

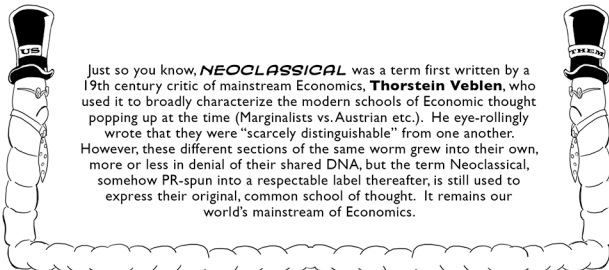
In the musty office-carpeted rooms of Economics Departments, and in the dank stone halls where Central Bank Advisory Boards and State Head Cabinets meet, there lurk members of the species: **Neoclassical economist**. While we can't quite say that they are **trolls**, per se, they do have a cold, clammy grip on the thinking in their field, worthy of folklore. It is their job to whisper in the ears of leaders about how the world's economies should be run. Perhaps this may seem rather harmless, and even nice because we seem to need economists in these times of economic crises! And seeing that some of them actually win a Nobel Prize every year—they must be good at what they do! Great. Let's get back to work...

Well, hold on. If **Professor Keen** has anything to say about it, all that does seem nice...in theory. And theories, in real sciences at least, are just ideas meant to be tested, and rejected if proven wrong. Prof. Keen teaches this in his Undergraduate Economics class, which, unlike at other universities, doesn't churn out a fresh batch of Neoclassical economists every year. As a type of heterodox (non-conventional) economist himself, he's keen *[sorry]* on making sure that every student, who comes his way, knows how to deconstruct and critique these long held beliefs of the Neoclassicists, as well-rounded scientific minds should.

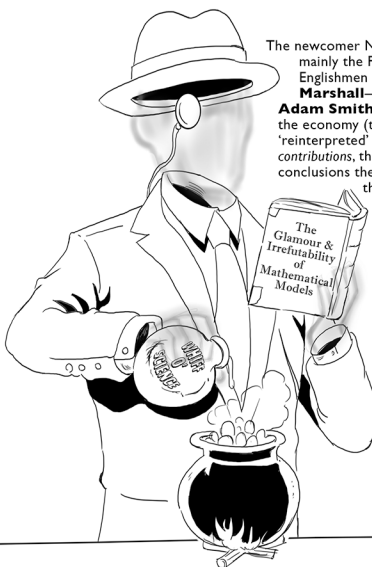
**As it turns out, there is a suspicious gray foul-smelling ooze that leaks out once you poke Neoclassical economics with a stick!**

And it's been seeping since the '60s. Like other heterodox economists before him, Prof. Keen had seen the build up of **ooze** and took samples to his lab! In 2008, he was regarded to be the economist to have most cogently predicted the **World Economic Crisis**, which according to his findings, was due in large part to mainstream failings in thinking (or failing to think!).





Just so you know, **NEOCLASSICAL** was a term first written by a 19th century critic of mainstream Economics, **Thorstein Veblen**, who used it to broadly characterize the modern schools of Economic thought popping up at the time (Marginalists vs. Austrian etc.). He eye-rollingly wrote that they were “scarcely distinguishable” from one another. However, these different sections of the same worm grew into their own, more or less in denial of their shared DNA, but the term Neoclassical, somehow PR-spun into a respectable label thereafter, is still used to express their original, common school of thought. It remains our world's mainstream of Economics.



The newcomer Neoclassicists of the 19th century—mainly the Frenchman **Léon Walras** and the Englishmen **Stanley Jevons** and **Alfred Marshall**—reinterpreted Classical economists **Adam Smith** and **David Ricardo's** thoughts about the economy (though, much the way oats might get 'reinterpreted' by a horse). And with their new, um, *contributions*, they tried to reach some of the same conclusions the original economists reached, to justify the social benefits of a free-market; that there wouldn't be social mayhem if the feudal barons would just let go some of their power to the growing merchant class; that self-interested profit-seeking would necessarily lead to social welfare via forces such as an **Invisible Hand**, etc.

The Neoclassicists in the 20th century revived this idea and more, but added **proof** using the certain glamour and seeming irrefutability of mathematical models. FYI, whenever mathematical proof enters into anything, it not only adds a **whiff-o-science!** It can be the veritable kill card in any **Epic Nerd Battle**. That's probably how Neoclassicists got so far and probably why the free-market remains such a favourite ideology among so many of us.

**M**EANWHILE, IN THE HALLS OF ACADEMIA...



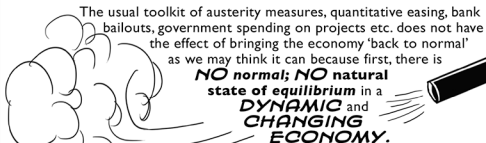
**MATH!!**  
YOU ARE A FICKLE MISTRESS!  
ALL WHO INSIST ON FOLLOWING  
YOUR COMMONSENSE WAYS WILL  
FACE THE **WRATH** OF THE  
**NEOCLASSICAL**  
**HUNS!!**

Despite this, time and again, other mathematicians, or even ones within the Neoclassical description itself, **when double-checking this math, have found that it either doesn't add up, or it holds up only under strange conditions**—conditions that do not exist in our real economy. Sounds like adjustments in thinking should be in order!

But instead, these just jealous detractors have been routinely glossed-over, unfunded or unpublished, which is virtual death by attrition in Academia—the last one to brush his bellbottoms across a university campus dejectedly, while all the leaves were brown and the sky was gray, was in the 1970s.

Incidentally, this silencing of any and all who dare resist the Big-Footed Dominating Idea happens in other fields like medicine, too, leaving us students of history to obey the Attila-the-Huns left standing (attrition, by the way, being a Huns' favourite strategy of attack, when it wasn't straight-up skewering!)

As expected, **Prof. Keen's** dusting off of last century's critiques against Neoclassicism has been getting some serious side-eye. After all, there are egos, life-long careers, university departments and whole economies at stake if Neoclassicism goes down! **Who does he think he is?** But it's not (just) out of some scrappy spirit that Prof. Keen is doing this: the world has just undergone a major catastrophic financial and economic meltdown and if we just look to the merry-go-round ponies of Neoclassical solutions, we will end up in this mess again.



**A**FTER A LONG WAIT AT THE HALLS OF ACADEMIA...



Second, **Neoclassicists** strangely have **ignored** the effects of **TIME, DEBT, MONEY** and the behavior of **BANKS** in their model of **how the economy works**. No kidding. So, staying on this course runs the risk of operating blindly and worsening (i.e. prolonging or repeating) the situation, while there are so many alternate helpful insights available.

**\*\*Spoiler Alert\*\***, no, the answer is **NOT** socialism, again. We can probably all agree that that ship has sailed (and sunken many times over) in the last century. And no, this is not an anti-free-market treatise. This is a coherent look at why **ECON 101** is a shockingly rickety platform on which to be basing our economic future, meanwhile a spectrum of viable, under-published ideas exist, stuck in the fat-cat umbra of mainstream economic belief.



So, come down with us to **Prof. Keen's Department of (Un)Economics** after hours! Bring:

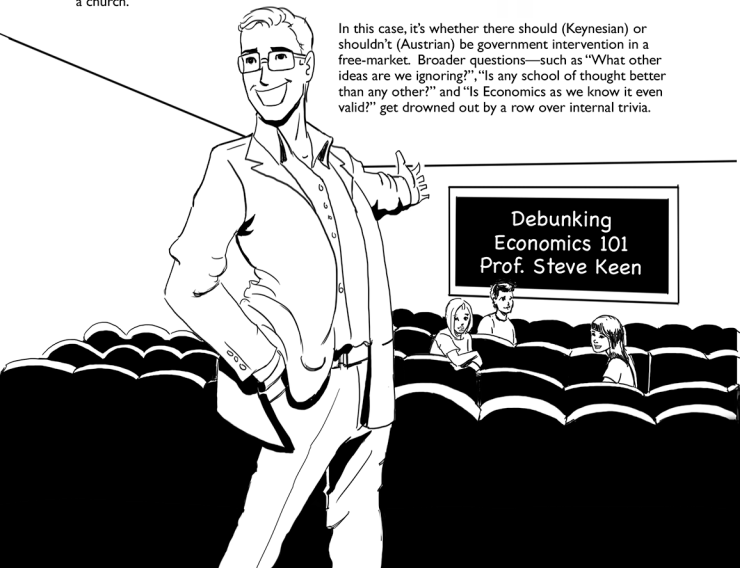
- some take-away (you'll get hungry)
- everything that you do or don't know about Economics
- something to write with
- and the hope that all of this, the world as we know it, could possibly change once and for all

A Peek into the Minds of Mainstream Economists:

They don't all agree, which makes them a motley bunch, but they do all believe that there **IS** some state of normal / "equilibrium" to return to and that there is some mechanism to get us "there".

To illustrate, here's a (slightly) hypothetical argument between the Austrian and Keynesian schools of thought on how to fix the World Economic Crisis. While their disagreement with each other can seem like critical debate, since they share the same core vision, they're really like two Christians arguing over theology, like whether there should (Catholic) or shouldn't (Protestant) be statues in a church.

In this case, it's whether there should (Keynesian) or shouldn't (Austrian) be government intervention in a free-market. Broader questions—such as "What other ideas are we ignoring?", "Is any school of thought better than any other?" and "Is Economics as we know it even valid?" get drowned out by a row over internal trivia.

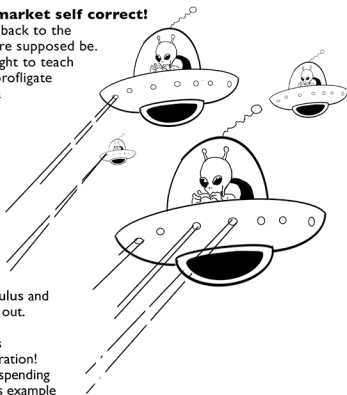




**Let the free market self correct!**

Things will get back to the way they're supposed be.  
That ought to teach all the profligate spenders a lesson.

We can't wait for some kind of natural market correction—we'll all be **dead** by then! Things will only get back to normal in good time if the government or the central bank intervenes! Consumers don't have enough to spend. So, stimulus and government projects need to be aggressively rolled out.

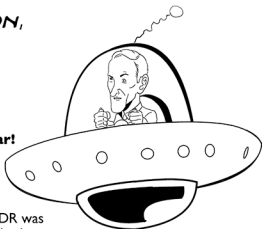


Think of all the jobless youth of this generation! FDR's wartime spending was a fabulous example of how this can work—it got the U.S. out of the Great Depression. We should pretend we're mobilizing the economy to fight an **ALIEN INVASION, LOL!**



**This isn't a war!**

War-mongering is exactly how we get into deeper debt! And this isn't a joke. FDR was responsible for a bad recession too, you know. Government makes everything worse. Spending money that we don't have just makes the problem bigger in the future.



Think of the massive debt we're giving our future generations! If anything, government will need to cut back on social programs and projects. There's just no money. It's too bad...but...



Well, OK, an **Alien Invasion** might be silly, but this crisis we're in

The government shouldn't have bailed out the banks



IS seriously war-like for many people! Look, the government bailed out the banks, so it surely has the moral obligation to spend on programs for people in this time of need. With your

### **Armageddon Hellscape**

of cut-backs, we'll have a lost, jobless, dejected generation! Any **future** is pretty moot then, isn't it?!



in a free-market either! Nobody should be getting a windfall of cash! Where does this **fantasy cash** injection that you speak of even come from?? If we don't get serious about paying down our national debt, and incur **more**, for crissakes, no other country in their right mind will ever lend us money again! We're just showing the world we are bad spenders of their money. Our credit will be shot.



Actually, creditors will lose confidence if we have tons of joblessness and no future to speak of! Everyone knows the free-market economy booms and busts. This will pass. But if we have the tools to shorten this bust, let's do it! Why suffer needlessly?

Because we'll have to pay for your knee-jerk **solutions** later! With interest! Good god, this is like being on a round-about arguing with you!

At least there will be a **later**. I'm experiencing serious déjà vu myself listening to your circular reasoning!

