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**Sustainability thoughts 121: How are red market paradigm shift knowledge gaps created from the red socialism angle? In which ways can they lead to the mishandling of the expected paradigm shift from red socialism to economy friendly red socialism?**

By

**Lucio Muñoz\***

\* Independent qualitative comparative researcher/consultant, Vancouver, BC, Canada. Email: [munoz@interchange.ubc.ca](mailto:munoz@interchange.ubc.ca)

## Abstract

Perfect markets have a knowledge base that supports their model structure, their choice structure, and their price structure. In the case of the traditional market, a one dominant component market, the knowledge base is micro-economics and macro-economic thinking, or pure capitalism thinking. In the case of red socialism markets, another one dominant component based market, the knowledge base is red socialism a la Karl Marx. And in the case of economy friendly red socialism markets or red markets, a two dominant component based market, the knowledge base is red micro-economic and red macro-economic thinking. We know that one dominant component based markets are linking to a related two component based market by sustainability gaps. For example, the traditional market is linked to red markets by a social sustainability gap; and red socialism markets are linked to the red market by an economic sustainability gap. And when sustainability gaps are closed, then paradigms shift from one dominant component market such as the red socialism market to a two dominant component market such as a red market creating paradigm shift knowledge gaps in the process, in this case red socialism market led red market paradigm shift knowledge gaps, which can affect the proper handling of the expected paradigm shift such as the shift from red socialism to economy friendly red socialism or red markets under economic sustainability pressures. And this raises the questions, how are red market paradigm shift knowledge gaps created from the red socialism angle? In which ways can they lead to the mishandling of the expected paradigm shift from red socialism to economy friendly red socialism? Among the goals of this paper are to provide answers to those questions, analytically and graphically.

## Key words

Sustainability, red socialism market, traditional market, red market, paradigm shift, sustainability gap, economic sustainability gap, social sustainability gap, knowledge gap, Karl Marx, paradigm flip, economic externality management

## Introduction

### a) The structure of perfect markets

Perfect markets have a knowledge base that supports their model structure, their choice structure, and their price structure as indicated recently (Muñoz 2020) as summarized in Figure 1 below.

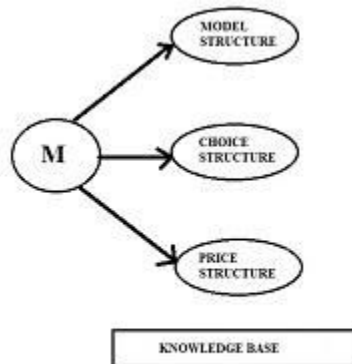


Figure 1 The structure of perfect markets(M)

Figure 1 above let us see that there is a knowledge base in perfect markets(M) that supports the model structure, the choice structure, and the price structure of that market paradigm. Different perfect markets have a different knowledge base supporting them. For example, if M were the traditional market then its knowledge base would be micro-economics and macro-economics, the knowledge base that supports the structure of the perfect traditional market, its independent choice structure and its economic cost based pricing mechanism. Hence, the knowledge base of one market does not work supporting the working of a different market as for example micro-economics and macro-economics are inconsistent with perfect green market structures (Muñoz 2016a) and perfect green market competition (Muñoz 2019a).

### b) The structure of the perfect red socialism market

In the case of red socialism markets(KM), a one dominant component based market, where society(A) is the only component in dominant form, the knowledge base is red socialism ala Karl Marx, and this knowledge base is summarized in Figure 2 below.

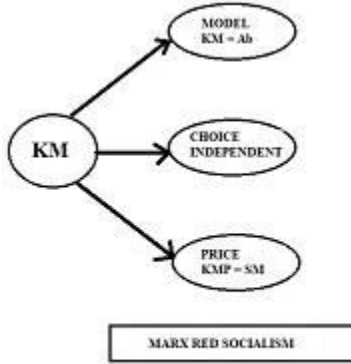


Figure 2 The structure of the perfect red socialism market(KM)

Figure 2 above tells as the following about the red socialism market(KM) knowledge base: i) it has a model structure where society is the only dominant component( $KM = Ab$ ) as the economy is a passive component(b); ii) it has a society led independent choice structure; and iii) it has market pricing mechanism set at social cost( $KMP = SM$ ). Notice that the core value of red socialism(KM) as stressed recently(Muñoz 2019b) is social responsibility(A) so the Marx red socialism knowledge base exists to support this core value; and this is because Karl Marx's world is a society first model(Marx and Engels 1848).

### c) The structure of the perfect economy friendly red socialism markets or red market

In the case of the perfect economy friendly red socialism markets or red markets(RM), a two dominant component based market as both the society(A) and the economy(B) are both in dominant form, the knowledge base is red micro-economic and red macro-economic thinking, as indicated in Figure 3 below:

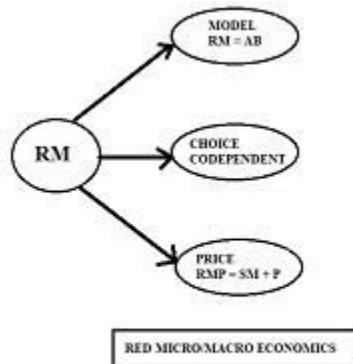


Figure 3 The structure of the perfect red market(RM)

Figure 3 above lets us see the following about the economy friendly red socialism market or red market(RM) knowledge base: i) it has a model structure where both society and the economy are in dominant form at the same time(RM = AB); ii) it has a society and economy led codependent choice structure; and iii) it has market pricing mechanism that accounts for both social cost(SM) and economic costs(P) of production at the same time. Notice that the core value of economy friendly red socialism or red markets(RM) as recently highlighted(Muñoz 2016b) is socio-economic responsibility(AB) so the red micro-economics and red macro-economics knowledge base exists to support this codependent core value. Red micro-economics from the red socialism angle means the theory of red socialism firms and of red socialism consumers that are economy friendly; and red macro-economics means the theory of the economy friendly macro-social economy. And therefore, from the red socialism angle, a red market is an economy friendly red socialism market as it transforms red socialism into economy friendly red socialism.

**d) Linking the perfect red socialism market(KM) with the red market(RM)**

We know that one dominant component based markets are linked to a related two component based market by sustainability gaps. For example, the traditional market(TM = aB) is linked to red markets(RM = AB) by a social sustainability gap(SSG); and red socialism markets(KM = Ab) are linked to the red market(RM = AB) by an economic sustainability gap(ECSG), a situation that can be highlighted analytically by contrasting the structure of the red socialism market(KM) and the structure of the red market(RM) as follows:

**1)  $KM.RM = (Ab)(AB) = (AA)(bB) = A(bB) = A(ECSG)$ , where  $ECSG = bB$**

Expression 1) above simply tells as that there is an economic sustainability gap(ECSG) separating the red socialism market(KM) from the red market(RM), a situation that can be stated graphically as in Figure 4 below:

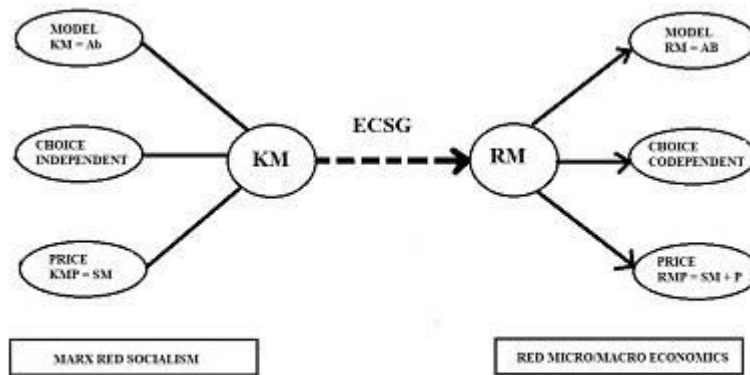


Figure 4 Linking the red socialism market(KM) with the red market(RM)

Figure 4 above clearly shows the economic sustainability gap(ECSG) separating the red socialism market(KM) from the economy friendly red socialism market or red market(RM).

Notice in Figure 4 above that the knowledge base in both markets is different, and as indicated above the knowledge base in one market does not work in the other market as they have different core values. For example the Marx red socialism knowledge base supporting red socialism markets(KM) in Figure 4 above does not work in red markets(RM); and the red micro-economics and red macroeconomics knowledge base supporting red markets(RM) do not work in red socialism markets(KM).

**e) The need to understand the link between red socialism led red market paradigm shift knowledge gaps and the mishandling of expected 1991 paradigm shift from red socialism markets to economy friendly red socialism markets or red markets**

Consistent with Figure 4 above and with paradigm death and shift expectations(Muñoz 2019c) when economic sustainability gaps(ECSG) are closed, then red socialism market paradigms are expected to shift from a society only dominant component market to a society and economy dominant component market or red market as now both components are relevant, creating red socialism led red market paradigm shift knowledge gaps in the process. For example, in 1991 after the fall of red socialism the paradigm shift expectation was a shift from a socially friendly only market or red socialism to an economy and society friendly market or economy friendly red socialism in order to be able to keep intact the core social values of Karl Marx, social responsibility, but instead of doing that former soviet bloc countries under paradigm shift knowledge gaps simply flipped back to pure capitalism(Muñoz 2019b) closing the economic sustainability gap(ECSG) affecting red socialism markets while opening in the process a social sustainability gap(SSG) as they traded social responsibility for economic responsibility; and when doing so they became economic market oriented(Shleifer and Treisman 2014), joining the capitalism family(TNYT 1991; Djankov 2015; Zitelmann 2019). And this raises the question, how are red market paradigm shift knowledge gaps created from the red socialism angle? In which ways can they lead to the mishandling of the expected 1991 paradigm shift from red socialism to economy friendly red socialism? Among the goals of this paper are to provide answers to those questions, analytically and graphically.

**Goals of this paper**

i) To show how when the economic sustainability gap is closed the red socialism market paradigm shifts towards red markets creating in the process red socialism led red market paradigm shift knowledge gaps; ii) To highlight the different ways in which red socialism led red market knowledge gaps can lead decision makers to mishandle the expected 1991 paradigm shift from red socialism to economy friendly red socialism; and iii) To stress the structure and implications of flipping from red socialism to pure capitalism in 1991 because of those red socialism led red market paradigm shift knowledge gaps.

## Methodology

i) The terminology and operational concepts and rules supporting the ideas in this paper are introduced; ii) The way red socialism led red market paradigm shift knowledge gaps are created when economic sustainability gaps are closed and the red socialism paradigm shifts towards economy friendly red socialism or red markets is highlighted both analytically and graphically; iii) The three types of problems associated with the creation of red socialism led red market paradigm shift knowledge gaps and how they affect the handling of the expected paradigm shift from red socialism markets to red markets are stressed both analytically and graphically; iv) The structure of the flip from red socialism to pure capitalism and its implications are indicated both analytically and graphically; and v) Some food for thoughts and conclusions are shared.

## Terminology

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A = Active social system

a = Passive social system

B = Active economic system

b = Passive economic system

C = Active environmental system

c = Passive environmental system

S = Sustainability

SG = Sustainability gap

SSG = Social sustainability gap

ECSG= Economic sustainability gap

KM = Red socialism market

KMP = Red socialism market price

RM = Red market

RMP = Red market price

TM = Traditional market

TMP = Traditional market price

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## Operational concepts and paradigm merging and shift rules and expectations

### i) Operational concepts

- 1) **Red socialism market**, *the society only market.*
- 2) **Red socialism market price**, *the price that reflects only the social cost of production.*
- 3) **The traditional market**, *the economy only market.*
- 4) **The traditional market price**, *the general market economic only price or the price that covers the cost of production at profit( $TMP = ECM + i = P$ ) or zero profit( $TMP = ECM = P$ ).*
- 5) **The environmental market**, *the environment only market.*
- 6) **The environmental market price**, *the price that reflects only the environmental cost of production.*
- 7) **The socio-environmental market**, *the society and environment only market.*
- 8) **The socio-environmental market price**, *the price that reflects the social and environmental costs of production.*
- 9) **The red market**, *the society and economy only market.*
- 10) **The red market price**, *the price that reflects the social and economic costs of production.*
- 11) **The green market**, *the economy and environment only market.*
- 12) **The green market price**, *the price that reflects both the economic and the environmental cost of production or the price that covers the cost of environmentally friendly production.*
- 13) **The sustainability market**, *the society, economy and environment market.*
- 14) **The sustainability market price**, *the price that reflects the social, economic, and environmental costs of production.*
- 15) **The economic margin**, *to cover the economic cost of production.*
- 16) **The environmental margin**, *to cover the extra cost of making business environmentally friendly.*
- 17) **The social margin**, *to cover the extra cost of making business socially friendly.*
- 18) **Full costing**, *all costs are reflected in the pricing mechanism of the market.*
- 19) **Partial costing**, *not all costs are reflected in the pricing mechanism of the market.*
- 20) **No costing**, *all costs are not reflected in the pricing mechanism of the market.*
- 21) **Full responsibility**, *when a market uses full costing.*

22) **Partial responsibility**, *when a market uses partial costing.*

23) **Full irresponsibility**, *when a market uses no costing.*

**ii) Paradigm merging and shift rules and expectations**

**1) Paradigm merging rules(PMR)**

If “A” and “B” are dominant characteristics; and “a” and “b” are their dominated or passive counter parts, the following is expected:

***a) Merging under dominant-dominant interactions***

Under these conditions, dominant or active state prevails as indicated:

$$\begin{array}{ll} (\mathbf{AA}) \rightarrow \mathbf{A} & (\mathbf{BB}) \rightarrow \mathbf{B} \\ (\mathbf{AA}) (\mathbf{BB}) = (\mathbf{AB}) & (\mathbf{AB}) \rightarrow \mathbf{AB} \end{array}$$

***b) Merging under dominated-dominated interactions***

Under these conditions, the dominated or passive form prevails as shown:

$$\begin{array}{ll} (\mathbf{aa}) \rightarrow \mathbf{a} & (\mathbf{bb}) \rightarrow \mathbf{b} \\ (\mathbf{aa})(\mathbf{bb}) = (\mathbf{ab}) & (\mathbf{ab}) \rightarrow \mathbf{ab} \end{array}$$

***c) Merging under dominant-dominated interactions and win-win solutions***

Under these conditions, the dominant or active system prevails as the system merge as shown below:

$$\begin{array}{ll} (\mathbf{Aa}) \rightarrow \mathbf{A} & (\mathbf{bB}) \rightarrow \mathbf{B} \\ (\mathbf{Aa}) (\mathbf{bB}) = (\mathbf{AB}) & (\mathbf{ab}) \rightarrow \mathbf{AB} \end{array}$$

***d) Merging under dominant-dominated interactions and no win-win solutions***

Under these conditions, the dominated or passive system prevails and the system collapses as shown below:

$$\begin{array}{ll} (\mathbf{Aa}) \rightarrow \mathbf{a} & (\mathbf{bB}) \rightarrow \mathbf{b} \\ (\mathbf{Aa}) (\mathbf{bB}) = (\mathbf{AB}) & (\mathbf{ab}) \rightarrow \mathbf{ab} \end{array}$$

**2) Paradigm death expectations and shift under sustainability gaps**

If we have three systems  $X_1 = Bc$  and a system  $X_2 = bC$  and  $X_3 = BC$ , where  $c = ESG$  and  $b = ECSG$ , then the following is true:



*a) Expressing models in terms of sustainability gaps*

$$X_1 = Bc = B(\text{ESG}) \quad X_2 = bC = (\text{ECSG})C, \text{ where } 0 \leq \text{ESG} < 1 \text{ and } 0 \leq \text{ECSG} < 1$$

$$X_3 = BC = B(\text{SG} = 1)C = BC$$

*b) Expressing inverse opposite models in conflict*

$$X_1.X_2 = B(\text{ESG}).(\text{ECSG})C$$

*c) Paradigm death and shift expectations under no win-win conditions*

When  $\text{ESG} \rightarrow 0$  and/or  $\text{ECSG} \rightarrow 0$  under no win-win conditions, we have the paradigm death and shift expectation where the paradigms that die take the form of the higher level paradigm, in this case the higher level paradigm is  $X_3 = BC$

$$X_1.X_2 = B(\text{ESG} \rightarrow 0).(\text{ECSG} \rightarrow 0)C = \text{the death of paradigm } X_1, X_2, \text{ or both}$$

$$\text{and shift } X_1.X_2 \rightarrow X_3 = BC$$

*d) Paradigm death and shift expectations under win-win conditions*

When  $\text{ESG} \rightarrow 1$  and/or  $\text{ECSG} \rightarrow 1$  under win-win conditions, we have the paradigm shift and merger shift expectation where the paradigms that die take the form of the higher level paradigm, in this case the higher level paradigm is  $X_3 = BC$

$$X_1.X_2 = B(\text{ESG} \rightarrow 1).(\text{ECSG} \rightarrow 1)C = \text{paradigm shift } X_1 \text{ or } X_2 \text{ or merger of } X_1 \text{ and } X_2 \text{ as}$$

$$\text{ESG} \rightarrow 1 = C \text{ and } \text{ECSG} \rightarrow 1 = B \text{ so that } X_1.X_2 =$$

$$B(C).(B)C = BB.CC = BC = X_3 = \text{merger}$$

You can find more details about the working of paradigm death and shift expectations and merging rules in the publication *Paradigm Evolution and Sustainability Thinking* (Muñoz 2019c).

**The closing of economic sustainability gaps and the creation of red socialism led red market paradigm shift knowledge gaps**

Again as mentioned in the introduction, the closing of the economic sustainability gaps (ECSG) in Figure 4 above leads to the shift from red socialism markets (KM) to red markets (RM) creating in the process red socialism led red market paradigm shift knowledge gaps as indicated in Figure 5 below:

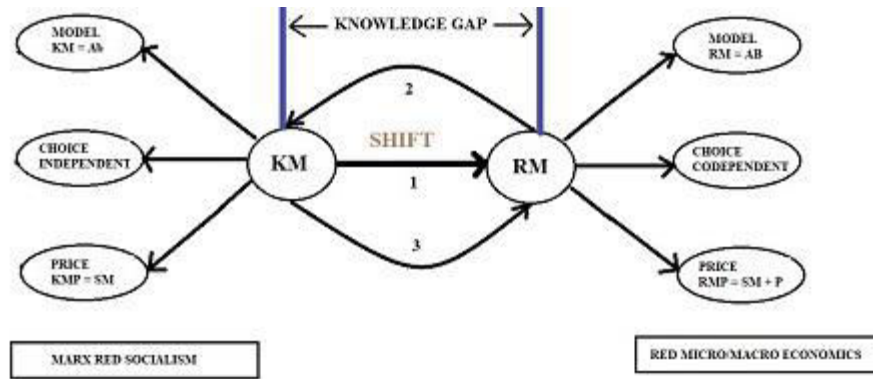


Figure 5 Shifting from perfect red socialism market(KM) to perfect red market(RM) leads to the creation of paradigm shift knowledge gaps

The following relevant aspects can be highlighted based on Figure 5 above: i) When we close the economic sustainability gap(ECSG--→1) in Figure 4 above the red socialism model(KM) shifts to the red market model(RM) as indicated by the black arrow 1 from KM to RM; ii) the model structure, the choice structure and the price structure of red socialism markets(KM) all shift at the same time taking the model structure, choice structure and price structure of the red market model(RM) as indicated by the black arrow 3 from KM to RM creating red socialism led red market knowledge gaps in the process ; iii) When the shift from red socialism markets(KM) to red markets(RM) takes place the original knowledge base of the red socialism model(KM), including its model structure, its choice structure, and its price structure are left behind as indicated by the black arrow 2 from RM to KM; and iv) and therefore, to be able to properly implement the paradigm shift from red socialism markets(KM) to red markets or economy friendly red socialism markets(RM) we need to develop a new knowledge base as the previous knowledge base no longer works. In other words, the knowledge base of red markets, red micro-economics and red macroeconomics, does not work in red socialism markets; and the knowledge base of red socialism markets, Marx red socialism, does not work in red markets.

### **Highlighting the three ways red socialism led red market knowledge gaps can lead to the mishandling of the expected 1991 paradigm shift from red socialism to economy friendly red socialism**

There are 3 ways in which red socialism led red market knowledge gaps can affect the proper implementation of the expected 1991 paradigm shift from red socialism markets(KM) to red markets(RM) depicted in Figure 5 above: i) they can make it difficult, even impossible to set up the proper red market structures needed to transition the red socialism market(KM) to the red market paradigm(RM); ii) they can make it possible to see the dealing with the consequences of the sustainability problem driving the paradigm shift such as the economic sustainability gaps(ECSG) as a solution to the red socialism's economic sustainability problem when it is just a

patch; and iii) they can make it possible to flip the core values of the red socialism model(KM), social responsibility for economic responsibility, and take the structure of the traditional market(TM), the competing market, as red socialism market led knowledge gaps make it impossible to see the way towards the paradigm shift to red markets, these 3 situations are highlighted in Figure 6 below:

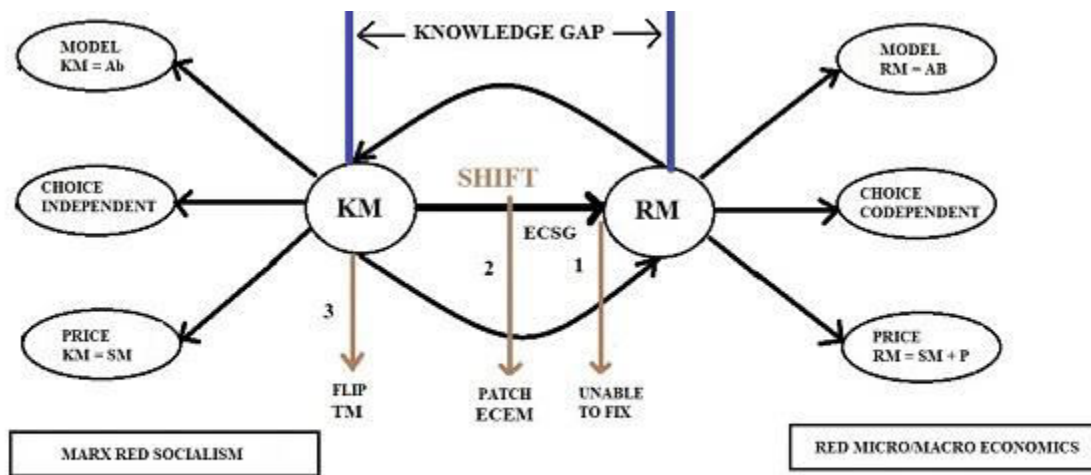


Figure 6 Pointing out three ways in which the knowledge gap can lead to the mishandling of the expected paradigm shift process: unable to fix at point 1, lead to paradigm patching at point 2 or lead to paradigm flip at point 3.

We can use Figure 6 above to point out the three implementations problems that arise when the red socialism led red market paradigm shift knowledge gaps are created as detailed below:

**a) The red market paradigm implementation problem:**

There is a red market paradigm implementation problem at point 1 in Figure 6 above as without having ready the new knowledge base needed in the red market, red microeconomics and red macroeconomics thinking, we are unable to fix the red socialism market(KM) to complete efficiently the paradigm shift from red socialism markets(KM) to red markets(RM). Therefore, to properly implement the shift from red socialism markets(KM) to economy friendly red socialism markets or red markets(RM) in 1991 after the fall of red socialism in former red socialism countries they needed to think in terms of red microeconomics and red macroeconomics, but that knowledge base was not ready in 1991 in former red socialism countries; and therefore, the paradigm shift from red socialism(KM) to red markets(RM) depicted in Figure 6 above could not be completed under full red socialism led red market knowledge gaps.

**b) The red market paradigm consequence implementation problem:**

There is a red market paradigm consequence implementation problem in point 2 in Figure 6 above as without having the new knowledge base ready or without having the red microeconomic and red macroeconomic knowledge base then making dealing with the consequences of the sustainability problem driving the paradigm shift or the economic

externalities a solution becomes attractive if the old knowledge base can be adapted to implement an economic externality management solution (ECEM) to patch red socialism markets (KM) to keep its core social responsibility goals intact while still leaving a remaining economic sustainability gap (ECSG) active between point 2 and point 1 in Figure 6 above. But notice, that former red socialism countries could not see how economic externalities could have been managed to gain time to a more smooth transition from red socialism (KM) to economy friendly red socialism (RM) from inside Marx red socialism knowledge base as to think in terms of red markets is to think outside the red socialism market knowledge box. In other words, only red market thinking could have helped red socialism to keep its core value, social responsibility, by shifting to economy friendly red socialism slowly after a period of economic externality management as a transition point, but red market paradigm shift knowledge gap made that transition task invisible.

***c) The red market paradigm flip implementation problem:***

There is a red market paradigm flip implementation problem at point 3 in Figure 6 above as the red socialism led red market knowledge gap is so severe that decision makers in red socialism countries cannot see the way forward in the expected 1991 paradigm shift from red socialism (KM) to red markets (RM), and they flipped the model structure of red socialism (KM) to that of the competing model structure or pure capitalism or traditional market model structure (TM). Like instead of shifting  $KM = Ab$  to  $RM = AB$ , they flipped  $KM = Ab$  to  $TM = aB$ . In other words, because of the red socialism led red market paradigm shift knowledge gaps former red socialism countries were unable to see how the direct shift from red socialism (KM) to red markets (RM) could be done as well as they were unable to see how economic externalities could be managed to gain time to transition smoothly from a society only development model to a society and economy based development model, and the only way out they saw in 1991 was to flip to pure capitalism (TM) as the knowledge based of the traditional market is known, leaving the core value of red socialism, social responsibility, behind in the process.

**Implications**

Economic sustainability gaps separate the red socialism market from the red market. The closing of the economic sustainability gap shifts the red socialism market towards the red market creating red socialism led red market paradigm shift knowledge gaps. Decision makers in red socialism countries do not have at the moment of paradigm shift the new knowledge base needed to shift to red markets, there was no red micro and macroeconomic knowledge to properly manage the paradigm shift from red socialism markets to red markets in 1991, leading to three type of implementation problems: i) the red market paradigm implementation problem or inability to fix or properly implement the paradigm shift from red socialism markets to red markets; ii) the red market paradigm consequence implementation problem or the idea that patching the red socialism paradigm to deal with the consequence of the sustainability problem the paradigm shift to red markets is trying to fix is the solution; and iii) the red market paradigm

flip implementation problem or the idea that being unable to see how to transition from red socialism markets to red markets or unable to see how to manage economic externalities during the transition decision makers simply decide to flip the model structure of red socialism under economic sustainability pressures to that of a competing or opposite market paradigm, which has a known knowledge base. Therefore, developing the knowledge base of red markets(RM) before the paradigm shift from red socialism markets(KM) to red markets(RM) actually takes place would have solved the knowledge gaps problems mentioned above as there would have been no knowledge gaps; and this would have provided the proper knowledge tools needed in 1991 in red socialism countries in order to have a smooth transition or direct shift from red socialism markets(KM) to economy friendly red socialism markets or red markets(RM).

### **Linking the nature of the red market knowledge base relevant to addressing the economic sustainability gap at hand and the mishandling of expected 1991 paradigm shift from red socialism to red markets by decision-makers**

Knowing the economic friendly red socialism or red market knowledge base would have facilitated the fixing of the economic sustainability gap in Figure 6 above as the red market paradigm implementation problem at point 1 would have disappeared since decision-makers would have known then how to close that economic sustainability gap, and then there would have been no need for paradigm patching thinking or for paradigm flip thinking. Hence, not knowing the knowledge base of the red market needed to address that economic sustainability gap created all the paradigm implementations problems in Figure 6 above. And this had the following implications for decision-makers in former red socialist countries: i) if the knowledge base of the new paradigm, economy friendly red socialism or red market, is not put together before the paradigm shift takes place to guide the shift, we cannot fix the economic sustainability gap; and then we cannot shift from red socialism to economy friendly red socialism or red market; ii) if the knowledge base of the old paradigm or red socialism a la Karl Marx can be used to partially address the economic sustainability gap at hand, then the old paradigm or red socialism can be patched leaving part of the economic sustainability gap still active; and iii) if the knowledge base of the new paradigm, economy friendly red socialism or red market, is unknown and the way the knowledge base of the old paradigm or red socialism a la Karl Marx, can be used to handle partially the economic sustainability gap is not clear, then we should expect to see a paradigm flip from red socialism to pure capitalism or a flip towards a competing paradigm with a known knowledge base. In other words, if the way the old paradigm knowledge base or Marx red socialism, can be used to partially address the economic sustainability gap is clear under unknown new paradigm knowledge base, then decision makers will implement red socialism patches as those indicated at point 2 in Figure 6 above as they do not know how to fully implement the shift, but understand how to manage economic externalities, but when it is unclear how the old knowledge base or Karl Marx socialism can be used to manage economic externalities, they will implement paradigm flips to competing paradigms as that in point 3 in

Figure 6 above, a flip from red socialism(society first model) to pure capitalism(economy first model). Due to those knowledge gaps hampering the closing or management of the economic sustainability gap affecting red socialism, a paradigm flip took place in 1991 from red socialism markets(KM) to traditional markets(TM). In summary, due to the red socialism market led red market knowledge gap, red socialist countries had no choice in 1991 but to shift to traditional market as indicated in Figure 7 below:

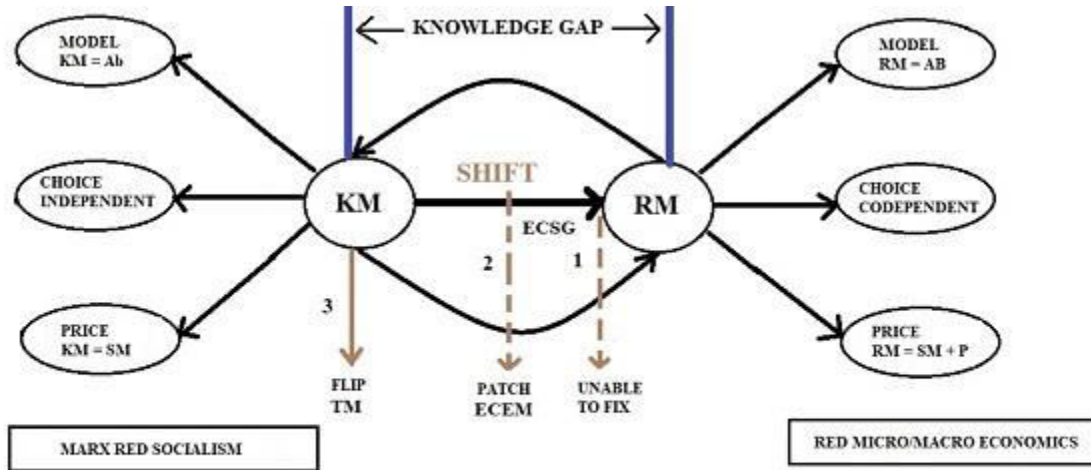


Figure 7 Unable to fix the red socialism market(KM) and unable to patch it through economic externality management markets (ECEM) due to the red socialism market led red market knowledge gap decisions makers flip to the traditional market(TM)

Figure 2 above clearly indicates that the inability to fix or to patch the economic sustainability problem affecting the sustainability of the red socialism market(KM) leaves decision makers with no other option that to flip to traditional markets as the knowledge based of the competing market, microeconomics and macroeconomics, is known.

### The 1991 flip from red socialism markets to traditional markets or pure capitalism

As indicated above and in the introduction, unable to shift to red markets(RM) or to manage economic externalities red socialism markets(KM) simply flipped to the structure of traditional markets(TM) in 1991 when red socialism fell substituting social responsibility for economic responsibility in the process, creating that way a social sustainability gap(SSG) in former red socialism countries, a situation summarized in Figure 8 below:

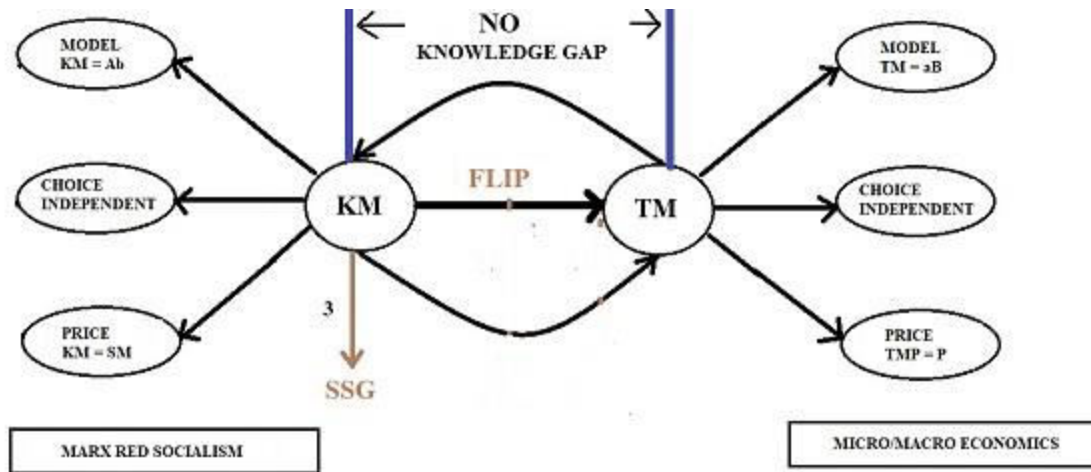


Figure 8 The flip from red socialism markets(KM) to pure capitalism or traditional markets(TM) closes the economic sustainability gap(ECSG) affecting it while opening a social sustainability gap(SSG) at the same time.

The following aspects can be highlighted based on Figure 8 above about the flip from red socialism markets(KM) to traditional markets(TM) in 1991:i) The red socialism market(KM) closes its economic sustainability gap(ECSG→1) and shifts to take the structure of the traditional market(TM) as indicated by the continuous black arrow from KM to TM; and ii) The flipping of social responsibility(a) for economic responsibility(B) creates a social sustainability gap(SSG) in former red socialism countries as indicated by arrow 3 coming out of KM. We can also see in Figure 8 above the following: i) when we flip from red socialism(KM) to pure capitalism or traditional markets(TM) the relevant knowledge base in former socialist countries now is microeconomics and macroeconomic thought as indicated by the arrow going from KM to TM and the original knowledge base of red socialism(KM) is left behind as indicated by the arrow going from TM to KM; ii) the flip goes beyond its knowledge base as the model structure, the independent choice structure, and the price structure of red socialism markets(KM) flip to those of the traditional market(TM) at the same time; and iii) The flip from red socialism markets(KM) to traditional markets(TM) is possible because the knowledge base of the traditional market, micro-economics and macro-economics thought, is known so the flip can take place right away.

### Food for thoughts

i) Would economy friendly red socialism win a cold war against pure capitalism? I think yes, what do you think?; ii) Can the absence of paradigm shift knowledge gaps lead stakeholders to abandon their core values; and substitute them for the core values of competing stakeholders? I think no, what do you think?; and iii) Can paradigm shift knowledge gaps feed the illusion that externality management markets are sustainability fixes? I think yes, what do you think?



## Conclusions

i) It was stressed that when economic sustainability gaps are closed the red socialism market shifts towards the red market creating red socialism led red market paradigm shift knowledge gaps in the process; ii) It was indicated that these red market paradigm shift knowledge gaps can lead to paradigm shift mishandling as they create three types of problems for decision makers, a paradigm implementation problem, a paradigm consequence implementation problem, and a paradigm flip problem, as the knowledge base of the new paradigm is either unknown or incomplete, the red economics and red macro-economic knowledge base was not ready in 1991 to help red socialism markets to shift or transition to red markets or economy friendly red socialism markets; iii) it was highlighted that former red socialist countries flipped from red socialism to pure capitalism in 1991 as red market paradigm shift knowledge gaps made impossible to implement the shift to red markets or to implement economic externality management markets to ease the transition to red markets or to economy friendly red socialism; iv) it was indicated that when flipping social responsibility for economic responsibility red socialism countries created a social sustainability gap: and v) it was pointed out that developing the knowledge base of the new paradigm before the paradigm shift actually takes place would solve the paradigm shift knowledge gap problems and would provide the tools needed for a smooth transition from the old paradigm, red socialism, to the new paradigm, economy friendly red socialism.

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