Index

Adam’s navel, philosophical dispute over 333–4
adaptability, of J.M. Keynes 21
Adrogue, M. 202
agriculture
   agricultural revolution, the 239
   liberalization of in Kazakhstan 287–8
Alchian, A. 253, 263
alienation of workers, in factory system 246
Allen, R.G.D. 96
Alma-Ata, Kazakhstan 281, 286, 292
anticipated inflation
   impact 178, 185–7
   model (AIM) 4, 52–3, 57–60, 143–5, 151–3, 169
Argentina
   currency reform in 185, 193–6, 209
   regressive nature of inflation ‘tax’ in 207
Arida, P. 200
Arrow–Debreu complete markets model 68, 73, 97, 98, 211, 212, 214, 216
Arrow, K. 97
assembly lines, Henry Ford 249, 261
asset markets, impact of high inflations upon 207–8, 209–10
Austral Plan (Argentina, 1985) 185, 193–6
axiomatic models 312–13
Babbage, C. 244, 246, 265
backward-bending supply curve 226, 231
Bailey, M.J. 57
Bamford, J. 267
Bang, C.Y. 281, 294
bank deposits, forced conversion of 276
bargaining situation, factory system 250–51, 262
Barro, R.J. 4, 30, 31, 37, 43, 75, 99, 130, 164, 178–9, 183
‘basket convertibility’ 14, 118
batch economies, end to 264–5
‘beauty contest parable’, (J.M. Keynes) 47
Benassy, J.-P. 30, 31
Bewley, T. 213, 217
Bielorus 281
Black, F. 44
black markets, former USSR 273, 274, 275, 283
Black–Fama–Hall theory 44
‘blueback’ scheme
   application in Argentina 193–6
   application in Brazil and Peru 196–7
   contracts under, in high inflations 188–90, 191–3, 194–5, 196–7
   credibility of conversion mechanism 184–5, 190–91, 195–6
   overview 57–8, 144, 152–3, 157–8, 185–7
   preconditions for currency reform 197–9
Böhm-Bawerk, E. von 258
bond markets, impact of inflation under random walk monetary standard 170
bottom-up approach to high inflations 212–13
‘bounded instability’ 319–20
bounded rationality 48, 213
Bowley, M. 96
Bozalla, M. 201
Brahe, T. 329–30
Brazil
   currency reform in 193, 196–7, 209
   regressive nature of inflation ‘tax’ in 207
Bresciani-Turroni, C. 201, 217
Bretton Woods system 6, 13, 16–17, 39–40, 60, 110, 118, 125–6, 173–4
Macroeconomic instability and coordination

Brunner, K. 4, 11, 30, 34, 42, 93, 129, 130, 133
budget process, lack of within high inflation economies 205, 206–7
business cycle according to ‘Swedish flag’ taxonomy 9–12, 33–4
expansions and contractions 328–9
pattern 320
real business cycle see real business cycle (RBC)
thories 9–10, 15–17, 66–7
under ‘loose’ convertibility 117–31

Cagan, P. 30, 55, 183, 204, 216
Capital and Growth (Hicks 1965) 107
capital and labor, differentiation of functions 248–9
saving on, factory system 243–4
see also investment
capitalism, and factory system
American and Japanese production management traditions 249–51
and division of labor see division of labor
factory system, overview of 239–41
fluctuations 252–3
market, extent of 246–7
mechanization 247–9
overview 238
revolutions, agricultural and industrial 239
Cardoso, E. 202
cascade, of failures within ex-Soviet states 290, 297, 298–9, 300
central banks
poetically of 158–9
Chase, S.B. 132
Chevron 289, 292
Chicago Monetarists 129–30
China, agricultural reforms 287–8, 301–2
Chipman, J.S. 269
Civic Union, Russia 303

classical theory
‘classical’ cosmology 316–17
debate with Keynes 35–6
and IS–LM 71
Clower, R.W. 19, 24, 25, 27, 30, 31, 96, 111, 112, 236, 334
CMEA trade, collapse of 289, 297
‘cobweb’ model 73, 234
Coddington, A. 24, 26, 27, 31, 113
command economy, reform of see socialist transformation, problems of
commercial code, need for in former USSR 292–3, 301–2
communication, within economics 311, 314–16
comparative advantage, new sources of in macroeconomy 267
complementary inputs, factory system 243
complete information 72, 73, 74, 75–8, 82–6
complexity, of economic systems 256–9
computerization, implications for division of labor 263–4
constitutional constraints on monetary powers of government assessment and outlook 177
constitutional monetary regimes (monetary constitutions) 57, 61–2, 145, 153, 155–6, 166–8
constitutional proposals 175–7
inflation, social costs of see social costs of inflation
money control see convertibility control principle; quantity control principle
contracts
impact of high inflations upon 191–3, 207–9
indexed contracts 188–90, 192, 193, 194–7, 208–9
‘loose’ convertibility 117–31
cooperative economy 28
cosmologies see economic cosmologies
Index 357

Crawford, R.G. 263
crawling exchange rate, ‘blueback’ scheme 190
credibility, importance of in stabilization of inflation 184–5, 190–91, 195–6
credit cycle 14, 122
tradition in monetary theory 106, 107, 108, 109
price of 173, 174
rationing 128
Critical Essays in Monetary Theory (Hicks 1967) 106
cruzado, in Brazilian currency reform 196–7
currency reform, use of in inflation stabilization in Argentina 193–6
‘bluebacking’ see ‘blueback’ scheme in Brazil and Peru 196–7
contracts in high inflations 191–3
credibility, importance of 184–5, 190–91, 195–6
indexed contracts 188–90, 192, 193, 194–7, 208–9
need for in former USSR 276
preconditions for reform 197–9

Dahlman, C. 239
Darby, M. 149
Das Kapital (Marx 1906) 241
dating, of goods 98–100
Debreu 97
deflation 36
deindustrialization 263–4
demand
demand-price schedules 18–19, 20
and supply equations, market as device for solving 221–36
Demsetz, H. 253
depression, in USSR 296–303
deskilling of workers, in factory system 245–6, 248–9, 262
destatization 293, 301
determinants of inflation, in former USSR 273–8
discretionary policy, monetary regimes 167–8
disequilibrium theory 16, 18, 19, 46, 65–8 (or see Keynesianism)
disinflation 20, 152, 157–8, 184–5
division of labor
classical theory of 241–4
and the firm 260–63
in high inflation economies 214–15
horizontal division 244–5
impact of computers and robots 263–7
impact of mechanization 247–9
and increasing returns to scale 259–60
and information costs 256–9
in the macroeconomy 267–9
social consequences of vertical division 245–6
vertical division 244–5, 246, 247, 248, 249, 250–252
‘dollarization’ of contracts 192, 208
Dornbusch, R. 202
downward-sloping excess supply price schedule 229, 231, 233

Eastern Europe, economic reform in 289
economic cosmologies
cosmology I (‘classical’) 316–17, 322, 323, 326, 328
cosmology II (‘revolutionary’ Keynesianism) 318–19, 323, 325, 326, 328
cosmology III (countercyclical) 319–20
cosmology IV (equilibrium tendency) 320–22
and the ‘facts’ 325–9
overview 311–13
private nature of 314–16
role of 310–11
and theoretical propositions 323–5
economic development as increasing complexity of economic systems 256–9
Economic Expert Committee, Kazakhstan 281–2, 285–6, 287, 288–9
economic systems, complexity of 256–9
economies of scale 48–51, 123, 238–53, 256, 259–63, 296–8
Eden, B. 62
Macroeconomic instability and coordination

effective demand failures 18–20, 23, 24–9, 46, 48
Eilbaum, R. 202
enclosures 239
endogenization of expectations 8–9 ‘ends’ and ‘means’, in social sciences 309
Engels, F. 322
entrepreneurial economy 28
equilibrium approach vs. involuntary unemployment 17–20
disequilibrium see Keynesianism ‘Equilibrium and the Cycle’ (Hicks 1933) 97–8
general equilibrium systems, cosmologies relating to 316–22 models 40–45, 72–4, 99
temporary equilibrium method 67, 98–100, 103
theory 15–16, 47, 65–8
and time in analysis of Sir John Hicks 95–100
see also IS–LM
escape clauses, monetary regimes 167
excess demand
excess demand curve, Walrasian
stability homeostat 225
for future goods 18–20, 46
for money 81, 82, 86–9, 139–40, 141
excess supply
excess supply price, Marshallian
homeostat 228
of money 140–41
exchange rates
in ‘blueback’ scheme see ‘blueback’ scheme
and business cycle under ‘loose’ convertibility 120, 125
fixed 17, 21
flexible 20
impact of movements on production systems 268–9
expectations
impact on credibility of ‘blueback’ scheme 190–91, 192, 198–9
impossibility of evaluating under very high inflations 214
treatment of in Keynesianism 7–9, 60–61
treatment of in macromodels 53–6 under random walk monetary standard 169–70
see also inflation
factory system see capitalism, and factory system
Fama, E.G. 44
Fanelli, J. 200, 201
Farmer, R.E.A. 47
Federal Reserve 158–9, 175–6, 181–2
Fellner, W. 150
fiat money see quantity control principle
fiscal–monetary model of inflation 211
fiscalist extreme version of IS–LM model 80–81
Fisch, S. 202, 217
Fisher, S. 164
Fitoussi, J.P. 112
fix–price market 65, 70, 100, 210–11
flex–price market 100, 210–11
Ford, Henry 249, 261
foreign policy implications of US inflation 163–4
‘Foundations of Monetary Theory’ (Hicks) 108
Fremling, G.M. 183
Frenkel, R. 201
Friedman, M. 4–5, 10, 11, 14, 30, 36, 40, 41, 42, 65, 75, 92, 93, 104–5, 106, 109, 110, 129, 131, 133, 136, 142, 145, 149, 329, 331
Friedman rule 127, 159, 167, 171, 172, 175
Frydman, R. 47
full employment, Keynes on 34
full information general equilibrium (FIGE) 82–6
future, existence of 333, 334–6
general equilibrium systems, cosmologies relating to 316–22
General Theory (J.M. Keynes 1936) 7, 11, 21, 24–9, 44, 98, 101
Georgescu-Roegen, N. 246, 247
Gerchunoff, P. 201
Gesell money 141–2, 143, 144
Gibson, W.E. 129, 133
Gibson’s paradox 4, 5, 52, 61, 80, 92
Glasner, D. 131
gold standard 13, 14, 15, 38, 39, 61, 118, 119–20, 125, 159, 167, 171, 172, 173
Goodwin, R.M. 221, 224, 236
Gorbachev, Mikhail 278, 280, 281
Gordon, D. 178
Gordon, R.J. 30
Gosplan inheritance 287, 296–9, 301
Gosse, P. 334
government debt in former USSR 273, 275–7 in high inflation economies 205–6
Gramley, L.E. 132
Grandmont, J.M. 112
Great Depression, the 5, 6, 38, 45, 152, 323, 325, 326, 328 ‘greenbacks’ see ‘blueback’ scheme
Grossman, H.I. 24, 26, 27, 30, 31–2
Guarnieri, R. 333–6
Haberler, G. 149
Hahn, F.H. 30, 73, 92, 121
Haltiwanger, J. 47, 48
Handelsrecht, German commercial law 293
Hansen, A.H. 41, 90, 327, 329–30, 331
hard budget constraints, imposition of in USSR 299–300, 302
Hart, A.G. 48, 110, 165
Hayek, F.A. von 44, 93, 96, 97, 98, 106, 215–16
Helpman, E. 269
heterogeneous manufacture 245
Heymann, C.D. 68, 69, 199, 200, 201, 204, 216
Hicks, Sir John 7, 30, 44, 72, 73, 117, 126–7, 131, 132, 165, 236, 330, 332 on time and money 95–113
High Economic Council, Kazakhstan 281, 286, 288, 292
high inflations, in contemporary monetary theory 204–16
History, nature of 332–6
homeostat, market as see markets, notes on theory of homeostatic cosmologies 316–17, 320–21
horizontal division of labor 244–5
housing, privatization of in Kazakhstan 284–7
human capital 244, 249
hyperinflation 158, 184, 192, 197, 198, 199, 204, 208, 283, 299, 303
ideology and analysis in macroeconomics bias and impartiality 307–11
homeostatic cosmologies see economic cosmologies ill-behaved expectations 8–9, 56, 58, 60
IMF support, Kazakhstan 292
income fluctuations, explanations of 59, 61–2
nominal income, transmission mechanism 130, 131
see also expectations; money supply: money–income correlations; wages
incomplete information 72, 73, 74, 79, 84
incomplete markets 47
indexed contracts 188–90, 192, 193, 194–7, 208–9
industrial managers, Russia 302–3
industrial revolution 239, 240
ineffectiveness doctrines, Keynesian 128–9, 130, 174
inflation anticipated 4, 52–3, 57–60, 143–5, 151–3, 169, 178, 185–7
in former USSR 273–8, 299–303
impact of very high levels 204–16
impact on economic performance 159–64, 168, 170–71
in Monetarist–Keynesian debate 4–6, 8, 14–15, 22, 38–40, 52–68
issues in Kazakhstan 282–4, 286–7
social cost of 8, 143, 152, 159, 162–3, 168–71, 207, 210
stabilization of through currency reform 184–99
in USA 52, 55–6, 61, 151
variability of inflation rate 155–6, 191–3
see also stagflation
Macroeconomic instability and coordination

information asymmetries, impact on economic coordination 47, 66, 83
interest inelasticities of investment 128, 130
interest rates
and business cycle under ‘loose’ convertibility 119, 122, 123, 127, 128–30
in IS–LM model 77, 79–82, 85–6, 87, 89–91
and monetary regimes 12–17
negative real rates in inflation 161–2
response to shocks 9–12, 63–4
in stagflation scenario 147–8
targeting of monetary policy 39, 118–19
under ‘loose’ convertibility 118–19, 123, 127, 129–30
see also central banks; convertibility control principle; quantity control principle
investment
impact of inflation on 159–60, 170
interest inelasticity of 128, 130
real earnings on under random walk monetary standard 146
relationship to savings 81, 82–6, 138–40 see also Keynesianism
involuntary unemployment 17–20, 22, 23, 26–9, 65
irrational system-states 47–51
irrelevance theorem for open market operations 43–4
IS–LM
coordination failures, explanations of 71–2
excess demand for money, impact of real shocks on 81, 86–9
full information macroeconomics (FIM) 75–7
Keynesian savings–investment model and ‘Cambridge k’ money demand model 77–9
liquidity preference and loanable funds hypotheses 71, 87, 89–90, 91, 113
model of Sir John Hicks 100–106
overview of models 72–4
real and monetary phenomena, interaction of within system 74–5, 90–92, 128
savings and investment intentions, impact of monetary shock on 81, 82–6
simple IS–LM model 79–81
summary of problems associated with model 70–71
Israel, indexation of contracts 193, 209
Jevons’s homeostat 235
Johnson, H.G. 330
joint rent, factory system 250–51, 262
Jonung, L. 68
Kaldor, N. 96, 132
Kazakhstan, market reform in (1991)
economic geography and demography 279–80
economic reform, initial stages 281–2
February 1991, progress by 282–8
June–July 1991, progress by 288–91
manufacturing enterprises, large 289–91
post-August 1991, progress by 292–3
President Nazarbaev 280–81, 284, 292, 294, 302
prospects 294
Kepler, J. 329–30
Keynes, J.M.
and the ‘classics’ debate 35–6, 71, 90–91, 95–6, 101, 114, 310
contribution to economic theory 24–9, 30–32, 68, 112–13, 147, 149
malfunctions of market system 322–3, 330
as monetary reformer, 6–7, 20–22
and treatment of expectations 7–9
see also Keynesianism
Keynesianism
business cycle theory see real shock/real adjustment (R/R) theory; real shock/nominal shock (R/N) theory
IS–LM, weaknesses of 70–92
Axel Leijonhufvud - 9781781008393
Downloaded from Elgar Online at 05/05/2019 02:39:37AM via free access
past confusions, future prospects 33–51
savings–investment model and ‘Cambridge \( k \)' money demand model 77–9
shattering Marshallian agreement 310
time and money, Hicks on 95–110
see also Keynes, J.M.
Klein, B. 133, 150, 263, 265
Knight, F. 44, 97
kolchozes, Kazakhstan 287–8, 294
Kornai, J. 216
Koyck, L.M. 55
Krakatoa’s pointless theorem 333, 334
Kravchuk (Ukraine president) 281, 297, 302
Kydland, F. 30, 41, 45, 178, 269
labor
and capital, differentiation of function 248–9
division of see division of labor
market, market mechanisms in 134–5, 135–7
relations 147, 251
in USSR 277
see also market clearing
lag assumption, IS–LM 91
lags in natural rate of unemployment 136–7
Laidler, D. 30
Lange, O. 26, 31, 112
Laslett, P. 131
Latsis, S. 111
law of indifference 235
Leffler, K.B. 265
‘legal restriction’ theory of money 44
Lekachman, R. 318, 330
Leland, J.W. 48
Lerner, A. 96
Levi-Strauss, C. 256–7
Levine, D.K. 47
Lindahl, E. 44, 98
Lipsey, R. 93
liquidation value of machinery, Kazakhstan 290
liquidity
preference hypothesis 29, 71, 87, 89–90, 91
trap 85, 128, 130
litigation, resulting from inflation 163, 170–71
loanable funds hypothesis 71, 89–90, 91
London School of Economics 95–6, 97
long-run equilibria 102
long run–short run concept 72, 74–5, 78
long-term expectations 7–8
longer series scale economies 247
Lucas, R.E. Jr. 4, 7, 11, 17, 30, 40, 45, 48, 65, 67, 68, 69, 73, 75, 97, 99, 104, 105, 110, 118, 121, 123, 130
Machinea, J. 200, 201
macromodels, treatment of expectations 53–6
‘mafias’, former USSR 283, 299, 301
Malinvaud, E. 30, 31
manufacturing
industries, privatization of in Kazakhstan 288–91
production, Smith’s theory of 238–53, 260–63
see also capitalism, and factory
system; division of labor
marginal efficiency of capital (MEC)
impact of random walk monetary standard on 148
impact of shift in 10–12, 35–6, 77, 122, 138, 180
impact of shocks on 66, 67–8, 86–9
Marglin, S.A. 253
markets
application of models 229–34
and coordination of activities 322–3
disappearance of under very high inflation 211–12, 213–14
extent of in factory system 246–7
in former USSR, suppression of market mechanisms 273–8, 296–303
further applications 234–6
market clearing 17–20, 40, 41, 49, 65, 99, 211, 223, 233
market mechanism, effectiveness in coordination of economic activities 45–6
Marshallian stability homeostat 228–9, 231–4, 235
servo-mechanism, market as 222–3
unsophisticated thermostat model
221–2
Walrasian stability homeostat 223–7
Marshall, A. 74, 91, 95, 98, 111
Marshallian equilibrium analysis 7, 27
Marshallian stability homeostat 228–9, 231–4, 235
Marshallian theory 310
Marx, K. 241, 245, 247, 248, 265, 322
Matthews, R.C.O. 327–8, 331
‘means’ and ‘ends’, in social sciences 309
mechanization, relationship to division of labor 247–9, 261–2, 263–7
median taste 264
Medieval People (Power 1963) 257
Meltzer 90, 93, 133
metallic money tradition 106, 109, 127
microeconomics
(neo-Walrasian), relationship to macroeconomics (Keynesian) 42–3, 44, 45, 71, 96
versus macro theory, ideological divide over 307–11
Mill, J.S. 127, 247, 265
Minnesota wing, New Classicals 40–41
models (economic), nature of 311–13, 314
Modiano, E. 202
Modigliani, F. 35, 38, 87, 93, 129
Modigliani–Miller theorem 43
Moisset de Espanes, L.J. 202
Monetarism
and IS–LM 71, 80–81
in relation to successive monetary regimes 37–40
in relation to thought of J.M. Keynes 4–29, 52–68
superseded by New Classical economics 42
theories of transmission mechanism 129
see also natural rate of unemployment; nominal shocks: nominal shock/nominal propagation (N/N) theory
monetary base ceiling, need to legislate for 181–2
monetary constitutions (constitutional monetary regimes) 57, 61–2, 145, 153, 155–6, 166–8
monetary control see central banks; convertibility control principle; quantity control principle
monetary discipline, in tackling inflation 155–6
‘Monetary Experience and the Theory of Money’ (Hicks 1977) 107
monetary overhang, USSR 275–6
monetary policy and business cycle under ‘loose’ convertibility
banking policy and price levels 126–7
business cycles and money 121–3
closed and open economy variants of convertibility model 119–21
high inflations in contemporary theory 211–12
monetary standards and the Phillips curve 123–6
spectrum of regimes 117–19
transmission mechanisms and effectiveness of monetary policy 128–31
monetary reform, J.M. Keynes on 6–7
monetary regimes
in analysis of Sir John Hicks 108
and business cycle theories 15–17
conceptions of 6–7, 12–15, 57, 71
constitutional monetary regimes (monetary constitutions) 57, 61–2, 145, 153, 155–6, 166–8
currency reform, use of in inflation stabilization 184–99
government, constitutional constraints on monetary powers of 166–82
impact of change in on economic performance 151–64
policy reforms 20–21, 23
in relation to Monetarist controversy 37
spectrum of 117–19
see also inflation; monetary policy and business cycle under ‘loose’ convertibility
monetary shocks, impact of 5–22, 77
see also nominal shocks; real shocks
Index

‘Monetary Theory and History – An Attempt at Perspective’ (Hicks 1967) 106–7
monetary theory, and high inflations 204–16
money demand function 106–7
money supply changes in 34
control of see central banks; convertibility control principle; monetary regimes; quantity control principle
and demand see IS–LM
impact of disturbances in 3–51
models of 104–5
money–income correlations 4–6, 22–3, 52–68
Mossetti, G. 132
‘“Mr Keynes and the Classics”: A Suggested Interpretation’ (Hicks 1937) 101
mortgage financing, introduction of in Kazakhstan 286–7
multi-period general equilibrium model 72
multiple contract standards, within high inflation economies 209
multiple equilibria systems 47
Myrdal, G. 98, 111, 329
National Monetary Commission, proposal for 177
natural rate of unemployment hypothesis 4–6, 10–11, 16, 22, 23, 36–7, 135–7, 179–80
Nature and Significance of Economics (Robbins 1932) 96
Nazarbaev, President of Kazakhstan 280–81, 284, 292, 294, 302
neoclassical theory
real business cycle theory see real business cycle (RBC)
top-down approach to high inflations 213
of very high inflations 204–5
see also Sir John Hicks
neo-Walrasian equilibrium analysis 7, 27
neutral money 98
New Classical economics
debate with Keynesians over rational expectations 3–22, 25–6, 40–41, 52, 53
emergence of 40–41
on market clearing 65–6
new equilibrium approach 41–5, 99
nominal shock/real propagation (N/R) theory 40–41
responding to challenge of 47–8
transmission mechanism 130
‘new supply-side economics’ 148–9
Niehans, J. 183
nominal expectations 6, 8, 21, 59, 191
nominal impulses see nominal shocks
nominal income transmission mechanism 130, 131
nominal shocks 6, 9–10, 11, 15, 21, 40, 65, 66, 121–2, 124, 125, 179, 180
nominal shock/nominal propagation (N/N) theory 10, 12, 16, 34–5, 36–7, 40, 42, 121–2, 123–4, 126
nominal shock/real propagation (N/R) theory 40–41
in ‘Swedish flag’ taxonomy 33–4
O’Driscoll, G. 44
Okun, A.M. 30, 129
Okun’s Law 49, 252, 268
Oliveira–Tanzi lag effect 299
open field system 239
open market, irrelevance theorem 43–4, 211
output, and price in markets 221–36
Palerm, A. 210–11
parallel series scale economies 246–7, 261, 268
Pareto, V. 97
past, existence of 333–6
Patinkin, D. 93, 101–2, 113, 118, 121, 131
Peel–Friedman constitutional system 175–6
Pelaez, C. 196
perfect foresight 7, 8, 74, 97–8
Peru, currency reform in 196
Phelps, E.S. 43, 47, 56, 200
‘islands’ parable 40, 47, 67–8
Phillip’s curve demise 180
Friedman’s critique of 136
in Keynesian–Monetarist debate
4–6, 8, 52, 63–4
in long and short run 105
and monetary standards 123–6
Pigou, A.C. 26, 106
pin-making illustration, Adam Smith
241–2, 243–4, 245, 260
Poincaré ‘miracle’ 20–21
policy-ineffectiveness proposition 4
political consequences of inflation
163–4
politicalization of central banks 158–9
‘A Positive Theory of Monetary Policy
in a Natural Rate Model’ (Barro
and Gordon 1983) 178
postwar forecasting debacle 325–6
Power, E. 257, 269
preconditions for currency reform
197–9
Prescott, E.C. 30, 41, 45, 178
prices
controls in Kazakhstan 282–3
controls in former USSR 273–8, 298
fix-price market 65, 70, 100, 210–11
flex-price market 100, 210–11
price component of nominal income
changes 9–12, 121, 124, 128–31
price-fixing, quantity taking strategy
see convertibility control
principle
price-fluctuations, within monetary
regimes 13–15
price-level control and central bank
policy 126–7
and rate of output in markets 221–36
relative price variability 210–11
sticky 72, 109, 210
see also ‘blueback’ scheme; convert-
ibility control principle;
expectations; inflation; quantity
control principle
‘private’ nature of beliefs 314–16
private sector, role in control of money
supply 13, 14, 108, 118, 171
‘Privatization and Destatization Act’
(1991) 288–9, 293
privatization, as means of market reform
in former USSR 275, 284–94,
298–9, 300–303
production, impact of inflation on
159–60
productivity, impact of inflation under
random walk monetary standard
170
propagation mechanisms 33–4, 41
pure credit model 109
pure decision theory 96
‘pure’ economic models 312
putting-out system 239, 240, 245,
266–7
quantity component of nominal income
changes 9–12, 124
quantity control principle 12, 13, 14,
16–17, 38, 39, 108–9, 117–19,
124–5, 131, 171–5
quantity-fixing, price-taking strategy see
quantity control principle
‘quasi-neutral’ inflation see anticipated
inflation
Radcliffe Report 4, 14, 17, 109, 128
random walk monetary standard
(RWMS)
high inflations viewed as 205
impact on economic performance
58–9, 131, 153–5
implications of inflation under
169–71
leading to demise of Bretton Woods
system 125–6
rational expectations under 156–7
redistributive implications of aban-
doning 157–9
riddle of 145–9
rational expectations
and Monetarism, in relation to
thought of J.M. Keynes 3–29,
52–68
transmission mechanism 130, 131
under random walk monetary
standard 156–7
real balance effect 128
real bills doctrine 126
real business cycle (RBC)
impact of banking policy on 126–7
and stagflation 138–40
theory of 41–5, 49, 61, 62–4 123
see also business cycle
real impulses see real shocks
real interest rate see interest rates
real shocks 15, 22, 29, 64, 65, 66, 77, 80, 81, 86–9, 138, 180
real shock/nominal propagation \((R/N)\) theory 35, 36–7, 40, 42
real shock/nominal propagation \((R/R)\) theory 10–11, 12, 16, 18, 34–5, 37, 41–2, 121, 122–3, 124, 126
in ‘Swedish flag’ taxonomy 9–11, 33–4
regimes see monetary regimes
regressive nature of inflation ‘tax’ 207
relative price transmission mechanism 130
variability 210–11, 215
reporting lag, inflation rates 192
republics, ex-Soviet 278, 280, 282
see also Kazakhstan, market reform in
Resende, L. 200
reservation-wage schedules 18–19, 65
retroactive treatment of time 335
retrospective treatment of time 335–6
Ricardo, D. 95, 106, 109, 127
Ricardian equivalence theorem 37, 43, 211
Ricardian farm production theory 48–9, 214
rigidity of wages see wages, sticky
Rist, C. 114
Robbins, L. 96, 97, 111
Roberts, J. 51
Robertson, Sir D. 12, 106
Robinson, J. 329, 332
robots, implications for division of labor 266–6
Romer, P.M. 48, 269
Rosenberg, N. 248
‘roundaboutness’ 258
Rueff 106
‘Rules, Discretion and Reputation in a Model of Monetary Policy’ (Barro and Gordon 1983) 178
rules, importance of 180–81
Russia, relationship to Kazakhstan 280, 281, 284
Samuelson, P.A. 96, 97, 113, 236
Sargent, T.J. 4, 7, 17, 20–21, 30, 40, 43, 68, 75, 183
savings relationship to investment 81, 82–6, 138–40 see also Keynesianism
under random walk monetary standard 147
Sayers, R. 96
Say’s Law 20, 26, 141
scale economies see economies of scale
Schacht, H. 201, 217
scholarly impartiality versus ideological bias 308–11
Schotter, A. 69
Schwartz, A.J. 5, 30, 93, 129, 131, 133, 329
search process, Marshallian and Walrasian stability homeostats 224–6, 229, 233
seasonal fluctuations, impact 44, 45
seignorage 186
self-regulating systems 316–17, 319, 320–21, 328
Sembayev, D. 281, 282
serial manufacture 245
service sector and factory employment 263–4
servo-mechanism, market as see markets, notes on theory of
Shackle, G.L.S. 96, 97, 111
Shatalin plan 281
shocks see nominal shocks; real shocks
short contracts, as response to very high inflations 208–9
short-run equilibria 102
short-term expectations 8
Simonsen, M. 217
Sims, C.A. 12, 40
single-equation regressions 313
small firms, and robotization 266
Smith, Adam – (Smithian) production function 49–50, 214, 238–53, 256, 260–63
Smith-Lutz, V. 96
social cost of inflation 8, 143, 152, 159, 162–3, 168–71, 170–71, 207, 210
in former USSR 273–8, 296–303
sociological aspects of economic growth 267–9
Solow, R.M. 30
Soviet Union see USSR, former
Sowell, T. 69, 257
speculation
rewards for in inflationary regimes 162–3, 170
speculative demand for money 88, 139
speculative pricing 65
stagflation, theories of
labor market, missing market mechanism 134–5
and natural rate of unemployment 135–7
random walk monetary regime, impact of 148–9
saving and investment, failure to coordinate 138–48
stagnation thesis 325–7
standardization of production, factory system 243
State Savings Bank, Kazakhstan 286
static–dynamic concept 72, 98
stationarity condition 74
sterilization of current account, USA 125
sticky wages see wages, sticky
Stigler, G. 245
stochastic equilibrium concept 7, 8
‘strong’ money–income correlation 4, 5, 22–3
subdivision of labor 261
subsidies, cutting of in USSR 277
substitution effects, financial markets 129
‘Swedish flag’ taxonomy 9, 33–4
tâtonnement process 223–7, 231, 235
taxation
erosion of within high inflation economies 205, 206
in former USSR 277–8, 299
and Ricardian equivalence theorem 37
Taylorite time and motion studies 249
temporary equilibrium method 67, 98–100, 103
Thatcher, Mrs 20
*The Crisis in Keynesian Economics* (Hicks 1974) 102–3
theories, nature of 309, 311–13
Thompson, E.A. 131
Thornton, H. 106, 109, 126
‘tight’ convertibility 120, 124
time and equilibrium, in analysis of Sir John Hicks 95–100
and money, Hicks on 95–110
phasing, factory system 243
in theory and history 332–6
Tobin, J. 4, 5, 30, 38, 92, 129, 131–2, 149
top-down approach to high inflations 212, 213
*Tract on Monetary Reform* (J.M. Keynes) 20, 21, 29
transmission mechanisms, *IS–LM* 82–6
Trigo Represas, F. 202
Tumlir, J. 31
‘Two Triads’ (Hicks 1967) 107
Ukraine 280, 281, 284
unanticipated inflation 143, 145, 178, 277
unbounded rationality, danger of theory 216
unemployment
British 20th century averages 327–8
as concern underlying Keynesianism 319
during Great Depression 325
involuntary 17–20, 22, 23, 26–9
link with wages 22, 24–5
natural rate of 4–6, 10–11, 16, 22, 23, 36–7, 135–7, 179–80
post-World War II averages 327
relationship to stagflation 134–49
resulting from shift in marginal efficiency of capital 86–9
theories of 35–6
Union Treaty 284, 288–9
unionization 251, 262
USA
inflation in 52, 55–6, 61, 151
and Japanese production management 249–51
see also Great Depression
USSR, former
depression in, nature of 296–303
inflation and reform in 273–8
*Value and Capital* (Hicks 1939) 96, 98, 101
value-laden terminology, dangers of 309
variability of inflation 207
Velupillai, K. 217
vertical division 244–5, 246, 247, 248, 249, 250–252
vertical industry integration, in former USSR 290, 296–7
Viner 217
voucher scheme, Kazakhstan privatization programme 285–6
wages
controlling factors 134–5
reservation-wage schedules 18–19, 65
Waldman, M. 47, 48
Wallace, N. 4, 40, 43, 44, 75, 183
Walras, L. 97
Walrasian stability 223–7, 231–4, 235
‘weak’ money–income correlation 4–5
Wealth of Nations, (Smith 1776) 241, 248
Webb-Hicks, U. 96
Weiner, N. 330
Weintraub, E.R. 45
Weitzman, M. 259
welfare losses, factory system 253
well-behaved expectations 8, 9, 54, 56
West, E.G. 248
White, L.H. 44
Wicksell, K. 34, 37, 93, 98, 106, 109, 132–3, 147
Williamson, O.E. 253, 263
Witte, J.R. 236
Woodford, M. 47
World Bank support, Kazakhstan 292
Yamey, B. 269
Yavlinsky, G. 281
Yeager, L.B. 24–9
Yeltsin, Boris 280, 281, 297, 302
Young, A. 50, 269
Economists of the Twentieth Century

Monetarism and Macroeconomic Policy
Thomas Mayer

Studies in Fiscal Federalism
Wallace E. Oates

The World Economy in Perspective
Herbert Giersch
Towards a New Economics
Critical Essays on Ecology, Distribution and Other Themes
Kenneth E. Boulding

Studies in Positive and Normative Economics
Martin J. Bailey

The Collected Essays of Richard E. Quandt (2 volumes)
Richard E. Quandt

International Trade Theory and Policy
Selected Essays of W. Max Corden
W. Max Corden
Organization and Technology in Capitalist Development
William Lazonick

Studies in Human Capital
Collected Essays of Jacob Mincer, Volume 1
Jacob Mincer

Studies in Labor Supply
Collected Essays of Jacob Mincer, Volume 2
Jacob Mincer

Macroeconomics and Economic Policy
The Selected Essays of Assar Lindbeck
Volume I
Assar Lindbeck

The Welfare State
The Selected Essays of Assar Lindbeck
Volume II
Assar Lindbeck

Classical Economics, Public Expenditure and Growth
Walter Elis

Money, Interest Rates and Inflation
Frederic S. Mishkin

The Public Choice Approach to Politics
Dennis C. Mueller

The Liberal Economic Order
Volume I Essays on International Economics
Volume II Money, Cycles and Related Themes
Gottfried Haberler
Edited by Anthony Y.C. Koo

Economic Growth and Business Cycles
Prices and the Process of Cyclic Development
Paolo Sylos Labini

International Adjustment, Money and Trade
Theory and Measurement for Economic Policy Volume I
Herbert G. Grubel

International Capital and Service Flows
Theory and Measurement for Economic Policy Volume II
Herbert G. Grubel

Unintended Effects of Government Policies
Theory and Measurement for Economic Policy Volume III
Herbert G. Grubel

The Economics of Competitive Enterprise
Selected Essays of P.W.S. Andrews
Edited by Frederic S. Lee and Peter E. Earl

The Repressed Economy
Causes, Consequences, Reform
Deepak Lal

Economic Theory and Market Socialism
Selected Essays of Oskar Lange
Edited by Tadeusz Kowalik

Trade, Development and Political Economy
Selected Essays of Ronald Findlay
Ronald Findlay

General Equilibrium Theory
The Collected Essays of Takashi Negishi
Volume I
Takashi Negishi
Innovation, Technology and the Economy
The Selected Essays of Edwin Mansfield (2 volumes)
Edwin Mansfield
Economic Theory and Policy in Context
The Selected Essays of R.D. Collison Black
R.D. Collison Black
Location Economics
Theoretical Underpinnings and Applications
Melvin L. Greenhut
Spatial Microeconomics
Theoretical Underpinnings and Applications
Melvin L. Greenhut
Capitalism, Socialism and Post-Keynesianism
Selected Essays of G.C. Harcourt
G.C. Harcourt
Time Series Analysis and Macroeconometric Modelling
The Collected Papers of Kenneth F. Wallis
Kenneth F. Wallis
Foundations of Modern Econometrics
The Selected Essays of Ragnar Frisch (2 volumes)
Edited by Olav Bjerkholt
Growth, the Environment and the Distribution of Incomes
Essays by a Sceptical Optimist
Wilfred Beckerman
The Economics of Environmental Regulation
Wallace E. Oates
Econometrics, Macroeconomics and Economic Policy
Selected Papers of Carl F. Christ
Carl F. Christ
Strategic Approaches to the International Economy
Selected Essays of Koichi Hamada
Koichi Hamada
Economic Analysis and Political Ideology
The Selected Essays of Karl Brunner
Volume One
Edited by Thomas Lys
Growth Theory and Technical Change
The Selected Essays of Ryuzo Sato
Volume One
Ryuzo Sato
Industrialization, Inequality and Economic Growth
Jeffrey G. Williamson
Economic Theory and Public Decisions
Selected Essays of Robert Dorfman
Robert Dorfman
The Logic of Action One
Method, Money, and the Austrian School
Murray N. Rothbard
The Logic of Action Two
Applications and Criticism from the Austrian School
Murray N. Rothbard
Bayesian Analysis in Econometrics and Statistics
The Zellner View and Papers
Arnold Zellner
On the Foundations of Monopolistic Competition and Economic Geography
The Selected Essays of B. Curtis Eaton and Richard G. Lipsey
B. Curtis Eaton and Richard G. Lipsey
Microeconomics, Growth and Political Economy
The Selected Essays of Richard G. Lipsey
Volume One
Richard G. Lipsey
Macroeconomic Theory and Policy
The Selected Essays of Richard G. Lipsey
Volume Two
Richard G. Lipsey
Employment, Labor Unions and Wages
The Collected Essays of Orley Ashenfelter
Volume One
Edited by Kevin F. Hallock
Education, Training and Discrimination
The Collected Essays of Orley Ashenfelter
Volume Two
Edited by Kevin F. Hallock
Economic Institutions and the Demand and Supply of Labour
The Collected Essays of Orley Ashenfelter
Volume Three
Edited by Kevin F. Hallock