

# Index

---

- Accoce, Jean-Vincent 3
- ADF test, aggregate demand and wages, France 124, 125, 129, 137–8
- Agenda 2010 (Germany) 158–9, 162, 163
- agents 141, 142, 143, 144, 146  
*see also* individuals
- aggregate demand  
production and employment and 55–6  
wages and, France 4, 119–20, 134–5  
consumption 124–6  
data definitions 136–7  
econometric tests 137–8  
exports 128–31  
imports 131–2  
investment 127–8  
method 123–4  
theoretical background 120–23  
total results 132–4  
*see also* demand
- aggregate production function, neoclassical economics and 171
- aggregate profits  
income-spending model 97–9  
dynamics 106–14  
real-world model for profits, building 99–106  
theory and policy 114–16  
*see also* profits
- Amariglio, J.L. 39
- Arestis, P. 154, 183, 229
- Aschauer, D. 195
- Asimakopulos, A. 98
- Atkinson, Tony 13, 169
- Bank for International Settlements 154
- banking system  
analysis only basic, circuitist development limitation 70–72
- equations, SFC model 82–5  
experiments, SFC model 86–8  
monetary theory of production and 52–5  
*see also* ECB; Federal Reserve Bank of New York
- Barro, R.J. 195
- Belke, A. 237
- Bernanke, B. 220
- Bhaduri, A. 120, 123, 224
- Bharadwaj, Krishna 20
- Bibow, J. 236
- Blake, Andrew 23
- Blinder, A.S. 197, 198, 201
- Bliss, C. 21
- Bofinger, P. 158
- Bowles, S. 122
- Boyer, R. 122
- Brown, Allan 18, 23
- Bundesregierung 159, 160, 162
- Burke, Edmund 13
- business *see* cycle; firms
- Caldwell, B.J. 41
- Cambridge tradition  
capital theory critique 20–22  
DAE (Department of Applied Economics) directors 23–4  
defined 2, 11  
economic history 22  
Keynes 13–16  
Malthus 11–12  
Marshall 12–13  
postwar developments 18–20  
Robinson 16–18  
today 24
- capacity, individuals' learning, neoclassical institutional analysis and 145
- capacity utilization 177, 191
- capital theory 19, 20–22, 171–2  
*see also* theory

- capitalist economy
  - banking system and 53, 55
  - credit and 51–2
  - economic policy limits and 62, 63, 64
  - employment and, neoclassical approach 58
  - money and 50
  - post-classical growth model and 179
  - price level and 58–9
  - production and 56
  - trend and cycle and 60
  - see also* economy
- cartels, Japan, neoclassical welfare economics and 193
  - see also* competition; monopoly
- causality
  - ‘feedback’ weak exogeneity and, income-spending model dynamics 109
  - ‘impact’, impulse–response functions and, income-spending model dynamics 112–14
  - ‘short-run’, temporal, exogeneity and, income-spending model dynamics 106–8
  - ‘variance’, FEVD and, income-spending model dynamics 109–12
- Cecchetti, S.G. 220
- central bank *see* banking system; ECB; government
- Chick, Victoria 32, 53
- Chortareas, G. 229
- Christ, C.F. 197
- Clarida, R. 229
- Coase, R. 142
- Cohen, A.J. 21
- cointegration 105–6, 138
- Colander, D. 32
- competition 153–4, 161
  - see also* cartels; monopoly
- consensus
  - minimum, for alternative to neoclassical economics 3
  - new, theory 1–2, 97–8, 114, 115
- constructivism, heterodox and orthodox economics and 38–40
- consumption
  - aggregate demand and wages, France 124–6
  - expectations and institutions and 149–50
  - household, uncertainty and 51
  - post-classical growth model and 174, 175, 178
  - structural reform and, Germany 163
  - ‘cooperative economy’, Keynes and 47
  - see also* economy
- Costa Storti, C. 237
- costs
  - labour, structural reform and, Germany 160, 161
  - raw materials, price level and 59
  - transaction, property rights theory and 144
  - user, SFC model and 89
  - see also* expenditure; ULC
- credit
  - circuitists and 68
  - income-spending model for profits and 115–16
  - monetary theory of production 51–2
- crowding out, fiscal/monetary policy link and 197, 198–204
- currency reserves, minimum requirements, banking system and 54
  - see also* money
- cycle
  - monetary/macroeconomic policy mix and, Euro area 226–7
  - trend and, monetary theory of production 60–61
- DAE (Department of Applied Economics) (Cambridge) 23–4
- data
  - definitions, aggregate demand and wages, France 136–7
  - income-spending model 99–102
- Davidson, Paul 147, 154, 170
- Davies, R.O. 176
- Davis, J.B. 31
- De Bernis, G. 153
- De Grauwe, P. 237
- Deane, Phyllis 22
- decisions
  - investment, money and 50–51
  - market, of agents, information for 141, 142, 146

- definitions  
 Cambridge tradition 2, 11  
 closed system 32–3  
 data, aggregate demand and wages,  
 France 136–7  
 equilibrium 149  
 open system 33  
 structural reform 158  
 uncertainty 147
- deflation, monetary/macroeconomic  
 policy mix and, Euro area 226,  
 239
- degree of monopoly theory of income  
 distribution (Kalecki) 182
- demand  
 aggregate *see* aggregate demand  
 private, model 201–4  
 structural reform and, Germany 160,  
 162, 163, 165, 167  
 supply and, heterodox and  
 neoclassical views 56
- deposits, banking system and 53, 54
- depreciation  
 structural reforms and  
 macroeconomics and 161  
 rate, post-classical growth model  
 and 178
- distribution, of profits, income and  
 expenditure relationship 4  
*see also* income distribution
- DNRU (distribution-neutral rate of  
 unemployment) 182  
*see also* NAIRU
- Dobb, Maurice 22
- Dornbusch, R. 198
- Dos Santos, C.H. 85
- Dostaler, G. 67
- Dow, Sheila C.  
 banks' liquidity preference and 53  
 heterodox economics and 2, 3, 32,  
 25, 44  
 historical/logical time link and 150
- Ducros, B. 67
- Duong, M.H. 163
- Düthmann, A. 160
- dynamics, income-spending model  
 exogeneity and 'short-run' temporal  
 causality 106–8  
 'feedback causality' and weak  
 exogeneity 109
- FEVD (forecast error variance  
 decomposition) and 'variance  
 causality' 109–12  
 impulse–response functions and  
 'impact causality' 112–14
- ECB (European Central Bank)  
 fiscal/monetary policy link and 186,  
 187–8, 206, 209  
 inflation target 2001–2005, Euro  
 area and 218  
 monetary policy and 6  
 monetary/macroeconomic policy  
 mix and, Euro area 219  
 2001–2005 monetary, fiscal and  
 wage policies 221, 222, 223–4,  
 225  
 expanded Taylor Rule 233–4  
 naïve Taylor Rule 229, 230  
 policies since 1999 234–8  
 unfriendliness to growth 228–34  
*see also* banking system; EU
- ECM (error correction model) 124,  
 125, 126, 127, 128, 131  
*see also* models; VECMs
- economic history, Cambridge tradition  
 and 22
- economic performance *see* monetary  
 policy, Euro area macroeconomic  
 policy mix and economic  
 performance and
- economic policy  
 institutional design and 4–5  
 limits, monetary theory of  
 production and 61–4  
 new consensus view and 1  
 new institutions for 141, 155–6  
 economic policy and institutions  
 nowadays 153–5  
 expectations and institutions  
 149–51  
 historical time, importance of  
 147–9  
 neoclassical approach to  
 institutions, new institutional  
 economy 142–6  
 social relationships, conflicting  
 nature of 151–3  
 structural reforms and 5  
*see also* macroeconomic policy

- economics *see* Cambridge tradition;  
heterodox economics; neoclassical  
economics; orthodox economics;  
welfare economics
- The Economist* 189
- economy  
‘cooperative’, Keynes and 47  
monetary, of production, circuitist  
propositions and 3, 67  
monetary flows and functions of,  
circuitist development  
limitations 69  
new institutional 142–6  
*see also* capitalist economy
- Ederer, Stefan 4
- efficiency  
neoclassical welfare economics and  
191  
social, conflicting nature of social  
relationships and 153
- employment  
capitalist economy and, neoclassical  
view 58  
economic policy limits and 62, 63  
full, economic policy and  
institutions and 153  
growth relationship 56–7  
heterodox approach 57  
monetary/macroeconomic policy  
mix and, Euro area 218  
neoclassical approach 57–8  
prices and, neoclassical view 57  
production and, monetary theory of  
production 55–8  
structural reform and, Germany  
164–5  
wages and, heterodox and  
neoclassical views 57  
*see also* labour
- EMU (European Monetary Union) *see*  
fiscal policy, EMU and theory of  
*see also* EU; Euro area
- endogeneity, monetary/macroeconomic  
policy mix and, Euro area 233
- endogenous growth models 172  
*see also* growth; models
- endogenous money, finance motive  
and, circuitist propositions  
67–8  
*see also* money
- Engle, R. 103
- equations  
modified quantity, monetary/fiscal  
policy link and 200–201  
SFC model 73, 75–85  
standard quantity, monetary/fiscal  
policy link and 198–9
- EU (European Union)  
aggregate demand and wages and  
119, 123, 134–5  
growth and employment and 57  
pension reform 159  
post-classical fiscal policy and 183  
productivity 189  
structural reform and 162  
*see also* ECB; Germany; Maastricht  
Treaty; SGP; UK
- Euro area  
monetary/macroeconomic policy  
mix *see* monetary policy, Euro  
area macroeconomic policy mix  
and economic performance and  
structural reform and, Germany 162,  
163
- Evans, Trevor 3
- exchange rate  
price level and 59  
structural reform and, Germany 161,  
162
- exogeneity  
‘short-run’ temporal causality and,  
income-spending model  
dynamics 106–8  
weak, ‘feedback causality’ and,  
income-spending model  
dynamics 109
- expectations, institutions and, new  
institutions for economic policy  
149–51
- expenditure  
distribution, income and profits  
relationship 4  
government *see* public expenditure  
*see also* costs
- experiments, SFC model 85–8
- exports  
aggregate demand and wages,  
France 121, 122, 128–31  
monetary/macroeconomic policy  
mix and, Euro area 226

- structural reform and, Germany 161, 162, 163–4, 167
- Federal Reserve Bank of New York  
 heterodox economics and 54  
 income-spending model for profits and 98  
 monetary/macroeconomic policy mix and, Euro area  
 2001–2005 monetary, fiscal and wages policies 220, 221  
 ECB and 228, 236, 237  
 expanded Taylor Rule 231  
 naïve Taylor Rule 229  
*see also* banking system; USA
- Feinstein, C.H. 21
- Felipe, J. 169, 171, 172
- Ferguson, T. 97
- Ferreiro, Jesus 4–5, 154
- FEVD (forecast error variance decomposition) 109–12
- finance motive 67–8
- firms  
 equations, SFC model 76–9  
 loans and deposits and 53  
 post-classical growth model and 175, 176, 178  
 structural reform and, Germany 161, 164
- fiscal policy  
 2001–2005, Euro area  
 macroeconomic policy mix and economic performance and 219–28  
 economic policy and institutions and 153  
 EMU and theory of 5, 169–70, 182–4  
 new paradigm, need for 171–2  
 post-classical 179–82  
 post-classical growth model, foundations of 174–9  
 where to go 173–4  
 monetary policy decision making and 6  
 monetary policy link, lessons for Germany from Japan 186–7, 194–6, 209–10  
 ECB view 187–8  
 fiscal policy ineffectiveness, explanations in literature 196–7  
 German government view 187  
 interest-rate based crowding out 197  
 policy implications for Germany 204, 206–9  
 policy implications for Japan 204–6  
 quantity-based crowding out, link to monetary policy and 198–204  
 Ricardian equivalence 197–8  
 supply-side argument, brief empirical evaluation 188–94  
 structural reform and, Germany 162, 163, 166  
*see also* taxation
- Fischer, S. 198
- Fisher, F.M. 169, 171, 172
- Fontana, G. 1
- formalism, lack of, circuitist development limitation 69–70
- France, aggregate demand and wages *see* aggregate demand  
*see also* EU
- Friedman, Milton 154
- functions  
 aggregate production, neoclassical economics and 171  
 economy, of, monetary flows and, circuitist development limitations 69  
 government, banking system basic analysis and, circuitist development limitations 70  
 impulse–response, ‘impact’ causality and, income-spending model dynamics 112–14  
 money, of (Keynes) 67
- Gali, J. 229
- Garegnani, 20
- Garnett, R. 40
- GDP (gross domestic product)  
 aggregate demand and wages theory and 121, 122  
 consumption and, aggregate demand and wages 126

- exports and, aggregate demand and wages 128, 130–31, 133, 134
  - fiscal/monetary policy link and, Germany 187
  - fiscal policy ineffectiveness explanations 196–7
  - Japanese government expenditure 195–6
  - neoclassical growth theory 188
  - neoclassical welfare economics 192
  - policy implications for Germany 208
  - quantity equations 198–9, 200–201
- investment and, aggregate demand and wages 127
- imports and, aggregate demand and wages 132 133, 134
- monetary/macroeconomic policy mix and, Euro area 216, 218, 219
  - 2001–2005 fiscal policy 227
  - 2001–2005 monetary policy 220, 221, 222, 223
  - 2001–2005 wage policy 224, 226
  - ECB policies since 1999 235–6
  - expanded Taylor Rule 233, 234
- structural reform and, Germany 163, 164
- Gemmell, N. 172
- Germany
  - aggregate demand and wages and 123
  - fiscal/monetary policy link, lessons from Japan for *see* fiscal policy, monetary policy link
  - monetary/macroeconomic policy mix and, Euro area 222–3, 225–6
  - structural reform and macroeconomic policy *see* structural reform
  - see also* EU
- Gertler, M. 220, 229
- Giovannoni, Olivier 4
- Godley, Wynne
  - Cambridge tradition and 3, 23
  - SFC model and development 66
    - equations 76, 77, 78, 81, 85
    - matrices 72, 73
- ‘Golden Age’ analysis 18–19, 20
- Goldfeld, S.M. 199
- Gomulka, S. 176
- Goodhart, C.A.E. 199
- Goodwin, C. 32
- Goodwin, Richard M. 13, 18, 21
- Gordon, D. 122
- government
  - conflicting nature of social relationships and 152
  - equations, SFC model 75–6
  - expenditure, post-classical growth model and 175, 176, 178, 179
  - experiments, SFC model 86, 87
  - function, banking system basic analysis and, circuitist development limitations 70
  - Germany, fiscal/monetary policy link and 187
  - SFC model matrices and 73
  - see also* policy
- Granger, C. 103, 106–8
- Graziani, A. 68
- Greenwald, B. 53
- Gros, D. 237
- growth
  - ECB unfriendliness to, Euro area monetary/macroeconomic policy mix and economic performance 228–34
  - economic policy and institutions and 153
  - employment relationship 56–7
  - fiscal policy theory and 172
  - neoclassical theory, fiscal/monetary policy link and 188–91
  - post-classical model, foundations of, fiscal policy theory and EMU 174–9
  - trend and cycle and 60–61
- Hahn, Frank 24
- Hamburger Appell* 119
- Hamouda, Omar 16
- Handa, J. 198
- Hansen, B. 197
- Harberger, A.C. 171
- Harcourt, G.C. 2, 21, 23

- Harrod, Roy 18, 19, 21  
 Hawtrey, Ralph 14  
 Hayek, F.A. von 18  
 Hein, Eckhard 6, 123, 216, 224  
 Heine, Michael 3, 57, 236  
 Herr, Hansjörg 3, 57, 236  
 heterodox economics  
   money and 49–50  
   orthodox economics duality 31  
   schools of thought, thinking in terms of 2–3, 31–2, 43–4  
   ‘new’ views 37–42  
   ‘old’ views 33–7  
   open and closed systems 32–3  
   *see also* orthodox economics  
 historical time  
   importance of, new institutions for economic policy and 147–9  
   institutional change analysis and 146  
   logical time link, expectations and institutions and 150  
   *see also* time  
 Hodgson, G. 145  
 Holtz-Eakin, D. 195  
 Horn, Gustav A. 5, 158, 163, 166  
 households  
   consumer spending, uncertainty and 51  
   equations, SFC model 80–82  
   experiments, SFC model 86  
   loans and deposits and 53  
   structural reform and, Germany 161  
 Howell, D. 134  
 hypothesis *see* theory  
 IMF (International Monetary Fund) 158, 194  
 imports  
   aggregate demand and wages, France 121–2, 131–2  
   price level and 59  
 income  
   fiscal policy theory and 172  
   post-classical growth model and 175, 179  
   structural reform and, Germany 160, 161, 163  
   *see also* wages  
 income distribution  
   degree of monopoly theory of (Kalecki) 182  
   marginal productivity theory of, neoclassical/post-Keynesian debate and 171  
   post-classical growth model and 176  
   price level and, monetary theory of production 58–60  
   profits and expenditure relationship 4  
 income-spending model  
   aggregate profits and 97–9  
   dynamics 106–14  
   real-world model for profits, building 99–106  
   theory and policy 114–16  
   *see also* models  
 income tax, structural reform and, Germany 163, 165  
   *see also* taxation  
 individuals 144, 145–6, 151–2  
   *see also* agents  
 inflation  
   economic policy and institutions and 153, 154  
   economic policy limits and 63  
   monetary/macroeconomic policy mix and, Euro area 219, 225, 234–5, 238  
 information  
   asymmetric, institutions for new economic policy and 141, 143, 144–5  
   market decisions by agents, for 141, 142, 146  
   monopoly of agents, 144  
   perfect, institutions for new economic policy and 142, 146  
 information paradigm, neoclassical paradigm compared, institutions for new economic policy and 142–3  
 institutions  
   design, economic policy and 4–5  
   new, for economic policy 141, 155–6  
   economic policy and institutions nowadays 153–5  
   expectations and institutions 149–51

- historical time, importance of 147–9
- neoclassical approach to institutions, new institutional economy 142–6
- social relationships, conflicting nature of 151–3
- see also* structural reform
- interest rate
  - aggregate demand and wages, France 121
  - banking system and 54
  - credit and 52
  - crowding-out based on, fiscal/monetary policy link and 197
  - economic policy and institutions and 154
  - monetary/macroeconomic policy mix and, Euro area 228–30, 232
  - structural reform and, Germany 162
- investment
  - aggregate demand and wages, France 121, 122, 127–8
  - decisions, money and 50–51
  - economic policy limits and 62–3
  - expectations and institutions and 149–50
  - neoclassical view 56
  - new consensus theory and 97, 114, 115
  - post-classical growth model and, Kalecki's theory compared 176–8
  - public, structural reform and, Germany 163
  - saving and, circuitists and 68
  - structural reform and, Germany 164, 165
  - trend and cycle and 61
- IRFs (impulse–response functions) 112–14
- see also* functions
- IW (Institut der deutschen Wirtschaft Köln) 160
- IWK (Institut für Wachstum und Konjunktur) 119
- Japan
  - fiscal/monetary policy link, lessons for Germany from *see* fiscal policy, monetary policy link
  - real wages and 57
- Jevons, William Stanley 13
- Johansen, S. 103, 104, 105, 106, 109
- Joskow, P. 142
- Junankar, P.N. 174
- Juselius, K. 103, 109
- Kahn, Richard 14, 16, 17, 18, 19
- Kaiser, C. 57
- Kaldor, Nicholas
  - Cambridge tradition and 17, 18, 19, 20
  - capital theory critique and 21, 22
  - heterodox economics and 58
- Kalecki, M.
  - aggregate demand and wages and 134
  - Cambridge tradition and 13, 18, 19
  - capital theory critique and 21
  - fiscal policy theory and 170, 173, 176, 180, 181
  - heterodox economics and 58
  - investment theory, post-classical growth model compared 176–8
- Keynes and 173
- Keynes, John Maynard
  - aggregate demand and wages and 134
  - Cambridge tradition and 13–16, 17, 18, 23
  - 'cooperative economy' and 47
  - fiscal policy theory and 170, 173
  - income-spending model for profits and 99
  - institutions and expectations and 149–50
  - Kalecki and 173
  - Malthus, on 11–12
  - Marshall and 13
  - monetary circuit approach and 66, 67, 69, 89
  - monetary theory of production and 48
  - money and 49, 50, 55
  - price level and 58
  - wages and 57, 119
- Kitano, Y. 196



- Kitson, Michael 23  
 Kneller, R. 172  
 Korea, neoclassical welfare economics and 192  
 Kotlikoff, L. 169  
 Krämer, H. 123  
 Kregel, J. 149, 150  
 Krugman, P. 197  
 Kuhn, Thomas 35, 37, 38
- labour  
   costs, structural reform and, Germany 160  
   market reform, economic policy and institutions and 154  
   *see also* employment; structural reform; ULC
- lag structure, income-spending model 105
- Laramie, Anthony J. 5, 174, 177, 179, 181, 182
- Lavoie, Marc  
   Cambridge tradition and 3, 23  
   ‘circuitist school’ and 67  
   fiscal policy theory and 169, 170  
   SFC model and  
     banking system equations 83, 84, 85  
     development 66  
     firms equations 76, 77, 78  
     households equations 81  
     matrices 72, 73
- Lawson, Tony 24, 40
- Lerner, A.P. 201, 204
- Levine, R. 195
- Leybourne, S. 102
- loans  
   banking system and 53, 54  
   circuitists and 68
- logical time, historical time link, expectations and institutions and 150  
   *see also* time
- Lütkepohl, H. 105
- Maastricht Treaty 187, 188, 206, 218, 219, 239  
   *see also* EU
- macroeconomic laws, circuitist propositions and 68
- macroeconomic policy  
   Euro area monetary policy and economic performance and *see* monetary policy, Euro area  
   macroeconomic policy mix and economic performance and  
   structural reform and, Germany 158–9, 166–7  
   German example – a simulation 162–6  
   macroeconomics and structural reforms 159–62  
   *see also* economic policy
- Mair, Douglas 5, 174, 177, 179, 181, 182
- Malthus, Thomas Robert 11–12
- Marchal, J. 70
- marginal productivity theory of income distribution 171
- Marglin, S. 120, 123, 224
- mark-up  
   determination of, price level and 59  
   post-classical growth model and 175, 178, 179
- markets  
   decisions of agents and, information for 141, 142, 146  
   economic stability and, economic policy and institutions 154  
   labour *see* labour market
- Marshall, Alfred 12–13, 15, 18, 21, 23
- Marx, Karl 48, 49, 50, 55
- Mathieu, C. 183
- matrices, SFC model 72–3, 74, 75
- Matthews, R. 143
- McCloskey, D.N. 39–40
- McWilliams Tullberg, Rita 12
- Meade, James E. 13, 16, 17, 23
- Meinhardt, V. 163, 166
- Mieszkowski, P.M. 171
- Minsky, H.P. 52
- models  
   endogenous growth, fiscal policy theory and 172  
   error correction (ECM) 124, 125, 126, 127, 128, 131  
   open, closed system, as 33  
   post-classical growth, foundations

- of, fiscal policy theory and EMU 174–9
- private demand, monetary/fiscal policy link and 201–4
- vector autoregressions (VARs) 103, 105, 106, 109–10, 123
- vector error-correction (VECM) 103–4, 109–10, 112
- see also* income-spending model; SFC model
- monetary circuit approach
  - circuit school presentation and criticisms 66–7, 88–90
  - circuitist developments, limitations of 69–72
  - circuitist propositions 3, 67–8
- SFC model 66, 72
  - equations 73, 75–85
  - experiments 85–8
  - matrices 72–3, 74, 75
- monetary economy of production, circuitist propositions and 3, 67
- see also* economy
- monetary policy
  - decision making, fiscal policy and 6
  - ECB and 6
  - economic policy and institutions and 153, 154
  - Euro area macroeconomic policy mix and economic performance and 216–19, 238–9
  - ECB policies since 1999, estimation results and course of 234–8
  - ECB unfriendliness to growth 228–34
  - monetary, fiscal and wage policies 2001–2005 219–28
  - fiscal policy link *see* fiscal policy, monetary policy link
  - new consensus view and 1
  - structural reform and, Germany 161
- monetary theory of production
  - neoclassical economics and 47–8
  - credit and banking 51–5
  - economic policy limits 61–4
  - money 48–51
  - price level and income distribution 58–60
  - production and employment 55–8
  - trend and cycle 60–61
  - see also* theory
- money
  - endogenous, finance motive and, circuitist propositions 67–8
  - monetary theory of production and 48–51
  - quantity theory of, banking system and 54–5
  - see also* currency reserves; exchange rate
- money supply, banking system and 52–3, 54
- see also* supply
- monopoly
  - degree of, theory of income distribution (Kalecki) 182
  - information, of, agents' 144
  - see also* cartels; competition
- Moore, G.E. 13
- Mouakil, Tarik 3
- Mouratidis, K. 154
- Munnell, A.H. 195
- Myrdal, G. 35
- Naastepad, R. 123
- NAIRU (non accelerating inflation rate of unemployment) 1–2, 181, 182
- see also* DNRRU
- NAK (new anti-Keynesian) approach, post-classical fiscal policy and EMU and 183
- Ndikumana, L. 76, 77
- Nelson, C. 102
- Nelson, R.R. 146
- neoclassical economics
  - alternative to, minimum consensus for 3
  - growth theory, fiscal/monetary policy link and 188–91
  - institutions and, new institutional economy 142–6
  - monetary theory of production and 47–8
  - credit and banking 51–5
  - economic policy limits 61–4
  - money 48–51
  - price level and income distribution 58–60

- production and employment 55–8
- trend and cycle 60–61
- welfare, fiscal/monetary policy link and 191–3
- neoclassical institutional analysis 143–4
- new consensus theory 1–2, 97–8, 114, 115
  - see also* theory
- Newbold, P. 102
- NIE (new institutional economy), neoclassical approach to institutions 142–6
  - see also* economy; institutions
- Niechoj, T. 216
- nihilism, heterodox economics and 38–9, 40
- NIPAs (National Income and Product Accounts) 98, 99–100
- North, D. 143
- Ochsen, C. 123
- OECD (Organization for Economic Co-operation and Development) 123, 159, 167, 189, 228
- Olson, M. 181
- Onaran, Ö. 123
- open model, as closed system 33
  - see also* models
- orthodox economics
  - heterodox economic duality 31
  - ‘new’ views on schools of thought and 37–8
  - ‘old’ views on schools of thought and 33–5
  - see also* heterodox economics
- Ostaszewski, A. 176
- output gap, monetary/macroeconomic policy mix and, Euro area 227
- Palacio-Vera, A. 1
- parameters, income-spending model, limitations and choice of 104–5
- Parguez, Alain 4, 67, 98
- Pasinetti, Luigi 18, 20
- Pencavel, J. 32, 35
- pensions, structural reform and 159
- performance, economic *see* monetary policy, Euro area macroeconomic policy mix and economic performance and
  - Pesaran, M. 112
  - Phelps, E.S. 33–4
  - Pigou, A.C. 13
  - Plosser, C. 102
- pluralism
  - pure, schools of thought and heterodox economics and 38–40
  - structured, schools of thought and heterodox economics and 40–42
- policy
  - competition, economic policy and institutions and 153–4
  - theory and, income-spending model and aggregate profits 114–16
  - see also* economic policy; fiscal policy; government; macroeconomic policy; monetary policy
- positive economics *see* orthodox economics
- post-classical growth model 174–9
  - see also* models
- Poulon, F. 68, 69, 70, 89, 90
- price level, income distribution and, monetary theory of production 58–60
- prices
  - economic policy limits and 62, 63
  - employment and, neoclassical view 57
  - post-classical growth model and 175
  - structural reform and, Germany 161
- private demand model 201–4
  - see also* demand; models
- production
  - employment and, monetary theory of production 55–8
  - monetary economy of, circuitist propositions and 3, 67
  - see also* monetary theory of production
- productivity, fiscal/monetary policy link and, Germany 189–90
- profits
  - aggregate *see* aggregate profits
  - banking system and 53–4
  - distribution, income and expenditure relationship 4

- economic policy limits and 62, 63  
 new consensus theory and 97–8, 114, 115  
 post-classical growth model and 174, 175, 176, 178, 179  
 price level and 60  
 ‘profit paradox’ theory and 98, 115  
 property rights 144, 146  
 PSBR (public sector borrowing requirement), fiscal/monetary policy link and, Germany 196–7, 207–8  
 public expenditure 175, 176, 178, 179, 194–6  
   *see also* expenditure; government  
 public investment, structural reform and, Germany 163  
   *see also* investment
- quantity, crowding out based on, link to monetary policy and 198–204  
 quantity equations, monetary/fiscal policy link and 198–9, 200–201  
   *see also* equations  
 quantity theory of money, banking system and 54–5  
   *see also* theory
- Ramsey, Frank 22  
 rational expectation hypothesis 141  
   *see also* theory  
 raw materials costs, price level and 59  
   *see also* costs  
 Recktenwald, H.C. 169  
 Reddaway, Brian 23  
 reform, institutional, economic policy and institutions and 154  
   *see also* structural reform  
 regulation, property rights, static analysis of institutions and 146  
 Renelt, D. 195  
 Reynolds, P.J. 182  
 Ricardian equivalence, fiscal/monetary policy link and 197–8  
 Ricardo, David 18  
 rights, property 144, 146  
 Robertson, Dennis 14, 17  
 Robinson, Austin, 17, 21  
 Robinson, Joan  
   Cambridge tradition and 16–18  
   capital theory critique and 21  
   conflicting nature of social relationships and 151  
   ‘generalization of *The General Theory* to the long period’ and 18  
   ‘Golden Age’ analysis and 18–19, 20  
   institutions and historical time and 147, 148  
   Marshall, on 12  
   monetary theory of production and 48, 61  
 Rochon, L.-P. 67, 71–2  
 Rossi, S. 67, 71–2  
 Rutherford, M. 143, 145
- Salanti, A. 41  
 sales taxes, price level and 59  
   *see also* taxation  
 Sattar, Z. 194  
 savings  
   aggregate demand and wages and 121, 122  
   circuitists and 68  
   neoclassical view 56  
   new consensus theory and 97  
   post-classical growth model and 174, 178, 179  
 Sawyer, M.C. 154, 173, 174, 183  
 Say’s law, production and employment and 56  
 Schabert, A. 204  
 schools of thought  
   heterodox economics in terms of 2–3, 31–2, 43–4  
   ‘new’ views 37–42  
   ‘old’ views 33–7  
   open and closed systems 32–3  
 Schulten, T. 224  
 Schumpeter, J.A. 21  
 Scott, W.R. 150  
 Screpanti, E. 41  
 Seccarecia, M. 67  
 Sen, Amartya 13  
 Serrano, Felipe 4–5, 154  
 SFC (stock-flow consistent) model  
   monetary circuit approach and 66, 72  
   equations 73, 75–85  
   experiments 85–8

- matrices 72–3, 74, 75  
*see also* models
- SGP (Stability and Growth Pact) 219, 227, 228  
*see also* EU
- Shin, Y. 112
- Sichel, D.E. 199
- Simon, H.A. 144–5
- Sims, C. 99, 103, 105, 110, 112
- Sinn, H.W. 158
- Skidlesky, Robert 16
- Smith, Adam 47
- social relationships, conflicting nature of, new institutions for economic policy 151–3
- Solow, R.M. 21, 197, 198, 201
- Sraffa, Piero 17–18, 19, 20, 61
- Sterdyniak, H. 183
- Stiglitz, J.E. 53, 142, 143, 169
- Stockhammer, Engelbert 4, 123, 134
- stocks, omission of, circuitist development limitation 72  
*see also* SFC model
- Stone, Richard 18, 23
- structural reform  
 economic policy and 5  
 fiscal/monetary policy link and, Germany 188–94  
 macroeconomic policy and, Germany 158–9, 166–7  
 German example – a simulation 162–6  
 macroeconomics and structural reforms 159–62  
*see also* institutions
- Summers, L. 169
- supply  
 demand and, heterodox and neoclassical views 56  
 money, banking system and 52–3, 54  
 structural reform and, Germany 158, 160, 162, 163  
 supply-side, fiscal/monetary policy link and 188–94
- SVR 158
- Swan, 21
- Tanaka, H. 196
- taxation 59, 63, 64, 163, 165  
*see also* fiscal policy
- Taylor, J.B. 219, 228, 229
- Taylor rules 228–34
- theory  
 aggregate demand and wages, France 120–23  
 capital 19, 20–22, 171–2  
 fiscal policy, EMU and 5, 169–70, 182–4  
 new paradigm, need for 171–2  
 post-classical EMU 179–82  
 post-classical growth model, foundations of 174–9  
 where to go 173–4  
 investment (Kalecki) 176–8  
 marginal productivity, of income distribution 171  
 monetary, of production *see* monetary theory of production  
 neoclassical growth 188–91  
 new consensus 1–2, 97–8, 114, 115  
 perfect information 142, 146  
 policy and, income-spending model and aggregate profits 114–16  
 ‘profit paradox’ 98, 115  
 property rights, 144  
 quantity, of money 54–5  
 rational expectation hypothesis 141
- time, SFC model and 90  
*see also* historical time
- Tobin, J. 81
- Tobin’s  $q$  ratio 76, 77
- transaction costs, property rights theory and 144  
*see also* costs
- trend, cycle and, monetary theory of production 60–61
- Truger, Achim 6, 224
- UK (United Kingdom)  
 aggregate demand and wages and 123  
 neoclassical welfare economics and 191–2  
 post-classical fiscal policy and EMU and 182  
 profits and *see* income-spending model, aggregate profits and PSBR funding and 207–8  
*see also* EU

- ULC (unit labour costs)  
 aggregate demand and wages and  
 121, 128, 129  
 monetary/macroeconomic policy  
 mix and, Euro area 225–6, 231,  
 238  
 structural reform and, Germany  
 163–4  
*see also* costs; labour
- uncertainty  
 agents and 146  
 consumer spending and 51  
 credit and 52  
 institutions for new economic policy  
 and 141  
 money and 50–51  
 unemployment *see* DNRU;  
 employment; NAIRU
- USA (United States of America)  
 aggregate demand and wages and  
 122–3  
 monetary/macroeconomic policy  
 mix and, Euro area 216, 217,  
 218, 221, 224–5, 227  
 neoclassical welfare economics and  
 191–2  
 productivity 189  
*see also* Federal Reserve Bank of  
 New York
- user costs  
 SFC model and 89  
*see also* costs
- Van de Velde, F. 72
- VAR (vector autoregressions) model  
 103, 105, 106, 109–10, 123  
*see also* models
- VECMs (vector error-correction  
 models) 103–4, 109–10, 112  
*see also* ECM; models
- Vines, David 16, 23
- wages  
 aggregate demand and, France 4,  
 119–20, 134–5  
 consumption 124–6  
 data definitions 136–7  
 econometric tests 137–8  
 exports 128–31  
 imports 131–2  
 investment 127–8  
 method 123–4  
 theoretical background 120–23  
 total results 132–4  
 economic policy limits and 62, 63  
 employment and 57  
 monetary/macroeconomic policy  
 mix and, Euro area 219–28,  
 238  
 post-classical growth model and 174,  
 175, 178, 179  
 price level and 58, 59, 60  
 real, Japan and 57  
 structural reform and, Germany 160,  
 161, 164–5  
*see also* income
- Weale, Martin 24
- Weintraub, E.R. 38
- Weiss, A. 103
- welfare economics  
 classical view 142, 143  
 neoclassical view, fiscal/monetary  
 policy link and 191–3
- Werner, Richard A.  
 fiscal and monetary policy link 6,  
 193, 200, 210  
 German fiscal policy and 206,  
 208
- Western Europe *see* EU
- Williamson, O. 143, 150,  
 151
- Winslow, Ted 15
- Winter, S.G. 146
- Wohar, M. 102
- Wray, R. 204
- Young, Allyn 20
- Zeza, G. 85
- Zwiener, R. 163, 166

## NEW DIRECTIONS IN MODERN ECONOMICS

Post-Keynesian Monetary Economics  
New Approaches to Financial Modelling  
*Edited by Philip Arestis*

Keynes's Principle of Effective Demand  
*Edward J. Amadeo*

New Directions in Post-Keynesian Economics  
*Edited by John Pheby*

Theory and Policy in Political Economy  
Essays in Pricing, Distribution and Growth  
*Edited by Philip Arestis and Yiannis Kitromilides*

Keynes's Third Alternative?  
The Neo-Ricardian Keynesians and the Post Keynesians  
*Amitava Krishna Dutt and Edward J. Amadeo*

Wages and Profits in the Capitalist Economy  
The Impact of Monopolistic Power on Macroeconomic Performance in the  
USA and UK  
*Andrew Henley*

Prices, Profits and Financial Structures  
A Post-Keynesian Approach to Competition  
*Gokhan Capoglu*

International Perspective on Profitability and Accumulation  
*Edited by Fred Moseley and Edward N. Wolff*

Mr Keynes and the Post Keynesians  
Principles of Macroeconomics for a Monetary Production Economy  
*Fernando J. Cardim de Carvalho*

The Economic Surplus in Advanced Economies  
*Edited by John B. Davis*

Foundations of Post-Keynesian Economic Analysis  
*Marc Lavoie*

The Post-Keynesian Approach to Economics  
An Alternative Analysis of Economic Theory and Policy  
*Philip Arestis*

Income Distribution in a Corporate Economy  
*Russell Rimmer*

The Economics of the Profit Rate  
Competition, Crises and Historical Tendencies in Capitalism  
*Gérard Duménil and Dominique Lévy*

Corporatism and Economic Performance  
A Comparative Analysis of Market Economies  
*Andrew Henley and Euclid Tsakalotos*

Competition, Technology and Money  
Classical and Post-Keynesian Perspectives  
*Edited by Mark A. Glick*

Investment Cycles in Capitalist Economies  
A Kaleckian Behavioural Contribution  
*Jerry Courvisanos*

Does Financial Deregulation Work?  
A Critique of Free Market Approaches  
*Bruce Coggins*

Pricing Theory in Post Keynesian Economics  
A Realist Approach  
*Paul Downward*

The Economics of Intangible Investment  
*Elizabeth Webster*

Globalization and the Erosion of National Financial Systems  
Is Declining Autonomy Inevitable?  
*Marc Schaberg*

Explaining Prices in the Global Economy  
A Post-Keynesian Model  
*Henk-Jan Brinkman*

Capitalism, Socialism, and Radical Political Economy  
Essays in Honor of Howard J. Sherman  
*Edited by Robert Pollin*

Financial Liberalisation and Intervention  
A New Analysis of Credit Rationing  
*Santonu Basu*

Why the Bubble Burst  
US Stock Market Performance since 1982  
*Lawrance Lee Evans, Jr.*



Sustainable Fiscal Policy and Economic Stability  
Theory and Practice  
*Philippe Burger*

The Rise of Unemployment in Europe  
A Keynesian Approach  
*Engelbert Stockhammer*

General Equilibrium, Capital, and Macroeconomics  
A Key to Recent Controversies in Equilibrium Theory  
*Fabio Petri*

Post-Keynesian Principles of Economic Policy  
*Claude Gnos and Louis-Philippe Rochon*

Innovation, Evolution and Economic Change  
New Ideas in the Tradition of Galbraith  
*Blandine Laperche, James K. Galbraith and Dimitri Uzunidis*

The Economics of Keynes  
A New Guide to *The General Theory*  
*Mark Hayes*

Money, Distribution and Economic Policy  
Alternatives to Orthodox Macroeconomics  
*Edited by Eckhard Hein and Achim Truger*

