stractOut-of Equilibrium Analysis in a Sequential Analytical Framework: the Role of Finance

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The understanding of both the origins of a crisis and the policies required to exit from it call for the analysis of changes in the functioning of the economy. This is a structural process that takes sequentially place in real time. In this perspective the usual distinction between a long-term, where equilibrium obtains, and a disequilibrium short term disappears. A process is neither a short nor a long term: it is a sequence of disequilibria that link on and shape the evolution of the economy along an out-of-equilibrium path. This is no longer seen as a transition to a point of arrival: in an out-of-equilibrium perspective the point of arrival becomes blurred. It is lost to sight, not necessarily in the sense that it ceases to exist, but because everything that matters is inside the process.

The analysis of this process does not call for a traditional type of model, that is, a model capable of generating a 'solution' in the sense of a behavior of the economy characterized by certain specific features (efficiency, optimality, and so forth). What becomes important, instead, is to follow the evolution of the economy, traced out step by step by the sequence of disequilibria. The essence of a thorough process, in fact, is in its going on, that is, in its being *viable.* Which depends mainly on the successful dealing with the coordination problems arising both from the distortions of productive capacity and from the conflicting interests brought about by an attempted change of the working of the economy. In dealing with this problems, we shall see, finance plays a paramount role, which can be better perceived by a rereading of the relation between finance and the real economy in the light of the proposed out-of-equilibrium analytical approach.