



**Trying to escape the *Malaise State*  
in the future**

**A macroeconomic design to hinder  
another Great Recession which risks  
the Welfare State**

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## Abstract

This paper suggests a theoretical macroeconomic design, which overviews every aspect of current common macroeconomic thought. In order to do it, we start by defining the basic values in which an economy should be based on. Monetary and fiscal policy instruments are subjected to analysis, which relate to what we define as intermediate goals, in contrast with which is apparently taken as the final goals for policymakers. Going beyond, we analyze our target variables for this design, suggesting a new one, which is in line with some wealth targeting measures claimed in some circles. Such target variables would improve the satisfaction of needs and wants by individuals, and contribute to human development, which would offer a feedback to the values in which an economy is supposed to be based on.

**Keywords:** great recession, wealth targeting, crisis, sub-prime mortgages

## Resumen

En este artículo se sugiere un enfoque macroeconómico teórico que revisa cada aspecto del pensamiento macroeconómico común en la actualidad. Comenzamos definiendo los principales valores que deben fundamentar cualquier economía. Los instrumentos de política monetaria y fiscal son objeto de análisis y se ligan a lo que definimos como objetivos intermedios, en contraposición con lo que actualmente suele configurar el conjunto de objetivos finales. Analizamos posteriormente nuestras variables objetivo para este enfoque macroeconómico, proponiendo una nueva variable objetivo, que está de acuerdo con algunas medidas de monitorización de la riqueza sugeridas en algunos ámbitos. Dichas variables objetivo contribuirían a la mejora en la satisfacción de las necesidades de los individuos y al desarrollo humano, el cual supondría un efecto retroalimentación en los principales valores que deben sustentar a una economía.

**Palabras clave:** gran recesión, monitorización de la riqueza, crisis, hipotecas sub-prime.

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# 1 Introduction

Any economic system should ideally lay its foundations on some values. It seems that human development points to two values which are relevant as both the foundations of an economy in general and a macroeconomic system in particular: economic democracy and economic freedom for all agents within the system.

It is important to define in few words what is understood here by economic democracy and economic freedom. Economic democracy refers to fair distribution of all economic resources between all the agents, according to all agents' preferences. In addition, economic freedom refers to the capacity of all agents and individuals to manage all economic resources at their disposal fulfilling all system requirements, which are dynamic and ruled by all agents' preferences.

Those are ideals for all agents creating (democratically) the system, all agents participating (democratically and freely) in the system, all agents developing (democratically and freely) the system and all agents evolving (freely) with the system. It must be noted that all agents are capable of choosing freely and democratically any limits for the system, in order to guarantee its stability, to control for any goals or to watch over certain ethics or principles.

Human evolution in most cases did not start with such values; however, it may be agreed we are continuously trying to converge to these values. Such convergence has also led the economies within the developed world to show the fastest economic growth; neverthe-

less, it might be argued that to start with a convergence to these two ideals a certain level of economic growth and development is needed.

Either way, such economic growth has not been able to escape from strong recessions with a certain frequency. Macroeconomic thought has developed several well established ideas; nevertheless, even applying all these ideas and succeeding with the results, strong periods of economic crisis and recessions -as this last *Great Recession*- continue happening. Few can doubt this macroeconomic thought and system has been the best in terms of economic growth, but some more actually doubt this kind of macroeconomic thought can lead to a stable economic growth —without such recessions—, which can also be sustainable in the very long run.

Might not be possible the macroeconomic ideas themselves lead to this? Might not be possible something is incomplete there?

This paper tries to contribute with some thoughts which are framed in a macroeconomic design based upon these two values defined earlier; the ultimate goal must be human development, and should be reached by fulfilling some intermediate goals related to economics. In order to reach them, some extra target variables for macroeconomic policy are defined. The paper is organized as follows. Once we have already explained in this section 1 the two values over which this design is based on, we discuss in section 2 on classical economic variables used for monetary policy. In section 3 we comment fiscal policy instruments. Section 4 is devoted to discuss on intermediate goals which have impact on the target variables we suggest

and analyze in section 5. Those target variables have impact on the ultimate goals, which are finally reviewed in section 6, to conclude. Before starting with each separate analysis, we must encourage the reader to see the figure 1 whenever, but at least before and after reading each of the sections.

## 2 Monetary policy

Typically, we find three economic variables focusing the attention of central banks and other main actors in the monetary policy arena: exchange rate, inflation and interest rates. All of them interact; hence, we will discuss how these variables are included in this design.

### 2.1 EXCHANGE RATE

We will not enter in much depth in the case of the exchange rate. Although it is a very important variable, we could argue that leaving it to the market forces is fair. In addition, such market forces can be led by actions over the other two variables (inflation and interest rates), since both inflation and interest rates are related between themselves, and also related to the exchange rate. An interesting case in which exchange rate has played an important role combined with other variables is presented in Allsopp et al. (2006), who focused on the UK case. It is out of any doubt that variations in the exchange rate will impact on the economy by affecting competitiveness and, therefore, economic growth. Simplifying too much, we can argue that as long as the economic systems have well defined international markets, agents would be free to trade currencies, which is a desirable value.

The role of monetary policy here would be to guarantee and monitor the correct functioning and behaviour in these markets. In addition, monetary policy should bear in mind the impact of other variables not only on their target variables and intermediate goals, but also on the exchange rate and its consequences.

### 2.2 INFLATION

Economic theory throughout all macroeconomic thought has dealt quite a lot with the role and the impact inflation has on the economy. Textbook models, economic ideas by brilliant economists of different historical periods and lines of thought and some empirical evidences contrasted by scientific methods have discovered a lot of interesting facts; currently, some of them are - or maybe were - almost considered as laws of motion, let us say. We find some examples in the so called Phillips Curve, the IS-LM model or more recently, the inflation targeting. However, some voices in the literature have tried to note some imperfections, as it is analysed in Carlin and Soskice (2006).

Either way, it seems fair to consider inflation as a key variable for monetary policy. It is also fair to think that inflation has impact on two of the intermediate goals we set for this macroeconomic design: economic growth and full employment of all factors and resources. These two intermediate goals deal with one of the main questions in economics: efficiency. Therefore, understanding and controlling the impact which inflation has on both the economic growth and full employment is a powerful instrument.



Literature has broadly analyzed the impact of inflation on full employment of labour by means of the so called Phillips Curve and the vast research around it .

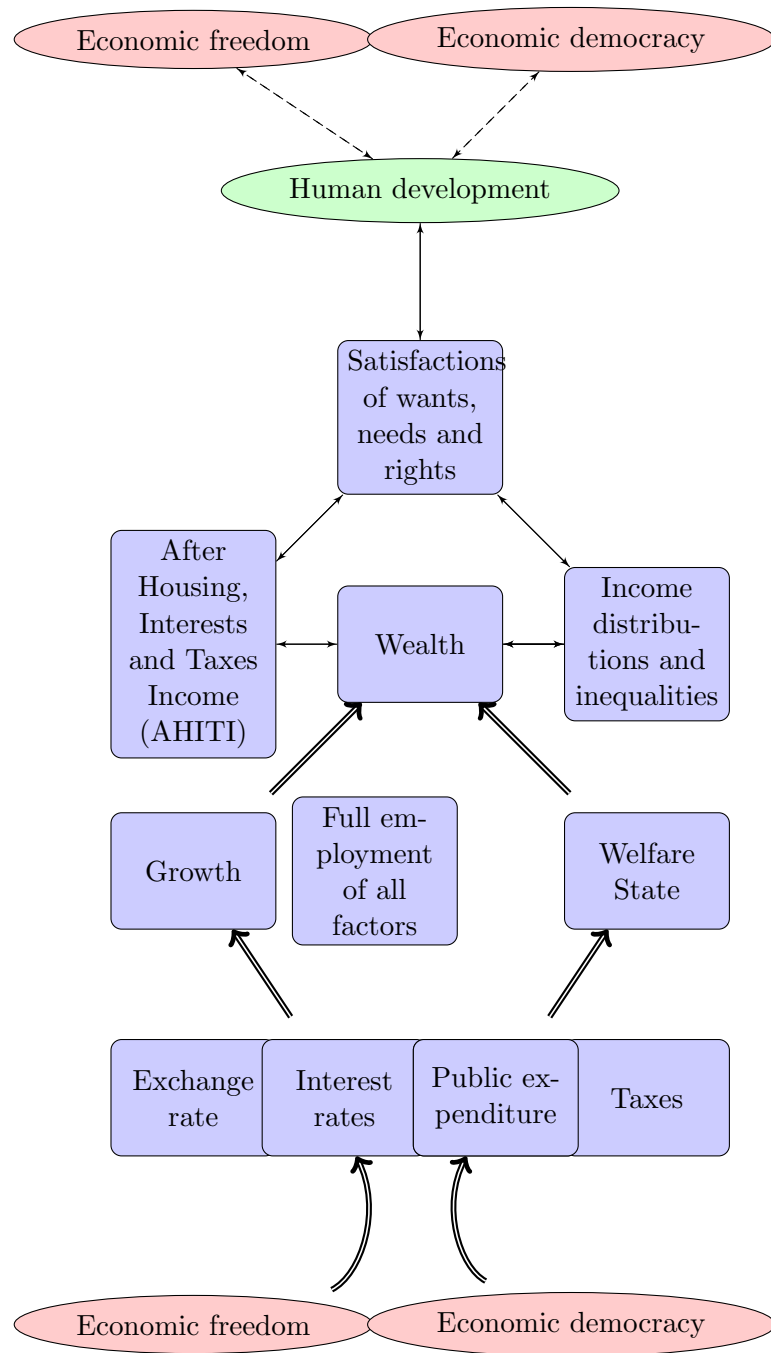
Despite the straightforward intuition, literature shows the impact of inflation on economic growth does not seem to be as clear as intuition suggests; this is illustrated in Ghosh and Phillips (1998).

Moreover, the excessive importance inflation targeting policies have reached during last decades is also under inspection. Research by Angeriz and Arestis (2006) shed some light in favour of thinking that maybe many economies following inflation targeting policies would have fulfilled their set inflation targets naturally, without any inflation targeting.

In the end of the day, what does existing macroeconomic thought say about inflation and these intermediate goals? Some people will say their different policies within the same macroeconomic design were more successful in some period, and some other will and be able to say the same thing, being all of them correct. However, even with it, current macroeconomic design is clearly needed of something more, as this Great Recession and other past recessions showed, regardless the line of the leading economic thought.

Can we then set economic growth and full employment of factors as ultimate goals for a decent macroeconomic design? In my opinion, that is not good enough.

**Figure 1: Diagram of the macroeconomic design**



What should we do, *ceteris paribus*, with inflation under our suggested framework? We can assume that both the full employment of all factors and the economic growth are necessary conditions for achieving the ultimate goal (human development); nevertheless, these may not be sufficient conditions, as we will discuss later in section 4.

It has been found "*a statistically and economically significant negative relationship between inflation and growth, which hold robustly at all but the lowest inflation rates*" (Ghosh and Phillips, 1998). During last decades, we have been living precisely in a scenario with the lowest inflation rates. Yet, some interesting economic growth has continued, but causality between inflation and growth is weak.

Simultaneously, under Phillips curve arguments in the short run, higher inflation rates should have brought lower unemployment, and lower inflation rates should have brought more unemployment. The former argument seems not to hold in the last decades; however we might argue that the latter is working during this Great Recession. In addition, it must be remarked that in the long run a vertical Phillips curve is assumed, which says actually nothing about how inflation and full employment of labour are related.

Therefore, by looking at the literature and reasoning we might think: why care about inflation targeting? Is that so important, efficient and effective not only in inflation terms (Angeriz and Arestis, 2006) but also in terms of the impact on growth and full employment of factors? If it is relevant for those goals, can we say something about the

impact that potential situations we may face in the future would have for them? So far, nothing is very clear.

Therefore, a reasonable policy in terms of inflation is simply to avoid too high inflation rates which might be helpful, being minded that succeeding in that is probably not enough to improve the situation of our intermediate goals (growth and full employment). Nevertheless, inflation might be directly relevant for the achievement or improvement of the ultimate goals, as we will discuss later in section 6.

### 2.3 INTEREST RATES

We accept current macroeconomic thought and policies in regard to this instrument. Actually, it has been useful for the purpose it is aimed. Interest rates affect both the full employment of all factors and growth, and literature has highlighted it for years.

When it comes to the Great Recession, Bernanke (2005) and (Greenspan, 2010) give a pre- and post-recession perspective which illustrates perfectly what happened before, during and after. Financial sector is in between interest rates —as an instrument— and growth and full employment of all factors —as intermediate goals—. All voices with almost no doubt points towards the financial sector intermediation as the main problem into this crisis.

This fact suggests that existing macroeconomic thought —without judging it as correct or incorrect— maybe it is not complete.

*"We need a far deeper understanding of the role of financial intermediation in economic growth to answer that question." (Greenspan, 2010).*

A good monetary policy in our suggested setting would be one in which intermediate goals as economic growth and full employment are behaving in such a way which serve to the ultimate goal: human development. Direct impact of interest rates to growth and full employment seems to be well studied, but may the problem be one step higher in the ladder. Financial sector has done what is designed to do. However, the way in which financial intermediation has impacted on the people is with an increase in their debts —due to loans, mortgage for housing, etc— in order to satisfy some (basic) needs; currently, those needs are negatively affected by the loss of economic freedom by the people, and the way these needs were satisfied seems not to be sustainable. Reasoning in those terms suggests, again, need of extra target variables for macroeconomic policy, together with normalization into the financial sector. For the former we dedicate the whole section 5. For the latter, we just refer to the following quotation and conclude:

*"The ultimate goal of financial structure and regulation in a market economy is to direct a nation's saving, plus any saving borrowed from abroad (the current account deficit), towards investments in plant, equipment and human capital that offer the greatest increases in a nation's output per hour. (...) This process improves (average) overall standards of living for a nation as a whole." (Greenspan, 2010).*

## 3 Fiscal policy

We conceive fiscal policy as an instrument more oriented to issues of justice (distributional aspects), however is also useful by its potential impact on efficiency. In our framework, we do believe in the Welfare State as something positive and necessary for the economy; it increases social productivity, which fosters important determinants for growth, productivity of all factors, wealth accumulation and human development.

By reducing fiscal policy to ordinary instruments, we analyze what should this policy be, and how do we conceive it to work under this setting. It does not seem that this Great Recession is due to fiscal reasons, though many people believe fiscal policy may help to solve it or, at least, not worsening it.

We do accept and believe that main goal for fiscal policy is justice and, therefore, a target variable should be any measure of some income variable. Both taxes and public expenditure must be addressed to reduce differences in any short of measure for income distribution, while their impact on both real and monetary economy should try to be as neutral as possible to watch over the basic values (economic freedom and economic democracy). In addition, we also think of maintaining a zero balance for national accounts as the necessary condition for a proper fiscal policy.

### 3.1 TAXES

Taxes constitute the main source of income, and it is justified as usual, in this paper. However, we mainly focus our effort in considering

whether any tax regime is good or bad as long as it contributes for keeping inequality levels at a desired level, regardless the fiscal pressure is higher or lower. That would be appropriate as long as it does not impede or hinder growth and full employment. These effects depend on a broad variety of factors, which may depend on the intrinsic characteristics of the economy under consideration.

Either way, according to the zero-balance policy in national accounts, national income (simplified to taxes) is addressed to finance public expenditure, and get the results already pointed, in the way mentioned above. Therefore, let us discuss a bit on public expenditure with no further delays.

### 3.2 PUBLIC EXPENDITURE

At this point, here the institutional approach plays a key role. Quality of institutions determines the efficiency of public expenditure, and so it does for the sustainability of any kind of Welfare State, along with its efficacy and efficiency. Quantitative aspects related to this fiscal policy instrument may be relevant, of course; however qualitative aspects may be crucial. It is not very unrealistic to argue that the degree of human development —the main ultimate goal under our setting— might impact on the quality of the institution and (public) economic governance. We believe that such impact takes place throughout a certain influence of human development on the main values.

There is a whole area focused on these institutional aspects and economic governance within the macroeconomic context focusing on diverse impacts. For the former aspect, we do

find North (1990). For the latter aspect, may serve as an illustration research careers by the Nobel Prize winners in Economics in 2009, in order to support this part.

Our approach is simpler: public expenditure must be oriented to endow the agents in the economy with a certain desirable level of human rights, human wants and human needs; such human principles must be achieved taking into account as a main target variable keeping the inequalities in an acceptable level.

We believe there is no golden rule for fiscal policy, without understanding the social, cultural, historical and economic context of the economy under analysis. However, this is no obstacle for accepting the structure in this part of the design focused on fiscal policy.

## 4 Intermediate goals

So far we have been discussing from the main values to the policy instruments, assuming general macroeconomic goals everybody assumes in the world today. Those instruments have focused most of the attention lately, as it was understood the urgency this Great Recession was demanding. Nevertheless, there is no clear sign in this recession about just a big failure of current macroeconomic thought, or, at least, it is not so clear. Of course, there have been problems, mistaken decisions concerning the instruments and not good enough regulation, ethics and monitoring; however, this is part of the framework.

Greenspan (2010) analyses his perspective about *The Crisis* (Greenspan, 2010). Many

other economists agree on main details of the process which culminated with current recession, on the sub-prime argument, low interest rates, need of better regulation (not necessarily more, just better), etc. However, it seems that macroeconomic goals are still the same, i.e. economic growth, full employment and certain Welfare State.

Is that all? Is this the best we can do, fulfilling these intermediate goals? Is the achievement of such goals enough? What are these socio-economic achievements for? It seems that the journey does not end here. However, this does not mean that either the path or the way already walked is not correct. Maybe it is, simply, not complete.

In this section we just want to discuss on what is there after achieving desired macroeconomic (intermediate) goals. Here they are denoted as intermediate goals precisely because we state they serve for an ultimate goal, throughout their impact on suggested target variables for macroeconomic policy under this design. We discuss separately these target variables in section 5, whereas now we just comment a bit on these following intermediate goals.

#### **4.1 FULL EMPLOYMENT OF ALL FACTORS**

Economics define three main factors of production: capital, natural resources and labour. When talking about full employment of all factors, we refer to the three of them. Therefore, monetary and fiscal policy should pursue the optimal employment of all these factors. Full employment means optimal employment

here. This means too little employment of some factor (e.g. labour) might be at least as bad as too much employment of another (e.g. natural resources), since target variables and ultimate goals might be damaged in the short run, in the long run, or in both cases.

About full employment of labour we find huge contributions. As previously noted, inflation and interest rates might have an impact on this. Particularly interesting is the case of the Phillips curve reasoning, in the short run, however more unsatisfactory in the long run. It seems clear that, whatever the instrument, the highest possible levels of employment are desired, since this increases growth, income and wealth. For this factor, literature suggested low inflation policies are desirable; however literature also showed empirical weak inflation-employment relationships.

About full employment of natural resources, things are less obvious. Exhausting natural resources, or damaging them, affects directly to main target variables and ultimate goals, directly or indirectly. Wealth, health, life and intergenerational distribution and survival might be damaged. A proper valuation of natural resources may imply the need of higher prices for them, and therefore, a higher level of inflation might be desirable. This may affect the growth, both via higher inflation (supposedly negative) and better employment of natural resources (supposedly by a less intensive exhaustion, with an impact depending on efficiency improvements in the use of natural resources). A proper valuation of natural resources will be costly and, therefore, will have a negative impact on per capita income. Therefore, a lot of uncertainty

is around inflation and full employment of natural resources. When it comes to the impact of interest rates on this, there is also uncertainty; however, intuition may suggest that low interest rates would put incentives on investing for improving efficient and cleaner technology.

About the full employment of capital, we must say that here we refer to any type of capital. Generally, low interest rates scenarios are more desirable for this factor since --again-- they put incentives on all capital investments, both in the short and the long run. This increases wealth, and may improve growth.

## 4.2 ECONOMIC GROWTH

This intermediate goal is one of the most famous concepts in macroeconomics. We have observed diminishing growth rates over the last centuries within the developed economies, overall if we observe more reliable data, since the Great Depression. In last decades, growth rates are --in the developed world-- in single digits. Since the beginning of the Great Recession, we are living around zero growth rates. Despite the origins of the crisis, just by looking at the cold evolution and data, we may argue that we may be getting closer to a steady state in dynamic macroeconomic terms. Not only growth, but also inflation, is behaving this way.

Therefore, does it make so much sense to focus macroeconomics that much into improving economic growth? How should an economy --living in its steady state in terms of growth-- lead its monetary policy? And, most importantly, towards which goals should macroeconomic policies aspire? We

have already discussed on main traits of inflation targeting and interest rates policies, connecting it to literature. We accept current thoughts relating both inflation and interest rates to growth, and so we accept dynamic macroeconomic contributions.

What would the role of monetary policy when certain economy is on its steady state in terms of growth? Would it consist just in keeping that? Some extra goals shall be needed and, most importantly, some extra target variables for macroeconomic policy shall be needed, in order to measure improvements towards those ultimate goal achievements. We discuss in sections 5 and 6, where the main ultimate goal is human development.

## 4.3 WELFARE STATE

We set under this macroeconomic framework the Welfare State as an intermediate goal on the way to getting human development. In our setting, Welfare State refers to the satisfaction of basic human rights, wants and needs; among these ones, we include education, health care, retirement, defence and other social security actions. Those are issues which contribute directly and indirectly to human development. It contributes in controlling and reducing inequalities (target variable) and creates wealth (target variable).

However, it is up to the individuals in the system to establish a higher or a lower level of Welfare State according to the main values of economic democracy and freedom, meaning that neither a higher or a lower level of Welfare State is necessarily better, as long as its service to the ultimate goals is satisfactory.

## 5 Target variables

We believe there is a lack of targets and ultimate goals in current macroeconomic policies, as we previously noted in section 4. Intermediate goals are currently something quite abstract and individuals may feel them as a very cold argument which in many cases is far from their respective reality. We propose the following target variables, which we believe any policymaker must have in mind as target variables to monitor and control for. Some of them are purely qualitative, so we just remark here we are minded about the limits and challenges, but also we try to briefly highlight the importance.

### 5.1 BASIC HUMAN RIGHTS, WANTS AND NEEDS

Human development is determined by what subjectively is considered by basic human wants, rights and needs. Some of them might be more objectively considered as a minimum level (subsistence level, human rights) and some others might evolve as long as human development pushes up life standards and quality of life. Either way, addressing macroeconomic policies to strengthen the satisfaction of these must be a priority, since it generates positive externalities for the society and the economy, increases capital, enrich wealth and —by its impact on human development—, they reaffirm economic democracy and economic freedom. Ideally, these basic issues shall be provided by the public sector, always bearing in mind economic governance contributions already mentioned.

### 5.2 WEALTH

We understand the concept of wealth in a broad and very integrative way. Adam Smith's definition of the concept is correct, but it also is the same concept defined by Marxian economics, in our opinion. Satisfaction of basic issues, reduction of inequalities and a solid welfare state may increase wealth more in the Marxian perspective of wealth, while growth, full employment, income and satisfaction of any other needs or wants may increase more wealth in the Smith's perspective of wealth. Measuring wealth is a classical problem, which gets even more complicated when trying to measure wealth in the Marxian way, which is more qualitative. However, this must be an important target variable, overall in the long run .

### 5.3 AFTER HOUSING, INTERESTS AND TAXES INCOME (AHITI)

We consider this one as the target variable for income, overall after the experience of this Great Recession. Both Bernanke (2005) and Greenspan (2010) are great illustrations of pre and post recession points of view, which in fact are quite in line. Under the conditions they both illustrate, we see how keeping the main macroeconomic goals so far (our intermediate goals) under control was not sufficient to avoid what happened.

Hence, our main concrete and quantitative proposal is to target AHITI in per capita terms, our measure of income. We support this measure by this twofold argument: (a) it watches over the satisfaction of a basic need as housing, but without a public intervention on it, and (b) it watches over the economic

capacity to keep a certain level of quality of life satisfaction, allowing any individual to freely satisfy her wants and needs according to her preferences, in line with main values (economic democracy and freedom) stated at the beginning.

This AHITI capacity contributes to a more solid and stable demand, since it is independent from monetary effects created by financial sector. Moreover, if the targeted level is fulfilled unbalanced policies in national accounts or inappropriate behaviours in the financial sector would have a much lower and delayed impact on the people. Regardless of how individuals fulfil housing needs (i.e. by renting or by owning a house with or without mortgages) economic risks are monitored. Regardless of Welfare State needs to be financed (by taxes, mainly, from economic agents) economic risks are more insured: even if full employment of some factor or growth is not achieved at some point in time, individuals are covered in a better way and governments might have more room for reaction. However, AHITI inequalities as a whole, and some other income inequalities must be the other main target.

There is some room for wealth targeting in the literature:

*"(...) there are merits for mild, but not excessive, wealth targeting. The problem with excessive wealth targeting is that there is three targets and just one instrument interest rates."*  
(Arestis and Karakitsos, 2010).

This is not a measure of wealth *per se*,

however it is a measure directly and positively related to the creation of wealth; this target variable is independent on excesses both in the financial sector and in the public sector; it is also compatible with satisfaction of human rights, wants and needs, while respecting economic freedom and economic democracy. Most importantly, this target variable contributes to human development —an ultimate goal— which gives feedback to the process reinforcing basic values.

Targeted level of AHITI variable will depend upon relative prices and preferences; however —by economic democracy— the design allows for reaching a fair target. Setting a proper level is a necessary condition; however, might be not sufficient. In order to close the argument and our proposal, certain targeting over income inequalities is required. To conclude, just pointing that AHITI should be targeted as a whole, but also each of the components: household expenditure, interests and taxes in per capita terms.

#### 5.4 INCOME DISTRIBUTION

Economic growth, public sector decisions, market evolution, etc, may be fair; however, as it is suggested in the literature, may affect to inequalities, not necessarily in a fair way. Hence, some additional targets for macroeconomic policy are suggested for this design.

Obviously, some upper and lower bands between which AHITI must lie on for an acceptable majority of the population must be set, to monitor inequality.

In the same way, to itemize the inequality



analysis for each AHITI variable is a prudent analysis, establishing lower and upper bands. Housing expenditure inequalities, along with paid taxes and interests inequalities have probably suffered a variation which, together with the level, might have served as a proxy to anticipate *The Crisis* and the subsequent *Great Recession*, which may end up with a *Malaise State*.

## 6 Ultimate goals

Provided a good performance and a successful targeting of previous target variables (mainly AHITI and inequalities), human development is easier, and most likely fostered and improved. Human development, which is difficult to measure and be defined, must be, in any form, the ultimate goal for a policymaker. Economic conditions are crucial for human development, but must not be the ultimate goal. Human development for all individuals also reinforces main values which are the base of this design: economic democracy and economic freedom, understood as we defined in section 1.

To pursue human development as an ultimate goal for macroeconomic policy is compatible with a good performance for any other main economic concepts which have been, and have to continue being, regarded. However, any economy is made by individuals and so, to pursue human development contributes to avoid the *Malaise State* and helps to individuals in their pursuit of happiness.

## 7 Summarize and conclusions

This paper suggests a general macroeconomic design which could be useful in order to avoid some of the problems the developed economies are suffering since the beginning of the Great Recession. In order to do it, everything is questioned and revisited. The result is a flexible design in which the attention is focused on putting the economic variables and targets to the service of the ultimate goals, which are essentially defined over the people, and not over the economy. In order to achieve desired goals, many paths can be satisfactory. However, this will crucially depend on how the economic system and the welfare state is promoting both economic freedom and economic democracy.

A new target variable is defined and suggested: the after housing, interests and taxes income (AHITI). Such variable is in line with some of the measures based on wealth targeting; apart from hindering the possibility of another bubble in the housing sector which be harmful to the household economy, and the economy as a whole, this measure would guarantee a better and accurate satisfaction of basic human wants, rights and needs (starting from living and housing conditions).

Nevertheless, our theoretical proposition within this paper finds huge obstacles when we try to find data to analyze this. Statistics on actual yearly expenditure in mortgages are very opaque, while household expenditure surveys imply certain contradictions, since in the case of owned housing is based on market prices at

the time of a similar product in the market; this is not reliable in a context of bubbles in the housing sector. Rental housing can be captured in a better way, but it is a poor solution and instrument in order to test our theory.

Further research must be done when data become available. Interestingly, to observe what has happened in developed economies concerning the AHITI variable might result in a surprising analysis for several countries. To finish, we must claim here for transparent information of paid mortgages yearly in an economy, since it is a very important statistic for the economy, as we are witnessing, and after years of recession this is still unclear.

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