Index

Abramovitz, M. 61
Agénor, Pierre-Richard 54
Aghion, Pierre 56, 98
Amsden, Alice 21, 30
Andrews, P.W.S. (and) 4, 6, 7, 10, 12,
17–18, 19–20, 22, 23, 24–5, 31,
32, 42, 43, 44, 46–7, 62–3, 110,
136 *see also* Brunner,
Elizabeth
critique of entry barriers 7
redefinition of an industry 21
theory of competition 17, 20
threat of new entrants 21
Arestis, Philip 89, 90
Aumann, R.J. 28
Austrian school 62
average fixed costs (AFC) curve 12–14,
26
average total cost (ATC) curve 12–14,
19, 39, 44
average variable cost (AVC) curve
12–14, 24, 26, 39
Bain, J.S. 19, 31, 51
and oligopoly theory 42
Baran, Paul 67
Barro, R.J. 58, 122
Baumol, W.J. 80
Bertrand equilibrium 27
Besomi, Daniele 8, 113, 138
Bhaduri, Amit 68–9
Bhagwati, Jagdish 135
Bina, Cyrus 7, 16, 20, 47, 52
and regulating capital 20
Blaug, M. 65, 75
Bleaney, Michael 63
Blecker, Robert 68–9, 75
Botwinick, Howard 7, 16, 18, 19, 26,
38, 47, 51
Brandt, James A. 29
Brown-Collier, E. 115
Brunner, Elizabeth (and) 4, 10, 14, 15,
18, 19, 20–21, 24, 32, 37, 41, 42,
44, 47, 110, 136
critique of entry barriers 7
redefinition of an industry 21
Bryce, David J. 31, 135
capability utilization 15–32, 40 *see also*
excess capacity *and* idle industrial
capacity
*Capital* 67
capital equipment/discards 42
Cesaratto, Sergio 55, 58, 59, 74
Chamberlin, Edward H. 56, 133
Chandler, Alfred 62
Chang, Ha-Joon 21, 30, 133
Chibber, Vivek 30, 140
Chick, Victoria 90–91, 114
Cho, Dong-Sung 21, 32
Ciccone, R. 35–7
classical authors 104
classical political economy 43
Clifton, James A. 7, 16, 23
Clower, R.W. 80
Cobb–Douglas production function
54, 56
Coghlan, R. 80
Cohen, Avi 60
Collier, B.E. 115
competition *see also* competition
theories
and Bertrand equilibrium 27
and capability utilization 10, 15–32,
137
and competitive mark-ups 7
evolutionary model of 136
and game theory 27–30
imperfect 134
intra-industrial 27–8
low-price/low-cost 135
oligopolistic 16–17, 27–9, 135
Strategic competition, dynamics, and the role of the State

and payoff matrix

perfect/monopolistic 16–17, 25

competition theories (of)

Andrews and Brunner 17–20
classical 17
and implications for capability utilization 15–32
Kalecki 17, 25
Marshall 17
Marx 10, 16–18, 38
neoclassical 17, 30
Cypher, James M. 1

Daito, Eisuke 31
Damodaran, Aswath 119
Davidson, Paul 22, 30, 31, 49, 134
definition(s) of
income 119
public investment (NIPA) 120
and redefinition of an industry (Brunner) 21
Dietz, James L. 1
disequilibrium dynamics in SFC context (and) 77–98 see also figures; stock-flow consistent (SFC) framework and tables
appendix 1 100–5
ABR Version 1 101–3
ABR Version 2 103–5
appendix 2 106–12
fast adjustment process 106–9
slow adjustment process 109–12
core features and assumptions 77–80
in a model of cyclical growth 92–8
social accounting matrix in a closed economy 81–92
Dixit, Avinash 56
Dockner, Engelbert J. 28, 49
Domar, Evsey 33, 58, 65, 78, 80, 93, 124 see also growth models
Dos Santos, Claudio 80
Dow, A.C. 80
Dow, S.C. 80
Downward, Paul 44
Duménil, G. 6, 99
Dutt, A.K. 55, 74
Dyer, Jeffrey H. 31, 135
Easterly, William 138, 141
Economic Dynamics 6, 113–14
Edwards, H.R. 19, 24, 47, 136
Effective Demand, Principle of 3
Eichner, Alfred 25–6, 50
Eiteman, Wilford J. 15, 46
elasticity 11 see also Marx, Karl
Elts, Walter 5, 65, 75
employer-of-last-resort (ELR) proposal 138
endogenous growth theory, neoclassical (NEG) 55–63, 122
entry barriers 27
Andrews/Brunner critique of 7
equilibrium, general 3
Estenson, Paul S. 80
Euler equation 56
ex ante vs ex post idle capacity 10–15
ex ante–ex post distinction 8, 77–8
ex post accounting identities 80
excess capacity 32–42, 119–20
Kaleckian perspectives on 38–42
persistence of 41
Skott model of 41
Sraffian perspectives on 32–8
excess/reserve capacity and investment, distinction between 4–5
Feldstein, Martin 119
Felipe, Jesus 60, 74
figures
average variable and total costs with different shift premiums 14
effect of fall in adjusted social savings rate 97
fast adjustment process involving excess demand, business debt and interest rate 95
natural logarithms of short-run trend of output (Y) and realized output (YR) 96
unit cost curves with no shift premiums 13
unit cost curves with shift premiums 14
Fisher, Franklin M. 60, 74
fixed investment, dual nature of 33
Flaschel, Peter 69, 73
Foley, Duncan K. 3, 54–5
foresight, imperfect 34
Index

foresight, perfect 34
Foss, Murray F. 11, 12, 27, 49, 70
Friedman, Milton 1
Fukuyama’s end of history thesis 1
game theory 27–30
   as assumption of common
      knowledge 28
   assumption about consistently
      aligned beliefs 28
Garegnani, P. 5, 32, 33, 35, 45
General Theory, The 30, 124 see also
   Keynes, J.M.
Gerschenkron, Alexander 133
Gilibert, Giorgio 67
Globalization and Its Discontents 2
Godley, Wynne 3, 8, 45, 50, 66, 68, 77,
   80, 88, 89, 92, 99, 116, 120, 121,
   125
Gong, G. 3, 60
Goodhart, C.A.E. 80
Goodwin, Richard 123–4
Gramlich, Edward 119
Graziani, A. 89
Greiner, A. 3, 60
growth frameworks 136–7
growth models 3–4, 71–2 see also
   Harrod, Sir Roy; literature and
      models
   Domar’s 113, 130
   extended Harrodian 7–8, 61, 67, 69,
      77, 98, 112, 123
   Harrod–Domar 65–6
   heterodox 63–72
   Kaleckian 10
      neo-Kaleckian 67–8, 69
   Lavoie 40–41
   Lavoie–Godley and Taylor 8
   Lucas 58–9
   neoclassical 53–63, 67
      neoclassical endogenous growth
         theory (NEGT) 55–63
   Solow 53–5
   neo-Schumpeterian neoclassical
      endogenous 3, 10
   non-Keynesian 33
   post-Keynesian 6, 45, 53, 66–7, 70,
      73, 98, 133
   Romer 59, 62
   Uzawa 58
growth theory, approaches to 63–5 see
   also Marx
   aggregate demand and supply 64
   and Say’s law 64
   underconsumptionist 63–4
Guara, Francesco 51
Guthrie, Glenn E. 15
Hahn, Frank 16
Halevi, Joseph 67
Haliassos, Michael 61
Hall, R.L. 23, 43, 47
Harcourt, G.C. 60
Hargreaves-Heap, Shaun 51
Harrod, Sir Roy (and) 4–9, 10, 17, 19,
   21–5, 28, 32, 33, 34–6, 41, 44, 48,
   58, 62, 65–6, 72, 73, 78, 80, 93, 95,
   110, 112, 113–16, 122, 124, 137, 141
Economic Dynamics 6, 113–14
   extended growth model 7–8, 61, 67,
      72, 73, 98, 112, 113, 123, 137, 138
   instability problem 5
   and investment 95
   investment function/view 45
   letter to Joan Robinson 113
   perspective 75
   public investment 115, 119
   ‘Supplement on Dynamic Theory’
      112
   taxation policies 114–15, 116–19
   taxation-cum-public-investment
      policies 9, 115–16
   treatment of investment 112
   Weltanschauung 6
Harrod–Domar
   equation/pseudo-Harrod–Domar
      equation 58
   growth framework, Keynesian
      features of 113
   perspective 73
Harrodian(s) 73
   view of firms adjusting fixed
      investment 110
   warranted growth framework 66–7
Harvard Business Review 31, 135
Hayek, Friedrich 1
heterodox growth models 63–72
Hicks, John R. 31
Hitch, C.J. 23, 43, 47
Howells, Peter 89, 91
Howitt, Peter 56, 98
Human Development Report (UNDP) 138

idle industrial capacity 10–15
intended/ex ante 11–12, 15, 36–7
and Keynesian demand-stimulation policies 4
reasons for 11–12
undesired/redundant and planned/reserve 4
unintended/ex post 11, 15, 36–7
‘Industrial Analysis Revisited’ 19, 20, 42
International Monetary Fund (IMF) 1
Irving-Lessmann, J. 43, 52
Itoh, M. 4, 64, 75

Kaldor, Nicholas 33, 89, 119, 123, 137
and implausibility of long-run excess capacity 21
Kaldor–Trevithick reflux mechanism 89–91
Arestis–Howell mechanism as variant of 90, 91
Kalecki, M. 3, 4, 11, 24–5, 37, 38, 48, 65, 66, 67, 70, 72, 73, 133
authors in tradition of 44
and theory of competition 17
Kalecki–Steindl assumption 75
Kaleckian(s) 72, 73
argument 125
framework and persistent entry barriers 45
growth models 10
investment theory 5
literature 5–6
mark-up model 25
Keen, Steve 60
Keynes, J.M. 3, 4, 6, 7, 9, 30–31, 48, 61, 65, 110, 112, 113, 115, 121, 122, 124, 134
and Principle of Effective Demand 33, 67
and role of uncertainty 22, 30–31, 134
Keynesian(s) authors 104, 115, 119, 122
dynamic effect 97
macroeconomics 71
neoclassical synthesis 80
New 2
scenario 11
of shortfall of demand 15
theory 91
tradition 6, 74, 119
uncertainty 4, 40, 78, 84, 91
Keynesian-type and State-led development policies 1
Kim, Linsu 21, 32
Knight, Frank 7, 16
Kohli, Atul 140
Kregel, J.A. 110, 115
Krugman, Paul 29, 133, 136
Kurz, Heinz 11, 12, 37–8, 41, 46, 70, 73, 74

Laidler, D. 80
Lapavitsas, Costas 4, 64, 75
Lavoie, Marc 3, 5, 9, 38–40, 44–5, 50, 66, 68, 69, 72, 80, 89–91, 92, 116, 120, 121, 125
model 8, 40–41
Lazonick, William 30, 32, 48, 62
Le Bourva, J. 90
Lee, Frederic S. 42, 43, 44, 52
Leftwich, Adrian 137, 139
Leigninger, Robert D. 137
Leontief, W.W. 66, 79, 93
and classical tradition 93
Lerner, Abba P. 24
Lévy, D. 6, 99
Lim, David 11
literature classical/ Marxist 19
on fiscal policy– growth nexus 121–2
on growth 53–76, 136
heterodox growth models 63–72
neoclassical growth models 53–63
late industrialization 21
Post Keynesian 68, 70
long-run growth see microfoundations of long-run growth
lower-cost firms, threat of 44–5
Lucas, R.E. 53, 58–9
Luxemburg, R. 64

McCombie, J.S.L. 42, 60, 74
McNulty, Paul 7, 16, 26–7
Index

McPherson, Michael S. 119
Malthus, Thomas 64
Marcel, Mario 123, 137
marginal cost (MC) curve 22, 24, 26
marginal revenue (MR) curve 22
Marglin, S.A. 68–9
mark-up and full-cost pricing 39
Marris, R. 11, 37
Marx, Karl (and) 9, 15, 47, 49, 64–5, 66, 67, 73, 74, 75, 79, 112, 139
analysis of collusion 26
analysis of competition 24
competition theory 10, 16–18, 38
elasticity 11
Marx’s framework 64–5
Marxian literature 16, 19
Marxists 39
Mass, William 31, 47
Mathews, John A. 21, 32
Michl, Thomas R. 3, 54–5, 74
microfoundations of long-run growth
(and) 10–52
appendix 51–2
competition theories: implications
for capacity utilization 15–32
see also main entry
elasticity (Marx) 11
ex ante vs ex post idle capacity 10–15
persistence of excess capacity,
Sraffian and Kaleckian
approaches to 32–42
reasons for idle industrial capacity
11–12
microfoundations and politics,
relevance of 132–41
Milanovic, Branko 1
Mill, John Stuart 16
Minsky, H.P. 3
and Minsky-type debt dynamics 73
models see also growth models
AK 59
of cyclical growth see disequilibrium
dynamics in SFC context
disequilibrium dynamics 77–112
endogenous growth (Rebelo) 122
evolutionary model of competition
136
excess capacity (Skott) 41
investment-constrained 3
IS–LM 4
Kaleckian with excess capacity 39
Kaleckian mark-up 25
of monopolistic competition
(Chamberlin–Robinson) 25,
28, 32
of oligopolistic competition 25–6
post-Keynesian 98, 120
pricing 24
Romer 62
Solow 122
monetary circuit theory 89–90
Mongiovi, Gary 64, 75
Moore, Basil 89, 90
Mott, Tracy 74, 75
Musgrave, P.B. 115, 121, 125
Musgrave, R.A. 115, 121, 125
Nash equilibrium 29, 48
Nell, E.J. 36, 42, 72
Nelson, Richard R. 30, 49, 61–2, 136
neoclassical
authors 135–6
endogenous growth theory (NEGt)
2–3, 55–63, 73, 136
general equilibrium theory 134
theory 22, 30, 136
neo-liberalism 132, 133–4
and IMF, critique of 1–2
neo-Schumpeterian
framework 56
models 62
new classical economics 80
New Deal: public investment program
137
new entrants, threat of 21, 44–5, 135
New Right, the 1, 132–3
New School for Social Research 132
Nightingale, John 20
normal-cost pricing, principle of 43
normal-cost pricing and mark-up
pricing, relationship between 44
Nurkse, R. 133
Oxford Economists’ Research Group
(OERG) 4, 6, 7, 22–3, 41, 43, 44,
62–3, 72, 134, 136
analyses of competition/firm
behavior 7–8, 15–17
microeconomic analyses of the 136
survey of entrepreneurs 22
Strategic competition, dynamics, and the role of the State

Palazzi, Paolo 130
Palley, Thomas I. 73
Palma, Gabriel 123, 137
Palumbo, Antonella 32, 33–6, 72, 73
Pasinetti, Luigi 117, 124
Paul, M.E. 23, 24
payoff
definition of 48–9
matrix 29
Pechman, Joseph R. 119, 125
Peterson, Wallace C. 80
post-Keynesian(s) 69, 134
authors/literature 43, 44, 70, 77, 79, 80, 90, 91, 123
framework 123
growth models 6, 45, 53, 66–7, 70, 73, 98, 133
investment functions 70–71, 110
models 98, 120
perspective 73
position 121–2
and SFC framework 77
theory 24
tradition 119, 141
Powers, Susan 42
price- and cost-cutting 23
price-setting strategies 52
pricing models 24
pricing/pricing theory
full or normal cost 23
marginalist 23
normal-cost 4
production functions 3
profit maximization (marginal revenue
MR = marginal costs MC) 22–3, 24
public investment 138
in State-owned enterprises 130–31

Rabin, A.A. 80
rational expectations 3
Reagan, Ronald 1
Rebelo, S. 58
and AK model of endogenous
growth 122
regulating capital 20
Reinert, Erik S. 133
reserve capacity 4
Reynolds, Peter 44
Ricardian Equivalence view 122
Ricardo, D. 64, 66, 79, 139
Roberts, Mark 98
Robertson, Andrew 31, 47
Robinson, Joan 33, 63, 113, 124–5
and growth model 124
Rodrik, Dani 133–6
Romer, P. 10, 53, 56, 58, 59, 74
Romer’s model 62
Rosenberg, Nathan 30, 134
Rosenstein-Rodan, Paul N. 133
Sala-i-Martin, X. 58
Salvadori, Neri 38, 46
Sardoni, Claudio 130
Sawyer, Malcolm 11, 24, 25
Say, J.-B. 64
Say’s law 3, 6, 9, 58, 63, 64, 65–6, 73, 98, 114, 137
Schumpeter, J. 133
Schumpeterian
aspect of Brunner/Andrews
framework 20–21
framework 133
microfoundations 62
NEGT model 57
vision of the firm 133
Schwartz, Nelson D. 48
Seccareccia, M. 125
Semmler, Willi 3, 7, 16, 18, 19, 38, 47, 51, 60
Sen, A. 60–61, 65, 138
Serrano, Franklin 71–2
Setterfield, Mark 40, 62, 70, 74, 98
Shaikh, Anwar 7, 8, 16, 18, 19, 20, 38, 47, 48, 51–2, 60, 63, 64, 65, 66, 67, 72, 74, 75, 78, 81, 88, 99, 106–7, 112
and extended Harmonian cyclical
growth model 7
model 8, 9
Shaprio, M. 12
Skott, Peter 69, 73
excess capacity model 41
Smith, Adam 16, 24, 26–7, 52, 139
Smithin, J.N. 115
social accounting matrix (SAM)
100–103, 117
in a closed economy 81–92
ex ante 8–9, 77–98, 105
Index

ex ante–ex post 78
ex post 77, 80, 88
social and industrial development, role of State in 140
social savings rate 126–9, 137
Solow, R.  3, 49, 59, 60, 73, 136
Solow model 122
Sraffa, Piero 71, 72
Sraffian(s) 39, 71–2
framework 33
multiplier 71
rejection of normal capacity utilization 35
state-owned enterprises (SOEs) 120–23, 139
Steindl, Josef 4, 38, 67, 73, 75, 133
Stigler, G.J. 16
Stiglitz, Joseph E. 2, 56, 133, 138
and critique of neo-liberalism and IMF 1–2
stock-flow consistent (SFC) framework 3–4, 98
ex ante–ex post 77–8
and extended Harrodian model 8, 77–8
Stone, Richard 3, 77
Streeten, Paul 23
Studies in Pricing 19, 20, 42
and ‘Industrial Analysis Revisited’ 20
supply and demand, bi-directional interactions between 114
survey (of/on) British firms during inter-war period (OERG) 12
entrepreneurs and short-run marginal revenue curve 22
Sweezy, Paul 67
table ex ante social accounting matrix 85–7
Taouil, Réduane 67
taxation policies 114–15, 116–19, 137
taxation strategy 138
Taylor, Lance  3, 4, 8, 29, 67, 88, 133
technological change as non-ergodic 134
Thatcher, Margaret 1
and TINA 132
Thirlwall, A.P. 42
Tirel, Jean 42
Tobin, James 61
Trevithick, J.A. 89
Trezzini, Attilio 32, 33–6, 72, 73
Tsaki, Persefonis 20
Tsoufidis, Lefteris 20
uncertainty 30–31, 134
underconsumption/underconsumptionists 63–4
undersaving countries 114
UNESCO 67
US Social Security Act (1937) 119
Uzawa, H. 58
Varian, Hal R. 27
Varoufakis, Yanis 51
Veblen, T. 139
Wade, Robert 125
warranted growth and role of the State 113–31 see also Harrod, Sir Roy
appendix 1: social savings rate 126–9
appendix 2: public investment in State-owned enterprises 130–31
Harrod’s policy insights: solutions to ambiguities and contradictions 116–22
and taxation policies 114–15
and undersaving countries 114
warranted growth rate/natural growth rate 136–7
Weintraub, Sidney 23
Wells, Robin 29, 136
Weltanschauung 6, 66, 67, 69
Winston, Gordon C. 4, 5, 11, 12, 13, 14, 15, 36, 37
Winter, Sidney G. 136
Wolfson, Martin 73
World Bank 1–2
Wray, L.R. 4, 75, 138
Yeager, L.B. 80
Zamagni, Stefano 31