**Invited comment by Gian Cesare Romagnoli, Università Roma Tre, to Thomas Palley “A Theory of Economic Policy Lock-in and Lock-out via Hysteresis: Rethinking Economists’ Approach to Economic Policy” (December 12, 2016).**

Thomas Palley’s paper takes off from the “Lucas Critique” which, he pretends, can be used on purpose to generate lock-in policies, if their outcomes may be correctly predicted.

The paper offers many examples of lock-in and lock-out policies. I notice, though, that some of the examples of lock-in policies are well taken while others are not. Among the former, the paper correctly underlines the costs of loosing the productive skills, as in the case of trade contraction, when manifacturing may not come back (p.12). Among the latter, the actual ripatriation of offshore investments, either in Europe or the United States, contradicts the Author (p.12). Furthermore his claimed asymmetry between Greece and Germany confronting the euro exit does not take into account the German costs of a new Deutsche Mark revaluation (p.12). On the contrary, the asimmetry applies for expansive fiscal policies. Of course there are plenty of economic policy lock-in via hysteresis: sunk costs, dominant exchange rates, wage drifts, price changes expectations, decentralization, liberalization, public goods production, etc. In fact, whatever policy measure tends to produce them since it changes the income distribution.

However, one of the main points of the paper, i.e. his critique to the Rodrik trilemma (p.18), does not hold. In fact, totalitarian regimes may escape globalization by disattending its rules as, for example, China does. International institutions try, but do not succeed, in constitutionalizing the world.

Finally, there is no doubt that policies are not exogenous to the economy, in fact they tend to be proned to it (p.20). But there is no advantage in nailing down policies that are difficult to reverse in the future event of unfavourable political change. This approach recalls the Kydland- Prescott’s view which asks for “rules vs discretion”. In fact, whatever boat with a nailed wheel is doomed to find a rock.