Foreword

In the midst of the double crisis of the Economy and of Economic Theory, we need innovative ideas. These ideas have to be soundly based on analytical foundations as well as on an appreciation of the limits of political economy. Flaschel and Luchtenberg have written a book which will be read deeply and for a long time. Exploring the ideas of Marx, Keynes and Schumpeter, they range across modern capitalist economies including the USA, China and the EU. They ask why unregulated Capitalism is in the doldrums and provide a theoretically sound answer to that question. They visit the Eurozone crisis and examine the choices open for Greece. They look for hopeful signs of reconstructing Capitalism along socially responsible lines in the many concrete policies being put forward in policy initiatives around the world. How the modern capitalist economy can continue to invest and innovate, maintain free labour markets and yet provide flexibility combined with security to its population, how financial markets can be better regulated, and how banks can be made more stable and less prone to violent speculation are some of the issues explored here. Social Capitalism is the future if we are to have a sustainable, humane society. The approach is rigorous yet politically nuanced. Here is a book which many should read, including even those readers for whom mathematics is a foreign territory. The substantial discussions are very rich and rewarding for students, researchers, policy makers and anyone who cares about a better future.

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