the latter" which "in many cases more than counteract the value of the benefits", so that "the problem to be solved is (...) how to give the largest quantity of required help with the least stimulus to trust on it" (pp. 826-7). Mill believes that "if it is made possible that the situation of a person receiving the help is as acceptable as that of the worker who maintains himself on his own effort, the system hurts the root of all individual action", and this is why he proposes as a solution the emigration or, as he calls it, the "colonization" (pp. 827, 829).
As far as other authors in the liberal tradition are concerned, Schwartz insists in the fact that "the examples could be multiplied. Jevons and Marshall studied economics moved by the impulse to contribute of the social problem. The reasonable and equilibrated feature of the 'Fabian' school is in part due to Wicksteed having convinced George Bernard Shaw that the labour theory of value was untenable. Von Wieser, the Austrian marginalist; Léon Walras, the expositor of the general equilibrium; Wicksell, the great Swedish monetarist; all of them were radical in their attitude towards capitalism, but not utopists" (Schwartz, 1999, p. **). Provided that "radicals" means for Schwartz pro-capitalist reformers --not nothing related to revolutionary socialism--, it should be recognized that Schwartz is completely right.

For instance, Jevons, apart from being hailed by Keynes and others as a good analyst of the causes of the business cycles, wrote two books in 1882--The State in Relation to Labour--and 1883--The methods of Social Reform-- in which he presented "numerous exceptions" to the principle of laissez-faire as understood by Jevons. Collison Black states that Jevons "approved of unions acting as friendly societies and pressing for improvements in the hours and conditions for their members, but was always opposed to any effort to settle wages by collective bargaining" (Black, 1987, p. 1013). However, even if the latter is not alien to modern socialists, Jevons also proposed more modern measures in greater accordance with contemporary liberal socialism: he "favoured a system of 'industrial partnership' and criticized capitalists who were unwilling to enter into such a profit-sharing schemes with their employees", and even was an advocate of "the development of workers' cooperatives for production purposes" (ibidem). In advance to Hayek, "he accepted the case for state provision of many public goods such as external and internal security and law enforcement", but also "generous public expenditure on education, museums and the amusements of the people, but deplored public provision of many public goods such as external and internal security and law enforcement"; in brief, "although his general position here was similar to that of John Stuart Mill, he was less disposed to accept the socialist case than was Mill (...) His values were not those of a radical, whether of the left or the right, but those of a liberal" (ibidem).

As for Marshall is concerned, he writes in his Principles, referring to the poors, that "it would be better for them, and even more for the nation, that they were placed under a paternal discipline like that prevailing in Germany" (1890, 4th edition, p. 586). And he adds explicitly: "we might start by a larger and more educational and generous administration of the public help to the poors (...) help to old-age people (...) But the case of those who have children in charge would require more expenditure of public funds and a more strict subordination of personal liberty to public need" (ibidem). And, after emphasizing the need for children to go to school, he concludes that "the spending would be large, but there is no need more urgent. It would make disappear the cancer that erodes the nation's body (...)" (ibidem). Regarding the minimum wage, he writes that "if it might be introduced, its benefits would be so large that it could be pleasantly accepted" (pp. 586-7).

Therefore, he concludes: "The State seems to be obliged to contribute generously, even profusely, to that part of welfare of the poorest working classes which is not easily attainable for them (...) Meanwhile, the public beneficence and the directors of medical and sanitary services will work in another sense to improve the conditions of the children of the poorest classes. The children of the unqualified workers need to be educated", as "the existence of our lowest class constitutes almost an evil in itself" (pp. 589-590). Moreover, it would be "advantageous that a majority of persons would work less" (p. 591). Lastly, in advance to his disciples Maynard Keynes, Marshall also criticized the speculative activity: "It is true that many of the greatest fortunes have been made by means of speculation and not through a really constructive work, and that a large part of this speculation is linked to an antisocial strategy (...)" (p. 590).

As for Wicksteed, Steedman has told us something about his correspondence with the American agrarian reformer Henry George, which led him to participate in the foundation of the Union for the Agrarian Reform -"he continued to support some form of land nationalization for long after this time", writes Steedman (1987, p. 915)--;perhaps to write "his critique of Das Kapital, published in the socialist journal To-Day in 1894" (p.
everybody including himself and all the others belonging to what he called "his class". In fact, Skidelsky generalized impoverishment (ibid.), perhaps due to his awareness that such a perspective might turn to harm.

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On the Sweedish Wicksell is Samuelson in person who says that he was "the most humanitarian, the least 

"No writer of the Edwardian age came closer to the New Deal ideology of 1933-1965 and to that of 

modern social democracy than did Wicksell", although he "explicitly rejected Marxism as a paradigm to 

diagnose and understand the laws of motion of capitalism" (Samuelson, 1987, p. 909). Something similar is 

stated by Uhr in relation with Wicksell's booklet on The socialist State and Contemporary Society (1905), a 

collection of a series on socialism he had lectured in the 1880s, where he advocates a "limited but not a 

complete achievement of a socialist economy" (Uhr, 1987, p. 904). He believed that "under universal adult 

suffrage, the workers would be the political majority" and therefore "they would not for long tolerate the 
great inequalities of income and wealth and the economic instability (...) of laissez-faire capitalism without 

seeking and taking remedial measures"; he warned against drastic measures of income redistribution and 

thought that "a socialist economy is best built gradually by peaceful means and under democratic 
governance", and that "nationalization initially of natural monopolies and cartels might suffice if followed by 

substantial expansion of tax supported, social security and social insurance schemes"; in brief, his position 

consisted of a case "for a form of market socialism with a well developed welfare state" (ibidem). 

finally Walras. According to Walker, "Walras was greatly interested in the economic problems of his day and 

in socio-economic reform. His normative convictions, derived from his father's philosophy of society and 

justice, were a mixture of conventional 19th-century liberalism and the doctrine of state interventionism (...) 

Walras's policy recommendations ranged over natural monopolies, which he believed should be nationalized; 

prices (...); taxes (...); and land, which he believed should be purchased by the state and rented to private users, 

thereby providing it with revenue (...). As Walker concludes, "arguing that his avocacy of nationalization of land and nautal monopolies was based upon a scientific analysis, Walras called himself a 'scientific socialist'" (ibidem). 

The Spanish writer Julio Segura, in his study of the Walras's Éléments (1900), begins by saying that he was an "eederal of the economic and social institutions of his day and a social reformer who claimed in the desert, which cost him frequent accusations of socialism and the impossibility of teaching and making research in his own country" (Segura, 1987, p. 20). His purpose was "to find out a solution to the problem of wealth distribution", what means that "his main aim was the social economy" (p. 22), which is the basis for Segura's denounce of the reductionist view of Walras as a "liberal and mathematician economist" (p. 23). In fact, he was a "freethinker, republican radical and pacifist" (p. 31), even if he never considered that "State intervention should be very large" (p. 32). Although Schumpeter called him "semisocialist", Segura states that "he always maintained a position which he taught of as a synthesis between socialism and liberalism, what meant in his days a relatively remarkable leaning towards socialism" (p. 35).

A well known biographer of Keynes has told us that Keynes thought in 1917 that the continuation of the World War I would imply "the end of the social order we have known up to our days" (Skidelsky, 1996, p. 43). Keynes defended a certain level of wealth inequality but said: "I am afraid of the perspective of a generalized impoverishment" (ibid.), perhaps due to his awareness that such a perspective might turn to harm everybody including himself and all the others belonging to what he called "his class". In fact, Skidelsky writes: "Keynes explicitly reject the classist basis of the socialist policy. One of his most quoted sentences reads: '[The Labour Party] is a class party, and that class is not mines. If I have to defend sectoral interests, I shall defend mines... I can receive the influence of what seems to be the justice and good sense, but the class struggle will find me in the side of the educated bourgeoisie' (CW ix.297). He was an egalitarian who
pretended to equalize towards the top not towards the bottom" (ibid., p. 83). And the reason for that is that he
"objected the revolutionary vein of socialism"\(^5\), as he thought that even if "the bulk of the Labour Party is not
formed by 'jacobins, communists, bolsheviks'\(^\text{5}\), the fact was that the "harmfulness and resentment of those
groups permeated the party as a whole" (ibid., p. 82).

His political philosophy had been rather conservative starting in his years of student (1904), when he first felt
attracted by the ideas of Edmund Burke in an essays which made him win the Essays Prize of the University.

Skidelsky comments on this that "the ideas expressed in this student essay arise once and again in his ulterior
writings" (p. 73). Moreover, he was totally pragmatic: "For a capitalist state it is fatal to have principles. It
must be opportunistic in the best sense of the word, and live by adapting itself and with good sense. If a
government, either monarchic, plutocratic or of any similar style has principles, it will fall" (Keynes Papers,
PS/6, 1925/26; quoted in Skidelsky, 1996, p. 74). On the other hand, he also shared the Burkian idea that
"people' is not able to govern itself, and the Parliament should be always prepared to resist popular prejudices
based on the equity among individuals or classes", what leads Skidelsky to conclude --even if he does not use
the terms-- that Keynes was in fact a predecessor of the Third way of Blair and Clinton, or the Neue Mitte of
Schröder and Aznar, as "he rejected both the irreflexive conservatism and the radical socialism: this was the
tone of the intermediate way he endorsed during the two wars" (p. 78).

What Keynes intended with its General Theory was "to fill the blanks of the 'Manchesterian system'\(^\text{6}\), as he
thought that "the spontaneous industrial development prefigurated and made possible the 'conscient
socialization of investment' which is defended by Keynes in the General Theory" (p. 80). Consequently, "he
emphatically rejected socialism as an economic remedy to the evils of capitalism", and added that "the proper
fact that capitalism were 'socializing' itself made public ownership unnecessary" (p. 82). Lastly, "he opposed
the anti-elitism of Labour" as he believed that the best was "the government of a Platonic custodian class,
limited but not governed by democracy" (p. 83). The only thing he appreciated in socialism was its "passion
for justice, the Fabian ideal of the public service, and its utopism, based on the motivation of the elimination
of profit", but added in a cynical way that "in the meanwhile (...) 'we should keep simulating that the good is
bad and the evil is good, since the evil is useful and the good is not'" (pp. 83-84).

The sort of reforms postulated by Keynes and the kind of criticisms he made are also well known and similar
to those we can see nowadays in George Soros. For instance, the opposition he saw between speculation and
spirit of enterprise. In 1926 he wrote that "the risk of a predominance of financial speculation is growing",
and thinking specially in Wall Street he said the speculation there "is huge. As he was convinced that "the
speculator cannot be harmful when they are just a bubble in a strong current of spirit of enterprise; but the
situation is serious when the enterprise turns to be a bubble inside the whirlpool of speculation", Keynes was
really disgusted with the Casino economy (the term is his, no matter how surprising may this be for many) as
he called the second kind of situation. Moreover, he proposed --he the liberal-- the same sort of things that our
current left (so vociferous against present neoliberalism) is proposing today: "It is generally admitted that, in
public interest, the casinos must be inaccessible and costly, and perhaps this is also true for the stock exchange
(...) The introduction of a strong tax on every purchase operation could be the best reform at our disposal".

Rojo has pointed out to the importance that for Keynes has "his patriotism, his acceptation of the Empire as a
fact of History (...) and his tendency to think that the best thing for the world was that the crucial issues were
in the hands of the British", for "Keynes was always fully aware of belonging, by birth and education, to the
intellectual core of that minority in whose hands were, in a good deal, the government and the important
decisions of the Empire" (1984, pp. 13, 17). Regarding his Bloomsbury days, Rojo says that the members of
this group "did not fell the duty of the social action, and if they were interested in the conditions of the lower
classes was due to reasons of conscience, not solidarity; they intended to change society by transforming the
ruling class from the liberty, reason, tolerance and aesthetics" (p. 27). Reminding that atmosphere, Keynes
wrote in 1938: "I am and will always keep being an immoral" (p. 34), which accords with Skidelsky's
statement: "He was a liberal [in the anglosaxon sense] until his death. The task he aimed at was the
reconstruction of the capitalist social order on the basis of a better technical administration" (Skidelsky, 1996,
p. 45).

Regarding his liberalism, Rojo clarifies the point: "Keynes did not allow himself to be absorbed in the parties
struggle. The three political parties tried to gain him for their ranks at one or another moment, but Keynes
always rejected such offers. His parents voted Liberal Party and this was the party he felt more close to him,
up to the point as to participate in its platforms for speaking in favour of its candidates, and support Lloyd
George in the elections of 1929 (...) And when he was awarded the title of Lord Keynes of Tilton, in 1942, he
asked to be allowed to seat among the liberal seats in the Lords, even if as an independent" (1984, pp. 40-41).
defended by the liberal Lloyd George, and lastly, once he was designated Lord Keynes of Tilton, chose to seat among the liberal seats of the Lords. And thirdly, it seems to be perfectly justified to apply to Keynes what J. K. Galbraith tells about himself: "I am a conservative person and consequently I tend to find some antidote against the suicidal tendencies of the system. But thanks to a typical inversion of the language this leaning serves to gain for oneself a radical reputation" (inverse translation by myself: DG).

Much before Keynes, typical "Keynesian" policies were recommended and applied. In the monetary sphere, one could mention the egregious John Law and his Mississippi Bubble (beginning of the XVIII\textsuperscript{th} century): see Noland (2000) for a brilliant comparison between Law and Greenspan. Other precedents in the late XIX\textsuperscript{th} century and the first decades of the XX\textsuperscript{th} century are best known. It is also relevant to add that, in fact, one should count among the best implementors in the History of Keynesian policies politicians such as Adolf Hitler (his highways building program and his war economy testify this point) or Ronald Reagan (his Galaxy War program made in fact the USA State budget deficit jump up to previously unknown levels in History). One could also recall Tobin's recognition (see Tobin, 1965) that it was not the Keynesian policies but the Second World War what allowed the American economy to recover the low levels of unemployment that were typical in the pre-Great Depression period.

However, it is noteworthy that the Liberal Party in Keynes's times was not anymore inspired in the Gladstonian principles of hostility towards State intervention in social life (...) Since the beginning of the century, the Liberal Party (...) had adopted one part of the socialdemocratic ideas (...) looked for an appeasement of labour conflicts (...) began a policy of social reforms (...) introduced a fiscal reform [including] a progressive personal tax (...)" (p. 41). In short, it had become a neoliberal Liberal Party --in the sense this word was used at the beginning of the XX\textsuperscript{th} century, i.e. in favour of State intervention-- where "a group of 'new liberals' sized temporarily the inner direction of the Party and sketched a program looking for a middle\textsuperscript{5} way between individualism and collectivism and proposed an expansive non-orthodox policy for fight unemployment" (p. 45).

In fact, Keynes was not alone in his neoliberal positions. His master Marshall anticipated much of his beliefs, even more sharply, as "he shared the worry felt by a large sector of the British middle classes at the end of the century towards the social question", and favoured some "redistributive policies" just like many "reformist liberals of his time" did, confident of that "the reforms would drive away the revolutionary threat and moderate the union movement" (p. 53). Likely, Marshall's disciple Pigou wrote his famous Welfare Economics in 1920, where he "studied the methods that would permit to improve via certain interventions the welfare of society" (p. 54). Rojo reminds us how, as soon as in 1886, H. S. Foxwell, much influencial on Keynes, "has defended economic policies that, while interfering in the principles of freedom and concurrence, would decrease the irregularity of employment" (p. 55); since the "individualistic and competitive capitalism of the past" has given way to a "new phase which Keynes called", following the institutionalist Commons, "of 'stabilization'", i.e. "an organizing phase where it was not possible anymore to find automatic tendencies towards equilibrium, but conflicts between groups", so that "it was necessary a conscient rule of the economy that keep the system operative as a 'reformed capitalism' or a 'reasonable capitalism' and looked for social stability" (pp. 56-57).

\textsuperscript{6} Taken from J. Tapia (2000), who writing about J. K. Galbraith, defined him recently like "a typical Keynesian still in activity" as he "very correctly synthesized the Keynesian philosophy in writing the following: 'I am a conservative person (...)".
3. The Marxian approach to unemployment

Treating Marx just (or mainly) as a revolutionary amounts to treat Keynes as if he would have been only (or mainly) a Lord, or Pareto as if he would have just (or mainly) been a Count. In fact, Marx as economist built the basis of a conceptual framework that can be developed into an entire Micro-and-Macroeconomic system of thought. Such a system is perfectly unknown by most of the participants in the Marxist tradition, and that is the reason why I need by now to stop talking just about the labour market, and focus for a while on the general, alternative way of looking at the market equilibria from a heterodox point of view. What follows is just a brief summary of what the reader can find more extensively described (in Spanish) in Guerrero (1995, 1997; where I also rely on Rubin, Shaikh, Gouverneur and others).

In the 1920s, P. Sraffa (1926) and specially I. I. Rubin developed a sound criticism of the "symmetry thesis" (the thesis supported by Marshall as well as by Walras), according to which it is the supply together with the demand that determine the equilibrium market value of each commodity. Neoclassical economists (and in this respect most Keynesians should be treated as pure Neoclassicists) analyse the short-run equilibrium (which assumes a certain number and size of firms inside each sector of the economy) and then proceed towards the long-run equilibrium, when both parameters are allowed to change). However ---and this is a crucial point--- even in the long-run the technique of production is assumed to be the same, since for the neoclassicals the technique does not change along the entire analysis, despite the fact that the size of the firms, the size of the industries and even the size of the overall economy are allowed to change indeed. The crucial mechanism allowing the neoclassical to get such an odd result is the idea of economies of scale, which play the rôle we will see later.

Putting aside the technical change (as the neoclassicists do), we do not need to worry about the technical competition among the firms inside the sector, for it is then natural to treat all of them as if they enjoyed the same technical apparatus of production, and consequently showed the same cost structure (at least in the long run, i.e. the same conventional LRAC curve). So one could relate the long-run technical-and-cost structure of the so-called representative firm in the industry (the Marshallian firm, which is at the same time the Chamberlinian firm, the Walrasian firm, the Sraffian firm, etc.) with the long-run equilibrium in that industry (or market). In graph 3, one can see together the two pieces (3a and 3b) of what one can observe only separately in the usual textbooks.

Marx was perfectly aware that what he called the production price was the same thing that the Physiocratas had called le prix nécessaire and the Classics the natural price. It is my own contention that were Marx alive nowadays he would accept to say that what the contemporary Neoclassicists call the long-run supply price (i.e. the minimum average costs plus the general rate of profit on all capital invested) is another term for his price of production.

Now, we need to look at graph 3a. Isaak I. Rubin, following Marx, succeeded in criticizing Marshall for his insistence in the scissors metaphor: both (supply and demand together, and not separately) cut the cloth of the equilibrium price. Rubin was the first who was able to
see that this is not true: in fact, it is the supply side of the market (i.e., the technique-and-costs structure of the firms) what determines the stable equilibrium price (the price of production). Sure, the graph was incomplete in Rubin, but the overall argument was present in his book. He says: suppose we begin from the short-run market equilibrium designed by number 1 (in graph 3), and assume that whatever its cause might be something happens that displaces the demand from D towards D'. Then we would get the equilibrium point 2, which would determine a new short-run equilibrium price (higher than the price of production, PP) and also an amount of profits higher that the amount required to make the industry get the general average rate of profit. In such a case, new investments will flow into this industry, making its productive capacity (and its effective supply as well) grow. The final result of this inflow of new investments is a new sectoral equilibrium at point 3, where the equilibrium price will once again be PP; profits will be just enough to make the market gain the average rate of return; and the quantity eventually sold (and bought) will now be higher than before ($Q^* > Q^*$).

Graph 3:

Long-run market (3a) and firm (3b) equilibria. The production price is the monetary expression of the *production value* (that is, what Neoclassicals call the minimum LARC, or minimum long-run average cost, which contains, as is well known, a "normal return", i.e. the average general rate of profit)

Rubin concludes that all that means that the demand curve cannot influence the stable equilibrium price, so that the demand (curve) cannot play in the theory of value the same rôle as the supply (curve) does. A displacement in the demand curve modifies the equilibrium price only in the chronological (not merely logical) short run, but beyond this (chronologically short) phase the stable price will move back towards its previous level *as far as the technical conditions of production continue to be the same inside the firms*. It is easy to see that the behaviour of both the cost-supply side and the demand side of the market are not symmetrical, for once the costs of the firms decrease (due to any technical advance) the stable price ceases to be the level PP (in graph 3) and must move downward...
until it reaches the level corresponding to the new minimum cost (in Guerrero, 1995, a
difference is made, following Marx, Shaikh and Gouverneur, between *inter-sectoral*
competition and *intra-sectoral* competition; of course, in Marx's conceptual framework,
there is not one single representative firm alone, but *several* firms which are endowed with
different technical levels; this means that one must read the curves in graph 3b as
representing what Shaikh has called, following Marx, the position of the *regulating capitals*
in that sector or industry).

3.1. The Marxian explanation of unemployment

The value and price of the commodity *labour force* are determined according to the same
principles as in the case of any other commodity. The only difference is that this commodity
cannot be assumed as being infinitely reproducible at will (natural obstacles prevents it to
behave in such a way) nor can it be brought to a level of production in the vicinity of zero,
for in that case the social reproduction would be impossible. Consequently, we should start
by assuming that it is a complex set of social conditions what determines --at every moment
in time-- which is the size of the active labour force in each country (or in the entire world,
if we choose this level of theoretical analysis). Now, once obtained in this way the size of
the segment *Ob* in graph 4, the question arises of which is the cause that the horizontal line
starts from the precise point *w*\(^*\), and not from above or below that point. The answer is
quite simple once we have understood the general principles developed in the previous
paragraphs of this paper. It is the minimum cost of reproduction of that labour force which
determines this reproductive level in each case, in the context of the current competition of
the sellers of that commodity. The polemical concept of *subsistence* (in Classical and
Marxist literature) acquires in this way a perfectly determined meaning: it is a minimum not
in the sense that it is impossible to imagine a lower wage, but in exactly the same sense as
is it used for any other commodity: it is the minimum level at which the commodity can be
reproduced according to the prevailing social and technical conditions of reproduction.

Now, we can proceed by asking ourselves what is the level of unemployment in a given
economy. It depends on the actual level of demand for labour coming from the capitalist
class. It might happen that the labour demand curve were located more to the right than
shown in graph 4 (just as suggested by the dotted curve), generating in such a case what
might be called a negative rate of unemployment (this was in fact the case during the fifties
and sixties in a big number of developed European countries). It might also happen that the
demand is consistent with both the expansive phase or the depressive phase of a cycle of
capital accumulation, so that the curve should fluctuate between the limits defined by the
two black lines in graph 4. The small arrows directed toward the left plausibly show the
effects of a major crisis trigging a big depression what brings the rate of unemployment
from zero to the relative high level denoted by *ab/Ob* (probably around a 20%-25% in the
graph).

The reader should be reminded that in this section, I am trying to explain the *cyclical*
pattern of unemployment, whereas section 3.2 will be devoted to the analysis of the *secular*
trend that can be foreseen for that variable, and section 3.3 to the *recipes* which seem to be
more consistent with the diagnose just made in the previous subsections.
The first question reads: why is there a necessity that unemployment recurs once and again as a natural and typically cyclical phenomenon linked to the inner dynamics of the capitalist economy? The answer obviously relates to the dynamics of capital accumulation and its recurrent crises of overaccumulation. First of all, it is possible that such kind of cyclical patterns have to be with the attainment of a certain threshold of technical change which confers the system its cyclical path. This threshold level is related with what Marx called the capitalist technical mode of production, linked to the level of mechanization associated with the presence of the automatic system of machines (which in Marx's theoretical system is the exact site for the real subsutntion of labour into capital). But once the system has overcome this threshold, it turns to be necessary to find out which is the main source of the cyclical movement.

In my opinion, this source has its roots in the very specific form adopted by the process of accumulation of capital itself. Capital accumulation works as a kind of thermostat which -- embodied in its own nature-- has the necessity of periodically passing through equally natural phases In and Off. When the accumulation proceeds healthily, the temperature increases more and more, until it reaches the exact level where the device switches off. In capital accumulation, the temperature is given by the magnitude of the rate of accumulation (a fraction) of the total surplus-value that is being extracted. It is his moving rate what makes the system switch alternatively in and off, in a continuos and ineluctable way (and not the rate of profit itself, as is more usually believed).

As shown by Grossmann and Shaikh, when accumulation proceeds the rate of profit begins to decrease, but in a first moment this downward movement is easily compensated by the
upward movement in the rate of accumulation of capital itself. If one writes the rate of profit \((r = \frac{S}{K})\) by means of time derivatives, it is easy to see that:

\[
S' = r' + K',
\]

and assuming a long-run decreasing \(r\) (due to the fact that even the rate of growth of the surplus-value becomes a limit for capital which is compulsively obliged to increase the value of its capital more quickly than the surplus-value itself) --say at rate \(-a\), being \(a\) any positive number--, and having into account that \(K' = \frac{I}{K} \text{--or} \frac{(I/S)(S/K)}{s_c} = scr\), where \(s_c\) represents the rate of accumulation of surplus-value (or the average propensity to save for the capitalists class in the macroeconomic Keynesian equilibrium)--, then it is obvious that

\[
S' = -a + scr,
\]

which means that \(S' \leq 0\) (the point when overaccumulation is a fact) when the decreasing \(r\) reaches the exact level \(r \leq (a/s_c)\).

---

**Legend:**
- \(r\): actual rate of profit
- \(r^*\): normal rate of profit

**Graph 5:** The dynamics of capital accumulation, crisis and depressions
In graph 5 we can see that the secular downward trend in the rate of profit is perfectly consistent with a fluctuating pattern in \( r^* \) and \( r \). However, facing a constant level of the coefficient (\( a/s_c \)) the above-mentioned trend and cyclical movement are consistent with ever-longer periods in which \( r^* \leq (a/s_c) \), what also means ever-longer (-and deeper) periods of depressions.

3.2. The secular trend towards an ever-higher unemployment

There is another crucial dimension of unemployment related to its secular trend. Unemployment is not just a cyclical phenomenon, more or less related to business cycles and long waves (see Bosserelle, 1994). Apart from this, it should be stressed that the reserve army of labour is a growing one due to the fact that the commodity labour force is subject to the same kind of capitalist laws that regulate the movement of every commodity. A very distinct feature of modern capitalism is the growing evidence about the way in which the firms behave regarding the decision of designing and planning the size and composition of their technical apparatus of production. As it is well known, this is a general phenomenon in modern capitalist management, and there is no visible reason which leads the economist to avoid its extension towards the field of the so-called human resources management. When treated as a fixed resource, the firm must apply this airbag logic to every input (included the labour power) entering their processes of production, so that it is quite adviceable for them to keep a capacity reserve of all kind of inputs in order to be able to respond to sudden and unforeseen jumps in demand without any need to resort to increased levels of capacity (which need much more time to be usable).

A puzzling recent phenomenon is also noteworthy at this point. A good deal of years ago many economists began to treat unemployment as something belonging definitely to the past. However, as one makes the small effort to look at the data a bit beyond those which seem to be the favourite of the old universal and globalized media, nothing appears to be easier to confirm than the fact that exactly the opposite is true, i.e. that in the OECD as a whole the phenomenon of unemployment, far from being a phenomenon belonging to the past, seems to have a very present and even future dimension. If this is the case for the rich countries (see table 2), which would be the figures for the rest of the world? By the way, when will the ILO provide us with a reliable statistics related to the world average rate of unemployment (levels and time evolution)? Will there not be something more than technical difficulties in explaining the lack of such a bunch of data?

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7 Which in practice amounts to be a big oversimplification, as this coefficient is also submitted to a cyclical pattern.

8 See for instance the well-known textbook by Koutsoyiannis, who writes: "The innovation of modern Microeconomics in this field consists of the theoretical statement of a SAVC [short average variable costs] curve with a horizontal segment along a certain productive interval. Take into account that this reserve of capacity is planned in order to give the firm the maximum operative flexibility; it is something quite different of the excess capacity arising from the U-shaped cost curves of the tradictional theory (...) In general, the firms consider that the 'normal' level of utilization of their plants is located between two thirds and three quarters of their installed capacity... (1979, p. 125; inverse translation from the Spanish edition: DG)."
Table 2: Rates of Unemployment. OECD, 1961-1999, and forecast for *2005 (Eurostat, and *Economic Outlook, OECD, Dec. 1999)

<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>UE-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 (with 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 (with labour force)</td>
<td>2.93</td>
<td>4.47</td>
<td>7.08</td>
<td>7.23</td>
<td>6.14</td>
<td>7.08</td>
</tr>
</tbody>
</table>

3.3. Has unemployment a solution?

After the diagnose, the recipee once again. Starting from the labour theory of value, however, the response to the claim of means to solve this dramatic problem is of a very different nature. To be exact, our analysis leads us to an unescapable conclusion: there is no solution to unemployment inside the capitalist system. Which does not amount to say that there is no solution at all, as outside the capitalist framework there is clearly a solution to this problem.

Every person in the world is concerned with this problem and its solutions. However, it is not difficult to see that the solution to this issue has much to do with the question of how to set up a real democracy in the world and in each of the now existing countries. I think it was James Steuart who said: "Man thinks of himself as being free because he does not realize the chains binding him". In my opinion, most critics of the so-called politically correct thought (or pensée unique in French) do not realize that their criticisms are unable to go beyond the object they believe to criticize. In fact, the pensée unique manifests itself in a colourful rainbow where multiple combinations conjugate different degrees of liberalism and socialism in authentic exercises of the new alchemy which is trying every possible proportion of the magic social-liberal or modern-democratic mixing. Have you heard of something called the third way (see Giddens, 1998; Blair, 1998), something labelled the (political) centre (see Lafontaine and Müller, 1998) and something definitely enthronized in our brains as the middle class? Think about it. While most Marxists (against Marx) keep thinking that their system of ideas is able to combine in a consistent way the fidelity towards whom they think of as the founder of their current, on one hand, and on the other hand a vision of society where all people ranging between the two extreme poles (the Queen at one extreme and the lowest paria in the other extreme) belong to the mythical middle class, while this state of affairs keeps prevailing in our world in such an uncontested manner, it is not easily foreseeable that a sound solution to unemployment can be found not only inpractice but even in the brains.

For if we have an ever-increasing middle class making the conflicts between capitalists and wage workers softer and softer, and we also have a state that is supposed to be able to maintain the conflict inside the narrow limits of a general welfare, then no interest might be envisageable in the exploited for trying to change the statu quo and look for a new society where the self-rule of producers is really possible.
However, major transformations in the way people use to think should not be definitively ruled out. Suppose a certain reform in capitalism leading to an equal decentralized capacity to acquire goods by every person, i.e. a sort of "salary" not depending on the labour performed but on the status of citizen. Suppose that the technical ability (already shown by current society) to provide everyone with a politically-and-economically (magnetic) voting card is not checked by any political (power) barrier. Then the new structure of demand would lead to a new structure in the social output. No doubt, if not perfect, the new system would at least be more democratic than the previous one, in the sense that the new "market" would be more representative of human needs than the old was. With 3 crucial restrictions --1) no unemployment, what means that people who become redundant due to the fact that they work in firms that simultaneously produce now non-demanded products and are unable to reconvert their apparatus of production into new lines of production, must be reallocated in other firms or sectors; 2) no difference in "incomes"; and 3) no one without working--, this new kind of capitalism (without capitalists) could optimize a planned objective function collectively defined (and permanently corrected via the vote).

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