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Mixed economy of 'Invisible Hand' and 'Flexism'

'INVISIBLE Hand' is something which cannot be seen with our eyes. For example, if a house is surrounded by trees, it is then invisible from the road. 'Hand' means a kind of physical strength or a force with which we do many things. Invisible Hand is an unseen means of doing something. In economics, we define Invisible Hand of market force as the unseen force of the market mechanism to help determine the social demand and social supply of the goods and services at the market price. Buyer would like to offer the market price for a consumer goods and the seller would like to accept. The Invisible Hand is essentially a natural phenomenon that guides the free market and capitalism through competition for scarce resources. As the Invisible Hand resolves many more economic problems than we can think of, we do not need much of a government intervention as a guide for the economy.

'Flexism' is a theory of political economy. Economic interpretation of Flexism Theory is the following:

Flexism:

F: Factor of production
L: Labor factor of production
E: Employment
X: Export
I: Investment
S: Socialism
M: Market economy
SM: Socialism and market economy together constituting a mixed economy.

The literal meaning of Flexism is following. Flexism will provide a provision of diversity of the theory of political economy to achieve the objective of increasing human ability and human benefit. The elasticity of political economic theory of Flexism will allow an individual or the group of individuals or the economic and political unit and their plan of action to change or modify to suit our new or additional and necessary economic need. In Flexism, we can diversify the economy, where variety of investment, production of goods and services, employment and consumer requirement can be diversified both in short and long-run and over the years with a view to maximising human benefit. Diversionary provision of Flexism Theory is very helpful for the skilled, knowledgeable and the intellectual people to modify the political and economic guide-line to meet the changing need in life and living.

The one among the very few founding assumptions of Flexism Theory is Adam Smith's Invisible Hand of free market economy. The Adam Smith's Invisible Hand of market force and its auto-mechanism determines the aggregate production, supply and consumption of goods and services in the free market environment by equating the market demand and with market supply. The equilibrium point of demand and supply also determines the market price of goods and services. According to the Invisible Hand, it is the market force to determine all these as mentioned above provided we have an environment of a perfect or a close-to-perfect competition.

Practically, we do not expect to see a perfect competition. In Flexism Theory, close-to-perfect competition would be good enough to provide the economic results as expected in society. In an environment of a close-to-perfect competition in Flexsim Theory, we will have many buyers and sellers. Sellers will behave as if they are price taker. Sellers will sell the products which are homogeneous, identical or similar in nature. The demand curve would be very similar to the one of horizontal shape. Any amount of goods and services can be sold at the going market price. According to the Invisible Hand and the perception of Flexism Theory, anybody who would like to do the business can participate. The entrepreneur will also enjoy the full liberty in participating and in quitting the market. In other words, people will have the right to participate in the market and in buying and selling of goods and services at any quantity.

As may be mentioned once again, we are self-interested. We are concerned about our own security and gain. All it means that in our effort to gain ourselves we benefit the others. According to the Invisible Hand, we always benefit the others or society in the process of market economy and in our effort to benefit ourselves. More preciously speaking, we do not intend to benefit others or society. But our economic action and the auto-mechanism of our market economy benefit others or society. By pursuing our own interest, we frequently promote that of society more effectually than when we really intend to promote. The Invisible Hand reflects all the social goods and services and social benefit incidentally caused by individuals pursuing their own interest. For example, as a businessman, if you would like to be a millionaire, you will participate in the market with an amount of goods and services to sell and to maximise your sales revenue and profit. Your goods and services may be very beneficial or pleasing for the others who buy it. By pursuing our own greed or self-interest, we produce a lot of goods and services with a motive of making profit by selling all these to others. Ultimately we benefit the society as a whole through an Invisible Hand of market force. The personal greed can therefore, result in society's best interest if such personal action is taken within the legal frame and order.

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