Post-Keynesian Economics and the crisis
Political Economy Forum: Book presentation and discussion
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Berlin Institute for International Political Economy, Berlin School of Economics & Law
The 'third (?) crisis of economics' and the failure of mainstream (macro)economics in the face of the 2007-?? crises

New Consensus Model / DSGE modelling
- Utility maximising representative agent(s) with rational expectations
- Frictions allow for short-run Keynesian results
- Absence of aggregate demand
- Absence of banks + financial sector
- Long-run neutrality of money and self-stabilisation of markets
Post-Keynesian Economics as an alternative

- Monetary theory of production (instead of real theory of exchange)
- Long-run non-neutrality of money
- Principle of effective demand
- Distribution conflict between social groups
- Historical time and uncertainty
- Historical and institutional specific (open) models
- Fallacies of composition (macro matters!!)
- Systemic instabilities and the need for stabilisation policies in the short and in the long run
Stages of development of PK economics

1930s/40s
- Post-Keynesian economics starts with Keynes‘s and Kalecki‘s (!) revolution in macroeconomics

1950s/60s/70s
- Distribution and growth: extending the principle of effective demand to the long period
- Critique of neoclassical macrotheory: capital controversy
- Search for a grand theoretical system

1980s/90s
- Endogenous money
- Methods and methodology
- What Keynes really meant …

2000s
- Economic policies
What has been achieved?

- Solid body of theory and policy recommendations in the areas of: macroeconomics; employment and unemployment; distribution and growth; money, credit and finance; international money and finance; financialisation; financial instability and financial crisis; ...

- Survival as an alternative school of thought in an extremely unfriendly environment
  - Graduate programmes
  - Associations and networks
  - Conferences
  - Book series
  - Journals
  - Summer schools
A Modern Guide to Keynesian Macroeconomics and Economic Policies

Introduction, *Eckhard Hein and Engelbert Stockhammer*

1. History and Methods of Post-Keynesian Economics, *Marc Lavoie*

2. Money, Credit and Central Banks in Post-Keynesian Economics, *Marc Lavoie*


5. A Post-Keynesian Macroeconomic Model of Inflation, Distribution and Employment, *Eckhard Hein and Engelbert Stockhammer*

6. The Macroeconomics of Unemployment, *Engelbert Stockhammer*
7. Institutions, Aggregate Demand and Cross-Country Employment Performance: Alternative Theoretical Perspectives and the Evidence, David Howell

8. European Economic and Monetary Union Policies from a Keynesian Perspective, Philip Arestis

9. Open Economy Models of Distribution and Growth, Robert Blecker

10. Globalisation, Macroeconomic Performance and Distribution, Özlem Onaran

11. International Monetary and Financial Architecture, Hansjörg Herr

12. ‘Financialisation’, Distribution and Growth, Eckhard Hein

13. Keynesian Approaches to Financial Crisis, Gary Dymski
Some problems and tasks for the future

- Examine potential links between modern micro (experimental, behavioural, …) and Post-Keynesian macro
- Link with other heterodox schools (Institutional economics, Marxian economics, …) in order to develop an integrated but open research programme
- Integration of ecological constraints
- Political economy of economic policies

- Improve institutionalisation of PK economics (graduate programmes, summer schools, journals, major research projects, jobs for junior researchers)
- Improve impact on economic policies (but how??)