

# Macroeconomic Roots and Fundamentals of the Socio-Economic Approach To Management

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## Abstract

In developing the Socio-Economic Approach to Management (SEAM), Henri Savall based his work on the economic and philosophical work of Germán Bernácer and François Perroux. Bernácer (Spanish) and Perroux (French) refused to fall into the Kensean or Marxist camps, and instead forged their own approach that combined parts of each. Their work is summarized, showing the roots of Savall's thinking. The approach offers an alternative understanding of what is possible in capitalism, and can be seen as the roots of socially responsible capitalism. SEAM supports socially responsible capitalism.

**Key words:** Socio-Economic Approach to Management. SEAM. Economics. Germán Bernácer. François Perroux. Socially responsible capitalism.

“What is that capitalism we are talking about?” Henri Savall was asking in 1979. According to the implementation of the socio-economic approach to management (SEAM) in many companies and organizations for 41 years, the question does not leave room for doubt in 2016. The capitalism about which we speak is not an ideological approach that corresponds to a simplistic definition of a market economy system, built on the private property of both production and exchange means with the sole pursuit of profit.

Our objective is to define the characteristics of the framework which allows socially responsible companies and organizations, public or private, to develop and support the implementation of the socio-economic approach to management. The intended outcomes of the socially responsible approach are improving the economic performance of the company and improving its social performance. This framework is a socially, economically and sustainably responsible capitalism, founded on the entrepreneurial spirit. The framework is based on the social responsibility of companies and organizations and on the economic empowerment and the ethical exertions of each citizen (actor).

Our current research builds on the concept of socially and sustainably responsible capitalism (Savall, Péron, Zardet & Bonnet, 2015), which is the theoretical and practical framework of the socio-economic theory of companies and organizations. The framework reconciles the two levels of analysis that have been excessively differentiated: the company and the social and economic environment. We highlight that the essential contribution of SEAM, which is the ISEOR (Socio-Economic Institute for Enterprises and Organizations)

management model, does not only focus on social responsibility limited to companies, because, according to François Perroux (1979), the company is only the capitalist microcosm. Sustainability can be found in the structures of a territory. Each territory or economic space can be considered as an organization, a trans-organization, a tangled organization or a meta-organization (Savall & Zardet, 2005b).

Michael Porter and Mark Kramer (2011) advocated conscious capitalism in an article republished in the *Harvard Business Review*, entitled “Creating Shared Value.” They discovered, as we did (Savall, 1973), that we have to “Reshape Capitalism and its relationship to the society” and to “promote human happiness and well-being” (p. 69), by getting out the specific framework of the company, we have been able to establish that here was a certain isomorphism of the different territory levels that produce norms. Those levels are infra-micro or microscopic (inside the organization), micro (the enterprise: interface within its environment), meso (an industry, a market), macro (a profession), megascopic (a world region composed by several countries) and gigascopic (the economic and social globalization space) (Savall & Zardet, 2005b).

We are interested in this concept insofar it expresses the different territory levels as an application field for socio-economic management. Di Maggio and Powel (1989) claimed that (a) a community needs companies which gather in order to preserve jobs and occasions to create wealth for all its members, and (b) that companies need a flourishing community and a supportive environment. In this scope, our concept of Socio-Economic Management is opposed to a monolithic conception of the enterprise as an entity that is self-sufficient, as presented by Milton Friedman (1962, 2011).

We are looking to draw some historical trails in order to propose a model of a socially and sustainably capitalism. Creating a model that is based in theory and research is important because capitalism itself has given us some warning signs without offering us clear solutions.

We will show through examples the practicability of our proposition for socially responsible capitalism at the macroeconomic level as well as at the microeconomic level, under the view of entrepreneurship (the behaviors of persons and teams regarding to the external environment) and intrapreneurship (the behaviors of persons and teams regarding to the internal environment, inside the company).

All these thoughts led us to ask ourselves questions about the potential contribution of socially responsible capitalism to democracy, the role of the state, the place and importance of technology, and the educative role of press. This paper aims at being invigorating and a bearer of hope. This is not another discourse on ambient gloominess.

### **The raison d'être of SEAM: Sustainable socio-economic development of all persons**

The concept of sustainability applied to the SEAM approach of managerial

responsibility implies the integration of economic factors, environmental concerns, social and societal consideration. This concept has for a longtime been taken into account in US. For example, the company, Tom's of Maine (1988), emphasized these beliefs:

- We believe that both human beings and nature have inherent worth and deserve our respect
- We believe in products that are safe, effective, and made of natural ingredients.
- We believe that our company and our products are unique and worthwhile, and that we can sustain these genuine qualities with an ongoing commitment to innovation and creativity.
- We believe that we have a responsibility to cultivate the best relationships possible with our coworkers, customers, owners, agents, suppliers and community.
- We believe that different people bring different gifts and perspectives to the team and that a strong team is founded on a variety of gifts.
- We believe in providing employees with a safe and fulfilling work environment and an opportunity to grow and learn.
- We believe that competence is an essential means of sustaining our values in a competitive marketplace.
- We believe our company can be financially successful while behaving in a socially responsible and environmentally sensitive manner.
- We believe that we have an individual and collective accountability to the Company's beliefs, mission, destiny, and performance goals.

Sustainable development may be assimilated into an organization as a short-term change or as a long-term metamorphosis. We insist on this last word because it expresses the importance of a development built on the internal organizational energies. Modifications of organizational structures and behaviors take place inside the enterprise, and are not generally dictated by external influencers. Sustainability is an essential factor for survival and development, and is very different from the temptation of the ephemeral that seems to dominate the economy nowadays. Sustainable development is an idea that is complementary to and interconnected with social responsibility. Management that fosters sustainable development does not imply focusing on immediate problems observed in such or such specific context, but on a company's problems in an overall, holistic and long-term process.

A recent article extracted from *Academy of Management Review* and entitled *A Theory of Collective Empathy in Corporate Philanthropy Decisions* (Muller, Pfarrer & Little, 2014) attacked the well-spread interpretation of philanthropy as a tool used by CEOs in order to

reach strategic objectives in an essentially rational approach. The authors argued that philanthropic decisions, far from only being a matter of calculation, are influenced by empathic motivations, from the whole body of employees, concerning people in need inside and outside organizations. Socio-economic theory considers that human behavior is a mix of emotion and reason, so the claim of rationality is impossible. Our conception of a socially and sustainably responsible capitalism led us to consider that the philanthropist's interventions, from the etymological sense, should be those aimed at containing, within reasonable limits, the destructive strengths of technology, excessive regulations, and extravagant globalization, with the main objective of improving quality of life.

We do not call for ethical action for economic reasons only. We wrote socio-economic with a dash to assert that our method lies on the articulation and not on the assimilation between these two approaches. In addition, the socio-economic approach to management helps in measuring the profitability of investment in human well-being. This method demonstrates that the intangible investment in human potential qualitative development turns out to be much profitable than every technological investment, hence the slogan, "Take care of your team members: they will take care of your equipment and your customers." It is matter of taking time, in both public or private organizations, to insure (a) a real integrated training of actors, by which we mean all employees, (b) unrelenting renewal with innovation focus groups and (c) a participative, structured and exigent management in order to lead persons and teams. The cost of this intangible investment does not damage corporate funds because it is self-financed through the reduction of hidden costs. Hidden costs are generated by the lack of employees' commitment concerning the ongoing actions that aim at renewing equipment and technical capital in order to remain competitive (Savall, 2013b).

The sources of satisfaction in the workplace, for an organization's actors, producers, suppliers and customers, have multiple natures, which can be found in the realms of physiology, psychology and sociology. The satisfaction of actors is a necessary element in creating cohesion among actors, and cohesion is a key factor in developing each organization. The dominant mental model of management assumes that actors will be satisfied, obedient and thus cohesive. The dominant model also is based on the belief that some men are subordinated to others in the company, and must obey, *ipso facto*, the orders and instructions of those who run them. Unfortunately this assumption about the obedient worker is quite false.

A simple observation shows that individuals are not by nature inclined to obey, as is assumed in the legal contract of employment. In work places people are agents driven by contradictory pulses and impulses: conflict/cooperation, individualism/team spirit, and autonomy/dependence. Human and social performances are the results of dialectical, instable and dynamic behaviors. The cohesion of individual, team and and the whole organization are needed for an organization to thrive, but existing standards typically are not sufficient for harmonizing or reconciling these dialectic, instable and dynamic behaviors.

The socio-economic response to the universal phenomenon of disobedience in the face of dissatisfaction is negotiation. According to SEAM theory, the aim of organizational

negotiation is the contractual commitment of every individual and every team in generating the organizational socio-economic performance. So, it acknowledges, conversely, the existence of the natural phenomenon of spontaneous organizational disobedience and the need to manage in a more effective way, in a deliberate effort of personalization in the relationship at work. The competitive advantage of a company lies in its ability to manage actors (who are naturally and legitimately disobedient) so they become collaborative in their team work. In other words, it is a question of having people strategies that are in harmony with the team's or company's collective strategy, even if it means that people are willing to give up some of their personal strategies (Savall & Zardet, 2005a).

In addition, socio-economic theory shows that employees get a considerable amount of power for destroying economic value, which they could not exert alone as individuals. The study of individual behaviors within a workshop allows us to better understand how an actor's games during a typical working day create or destroy economic value. When one realizes that each worker, most often without any intention, contributes to the destruction of € 20,000 to € 70,000 per person per year of value added or economic value, one comes to recognize the existence of considerable power in each worker, manager and CEO. This differs from the huge majority of literature which promotes, implicitly or not, that the simple workers do not have economic power because when they are at work, they are at the lowest level of the hierarchy and also because their contracts of employment makes their subordination to be complete. Terri Ludwig, CEO of Enterprise Community Partners in an article from *New York Times* (August 21, 2011) observed the power of each actor when he wrote that it is important for all workers to know that they "can influence change and outcomes."

This economic capacity for creation and destruction of value is exerted neither in autonomy nor in dependence but within the framework of the interdependence between all company actors. This is a key element in the socio-economic approach in which an organization is recognized to be a social space made up of complex relationships. According to SEAM, in the framework of a socially and sustainably responsible capitalism, the word conflict includes divergences, dissensions, controversies, antagonisms, emotional tensions and their origins – any of the uncomfortable outcomes of the interactions within the interdependent organization. The interaction concept is essential.

### **Financial capitalism and the problem of interest**

In Joseph Schumpeter's analysis of economics (1934), development occurs as a result of discontinuous spurts in a dynamic world. The cause of discontinuous spurts is the innovative entrepreneur whose activities take place in large-scale firms. These firms are able to dominate their environment in the sense of exercising reversible and partially reversible influences on other economic units by reason of their dimension and negotiating strength, and by the nature of their operations.

Fernand Braudel (1986) and François Perroux (1975) noticed that finance has always been part of economic development. Capitalism is in essence financial, and as such must be linked to real economy. From time of the Renaissance, authors who gravitated toward the economic sphere argued against the sterile hoarding of wealth in the state's vaults or in individuals' hands. They wished for a rational and productive distribution of wealth between persons who desire investing, helping the economic machine to work by supporting in a circulatory movement the external exchange rhythm.

The idea of circulation was a radical challenge to the pre-Renaissance thought. The Spanish economy went to collapse for not understanding the concepts of circulation and movement that were spread by Harvey, Copernicus and Galileo. For Misselden (1622), capital represents "the vital spirit of trade" (p. 28). According to Locke (1740), it constitutes the essential element "to move the Several Wheels of Trade, and keep up Commerce in that life and thriving Posture it should be" (p.36).

Smith gave the classical definition when he wrote:

As soon as capital has accumulated in the hands of particular persons, some of them will naturally employ it in setting to work industrious people, whom they will supply with materials and subsistence, in order to make a profit by the side of their works, or by what their labor adds to the value of their materials. (1776, p.42)

In the XVIIIth Century, Smith observed that the trade of speculation exerted by speculative merchants was in opposition to "a long life of labour, frugality and attention" (Vol 1, p.102). Nowadays, it is speculation, which is denounced by the Occupy movement whose watchword is "Occupy Wall Street," which disrupts the capitalist system. One could define speculation as the realization of profitable activities without the efforts and risks acceptance of the Schumpeterian entrepreneur. Speculation is a way to get revenue without engaging in real activities.

Bernácer underlined in 1922 the danger of practices that produce unearned income, in other words an income without the entrepreneur's risk, without labor nor creative activity. This is just the opposite of what is happening on real goods and services markets. The investors, who do not deserve that name, are redirecting to us the liquidities. This situation leads to the drying up of the whole economy. Keynes took over this theme in 1936 in his General Theory of Employment, Interest and Money when he denounced the pure speculative behaviors of capital holders who redirect their capital away from productive investment. He advocated in his famous quote "the euthanasia of annuitants," who are defined by Littré Dictionnaire as "middle-class persons who live on private income without trade nor industrious activities" who are doomed when the rate of interest decreases.

**Germán Bernácer (1883- 1965), a Spanish visionary economist: from the roots of crisis, before and beyond Keynes**

Our current economic crisis is larger and more surprising than we might have predicted. Reflection and major action is needed in order to avoid a global catastrophe or the social and economic rut which is found in most countries that are experiencing globalization effects. Bernácer, a great but little known Spanish economist, delivered a basic and original explanation on the roots of crises and the way to reduce their effects. His theory was supported by several years of research and observation, when he was the head of the Bank of Spain Department of Studies.

At this time, no one dares to advocate the return to a scheduled and centralized economy, because centralized economies have failed since the collapse of Berlin wall in 1989. At this time many people feel the ferocity of aberrant and destructive attacks on employment, economic prosperity and social well-being, all of which are dangerous for political democracy. Those attacks have been caused by uncontrolled excess of financial hurricanes, which periodically overrun the political sphere of real economy and whose leaders show a cynical arrogance about chaos which comes from speculative markets. At this time, where many states are bankrupted, one is tempted to trust the illusionary promise of Welfare State which rescues the bereft and lost citizen, as described by Keynes.

In this context it is important to remember the robust theory, proposed by Germán Bernácer, on the structural and chronic explanation of crisis. Bernácer called for actions that are radical on economic and financial policies, and more sustainable than the vain handling on currencies or the ineffective gesticulations aiming at regulate the polemic and outrageous speculative games of financial markets. Those actions belong to socially responsible capitalism, ahead of its time.

Germán Bernácer was born in Alicante (Spain) in 1883. He attended a Business School and earned the first rank in the competitive recruitment exam of industrial physics. Bernácer soon interested himself to economics. He discovered it by himself through his books and thoughts. Bernácer founded and managed the department of studies of the Bank of Spain, from the early in the Second Spanish Republic in 1931. In Madrid, Bernácer carried out his physics lessons at High Business School and also the supervision of studies at the Bank of Spain until his retirement in 1955. He died in San Juan de Alicante in 1965.

Bernácer was a visionary provided with a rigorous scientific method which he inherited from his training as a physicist and teaching physics all his life. He published in 1916 a book entitled *Happiness and Society: Essay on social mechanics*. A few years later in 1922, he published his seminal article on theory of disposable funds as an explanation for the economic crisis and social problem, i.e. unemployment. Years before Keynes wrote his *General Theory* in 1936, Bernácer set the very fundamentals of modern macro-economic theory by grounding it on three pillars:

- a functional theory of currency,
- a synthetic and functional theory of the rate of interest, and
- a structural theory of economic crisis.

Those are related to the existence of speculative markets for goods which yield *unearned-income*, i.e. goods which provide incomes without labor, neither entrepreneur's risk or real and shareable value added between stakeholders which are the actors of the social and economic game.

**A “Keynesian” before Keynes?** Beginning with the publication of his first book in 1916, *Happiness and Society: Essay on social mechanics*, Bernácer presented the first economic analysis whose content would be qualified a few years later as Keynesian, in that period where Keynes, himself, was just a loyal disciple of Cambridge School. It was in his 1922 article, “*The theory of disposable funds as interpretation of crises and social problem*,” that Bernácer set the fundamentals of his macro-economic theory and insisted on temporal analysis. Aware of the scientific importance of his contribution, he sent his article to some 150 worldwide famous economists. Among them, Robertson was the first to recognize the importance of Bernácer's theory (Robertson, 1940). Scrupulously, Robertson asserted that he should have been “subconsciously impressed” by the successive periods analysis method employed by Bernácer in 1922 and those that he made famous in Robertson's book published four years later, *Banking Policy and the Price Level*.

Bernácer's works were victim to a double combination of factors. First, in his works before 1930, Spanish, the language in which he expressed himself, constituted a serious obstacle to the diffusion of his thought. He was so conscious of that, he added a French abstract to his Spanish article on disposable funds when he sent it to his foreign colleagues. Second, on those occasions in which he appeared as a most complete theoretician, more clear-sighted than Keynes, he was victim to the dominant ideology in Economics: the Keynesianism whose historic opportunity (Villey & Nême, 1973) was fitted into the political, economic and social events which preceded, accompanied and followed World War 2. Bernácer foreshadowed Keynesian theory in 1916, and in 1922 he surpassed it when he created his general theory, which we chose to call a *General Theory of Employment, Unearned-income and Hoarding*.

After the publication of the Keynes' *General Theory*, Bernácer criticized the gaps in Keynes' theory earlier than his contemporaries from all over the world. He also took care to show to what extent this new dogmatism, proposed by Keynesian followers more than by Keynes himself, was dangerous for the achievement of the ultimate objective shared by the two authors: full employment and development of demand.

**Doctrinal options.** Bernácer's doctrinal options are clearly defined. They are an example of a combination of tendencies whose origins are contradictory but which are nevertheless coherent. On the normative scale, Bernácer is a liberal in the sense that he recognizes the importance at the individual level of responsibility, conscience, knowledge, improvement and transcendence of the material fact. However, on the descriptive scale, his analysis is founded essentially on sociologic data, rather than the individual parameters of psychology abusively annexed by marginal and Keynesian economists.



Among the non-Marxists authors from the first quarter of the XIX<sup>th</sup> century, Bernácer is the one who gives the major place to the “social fact” in economic analysis. On the normative scale, the social fact position is equally important because in the reform he recommended that production and distribution of the structure is collective. The pivot point is the self-managed micro unit of production, inside a macro-economic decentralized organization, separate from monetary authority, which should remain centralized.

Who is this liberal who advised the abolition of unearned-income, and goods exposed to speculation in general? We place Bernácer’s economic thought in a Christian humanist trend, both liberal with the respect of the individual and deeply reformist in that he was aware of every person’s double status: as an individual entity enjoying a certain autonomy, and also as a subject of a moving and changing society.

**The methodological contribution.** Bernácer’s methodological tools are in essence innovative. At the time of his first works (1905-1930), economics was dominated by psychological analysis and the result was confusion between the different micro/macro levels of analysis. At that time, the economists’ concern was to analyze the balance and optimum from a static point of view. Twenty years later Keynes did not succeed in overcoming the static point of view, in spite of his intuitions about the necessity to integrate the “time factor.” Bernácer intentionally built all his analysis at the macro-economic level. The most discriminating point of Bernácer is his approach elaborated in a dynamic perspective in which time is not a vain fuzzy concept which is not well integrated, but rather which plays a key and determinant role (Cf. the econometrics model of currency value for Bernácer in *La teoría funcional del dinero*, Consejo Superior de Investigaciones Científicas, Madrid, 1945; 2<sup>nd</sup> edition 1956, and *Una economía libre sin crisis y sin paro – A free economy without crisis and without unemployment*, 1955).

All Bernácer’s works are shaped by the methodological tools he chose: macro-economy, core concepts functionality (labor, value, capital, money ...), time, structure, history and sociology, positivism, the experimental and moderate use of mathematics. This prompted Jacques Rueff to say that Bernácer’s approach is econometrical. A few years later Rueff and another physicist and economist Maurice Allais (1989 Nobel Prize in Economics) affirmed that each important truth may be expressed in accessible language, using mathematics as a part of the analysis or as an exposition process but not as the truth itself.

**The General Theory of Employment, Unearned-income and Hoarding.** Bernácer argued against the high level of employment which came with Keynesian economics by introducing an ethical condition. Each human being lives only thanks to the labor supplied by the community, which results from the total of each individual’s work. This labor is applied to the physical world (land, natural resources in general) and to the intangible (natural human skills) in order to provide products. The only activity that legitimates the ownership of the product is human labor in all its forms: manual work, administrative work, supervision, management, and coordination. Each form of necessary work is useful to produce goods and services in order to satisfy human needs. The division of work implies solidarity among those

who work, and thus the abolition of any individual income that is not engendered by one's current or former labor.

Consequently, the political and social organization has to allow all persons to assume their productive role for society, without any form of restriction. Unemployment is, in a way, the entropy of the system. Unemployment is not inevitable. It is just the natural deterioration process of energy due to time, and this can be overcome.

According to Bernácer, the monetary economy is a superior and historical form of social development. However, he noticed that the institutions, which are needed for the effective functioning of this kind of economy, have not been established. Quite the reverse, the organization of society has been tainted by unearned income, i.e., income that was not earned by labor. Furthermore, the existence of a market for these unearned-income-yielding assets has always kept the economic system unbalanced. This market has engendered a harmful phenomenon of an income not based on labor: the interest of capital.

The interest rate is the kind of plague, which infects the economic condition. Bernácer delivered an original theory, which presents positivist, physiocratic, monetary, real, sociological and functional aspects. Bernácer's theory excludes one element, which underlies many controversies: time preference. According to Bernácer, interest is not the price of time. His conclusion is logical and coherent: interest is ultimately only the appropriation of an income without labor. Interest has to be deleted for this reason, and also because interest is a structure which fundamentally destabilizes the system, and forces the system to choose between full employment and monetary stability. According to Bernácer, full employment and monetary stability are not only linked, they are inseparable in his cybernetic and humanistic approach to economic and social organization.

We say that Bernácer has a cybernetic approach because the physicist that he was seems to teach the economist that economic activity is a dynamic process that seeks balance, which implies some constraints. One of the constraints is the control of money issuance, but not from the point of view we qualify today as monetary. Bernácer was fiercely against the quantitative theory of money, and had formulated before Nogaró and Aftalion the income-theory of money. All this illustrates another fundamental quality of this author: his approach towards national accounting about which he wrote a quarter of century before the first works of specialists in this subject.

Such is Bernácer's superiority over Keynes. He not only preceded the latter's thinking by twenty years, but also surpassed his thinking before the *General Theory* was published in 1936! Indeed, Bernácer in his dialectic approach to phenomena, i.e., from a both dynamic and causal point of view which highlights phenomenon interactions, saw clearly that monetary stability is a necessary condition for maintaining a high level of employment and that the conjunction of stability and high employment, added to the perfectionist genius of man, leads naturally to economic and social development. The unprecedented worldwide crisis of 2007-2008 revealed the accuracy of Bernácer's theory.

In all his works, Bernácer criticized vigorously the noxiousness of inflation. It is a misleading mirage and mask, very dangerous, because inflation appears to cancel the detrimental effects of the real rate of interest. After the publication of the General Theory of Keynes in 1936, Bernácer denounced the chronic inflationist characteristic induced by the imprudent and systematic recourse of the state's intervention. This intervention cannot insure the financing of the needs of economic actors in order to assure growth and qualitative development of their economic and social shared prosperity. Indeed when government raises taxes, it sterilizes companies, employment, and the creation of decentralized development projects, and it dissuades the entrepreneur from taking risks. This government policy generates a phenomenon of "economic and entrepreneurial abstentionism" even more toxic than political abstentionism.

In the panic which grasped the whole world between the two World Wars in the XXth century, provoked by the great depression of 1929 and the simultaneous rise of fascism and nazism in certain European countries, Keynes' propositions found a very favorable echo and a strong reception. As a result, certain governments favored the emergency call for the "Interventionist State." It was the start of the belief, naturally become popular, in the unlimited capacity of a Government to address financial, investment and economic growth needs, in order to insure national prosperity.

The reconstruction of destroyed economies following World War II played an important role for the prosperity of the well-known period "*les 30 glorieuses*" [The Thirty Glorious Years] especially in France, Germany, England and other European countries blighted by the war. The conjunction between this reconstruction and the policies of facilitating financing inspired by Keynes have probably been the major cause of those three decades of prosperity without major crisis and with a constant economic growth. Unfortunately, the price was an addiction to permanent inflation, which reached high levels during some periods after World War II and engendered a severe vulnerability regarding natural fluctuations of economic activity. That is why the consequences of the "Oil Shock" of 1973 was the increase in the level of unemployed persons in France from 500,000 to more than 3 million, the new "standard" level for thirty years.

Bernácer's influence on our works in economics and management science has been considerable and constant. It is located in the macroeconomic roots of our socio-economic theory of enterprises and organizations and for the SEAM model. All our research in economics and management science have been influenced by Bernácer's legacy. In particular the legacy is seen in our approach of reasoning systematically in terms of temporal dynamics by dating each bit of data and analysis variable of economic and organizational phenomena, in order to study them by splitting them up into successive periods. This allows us to take into account, through a learning process, the knowledge rules acquired during the previous period and to integrate them into the stimulation of the next period. This heuristic process helps in improving the quality of forecasts during the decision making process. We recall that this approach of analysis by successive periods is found throughout the works of Bernácer. Since

1922, the approach inspired the English economist Sir Dennis Robertson who recognized this influence in his books published from 1926, and explicitly in his article published in February 1940 in the English journal *Economica* “A Spanish contribution to the Theory of Fluctuations.”

A remarkable independence of mind is evident in Bernácer’s work regarding the established ideologies which inspired the trends of economic thought, namely the classical school and its three antagonist relatives: the Marxist criticism, the neo-classic liberal school and its variation, the neo-classic Keynesian school. This independence printed his mark on each of our works and fostered for us the choice of adopting a heterodox posture. As in natural sciences, this posture consists in always giving priority to rigorous observation and integrating a strong epistemological approach in the scientific working process, in order to insure a suitable level of intrinsic scientific quality, along with societal utility and academic credibility.

The old ideologies of outrageous liberalism, failed Marxism or imprudent Keynesianism are in a deadlock. That is the context in which our work on socio-economic theory exists. Our intent is to avoid the vain quarrels between the old ideologies, and to extend Bernácer’s theory, going deeper and making the theory operational. Therefore, our concept of *socially responsible capitalism* is what we propose to overcome the international crisis and to get the world back on the road to sustainable and equitable prosperity. Socio-economic theory tries hard to serve humanist morality and the highest level of possible freedom, which are necessary conditions for individual and collective dignity. Capitalism which is hyperfinancial and speculative does arouse the state’s intervention, but is less and less effective in the framework of globalization and errs in supposing that the failure of capitalism will not lead to the return of liberticidal communism.

### **François Perroux (France, 1903-1987): Transcending Two Mainstreams In Economic Thought**

François Perroux (Lyon, 1903 – Paris, 1987) is the French economist of XXth century who contributed most to economic science progress. His influence abroad is considerable and some of his books are translated in seven languages. He belonged to more than fifteen academies, in France and abroad. Notably, he was the member of British Academy and American Academic Association. He taught in more than thirty countries of America, Europe, Africa and Asia, especially at Harvard University. He was an honorary Doctor of more than twenty universities, in America and Europe.

He dedicated twenty-seven books to economic analysis, covering a half-century of contributions to the contemporary economic thought, and nine books to social issues. He supervised the writing of the *Encyclopédie française* volume dedicated to the economic and social universe, published in 1960 and unanimously greeted. He was also member of the Conseil économique and social [*French Economic and Social Council*] and of Commission des comptes de la nation [*National Audit Board*]. His disciples and researchers, such as François Divisia, René Roy, Maurice Allais from the *Institut de Science Économique*

*Appliquée* [Applied Economic Science Institut], are numerous in the academic world and in French economic public administration.

The two paradigms of modern economic thought are, on one hand, the neoclassical mainstream with its classic roots and its Keynesian prolongations, and, on the other hand, Marxism. Perroux, an authentic heterodox like Bernácer, refused to choose and to lock his thinking system into either alternative. His earlier works were oriented to Keynesianism and later took on a real autonomy by taking into account phenomena which are most often excluded from economy, especially the concept of power, or the so-called domination effect, which Perroux identified in his seminal 1948 article. Through the reciprocal integration of paradigms, Perroux transcended the dichotomy of XXth century economic thought. His disciples sometimes claim to be from the neoclassic school, sometimes from the Marxist school, and sometimes from a very particular branch of liberal heterodoxy, called the radical school. Perroux refuted dominant mainstream theories, whether it be Walraso-Paretian equilibrium, neoclassical approach fundament, or Marxist dialectics (Perroux, 1963, 1968). He created new concepts and rebuilt a “Generalized Theory of General Equilibrium.”

In his works, he made a synthesis between the great disciplines which stimulate economics: social sciences (sociology, history, etc.) and hard sciences (mathematics, physics and their applications: econometrics and the quantitative approach). The interdisciplinary approach which inspires the economic analysis of Perroux is not only the cause of the wealth and the relevance of his personal works. It also explains the attraction that he held for several generations of young economists and his influence on their own scientific creations. The influence of Perroux’s thought can be seen in the renewed interest his works have for the present young generation, despite the fact that his work is currently not taught much in academic training programs.

**Epistemology and method in economic analysis.** Perroux’s ambitious conception of economics, as a human and social science, begins with open-mindedness. He proposed a theory that was based in observed reality. Physics and biology tried and failed to arrive at a formal rigor by translationing real, economic, human science into mathematics. François Perroux considered that the scientific success of a theoretical analysis is first measured by its level of realism.

Economists claimed that their analyses were created with neutrality, that is without bias. Perroux argued that in analyses there are always implicitly normative conceptualizations, and that therefore economists with scientific intention have to be explicit about the implicitly normative assumptions that lay under their analyses.

Economic rationality is not only defined by the way that economic activity is established, but also by the analysis of its objectives. According to Perroux, economic analysis is scientific when that it forces itself to answer to issues such as “What is the object which is maximized by the economic activity? What is the scarcity that was overcome? By whom and for whom?” In this way, an economic problem is never posed in a social and

historical vacuum. The economic rationality is validated only if the proposition is explicit its values, political and social structures, philosophical preferences.

The object and the perspective of economic science is human resources. “The complete development of human resources, of each human being without exception, is the postulate of a scientific economy and, without it, maximizations are always questionable.” (Perroux, 1974, p.56). Perroux invites us to this search for the total person, in which he refutes the dichotomy between social and economic. Bernácer had the same message about the inseparability of the social and economic aspects of persons. The research we personally carried out on the socio-economic approach to management is based on the same premise of inseparability.

In Perroux’s approach, the economic system is a dual social system, which includes self-guided sub-systems and sub-systems which are led by a pilot. Perroux’s economic system grants a great place to actors and not to inert objects. The actor is a person (or a group) which takes an active part in an activity, the outcome of which is not predestined. Work is not a plot moved by invisible hands.

**Perroux’s method includes a dynamic synthesis and a structural analysis.** The Perrouxian synthesis, of Hegelian nature, proceeds from the notion introduced by the philosopher Merleau-Ponty (1955), that this is a generalized economy from which capitalism and communism are particular cases. Perroux’s approach does not tend to prophesy an inevitable convergence of systems as Schumpeter (1942) did. Perroux tended to the alternative and wondered: will the synthesis come from a war of powerful nation’s blocs, or the advent of a generalized economy which is able to establish a synchronized growth at world scale?

Perroux’s analysis replaces the traditional mechanisms, or even the flow dynamics, through dynamics of power. At the beginning, he was under the influence of Joseph Alois Schumpeter and Edward Chamberlin, who highlighted the decisive importance of unilateral actions of creation and power in the economic process. Perroux rejected pure and perfect competition as an ideal structure for the market, because pure and perfect competition does not allow a sufficient development and propagation of progress. Perroux deduced, from his analysis of the French economy from 1815 to 1914, that it had experienced some progress but it was not a progressive economy. Innovation did not spread out well, social costs remained high, scientific discoveries did not know the economic applications they deserve. Bernácer made the same analysis in 1916. Both believed that the dominant groups were protectionist and conservative.

Time in the Perrouxian approach gets a historical, spatial and socio-cultural (men evolving in a geographical space) thickness and a signification which guide movements toward progress. Economic time is shaped by the dialectics, which combine human projects, individual and collective actions, to functional structures and structured spaces.

Perroux's economic space, defined geographically and according to industries, is not isomorphic, it includes growth clusters which result in dialectics of spaces; the economic space of an agent results from an expansion conflict. Economic space is different from geographical and political space. The national economic space is not the physical territory of the nation. Rather it is the area which is the outcome of the espoused plans of the state and its individuals.

**The refutation of dominant theories: Walraso-Paretian equilibrium and Marxism.** Perroux was, early on, a fervent adept of the neo-marginal school which he knew through Schumpeter, von Mises and von Hayek. Later Perroux took an interest in Keynesian theory. However, after 1950, he criticized the neo-marginal school and the deficiencies of Keynesian theory. In 1960 he published *The Generalization of General Theory*. In this, he reproached Keynes for ignoring a certain number of difficulties, such as the aggregation analysis and global sizes, the rudimentary characteristic of conceptual categories, and the transition to a real generalized theory of harmonized growth.

Perroux was not satisfied with the neoclassic analysis founded on egalitarian individualism and built on the assumption of balanced and equal strength relationships between agents (individual, firms, and nations). He was embarrassed by the implicit rejection by classical and neoclassical analyses of strengths, pressure, constraints and domination phenomena, that the "pure economists" confined in the "lumber-room of extra-economic data."

The starting point of Perroux's refutation is recognizing the phenomena which were very influential in this second part of XXth century and which mainstream classical and neoclassical theories do not take into consideration:

- the oligopolistic structures of strategic production industries;
- multinational companies whose power challenges modern states;
- the relationships between economic units and their environment;
- the external economies realized in profit for some agents and to the detriment of others;
- the multiplication of social costs; and
- the asymmetric relationships in economic activity.

Most of those phenomena are located outside the market, so that they were ignored by the neo-classical mainstream hypothesis of pure and perfect competition.

Perroux took on an ambitious project in order to generalize the general theory of competition equilibrium, aiming to integrate economic phenomena actually observed in a scientifically controlled theory, which inspired him to an imminent criticism of the Walraso-Paretian equilibrium. There are four essential features in this neo-classical theory:

- *Agents' independence* from the others: the only means of communication between them is reduced to the price of products and services;
- The *limitation* of each unit by the others' actions: agents are so to speak inert, without life; prices and level of equilibrium are mathematically co-determined: no agent is master of his/her decision
- The *coincidence* of individual and social optimum: the social optimum is obtained through the addition of individual optimums, founded on marginal utilities of different agents.
- The *equivalence in exchange*: agents are supposed to be equal and with no differentiated negotiation power.

The model simplified reality, even as it claimed to give a pedagogic and operational representation of reality. But, a model should not destroy the scientific object. This is, however, what the Walraso-Paretian model did, by reducing economic analysis to a market study of pure and perfect competition, and by annihilating the economic agent who is a decision-maker. The characteristics of the Walraso-Paretian equilibrium are explained by philosophical, moral and scientific assumptions which dominated in this bourgeois period: individualism from Kant's inspiration (continental), or pragmatic (Anglo-Saxon); egalitarianism and its political expressions (parlementarian democracy) and mathematical (excerpted from Lagrange's mechanism, 1788, which inspired, more than a century later, Pareto and his current disciples).

Perroux disputed the essence of the theory, because it was based on the hypothesis of the aseptitized homogeneity of human agents, goods and services. Perroux's criticism of the automaticity of equilibrium through prices was made on the idea that agents have a certain capacity to modify their environment, and that they are gifted *a priori* by an unequalled energy which makes impossible the automatic balancing towards general equilibrium of economy.

His methodology had some points of contact with Marxist theory. This explains its influence on some domains of contemporary Marxist thought. Perroux always situated the economic phenomenon in a social and historical context. However, Perroux did not accept the essential categories of Marxist theory. He criticized especially the historical materialism, even the dialectic negativism of some neo-Marxists. He rejected the determinism and advocated for an economic voluntarism, which in his philosophy takes its origins from Christian inspiration.

Perroux's economic analysis was fundamentally dialectic, but his dialectics were generalized and synthetic, in Hegel's sense. Perroux's analysis rejected the simplistic dichotomy on which is founded the class struggle and the fatalistic end of the class struggle: communism. The economic dialectics of Perroux were closer to the general sociological analysis of power. On one hand, it admits workers' diversification, conflict of interests and



ideologies between workers subsections, a discrepancy between the favored classes from industry and the rest of workers, and the generalized claim in the “multiclass mass.” ON the other hand, all groups, *a priori* unequal, engage in a universe of struggle-competition, conflicts and dialogs, in order to own and employ scarce goods. The development of society, according to Perroux, is one of growth to a participative society where objectives would be defined by social dialog, based on objective information and under the attentive supervision of public authority.

Perroux rejected the ideas of Marxist analysis: capital gains, the organic composition of capital, the so-called trend laws for equalizing profit rates and their decrease, laws contradicted by strategies of profit implemented by transnational units. He did not accept that class and class struggle are the exclusive factors that shape economic behavior, nor the fact that the worker’s class is the sole agent of social revolution.

In the foreword to Marx’s works, published by *La Pleiade* in 1963, Perroux criticized Marx’s theory, even while recognizing the existence of conflicts between workers and capitalists. At the epistemological level, Perroux noticed that Marx chose to neglect an alternative to class struggle, by proposing the struggle as only solution: “If we want a death struggle, we opt for concepts that impose the antagonism and eventually, we rely on a praxis which misrepresents the views on reality and transforms power relationship in order to give us reason”(Perroux, 1963, p. XXVIII). By positing the antagonism between capital and labor, Marx believed that the contradiction could be overcome only through destruction of one or other of them. Marx’s underlying value system leads to a communist system, but this is more the result of a prophetic posture than a scientific analysis. Paraphrasing Perroux, we could say for the Marxists that they have demonized enterprise and only state services are virtuous. Perroux showed that the contradictions of the capitalist system have not been eliminated by communism, but on the contrary they have been reinforced: “In the communist system, there is a top, where we command, and a bottom, where we obey and it subsists dominated wage-workers, exploiting groups and exploited groups... where does domination phenomena persist” (Perroux, 1963, p. XXVIII).

Perroux proposed replacing the social struggle concept with the dialectic social struggle/dialog. He noticed that all humans are original and have the possibility of contesting or escaping from the projects that are imposed upon them. He also affirmed the fact that “before productive strengths, there is the creation power of persons”(Perroux, 1963, p. LI). That is what Marx’s theory had obscured. It is important therefore to foster development by means of social dialog, where a voice is given to each person in a structured manner, in order to allow a real economic development for the benefit for all and for giving back to each person his/her dignity. Social dialog requires mediation devices that allow people to speak, and the “development of generalized education, the free trade union, the right to strike, the fundamental freedom of thinking and expression... and the adjustment of social dialogues in a democracy that does not cheat” (Perroux, 1963, p. XXXI).

Perroux considered that the concept of class struggle has to be enlarged today to include the real dialectic of masses and minorities. Therefore, he did not reject the idea of

struggle; quite the opposite, he extended it to relationships much more complex than those which result from the summary fragmentation between classes established by Marx. So he enlarged the concept and affirmed the dialectics between masses and small groups which try to manage them (for example trade unions).

Poverty, analyzed by Perroux, is not limited to some less fortunate nations. It is multidimensional and exists in advanced nations. Poverty is characterized by underdevelopment and social exclusion. “Poor” groups do not communicate between each other neither with other social groups. They depend on dominant groups because they do not have negotiating power. In formal democracies, there are practices that in unavowed and unofficial ways exclude certain social groups, keeping them dependent.

**François Perroux’s conceptual innovations.** Creativity is the capacity for creation, which is in its essence collective. Examples can be found in England from in the XVIIIth and XIXth centuries, or the USA since the middle of the XXth century. The innovative entrepreneur alone cannot be creative. “Collective creation,” a concept borrowed to Saint-Simon, is organized in different scales up to global level. Creativity is the origin of growth and economic progress. The neoclassical analysis of growth by production factors tends to consider economic progress as a non-active factor of time, as a residue. For Perroux, collective innovation plays a considerable role in all economic regimes.

Economic development is shaped by a dynamic of inequality and a dynamic of progress. In 1948, Perroux laid the first stone to the inequality dynamic construction by creating the domination effect. The domination effect is defined as a dissymmetric or irreversible outcome, intentional or not, that an individual, a firm or a nation rub off on other units less powerful. It includes three factors: the dimension of the economic unit (e.g. its market position), its negotiating power (capacity in order to influence the terms of trade) and its strategic position in the overall economy.

Perroux established a distinction between domination and independence, between domination and imperialism. In the XIXth century, Great Britain was economically dominant but dependent for its supplies. Domination is a wider concept, more general than imperialism because it is not-intentional and quite mechanical in its effects.

Perroux introduced in 1937 the concept of economic structure and he gave it an important position in his analysis, until his elaboration, in 1969, of the concept of structural influence. There is the asymmetric action of a strong structure, which changes at its own advantage to a weak structure at the expense of its development. Starting from the generalized concept of asymmetries, Perroux established a theory of “growth clusters” (1955). Those clusters are driving units which get multiple effects: technical-economic (driving effects, sectorial polarization), geographical (agglomeration effects, regional polarization), psychological (born of development climate) and institutional (structural transformation, centralization, decentralization).

**The generalized theory of general equilibrium and active units.** Perroux proposed the establishment of a comprehensive theory to overcome the incomplete studies of his peers. The theory that he presented in his last published book (1975) integrated, generalized and galvanized the monopolistic regimes of imperfect competition. For the equilibrium of things, the theory substitutes the balance and regulation of human activities evolving in a universe characterized by inequalities and differences. The theory realized a synthesis encompassing former concepts created by Perroux or important in his analysis: structure, asymmetry, leadership's effects, polarized spaces, structural and dynamical frame influences. The model was based on the fundamental concept of active unity: An agent has energy and is able to change locally its environment, i.e., the economic space. The topologic representation resorts to normalized vectorized spaces: applied or not in a territorial space. The agent changes itself by experience (learning) and changes other agents by influencing its closest environment. The transformational energy is unequal between agents. Their relationships are a mix of free exchanges and dominant relations.

The generalized equilibrium does not depend on a mechanical game with regular rules of overall quantities belonging to artificial categories of classical, Keynesian or Marxist classifications. In Perroux's model, the dynamic analysis is always sectorial. Sector A acts on sector B, by inducing investments, supply demand and information. The effects of these asymmetric relationships are differentiated. The model rests on the basic principle of economic efficiency (cost to income relationship). However, incomes and costs were calculated by other means than they are today. By applying economic spaces onto territorial spaces, the analysis embraces the whole of the exchanges between multinational firms creating their expansion spaces and the structural influences between organized groups: nations, regions, and social group acting one on the other. The generalized theory presents itself as a linked optimization, in accordance with the economic norm on the one hand, and on the other hand, with the maximization of energies from human resource (consumption, production and freedom).

**Greatness and servitudes of Perrouxian research.** All agents, individual or groups, have a role to play in Perrouxian economic system. Individuals are not privileged as in neoclassical theory; and they are not fixed and predetermined as in Marxist theory. Groups get an important place and their dynamics are redeemed: some macro decisions are beneficial and contribute to the development of societal economic activity.

Perroux advocated for a political economy of synchronized growth, an advocacy that was strongly supported by theory and experience. Synchronized growth is based on maximizing the global real product in reference to a change project of expected structure, and on the intervention of leaders to respond to imbalances (which our socio-economic theory calls dysfunctions) through working and social innovation.

The SEAM intervention aims at mastering the imbalances, not annihilating them but transforming them. The goal is to arrive at effective and efficient balances which are socially sustainably. The method is fostering social dialog which allows social groups to make

projects and plans and thus to make possible the additive allocation of resources necessary to the realization of those plans.

## **Conclusion**

This paper endeavors to answer the question: Why do we need a socially responsible capitalism? We think that this paper allows us to get out of the morose feeling about economics that emerges in many current publications, in order to give a fresh boost to capitalism. Of course, it concerns capitalism, which has to be reinvented, full of creation, innovation and evolution. We seek to rethink capitalism, which has been constrained and forced by the disappearance or the bankruptcy of other systems and by the distress aroused. Capitalism, as it is, is its worst enemy. We need an economic system, which will last. The notion of sustainability is intrinsic to the notion of individual and collective responsibility. This latter should not be ephemeral and has to be maintained by day-to-day practices, in the proximity of actors.

This paper shows that one has to put the human person back at the core of action, in order to produce economic value and anthropological values, which are inseparable. Our goal was to show that the socially responsible capitalism is not a utopia. It had already been inscribed in the history of economic and social facts and it is viable nowadays. There are a few insights that are foundational to socio-economic theory.

**The entrepreneur is a creator.** Socio-economic management started in 1973 but it has not lived self-contained. It has evolved, faithful to its basic leitmotiv: management is a synonym of change. The enterprise and the organization are living beings, they are not fixed, and only a dynamic approach, which shows them in movement, is likely to highlight the path of prosperity for the greatest number and sustainable economic and social performance. The notion of creation is intrinsic to the company. The entrepreneur is a creator. A company is also a group of humans who produce economic value and anthropologic values. It is the crucible in which is forged and elaborated the salutary socio-economic value. An essential engine of social and economic activity is the project, the movement, the creation, embodied by the individual and its capacity to entail others. We do adhere to Perroux's thought, according to whom a man is not a simple subject but a project in movement. The enterprise (or the organization) is the proximity environment, which allows for the stimulation, development and thriving of the individual contribution to the creation of value in the enterprise.

**Interaction with democracy.** Socially responsible capitalism serves democracy, as a recognized universal value, or at least as a practice. Socially responsible capitalism is an economic system, which contributes to the democracy and feeds from it. Democracy does not have to be lived in a so-called corporate "culture," because democracy is lived and built every day in the reality of human relationships. This practice of democracy is the requirement for the enterprise be an exemplary "institution." Socio-economic management, by its concept of daily and proximity democracy, which is a non-elective democracy, contributes to extend, root and reinforce both practical and political democracy.

**Greatness and servitude of the state.** The state has an irreplaceable role to play in the development of socially responsible capitalism. Its role is carried out through its sovereign missions, such as education, justice, security and health. The eminently economic mission of the State consists in enacting economic and social rules of the game. The method for achieving this mission is by democratic dialog and by the state taking the leadership in steering and financing the fundamental economic infrastructures, either only with its own public resources or with the concurrence of private partners, in the frame of a hybrid economy system.

By the way, the seductive attempts of some anti-globalism partisans do not lead anywhere. They do not propose an organized system, which could be used as a frame and as rules of the game for the countless initiatives of responsible actors, individual, enterprises, associations, territorial communities and institutions.

The servitude of the state mainly lies on the principle of a state which is respectful of the individual and private, associative and public social decentralized groups. Its bill of specifications is to ensure the respect of everyone, in terms of freedom, dignity, and personal or collective development.

**The educative role of the media.** The press played a historical educative role in the advent and progress of democracy. Today, the media risks being unheard in the “irresponsible” overflow of social networks. This threat is also an opportunity for the media to retrieve their educative function of channeling and assuming their responsibilities in this cacophonous concert, by contributing to the enhancement of democracy. The conditions for this renewal of the media are the cultivation of the critical spirit of the citizen reader, and the avoidance of the drift to a kind of clientelistic demagoguery of poor quality which is a source of exacerbation in the struggles of society.

**Taming technology.** History over more than two centuries has revealed the phenomenon of technological idolatry. One might see this idolatry in the form of losing critical mindness when one faces a technological investment decision in which each machine acquisition appears to be a rational decision, as if improving technologically is an end in itself. Economic models over the last two centuries, have never questioned the fact that technology is not naturally complementary to the human action. Technology is a creation of humanity, and its legitimacy is proved when it serves humanity because this is its *raison d'être*.

When we observe some excesses of robotic usage, we are reminded of the story of the sorcerer's apprentice. Well-mastered technology is a precious tool, which creates a multiplicative effect of economic value and social values. For example, information and communication technologies facilitate over and over the access to information and education. Technological investment is rational from the socio-economic point of view, on condition that one also dedicates resources (intangible investments in qualitative development of human potential), to integrated training of producers, users or clients. Socially responsible capitalism

must favor this mastering of citizen technology, the fruit of individual and collective human genius, by means of debate, dialogue and reconstructive criticism.

**Build instead of destroy.** The resolution of issues and economic and social challenges fluctuated throughout history between two options or propositions, which are diametrically opposed: struggle or social dialogue founded on negotiation. Some theories and ideologies have chosen and favored struggle in their recommendations. Recent history has shown that their effects are no longer accurate. One just has to observe and analyze the global state of crisis, which has been never-ending since 1973, in order to be convinced. The constructive way of negotiation, which is creative, needs to be better highlighted at each scale of society and at each step of projects. It is convenient to oppose the observed failure of communist utopia and to hope that a socially responsible capitalism, pared-down from the sclerosis of speculative pollution has been aroused.

SEAM is based on a multi-disciplinary approach and more than half a century of research in economy, management science, human and social sciences. Offered to any kind of reader, it presents some fundamental authors who have proposed constructive theories that are liable to support the concept of socially responsible capitalism: Bernácer, Keynes, Schumpeter, and Perroux. This paper endeavors to situate itself with respect to the unavoidable and well-known Marx who proposed a solution based on the struggle of classes.

The objective of SEAM was not to propose small and fast remedies for organizational crises. SEAM is not a self serving appeal but a roadmap for enterprises, consultants, teachers and researchers. For all that, politicians, journalists and all the actors in civil life will find substance and tools for a constructive and hopeful approach. The reader would forgive us if we hope that our paper was one of hope, and not just one more gloomy economic dirge.

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