

Contents

<i>List of figures, tables and box</i>	viii
<i>Preface</i>	x
<i>Summary</i>	xii
Introduction	1
Introduction: different points of view	1
Neoclassical macroeconomic methodology: key terms	3
Post-Keynesian macroeconomic methodology: important terminology	9
Conclusion: methodology as a major dividing line within macroeconomics	14
1 Keynes-inspired macroeconomic theory in a methodological perspective	19
Introduction	19
From generalized micro-theory to actual macro-theory	20
Keynesians after Keynes	25
Keynes and post-Keynesians	35
Post-Keynesian (I): growth, price theory and income distribution	39
Post-Keynesian (II): money and inflation	43
Post-Keynesian (III): the need for a methodology tackling reality	46
Summary	48
2 Macroeconomic methodology: from a critical realist perspective	53
Prologue	53
Introduction to macroeconomic methodology: central issues	54
Critical realism with reference to macroeconomics	62
From theory to practice	79
Appendix 2.1	85
Appendix 2.2	87
3 The macroeconomic landscape: an example of an ontological reflection	91

	The socially embedded macroeconomic vision	91
	An ontological reflection: a sketch of a macroeconomic landscape	96
	Some structures in the macroeconomic landscape	98
	Macroeconomic causal relations: ‘macro-behaviour relations’	105
	Summary	106
	Appendix 3.1	108
4	About uncertainty, risk and limited knowledge	110
	Introduction	110
	About uncertainty, risk, limited knowledge and expectations-formation	112
	Inherent macroeconomic uncertainty	116
	Microeconomic uncertainty as a basis for macroeconomic behavioural relations	122
	Summary	125
	Appendix 4.1	126
5	Uncertainty and ‘the economy as a whole’	132
	Introduction	132
	A closed system: a laboratory-shaped reality without uncertainty	135
	Open macroeconomic systems	137
	Summary	152
6	Equilibrium and path-dependence from a perspective of uncertainty	155
	Prologue: ‘a long struggle of escape’	155
	Introduction: two separate positions	157
	The equilibrium concept in the laboratory model	159
	Equilibrium and uncertainty in post-Keynesian theory	166
	Summary	176
	Appendix 6.1	177
7	The fallacy of composition	180
	Introduction: from micro to macro in a historical perspective	180
	The fallacy of composition as a consequence of methodological individualism and general equilibrium	186
	The representative agent: the micro–macro divide	187
	From market level to the ‘economy as a whole’	189
	Summary	193

8	Effective demand: a macroeconomic causal relationship	196
	Prologue	196
	Introduction	197
	Macroeconomic ‘behaviour’ with a microeconomic consideration	197
	The principle of effective demand	198
	Differences between Keynes’s and neoclassical theory of ‘output as a whole’	206
	Aggregate demand in the long run	211
	Summary	213
	Appendix 8.1	214
9	Methodological perspectives for realistic macroeconomic research: a summary	219
	Dividing lines	219
	Making macroeconomic reality operational: from World 1 to World 3	225
	Summing up	230
	<i>Bibliography</i>	234
	<i>Index</i>	247