## Index

1997 Asian Crisis 242

account liberalization 236
accumulation 235–7, 241
AD-AS model 59, 57
African countries 234
aggregate demand 239–40
aggregate investment 237
aggregate savings 236
Akerlof, G. 5–6, 10
Amsden, A.H. 241
animal spirits 292, 304
appreciated currency 236
arbitrage 45–6
Arestis, P. 102, 220
Asimakopulos, A. 80, 88, 94, 101, 210
Atesoglu, H. 124, 126, 130, 131, 134
Axtel, R. 10

Baddeley, M. 4
Baker, D. 202
balance-of-payment crisis 236
Bateman, B. 3–5
behavioral finance 223, 231
Benaroya, F. 235
Bernstein, P.L. 211
Bhaduri, A. 235, 237, 239, 240, 242
Blanchard, O. 9
borrowers’ risk 40–41, 288, 298, 300, 304
Brazilian ‘Real Plan’ 179
Bresser-Pereira, L.C. 236
and Nakano, Y. 182
business confidence 54, 54, 55

Cambridge capital controversies 3–4, 8
Cambridge school growth and distribution models 138
capacity utilization 236–7, 239–40, 288, 300, 302
capital marginal efficiency of 252
capitalist income 237
capital-to-efficiency labor ratio 141, 143–6
Cardim de Carvalho, F. J. 219
Cavallo, D.F. 235
central bank 157, 158, 160, 161, 162, 163, 169, 177
reaction function 124
Chang, H.J. 241
Chick, V. 128, 133
Cho, B. 207
circuitist approach 264, 273, 276, 277
school 259, 263–5, 271
classical underconsumptionist thesis 239
Colander, D. 3, 6, 10
Collins, S. 235
cost-of-living adjustment (COLA) 198
Courvisanos, J. 102, 111
and Richardson, C. 109
cumulative causation 104, 110, 313
currency management 234

Davidson, P. 51, 102, 124, 125, 130, 133, 211, 216, 231, 246
de Vroey, M. 9
debt deflation 60, 58
degree of 137, 139–45, 147, 150
devaluation 239
Dickens, E. 223
disequilibrium 81, 103
distribution of income 53, 55, 60
Dutt, A.K. and Amadeo, E. 138
<table>
<thead>
<tr>
<th>Term</th>
<th>Page Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>dynamics</td>
<td>138</td>
</tr>
<tr>
<td>capitalist economies</td>
<td>138</td>
</tr>
<tr>
<td>comparative</td>
<td>149</td>
</tr>
<tr>
<td>East Asia</td>
<td>234, 241–2</td>
</tr>
<tr>
<td>economic growth</td>
<td>217, 218</td>
</tr>
<tr>
<td>economic policy</td>
<td>13–15</td>
</tr>
<tr>
<td>effective demand</td>
<td>51, 68, 80, 82, 84, 88, 90, 92, 101, 207, 279, 280, 313</td>
</tr>
<tr>
<td>efficiency wage theory</td>
<td>5</td>
</tr>
<tr>
<td>Eisner, R.</td>
<td>196–9, 202</td>
</tr>
<tr>
<td>elasticity</td>
<td>240</td>
</tr>
<tr>
<td>employment rate</td>
<td>176</td>
</tr>
<tr>
<td>employment target</td>
<td>177</td>
</tr>
<tr>
<td>endogenous mechanism</td>
<td>self balancing 51, 58</td>
</tr>
<tr>
<td>endogenous money</td>
<td>277, 279, 280, 297, 305</td>
</tr>
<tr>
<td>equilibrium</td>
<td>68, 69, 71, 72, 74, 82, 84–6, 89, 92–4, 100, 105, 313</td>
</tr>
<tr>
<td>long-run 309, 310, 318</td>
<td></td>
</tr>
<tr>
<td>shifting 70</td>
<td></td>
</tr>
<tr>
<td>short period 80, 81, 87, 88, 90</td>
<td></td>
</tr>
<tr>
<td>equilibrium level of 141, 143–5</td>
<td></td>
</tr>
<tr>
<td>exchange rate</td>
<td>176, 177, 179, 180, 181, 182, 183, 185, 186, 188, 189, 191, 192</td>
</tr>
<tr>
<td>fixed 256</td>
<td></td>
</tr>
<tr>
<td>floating 256</td>
<td></td>
</tr>
<tr>
<td>level 234</td>
<td></td>
</tr>
<tr>
<td>management 234, 241</td>
<td></td>
</tr>
<tr>
<td>policy 234</td>
<td></td>
</tr>
<tr>
<td>development approach to 241</td>
<td></td>
</tr>
<tr>
<td>expansionary devaluation</td>
<td>234</td>
</tr>
<tr>
<td>expectations 21, 25–7, 46–7, 53, 57, 58</td>
<td></td>
</tr>
<tr>
<td>exports 236</td>
<td></td>
</tr>
<tr>
<td>exports in nominal terms</td>
<td>240</td>
</tr>
<tr>
<td>external debt ratio</td>
<td>242</td>
</tr>
<tr>
<td>Fajinzyler</td>
<td>235</td>
</tr>
<tr>
<td>falsification</td>
<td>21</td>
</tr>
<tr>
<td>Federal Insurance Contributions Act (FICA)</td>
<td>see social security</td>
</tr>
<tr>
<td>fiat money</td>
<td>197, 198, 264</td>
</tr>
<tr>
<td>finance motive</td>
<td>26, 28, 245, 247, 249–7, 260</td>
</tr>
<tr>
<td>financial crises</td>
<td>27</td>
</tr>
<tr>
<td>financial fragility</td>
<td>54, 60</td>
</tr>
<tr>
<td>financial instability</td>
<td>280</td>
</tr>
<tr>
<td>financial sector</td>
<td>financial liberalization and innovation 212–13, 214, 215, 216, 217, 218</td>
</tr>
<tr>
<td>financial theory of investment</td>
<td>37</td>
</tr>
<tr>
<td>fiscal adjustment</td>
<td>176, 177</td>
</tr>
<tr>
<td>fiscal policy</td>
<td>129, 130</td>
</tr>
<tr>
<td>expansionary</td>
<td>129</td>
</tr>
<tr>
<td>Fisher, I.</td>
<td>55</td>
</tr>
<tr>
<td>Foley, D.</td>
<td>6, 9</td>
</tr>
<tr>
<td>Frank, E.</td>
<td>202</td>
</tr>
<tr>
<td>Frenkel, R.</td>
<td>234, 236</td>
</tr>
<tr>
<td>full employment</td>
<td>57, 123, 124, 127–9, 133</td>
</tr>
<tr>
<td>Gala, P.</td>
<td>234</td>
</tr>
<tr>
<td>Galbraith, J.</td>
<td>202</td>
</tr>
<tr>
<td>General Theory, The</td>
<td>124, 130, 133, 259</td>
</tr>
<tr>
<td>gold standard</td>
<td>161, 170</td>
</tr>
<tr>
<td>Goodhart, C.</td>
<td>7–8</td>
</tr>
<tr>
<td>Great Depression</td>
<td>129</td>
</tr>
<tr>
<td>Greenspan Commission</td>
<td>199, 202</td>
</tr>
<tr>
<td>Greenspan, A.</td>
<td>197</td>
</tr>
<tr>
<td>growth</td>
<td>growth</td>
</tr>
<tr>
<td>Harrod-Domar model</td>
<td>11–12</td>
</tr>
<tr>
<td>Kaldorian model</td>
<td>12</td>
</tr>
<tr>
<td>Hansen, A.</td>
<td>246, 252, 253</td>
</tr>
<tr>
<td>Harcourt, G.C.</td>
<td>101</td>
</tr>
<tr>
<td>hard currency</td>
<td>242</td>
</tr>
<tr>
<td>Harrod, R.F.</td>
<td>74</td>
</tr>
<tr>
<td>heterodox macroeconomics</td>
<td>principle of effective demand 4</td>
</tr>
<tr>
<td>Hicks, J.R.</td>
<td>72, 92, 99, 123, 246, 259, 315</td>
</tr>
<tr>
<td>horizontalist approach</td>
<td>279</td>
</tr>
<tr>
<td>horizontalism</td>
<td>273, 296</td>
</tr>
<tr>
<td>high powered money</td>
<td>297</td>
</tr>
<tr>
<td>income distribution</td>
<td>238</td>
</tr>
<tr>
<td>indexation 177, 181, 189, 190, 191</td>
<td></td>
</tr>
<tr>
<td>industrial policy</td>
<td>236</td>
</tr>
</tbody>
</table>
inequality 227
inflation 26, 176, 177, 178, 179, 180, 181, 182, 183, 185, 186, 187, 188, 189, 190, 192
inflation index 178
inflation rate 176, 177, 178, 181, 182, 183, 186, 189,
inflation target 183
inflation targeting (IT) 130–31, 133, 176–80, 182–3, 185, 188–9, 191–2,
institutions 66
interest
Classical Theory of 247
Keynes Theory of 251–2, 256
interest and prices 7
banking 144–52
interest/exchange rate trap 178, 184, 185, 191, 192
long-term 123, 124, 128, 131–5, 164, 166, 169, 172, 185, 186, 190
market interest rate 163, 166, 167, 169
neutral 133, 166, 167, 169, 172
nominal 134, 135
real 182
rule 133
short-term 163, 164, 166, 167, 169, 172, 180, 185, 186, 187
term structure of interest rates 186
trap 188, 190, 192
international price levels 239
investment 67, 92, 102, 104, 105, 128–30, 134, 208–9, 216, 218, 220, 234, 239–40, 312, 313, 318
-led growth 242
and saving 71, 73, 80, 82, 83, 85–90, 94
demand curve 245
demand schedule 245, 247
finance 209–12, 214, 215, 217, 218
function 236, 239
decision making 208, 215, 216, 218
government 130
propensity to invest 247, 249
investment behavior 223
inward-look industrialization strategy 242
IS–LM model 123, 124, 133, 239, 246–7, 251–7, 259, 279
Jarsulic, M. 138
Kahn, R. 81, 85, 86, 87
Kaldor, N. 72, 73, 139, 150, 279
Kalecki, M. 51, 55, 56, 60, 70–74, 99–105, 139
Kelton, S. 196
effect 52, 57
see also risk, Keynes’ concept of
Keynesian
condition 240
macroeconomic channel 234
macro models 235
perspective 234
Keynesian theory 138, 152
Kregel, J. A. 70, 73, 211
Krugman, P. 199–201, 202
lockbox approach 200
Kuhn, T. 22, 29
Lakatos, I. 20,
Lavoie, M. 12
law of large numbers 223, 225–6
Lazonick, W. and O’Sullivan, M. 220
Le Heron , E. and Carré, E. 178
lenders risk 40–41, 288, 292, 296, 298, 302, 304
Lima, G.T. and Meirelles, A.J. 138
liquidity preference 41–3, 72, 132, 142, 207, 209, 211–12, 214, 215, 216, 245–7, 259
banks 137, 141, 152
theory 279–80, 293, 295–6, 305
liquidity trap 57
long-term growth 237
loss aversion 230
marginal efficiency of capital 42–3
Marglin, S.A. 235, 237, 239, 240, 242
mark-up
banking 137, 138, 141
desired rate of 139
effective rate of 139
mark-up pricing 137, 139, 141, 237–8
Marshallian partial equilibrium 123, 133
Marshall-Lerner condition 241
Marx, K. 75, 272
microfoundations 9–12, 28
Minsky, H. 38–41, 46, 59, 58, 215, 219, 280, 282, 300
model 123, 125–31, 134, 135
modern money approach 201–2
monetarism 7
money
demand for 246, 247, 252–7, 279
supply for 246, 247, 252–7
monetary circuit 266, 268
expansionary 130
monetary production economy 99, 105–7, 277
monetary theory of production 166
monetary theory of production 21
money supply 157, 158, 159, 160, 161, 162, 166, 172,
endogeneity 152
structuralist view 137, 141
Moore, B. 157, 209, 219, 273, 279
multiplier effect 249
neoclassical Keynesian Synthesis 5, 58
neoliberalism 14
new classical macroeconomics 8
new consensus model 7–9
new growth theory, 12
nominal exchange rate 238–9
nominal wage 238–9
non-sufficient reason
principle of 223, 224–5
Ohlin, B. 259, 262
Old-Age, Survivors, and Disability Insurance (OASDI)
see social security
open economy macroeconomics 29, 240
open market operations 158, 160
output gap 179
output growth rate 177
overvaluation 235
own rate analysis 44
partial equilibrium causal sequence 133
pass-through 182
Pasinetti, L. 246, 252
Patinkin, D. 57
permanent stimulus for the export sector 242
personal retirement accounts 196, 198
Peru 242
Pigou, A.C. 52, 57
Pollin, R. 137, 141
Polterovich, V. 235
Popov, V. 235
Popper, K. 21
Post Keynesian economics 4, 10–11, 276, 279–81, 305
and the short period 11
and the long period 11
macrodynmic model 137
Post Walrasian economics 3, 10
potential output 237
precautionarity motive 260
preference reversal 229, 230
price
flexibility 51, 58–9
price level 238
pricing 138, 139
principle of increasing risk 39–40
private 129, 130
socializing 129, 130
volatility of 130
probability
logical relationship between propositions 226–7
theory of 223
production economy 138
productivity level 238
profit 237–9
share in income 238
profit-squeezing effects 235
propensity to consume 52, 58
propensity to spend 60
quasi-rents 43–4
Razin, O. 235
real business cycle macroeconomics 8
real devaluation 241
real exchange rate 234, 238, 240
  level 237
  long-term effect of 235
  policy 236
real exports 240
real imports 240
real interest rate 241
Real Plan 179, 184, 191
real term structure theory of 132
real wage 235–8, 240–41
  flexibility 239
rentier 52, 53, 60
resource-rich countries 236
risk 26–7, 223, 228–9, 230
  Keynes’ concept of 223, 226–7, 231
  orthodox concept of 223, 224
Robertson, D. 259
Robinson, J. 64–6, 68–70, 72, 73, 75, 94, 100, 101
Rodrik, D. 241
Rogers, C. 123, 128, 129, 133
Romer–Taylor model 123, 124
  rule 141
    short term 137, 141, 152
Sachs, J. 242
saving rates 239
savings displacement 236–7
savings function 237
Schumpeterian vision 138
shareholder value
  maximization of 217–18, 220
short run
  real wages 238
  profitability 238
speculative motive 249, 260
social accounting matrix 270
social security 196–9
  means testing 198, 202
  pay-as-you-go basis 200
Federal Insurance Contributions
  Act (FICA) 197
Old-Age, Survivors, and Disability
  Insurance (OASDI) 197
Sraffa, P. 74, 75, 272
Stabilizing an Unstable Economy
  37
state-led development 241
stock market 211, 213, 216, 217, 219, 220
straw man argument 3–6
subway token analogy 200–201, 202
system dynamics 103
taxonomy 123, 125
Taylor rule 176, 179
theoretical extension of 131
Tobins q ratio 293, 296, 302, 304
Townshend, H. 72
trade regimes 241
transactions motive 245–7, 250–56
two price system model 37–8
uncertainty 21, 25–7, 207, 214, 231, 231
undervalued currency 235, 242
unemployment 53, 54
Wade, R. 241
wage
  flexibility 51, 52, 54
  stickiness 58
Washington Consensus 15
Watanabe, K. 138
weight of arguments 227–8, 229, 230, 231
Weintraub, S. 133
Weintraub–Davidson aggregate demand and supply model 123, 124
Weisbrot, M. 202
Weitzman, M.L. 67
Wicksell, K. 67, 68
Williamson, J. 234, 236
windfall profits 82–6, 88, 91, 92
Winner’s curse 223, 224
Woodford, M. 7–8
Wray, L.R. 210
You, J. 138