

Review of: "Austrian Economics Analysis for Failures and Paradoxes in the Digitalization of the Spanish Tourism Industry"

Fahd Boundi Chraki¹

¹ Universidad Complutense de Madrid

Potential competing interests: No potential competing interests to declare.

Title: Austrian Economics Analysis for Failures and Paradoxes in the Digitalization of the Spanish Tourism Industry

Recommendation: deep revision

Introduction. The authors must restructure this section. I feel that it is very confusing. For instance, the author should summarize some relevant papers, which is appropriate to situate the subject of study. After this, the authors can include a brief literature review. Once the main papers have been summarized, the authors should highlight what is the aim of the research, what are the contributions and novelties, and then he can summarize the main findings. On the other hand, what kind of paper is it? I am not sure about it. Finally, explain how the research is organized.

Theoretical and methodological review. Although the author subscribes to the tradition of the Austrian school, the theoretical revision must be devoid of any prejudice towards other schools of economic thought to avoid falling into a caricature of them. For example, the assumptions on which Walras' general equilibrium is based may be inadequate to explain the dynamics of the capitalist economy, the author cannot categorically state that the use of mathematics in economic analysis is a mistake.

Similarly, the Mises impossibility theorem has been responded by several authors (e.g., Cottrell and Cockshott (1993), Nieto (2020), Nieto and Mateo (2020), Cockshott and Nieto (2017)), which means that, at least, the author should introduce them into the discussion in order to establish whether the Mises' point of view remains its validity currently. On the other hand, it seems a forced interpretation to assume that Smith's invisible hand constitutes the basis of Hayek's thesis of spontaneous order. When Smith (1776, Book IV, Chapter II, pp. 400-402) introduces the invisible hand into his great work, it is in order to show that granting the monopoly of the national market can be a useless and harmful policy.

Specifically, the prudence of the capitalists and their pursuit of the greatest profit promote the public interest, even if it were not their intention, without this implying spontaneous order, since for Smith, if there is no proper institutional framework, the development of capitalism can be harmed (in fact, Smith defines political economy as the science of the legislator).

On page 8 there are questionable statements. Technological unemployment is not a phenomenon refuted by empirical

evidence. There is abundant literature showing that technological change, automation, robotization, computerization and mechanization have negative effects on employment in developed countries. Although the effect is asymmetric, as higher-skilled workers benefit and lower-skilled workers suffer, there is not a compensation effect. The authors states that: “for each position destroyed by technological growth, and thanks to those technological advancements, at least 4 types of related positions are generated: the designer, the manufacturer, the user and the reviewer or maintainer”. However, the author does not provide the source of this information.

Moreover, the author writes: “An example is the one that occurred in the 1880s, with the shift from commercial to industrial capitalism, making disappear half of the jobs in the primary sector, but generating more than double in industry and services”. Historically, this is not true. First, industrial capitalism appears in England at the end of the 18th century, while the second wave of Industrial Revolution in England takes place between 1800-1860. Therefore, it is not true that Ricardo only knew the commercial capitalism (p. 11). Furthermore, it is completely wrong that Ricardo’s theory conceives wages as the determinants of prices. There are other questions in the theoretical framework that are debatable and require a thorough review by the author to avoid caricaturizing other schools of economics.

European and Spanish tourist industry. This section is very brief. To support the assumptions of the work, this analysis needs to be substantially improved.

Discussion and conclusions. When I read this section, I felt that the author incurred in begging the question (petitio principii). That is, the argument's premises assume the truth of the conclusion, instead of supporting it. To support this impression, it suffices to quote the following extract: “In more specific terms, the necessary transformation of the European tourism sector and especially the Spanish case can lead us to conclude: central planning, via strategic agenda and in multiannual financial periods is not feasible, or the Mises’ theorem and Buchanan-Tullock corollaries will be fulfilled (as is already the case with the CAP and the agricultural sector)”.

Overall. This paper requires a deep revision to be suitable for publication.

References:

- Cockshott, P., & Nieto, M. (2017). *Ciber-comunismo: Planificación económica, computadoras y democracia*. Trotta.
- Cottrell, A., & Cockshott, W. P. (1993). Calculation, complexity and planning: the socialist calculation debate once again. *Review of Political Economy*, 5(1), 73-112.
- Nieto, M. (2020). ¿ Es imposible el cálculo económico en el socialismo? Crítica a la nueva lectura austriaca. *Revista de Economía Institucional*, 22(42), pp. 127-151.
- Nieto, M., & Mateo, J. P. (2020). Dynamic efficiency in a planned economy: Innovation and entrepreneurship without markets. *Science & Society*, 84(1), 42-66.

