Post-Keynesian vs Neoclassical (Jamdon) pp 11–16

1° PK explains {economic growth / income distribution} by rate of investment

vs Neocl because income effects produced by investment + other sources of growth far outweigh the substitution effects resulting from price movements

Neoclass eliminates by assumption income effects

2° PK keeps in mind dominant economic fact of past several centuries: "the continuous, though uneven, expansion of the various national economies over time" secular growth path (trend)

Neoclassical: economy ever coming to rest in new equilibrium

Hence PK distinguishes

long-period analysis factors responsible for growth

short-period analysis factors " for cycle around trend line

PK (vs NC) does not affirm automatic correction of cyclical effects

3° PK acknowledges economic system w advanced credit etc institutions which play a ~~dynamic~~ fundamental role in the dynamic process being analysed. NC, money does not matter insofar as real output is concerned – monetary operations relevant to inflation

Money matters because not it purchases are delayed or cannot be made ~~certain~~

4° PK no trouble acknowledging multinationals, trade unions, both prices + wages acknowledged to be "administered"

5° PK concerned w dynamic ~~configuration~~ behavior of existing economic systems

NC: resource allocation under hypothetical market conditions

Kregel

(1)

1 Workers' savings p 57

Capitalists' conspicuous standard of living · Keynes 1930 p 53

both vanish when advance ~~from~~

work keeping concept / microanalysis / wages profits

to

basic surplus

 Pasinetti p 57 (1962; responses to 1974 + '77)

2 Policy implications p 58 +

58 .. the incomes earned in society can be explained independently of any direct relation to individual or class productivity

basic – present – SL
surplus – future – SL

59 does not imply that profit can be eliminated, nor that income inequality can be treated independently of other factors. At the aggregate level ..

60

Adimakopulos pp 61-70

p63 reference to Kalecki Econ Journ 1937
also in Dynamics Capitalist Economy 35-42

wages + Profits

(1) if ad valorem on consumption goods in prime cost
proceeds → dole for unemployed
effect redistribution of consumption goods among larger numbers

(2) $P = C_c + I$
income profit tax = $T_i$
$P = C_c + I + T_i$
$T_i$ is out of Profits, does not add to prime costs,
~~therefore adds to surplus part~~
therefore when spent by govt on basic / surplus products
increases surplus by $T_i$

(3) $T_c$ not out of current income
or " " loans
whether spent by govt on basic or surplus products
increases surplus by $T_c$
$P = C_c + I + T_i + T_c$
~~Similarly~~ if interest on loans, increases surplus of bankers

R X Chase Production Theory 71-86 (3)

C.A. possibility of circuit acceleration

1 no addition of money to circulation

possible if q constant v increasing

which if poss if circuit turnover frequency increasing
[illegible] alter price + substitution

2 only if sustained additions to q money in circulation

supposes successive transformations of "idea" of money

discounting bills of trading
bank advances
favorable balance of foreign trade
gold standard
managed money 1 automatic management
2 accomodating "

p 78 John Hicks & others have shown

"It is a simple fact

p. 78 Ferguson

p 82 → p 84 Walras [illegible] basically social ideas
Théorie pure de la richesse sociale
Théorie de la production de la richesse sociale
distribution - " "

Schumpeter p 1207 on Walras
on bank credit (Rivers' of)

Théorie de la richesse sociale 1874-77
" " " 1898
Théorie de la production " " 1896
Théorie de la répartition

Sraffa (4)

p 88 principle of decreasing returns

~~agricultural returns from ever less fertile land~~

Ricardo if agriculture begins from more fertile land and
goes to less fertile as demand increases

principle of increasing returns

Adam Smith result of increasing division of labor

not merely mixed ancestry in

first increasing then decreasing

but also neglects long-term growth, widening & deepening [Historical increasing returns] HEA 262 f
new techniques materials organisation

and in Marshall's partial equilibrium
which isolates one part of economy
and postulates ceteris paribus

p 89 Ricardo's theory of value involved the proposition
"the prices of different commodities are proportional to
the quantities of labor required to produce them"

Diff.
prices depend on distribution to
wages basic
profits surplus

because profit is part of price
but surplus cannot be measured until profits are known

Sraffa the same exchanges that determine prices
also " profits

Sraffa (5)

p 90 "surplus" classical view — i.e. pre-neoclassical

arguing process of production
requires arguing services of labor
accumulated inventories (produced not yet sold) — commodities: agricultural, mineral, manufactured
accumulated "plant & equipment"
? carrying-to-be of additional / more efficient | plant & equipment

surplus achieved in each interval
over & above what is provided for current standard of living
then have to be provided replacements for the inventories & fixed capital
used up in the previous interval
[or made obsolete]

theory of value based on costs of production

p 92 marginal analysis

scarce material — competing ends
marginalist allocation
maximum efficiency
in providing maximum satisfaction
theory of value based on consumer tastes (lack of historic judgment)
consumer tastes manipulated at vast expenditure by endless advertising

time | watching TV
| listening to radio
waste of irreplaceable natural
mountains of junk

p 98 Policy implications — possibility / need | of a new paradigm

Sraffa 5.1

p 99 ~~Rattansi~~

"The possibility of ~~a~~ developing a new political economy ... by taking into account the capitalistic mode of production and the class struggle inherent in it."

The possibility of advancing from book keeping (microeconomic) concepts

to macroeconomic concepts | basic : velocity | surplus : acceleration

dropping class concepts | workers → present SL | capitalist → future SL

adding to surplus expansion

a full basic expansion

Eileen Applebaum The Labor Market (Y)

Robert Averitt (1968) dual economy

p. 107 European drops in 2nd edit

marginal disutility

p. 111 dictatorial [illegible] perspective

p112 1st paragraph

113 left segmentation of labor market | primary
| secondary

114.1 primary
screening out blacks women

.2 internal [illegible]

115.1 in secondary sector

115.2 labor market does not contain a pure
market clearing price mechanism

116 Demand for labor depends on the
level of aggregate economic activity.

to carry out the basic phase in the home market

drop excessive valuing of "thrift + enterprise"

discourage blind maximization of "profit"
"cash flow"
"market power"

emphasize that a real and
advancing human standard of living democratically
rising
not equally

Basil J Moore (Wesleyan Univ)

no formal PK theory

common features – historical time: past cannot be changed, the future is uncertain

hence rejection of general equilibrium theory

∴ dynamics of disequilibrium process in which we are continually enmeshed

rejection of N.C. "neutral money"

of Walras incomplete inclusion of money in his analysis

N.C. ~~[illegible]~~ exogenous change in money, once equilibrium reestablished, leaves real prices unchanged though nominal prices change

functions of money: medium of exchange: money buys goods, goods buy money; goods do not buy goods

w/o money transactions do not occur

in a world of historical time future values are uncertain

commitment to a future supply at a price settled in advance

possible because relationship between money wage rate / average labor productivity

Keynes: it is sticky money wage rates that encourage the public to hold money as a temporary abode of purchasing power

since sticky wage rates do not adjust in the short run to changes in demand, they fulfil a necessary condition for money as a store of value

N.C. supposes that the price of money is just as relative as any other price – overlooks sticky wage rates

PK an administered price process between employers and employees, where both explicit and implicit contracts are first set up and then actually prevail over some future period

PK regards the stock of money as essentially endogenous – responding and accommodating to changes in the level of money wages

Keynesian Theory [Guide]

Instead of developing a theory

22 Neoclassicists:

68 Taxes

73 Substitution

79 (f) As a consequence, the nature of the entire traditional circular flow conception (cf p 72) is called into question

166 neoclassical understanding of "Keynesian" Thought | correct prevalent real post-Keynesian

Samuelson 9th 833 [837]

174.

Joan Kaldor XV

The TEST: does post-Keynesian theory enable the US + other advanced economies to develop

HEA

919 So far as pure theory is concerned, there is no more sense in calling the Jevons-Menger-Walras theory neoclassical than there would be in calling the Einstein theory neo-Newtonian