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DISTRIBUTION AND GROWTH AFTER KEYNES

A Post-Keynesian Guide

(Edward Elgar 2014)

CHAPTER 12

‘CONCLUSIONS’

Content



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12.1 Summary

12.2 Open issues and questions – and areas for future research



12.1 SUMMARY



- The first part, covering the chapters 2-5 has given an overview over key contributions to the development of distribution and growth theories after Keynes.
- The second part, covering the chapters 6-11, has then introduced and developed different versions of the Kaleckian/Steindlian distribution and growth models in more detail, which have been prominently used and applied in post-Keynesian research during the recent three decades or so.
- Post-Keynesian approaches, and in particular the Kaleckian/Steindlian variants provide rich, applicable and empirically relevant models of distribution and growth for modern capitalism, based on the principle of effective demand, including distributional conflict between different social groups and highlighting the relevance of history and institutions.



12.2 OPEN ISSUES AND QUESTIONS – AND AREAS FOR FUTURE RESEARCH



- No distribution of wages or personal income distribution, but see: Kapeller/Schütz (2012), Lavoie (2009) and Palley (2005; 2013d) for models with overhead labour or different types of workers allowing for the treatment of changes in wage inequality within the framework of the Kaleckian approach towards distribution and growth.
- No feedbacks of aggregate demand and growth dynamics on distribution in Kaleckian models, but see: Dutt (2012)
 - mark-up in firms' pricing may depend on aggregate demand
 - higher growth may affect industrial concentration and mark-up
 - aggregate demand and capital accumulation may affect overhead costs
 - capacity utilization and growth affect workers' bargaining power
- Problem: no unique effects for each channel, and definitely not for the overall effects of the four channels



- Whenever aggregate demand and growth have feedback effects on functional income distribution, the distinction between wage- and profit-led demand and growth, relative speeds of adjustment of quantities and prices and hence distribution, and potential non-linearities in these relationships become important with respect to the determination of long-run growth and its stability:
 - Assous/Dutt (2013), Bhaduri (2008), Blecker (2011), Casetti (2003; 2006; 2012), Dutt (2006a; 2010c; 2012), Hein/Stockhammer (2010; 2011b), Lavoie (2010), Naastepad/Storm (2010), Nikiforos/Foley (2012), Palley (2014a), Raghavendra (2006), Schütz (2012), Sasaki (2011), Sawyer (2012), Stockhammer (2004b; 2004c, Chapter 2) and Storm/Naastepad (2012; 2013)



- Potential supply constraints in our Kaleckian distribution and growth models? No labour supply constraints considered:
- Labour supply growth flexibly adjust towards the tendencies of labour demand growth through changes in labour force participation rates of different groups, in life working time and through migration.
- Technological progress as a function of labour shortages.
- Adjustment of the demand determined equilibrium growth rate towards the natural rate of growth determined by labour force growth through the (un)employment, bargaining power and distribution channel, adjustment process will only operate if demand and growth are profit led, as Stockhammer (2004b; 2004c, Chapter 2).
- Potential ecological constraint to growth: Fontana/Sawyer (2013) and Rezai/Taylor/Mechler (2013) with some first attempts.



- Macroeconomic policies in Kaleckian models of distribution and growth - only interest rate policies have been discussed.
- Role of monetary, fiscal and wage/incomes policies and to present alternatives to the economic policy suggestions provided by the new consensus macroeconomics (NCM):
 - Dutt (2013), Hein (2006c; 2006d; 2008, Chapters 16-17), Hein/Stockhammer (2010; 2011b), Laramie/Mair (2003), Michl (2014); Palley (2013; 2014b), Setterfield (2009a; 2009b), Rochon/Setterfield (2012) and Sawyer (2012), for example