

PRESENTATION BY Claude.ai TO THE WORK OF ECONOMIC HERESY

Comprehensive Analysis of the Work of Mauricio Rivadeneira Mora

The “Economic Heresy” Trilogy: Foundations, Critique and Application

The economic work of Mauricio Rivadeneira Mora, developed mainly between 1997 and 2002, constitutes a heterodox theoretical body that frontally challenges the dominant economic paradigms. This trilogy, composed of “Economic Theory” (1997), “Economic Heresy: Protocols... Towards a New Economic System” (divided into books II and III), presents an integrated and radical vision that starts from a fundamental methodological critique of conventional economics and culminates with concrete proposals for economic transformation.

Historical Context and Author’s Background

Mauricio Rivadeneira Mora, born in Bogotá in 1953, possesses dual training in Physics (National University of Colombia) and Economics (University of La Salle), which gives him a unique perspective to address economic problems. This scientific training decisively influences his approach, allowing him to question the methodological foundations of conventional economics from a perspective close to the natural sciences.

His works emerge in a critical context for Colombia and Latin America:

- Neoliberal economic opening under the government of César Gaviria (1990-1994)
- Constitutional reform of 1991 that enshrined the independence of the Bank of the Republic
- Interest rates that reached over 40% effective annual rate
- Political and economic crisis during the government of Ernesto Samper (1994-1998)
- Prelude to the severe Colombian recession of 1999

This environment provided the perfect laboratory for Rivadeneira to develop and test his theories, observing in real time the effects of the neoliberal policies he criticized.

Evolution of Thought: From Critique to Integral Proposal

Rivadeneira's work shows a coherent evolution that advances from technical critical analysis to the formulation of an alternative economic system:

1. "Economic Theory" (1997)

This first book establishes the methodological and technical bases of his critique, focusing specifically on:

- **Critique of orthodox monetary policy:** Identification of high interest rates as the central problem of economic development.
- **Reinterpretation of the savings-investment relationship:** Recovery and expansion of the Keynesian paradox where high interest rates reduce both consumption and savings.
- **Concrete technical proposal:** Reduction of the deposit rate to 3% and limit to banking intermediation of 7%.

This initial work, although already challenging to orthodoxy, maintains technical language focused on specific monetary variables.

2. "Economic Heresy" - Book II

Develops a broader and more systemic critique, adopting a more direct and provocative tone:

- **Frontal accusation against the financial system:** Points to economists and bankers as directly responsible for poverty and unemployment.
- **Questioning of "false beliefs":** Systematically dismantles dominant economic paradigms, especially the relationship between monetary issuance and inflation.
- **Theoretical expansion:** In addition to critique of interest rates, incorporates a more complete theory about money, monetary issuance and the role of the State.

The tone adopts manifesto characteristics, with frequent direct appeals to the reader to question their entrenched economic beliefs.

3. "Economic Heresy" - Book III (Guidelines for the country we want)

Culminates his proposal with a concrete action plan and an integral transformation vision:

- **Historical and situational diagnosis:** Detailed analysis of the Colombian crisis and its causes.
- **Specific institutional proposals:** Reform of the Central Bank, the financial system and public spending.
- **Integral country vision:** Incorporates social, spiritual and environmental dimensions into the economic model.
- **Gradual implementation plan:** Establishment of stages and priorities for economic transformation.

This last work completes his vision by integrating theoretical critique with applicable proposals in a specific context, offering a global alternative to the dominant economic system.

Central Theoretical Pillars

Throughout his work, Rivadeneira develops several distinctive conceptual axes:

1. Epistemological Critique of Economics

- **Truly scientific method:** Insists that economics must adopt the scientific method of natural sciences, including experimental verification.
- **Rejection of unverifiable assumptions:** Questions accepted economic principles that lack empirical support, such as theoretical supply and demand curves.
- **Systemic approach:** Proposes analyzing the economy as a system where various components interact in complex and non-linear ways.

2. Heterodox Monetary Theory

- **Money as social construction:** Money is not a scarce resource but an institutional creation that can and should be controlled socially.
- **Government monetary issuance:** The government should issue money directly (3-5% of GDP annually) without generating debt.
- **Reinterpretation of inflation:** Inflation is not caused by issuance but mainly by high interest rates that are transmitted throughout the economy.

3. Critique of the Financial System

- **Interest rate as structural limit:** High interest rates function as a “containment wall” that limits productive development.
- **Rate separation:** Distinguishes between the deposit rate (which he proposes to eliminate) and the intermediation rate (which he would let the market reduce to minimum levels).
- **Banking as public service:** Redefines the role of banking as facilitator of exchanges, not as creator and appropriator of value.

4. Integrating State-Market Vision

- **Overcoming the dichotomy:** Rejects the traditional opposition between State and market, proposing a system where they coexist harmoniously.
- **State as cellular nucleus:** The State should function as the nucleus that produces the “DNA” (money) necessary for the functioning of the entire social cell.
- **Price freedom with adequate monetary base:** Defends the free price mechanism, but conditioned to an adequate provision of money.

Concrete Transformation Proposals

The specific proposals that emerge from this theoretical construction include:

1. Radical monetary reform:

- Elimination of banking deposit interest rate
- Direct monetary issuance by the government to finance its deficit
- Control of the Central Bank by the government

2. Financial system transformation:

- Prohibition of banks from paying interest on deposits
- Limitation of banking intermediation rate
- Creation of public revolving funds for strategic sectors

3. New economic development model:

- Financing of large public works with primary issuance
- Refinancing of debts at low rates and long terms
- Strategic protection of key productive sectors

4. Institutional reform:

- Constitutional modification of article 373 to allow Central Bank credits to the government
- Creation of coordination instruments between fiscal and monetary policy
- Establishment of territorial distribution mechanisms for issued resources

Critical Evaluation

Strengths

1. **Internal coherence:** Develops a complete and logically consistent theoretical system that connects diagnosis, theory and proposals.
2. **Interdisciplinary perspective:** His dual training allows him to contribute analogies and methods from natural sciences that enrich economic analysis.
3. **Anticipation of contemporary debates:** Many of his approaches anticipated discussions that would gain prominence decades later, such as aspects of Modern Monetary Theory.
4. **Integral approach:** Incorporates social, environmental and spiritual dimensions into economic discussion, overcoming typical reductionism.
5. **Concrete applicability:** Translates complex theoretical concepts into viable and specific proposals for the Colombian context.

Limitations

1. **Simplification of complex economic mechanisms:** Sometimes underestimates the complexity of some economic interrelations, especially in open economy.
2. **Insufficient treatment of external restrictions:** Does not fully address the limitations faced by dependent economies in a global system.
3. **Minimization of inflationary risks:** Although his analysis of inflation is innovative, he tends to minimize the possible risks of systematic issuance.
4. **Selective empirical evidence:** Despite his call for scientific rigor, some statements lack the empirical support he himself claims as

necessary.

Contemporary Relevance and Legacy

Rivadeneira's work maintains notable validity in current economic debates:

1. **Questioning of independent central banks:** His criticisms resonate with post-2008 crisis debates about the role and objectives of monetary policy.
2. **Monetary sovereignty:** His approaches connect with contemporary discussions about states' capacity to use their monetary sovereignty.
3. **Alternatives to austerity:** His approach offers conceptual tools against the evident limitations of austerity policies.
4. **Economic financialization:** His analysis of how the financial system can limit productive development anticipates debates about financialization.
5. **Links with Modern Monetary Theory:** Although developed independently, his work presents significant parallels with MMT that would gain prominence decades later.

Conclusion

The trilogy of Mauricio Rivadeneira Mora constitutes an original contribution to Latin American heterodox economic thought. His evolution from a specific technical critique towards an integral transformation proposal demonstrates a constantly developing thought that sought not only to explain the deficiencies of the dominant economic system, but to offer viable alternatives.

His dual scientific training allowed him to contribute an innovative methodological perspective that questions the very foundations of conventional economics. Although some of his proposals can be considered radical, the global economic crisis of 2008 and the unorthodox responses that followed have validated important aspects of his analysis.

Like all original thought, his work contains both valuable insights and limitations, but represents a serious effort to rethink economics from a rigorous scientific perspective committed to social transformation. His legacy remains as a provocative call to question established economic truths and seek more just and sustainable alternatives.