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PART 1:

Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	Ms_BJEMT_33194
Title of the Manuscript:	A CRITICAL REVIEW OF COMPETITIVE FIRM'S THEORY
Type of Article:	Original Research Article

PART 2:

Editor comments	Authors' response to final evaluator's comments
After the Introduction, there it is necessary a short subchapter regarding the Methodology used. Also, please in the Conclusions part not to be used references, because there are only author's opinions and ideas.	2. ANALITICAL METHOD Criticism in theoretical research may be of consistency or of sufficiency; in any case, it is necessary to perform it under the initial conditions of the theory subject to the scrutiny, admitting its explanatory hypotheses. Neoclassical theory has explanatory hypotheses for the economic behavior of consumers and for that of producers or firms, and its initial conditions are three: private property, full decentralization and perfect competition. Our critique begins by demonstrating that, under the very initial conditions and hypotheses of neoclassical theory, its explanation of the rational behavior of firms is inconsistent. To do this, the whole analytic frame comes from the categories of this theory itself. There is no need for comparative analysis with another system of hypotheses, but only for the exhibition of the methodological errors of neoclassical theory itself. In this way, a first theorem is presented, which shows the inefficiency of the general competitive equilibrium due to the inconsistency in the theory of the firm. In a second term, using the comparison between two analytical systems: the neoclassical and the theory of the nonexistence of labor market, which corrects the inconsistencies of the first, it is shown that neoclassical theory is inconsistent, while the theory of the nonexistence of labor market itself is consistent. This is possible thanks to a second theorem: the superiority theorem. 9. CONCLUSIONS The explanatory power of the theory is its main but not unique attribute: efficient explanations are a prerequisite to efficient predictions, and the latter, necessary to establish efficient criteria to control explained phenomena. Thus, the evidence of explanatory inefficiencies that has been studied in this research, in addition to having limited the scope explanatory, predictive and of governance or control of neoclassical theory, have exposed the need to build efficient explanations of the functioning of a market economy. To that end seeks to contribute the theory of nonexistence of the labor market, whose pillars are the criticism and reconstruction of the theory of producer. One of the oldest theoretical errors in economics refers to the principle that the capitalist economy is composed by markets purely and simply; i.e. a system of goods and prices. It follows that the major pathologies that the economy should explain, predict and control, inevitably arise as market phenomena, whether they concern to imperfectly competitive markets or markets constrained by rigidities. Thus, the "labor market", one of all, is expected to operate according to the principles that govern the entire market, and to explain the problems of



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Finally, in Introduction, two lines with theoretical background in the field (Neo-classical ideas and doctrines).	unemployment and wages as concerning to phenomena of disequilibrium. In the extreme case, typical of the new classical economics, the virtually instantaneous capacity of plans adjustment of agents to their calculation errors due to incomplete or incorrect information, simply cancels the existence of such pathologies. In any case, the general competitive equilibrium takes place as the final goal, due to its attribute of social efficiency. That is, no more no less, the core that has been injured by the results exposed inhere. Fortunately, the critique itself provides elements for reconstruction. The demonstration that the inefficiency of the theory of firm in neoclassical tradition violates the first welfare theorem, injures the norm that guides all axiomatic deductions of this logical system, i.e. the perfectly competitive equilibrium. It then imposes the need to replace that norm by any other descriptive notion provided by a robust theory to orient the sense that the criteria of economic policy should follow, for the sake of a more desirable economic order than the current. Apparently, this concept should be to rethinking the demonstrations of existence of a general competitive equilibrium, this time based on the correction of the analytical error of neoclassical theory. 1. INTRODUCTION Economic policy is the final outcome of the theoretical capability of economics to explain and predict phenomena inherent to production, employment, distribution and prices. Nowadays, neoclassical theory determines policy criteria in most countries and supranational institutions. This theory, based on behavioral hypothesis of individual consumers and firms, has remained unchanged in its fundamentals for at least a century and a half. It's theory of prices is based on the theorem of existence of an equilibrium for a competitive economy, developed by Kenneth Arrow and Gerard Debreu in 1954, whose main influence has been to define with it the magnetic north of the economic policy criteria. Currently there are two neoclassical approaches in the field of macroeconomics: the New Classical Economics (or school of rational expectations), and the New Keynesian Economy. Both recognize the general competitive equilibrium and its attribute of Paretian optimality as the guiding axis of its economic policy criteria, although they differ in the way of explaining the great social pathologies and therefore in their recommendations of economic policy [1]. Our research is intended to show that the general competitive equilibrium is inefficient and inferior to the Pareto optimum. This fractures the nucleus of neoclassical theory and, therefore, that of the two approaches that today prevail in the market economies of the whole world. The demonstration concentrates on the neoclassical hypotheses of rational behavior of the competitive firm, and on its implications for general equilibrium. Ultimately, the results achieved here, both of criticism and reconstruction of theory, can shed light on the causes of economic policy failures in many nations of the globe, since from incorrect explanations cannot emerge correct institutional actions [2].
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