New Keynesian Economics Theory And Calibration

'lhe PUIllooes of this study are to investigate processes of cyclical fluctuations, inflation and economic g:t'Oo'lth, and conComitantly, to relate the short-run analysis to the long-run analysis of the econaT\Y as far as feasible under the confines of this investigation. First of all, we shall present a theory of investnent in Chapter 1. We shall make evident defects included in the neo-classical theory of investnent, founded in particular by I. Fisher and a variant of which is the Keynesian version, by taking into account recent studies of investnent and by formulating a new theory of investnent. Its incorporatim into our dynamic analyses is one of the reasons why the theory developed in this study is referred to as Neo Keynesian. Brlefly, the theory is characterlzed by firm investnent being a function of the firm's expected stock of money, the expected marginal productivi ty of capital, and the expected rate of inflation (or the firm's subjective rate of real interest) .

A new approach for introducing unemployment into the New Keynesian framework. The past fifteen years have witnessed the rise of the New Keynesian model as a framework of reference for the analysis of fluctuations and stabilization policies. That framework, which combines the rigor and internal consistency of dynamic general equilibrium models with such typically Keynesian assumptions as monopolistic competition and nominal rigidities, makes possible a meaningful, welfare-based analysis of the effects of monetary policy rules. But the conspicuous absence of unemployment from the standard New Keynesian model has given rise to both criticism and attempts to rectify this anomaly. In this book, Jordi Galí, one of the major contributors to the New Keynesian literature, offers a new approach to introducing unemployment into that framework. Galí's approach involves a reinterpretation of the labor market in the standard New Keynesian model with staggered wage setting (rather than a modification or extension of the model, as has been proposed by others). The resulting framework preserves the convenience of the representative household paradigm and allows one to determine the equilibrium levels of employment, the labor force, and hence the unemployment rate conditional on the monetary policy in place. Galí develops the basic model, embedding it in a standard New Keynesian framework with staggered price and wage setting; revisits the relationship between economic fluctuations and efficiency through the lens of the new model, developing a measure of the output gap; and analyzes the relation between unemployment and the design of monetary policy.

Old- style Keynesian models relied on sticky prices or wages to explain unemployment and to argue for demand-side macroeconomic policies. This approach relied increasingly on a Phillips-curve view of the world, and therefore lost considerable prestige with the events of the 1970s. The new classical macroeconomics began at about that time, and focused initially on the apparent real effects of monetary disturbances. Despite initial successes, this analysis ultimately was unsatisfactory as an explanation for an important role of money in business fluctuations. Nevertheless, the approach achieved important methodological advances, such as rational expectations and new methods of policy evaluation. Subsequent research by new classicals has deemphasized monetary shocks, and focused instead on real business cycle models and theories of endogenous economic growth. These areas appear promising at this time. Another development is the so-called new Keynesian economics, which includes long-term contracts, menu costs, efficiency wages and insider-outsider theories, and macroeconomic models with imperfect competition. Although some of these ideas may prove helpful as elements in real business cycle models, my main conclusion is that the new Keynesian economics has not been successful in rehabilitating the Keynesian approach.

The most powerful force in the world economy today is the redefinition of the relationship between state and marketplace - a process that goes by the name of privatization though this term is inadequate to express its far-reaching changes. We are moving from an era in which governments sought to seize and control the 'commanding heights' of the economy to an era in which the idea of free markets is capturing the commanding heights of world economic thinking. Basic views of how society ought to be organized are undergoing rapid change, trillions of dollars are changing hands and so is fundamental political power. Great new wealth is being created - as are huge opportunities and huge risks. Taking a worldwide perspective, including Britain, where the process began with Mrs Thatcher, Europe and the former USSR, China, Latin America and the US, THE COMMANDING HEIGHTS shows how a revolution in ideas is transforming the world economy - why it is happening, how it can go wrong and what it will mean for the global economy going into the twenty-first century.

This book argues that Keynesian economists have betrayed Keynes' theory and policy conclusions, and that the world has been misled about those policies. Keynesians have focused attention on policies for dealing with effects of economic failure as they arise, whereas Keynes was concerned with the cause and then the prevention of economic failure.

This book retraces the history of macroeconomics from Keynes's General Theory to the present. Central to it is the contrast between a Keynesian era and a Lucasian - or dynamic stochastic general equilibrium (DSGE) - era, each ruled by distinct methodological standards. In the Keynesian era, the book studies the following theories: Keynesian macroeconomics, monetarism, disequilibrium macroeconomics (Patinkin, Leijongufvud and Clower), non-Walrasian equilibrium models, and first-generation new Keynesian models. Three stages are identified in the DSGE era: new classical macroeconomics (Lucas), RBC modelling, and second-generation new Keynesian modeling. The book also examines a few selected works aimed at presenting alternatives to Lucasian macroeconomics. While not eschewing analytical content, Michel De Vroey focuses on substantive assessments, and the models studied are presented in a pedagogical and vivid yet critical way.

These two volumes cover the principal areas to which Post-Keynesian economists have made distinctive contributions. The contents include the significant criticism by Post-Keynesians of mainstream economics, but the emphasis is on positive Post-Keynesian analysis of the economic problems of the modern world and of policies with which to tackle them.

The General Theory of Employment, Interest, and Money, written by legendary author John Maynard Keynes is widely considered to be one of the top 100 greatest books of all time. This masterpiece was published right after the Great Depression. It sought to bring about a revolution, commonly referred to as the 'Keynesian Revolution', in the way economists thought—especially challenging the proposition that a market economy tends naturally to restore itself to full employment on its own. Regarded widely as the cornerstone of Keynesian thought, this book challenged the established classical economics and introduced new concepts. 'The General Theory of Employment, Interest, and Money' transformed economics and changed the face of modern macroeconomics. Keynes' argument is based on the idea that the level of employment is not determined by the price of labour, but by the spending of money. It gave way to an entirely new approach where employment, inflation and the market economy are concerned.

This book reconstructs Keynesian macroeconomics so that it is compatible with the neoclassical dynamic microeconomic theory. This theory adopts three postulates: rational expectations, perfect price flexibility, and exclusion of the money in utility function (MIU). Based on the new theoretical finding that the Lucas model (1972) contains multiple equilibria, the author unifies Keynesian and monetarist theories within the same framework. The book applies the above basic theory to international macroeconomics and economic growth theory. New Keynesian theory contains logical inconsistencies: menu costs that have no close relationship with microeconomics and MIU, which implies that the money accumulated as wealth is never spent. These two assumptions do not proximate the real world. In this volume, the author discusses how various segregated theoretical approaches in macroeconomics relate to one another and proposes how to integrate them.

An Italian study group made up of seven economists report their findings on how the new Keynesian economics has reacted to challenges from new classical economics by strengthening the analytical power of its models. First they discuss the theoretical unde

This chapter discusses various past and future aspects of the global economy. There has been a huge transformation of the global economy in the last several years. Articles on the future of energy in the global economy by Jeffrey Ball and on measuring inequality by Jonathan Ostry and Andrew Berg are also illustrated. Since the 2008 global crisis, global economists must change the way they look at the world.

NEW YORK TIMES BESTSELLER • An “outstanding new intellectual biography of John Maynard Keynes [that moves] swiftly along currents of lucidity and wit” (The New York Times), illuminating the world of the influential economist and his transformative ideas “A timely, lucid and compelling portrait of a man whose enduring relevance is always heightened when crisis strikes.”—The Wall Street Journal WINNER: The Arthur Ross Book Award Gold Medal • The Hillman Prize for Book Journalism FINALIST: The National Book Critics Circle Award • The Sabew Best in Business Book Award NAMED ONE OF THE TEN BEST BOOKS OF THE YEAR BY PUBLISHERS WEEKLY AND ONE OF THE BEST BOOKS OF THE YEAR BY Jennifer Szalai, The New York Times • The Economist • Bloomberg • Mother Jones At the dawn of World War I, a young academic named John Maynard Keynes hastily folded his long legs into the sidecar of his brother-in-law’s motorcycle for an odd, frantic journey that would change the course of history. Swept away from his placid home at Cambridge University by the currents of the conflict, Keynes found himself thrust into the halls of European treasuries to arrange emergency loans and packed off to America to negotiate the terms of economic combat. The terror and anxiety unleashed by the war would transform him from a comfortable obscurity into the most influential and controversial intellectual of his day—a man whose ideas still retain the power to shock in our own time. Keynes was not only an economist but the preeminent anti-authoritarian thinker of the twentieth century, one who devoted his life to the belief that art and ideas could conquer war and deprivation. As a moral philosopher, political theorist, and statesman, Keynes led an extraordinary life that took him from intimate turn-of-the-century parties in London’s riotous Bloomsbury art scene to the fevered negotiations in Paris that shaped the Treaty of Versailles, from stock market crashes on two continents to diplomatic breakthroughs in the mountains of New Hampshire to wartime ballet openings at London’s extravagant Covent Garden. Along the way, Keynes reinvented Enlightenment liberalism to meet the harrowing crises of the twentieth century. In the United States, his ideas became the foundation of a burgeoning economics profession, but they also became a flash point in the broader political struggle of the Cold War, as Keynesian acolytes faced off against conservatives in an intellectual battle for the future of the country—and the world. Though many Keynesian ideas survived the struggle, much of the project to which he devoted his life was lost. In this riveting biography, veteran journalist Zachary D. Carter unearths the lost legacy of one of history’s most fascinating minds. The Price of Peace revives a forgotten set of ideas about democracy, money, and the good life with transformative implications for today’s debates over inequality and the power politics that shape the global order. LONGLISTED FOR THE CUNDILL HISTORY PRIZE

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In the aftermath of the 2008 financial crisis, economists around the world have advanced theories to explain the persistence of high unemployment and low growth rates. According to Roger E. A. Farmer, these theories can be divided into two leading schools of thought: the ideas of pre-Keynesian scholars who blame the recession on bad economic policy, and the suggestions of "New Keynesian" scholars who propose standard modifications to select assumptions of Keynes' General Theory. But Farmer eschews both these schools of thought, arguing instead that in order to mitigate current financial crises-and prevent future ones-macroeconomic theory must become attuned to present-day conditions. Governments need to intervene in asset markets in a manner similar to the recent behavior of central banks, and principal actors in the international economy need to pursue financial stability. The primary mechanism for securing such stability would be for sovereign nations to create sovereign wealth funds backed by the present value of future tax revenues. These funds would function along the lines in which exchange-traded funds currently operate, and in time, they would become the backbone for stabilizing financial markets. Written in clear, accessible language by a prominent macroeconomic theorist, Prosperity for All proposes a paradigm shift and policy changes that could successfully raise employment rates, keep inflation at bay, and stimulate growth.

Back to the future: a heterodox economist rewrites Keynes's General Theory of Employment, Interest, and Money to serve as the basis for a macroeconomics for the twenty-first century. John Maynard Keynes's General Theory of Employment, Interest, and Money was the most influential economic idea of the twentieth century. But, argues Stephen Marglin, its radical implications were obscured by Keynes's lack of the mathematical tools necessary to argue convincingly that the problem was the market itself, as distinct from myriad sources of friction around its margins. Marglin fills in the theoretical gaps, revealing the deeper meaning of the General Theory. Drawing on eight decades of discussion and debate since the General Theory was published, as well as on his own research, Marglin substantiates Keynes's intuition that there is no mechanism within a capitalist economy that ensures full employment. Even if deregulating the economy could make it more like the textbook ideal of perfect competition, this would not address the problem that Keynes identified: the potential inadequacy of aggregate demand. Ordinary citizens have paid a steep price for the distortion of Keynes’s message. Fiscal policy has been relegated to emergencies like the Great Recession. Monetary policy has focused unduly on inflation. In both cases the underlying rationale is the false premise that in the long run at least the economy is self-regulating so that fiscal policy is unnecessary and inflation beyond a modest 2 percent serves no useful purpose. Fleshing out Keynes’s intuition that the problem is not the warts on the body of capitalism but capitalism itself, Raising Keynes provides the foundation for a twenty-first-century macroeconomics that can both respond to crises and guide long-run policy.

Eichner's classic A Guide to Post-Keynesian Economics (1978) is still seen as the definitive staging post for those wishing to familiarise themselves with the Post-Keynesian School. This book brings the story up-to-date. Of all the subgroups within heterodox economics, Post-Keynesianism has provided the most convincing alternative to mainstream theory. The main representatives of the Post-Keynesianism from both sides of the Atlantic are represented here, including Paul Davidson, Geoff Harcourt and Sheila Dow.

These two volumes bring together a set of important essays that represent a "newKeynesian" perspective in economics today. This recent work shows how the Keynesian approach toeconomic fluctuations can be supported by rigorous microeconomic models of economic behavior. Theessays are grouped in seven parts that cover costly price adjustment, staggering of wages andprices, imperfect competition, coordination failures, and the markets for labor, credit, and goods.An overall introduction, brief introductions to each of the parts, and a bibliography of additionalpapers in the field round out this valuable collection.Volume 1 focuses on how friction in pricesetting at the microeconomic level leads to nominal rigidity at the macroeconomic level, and on themacroeconomic consequences of imperfect competition, including aggregate demand externalities andmultipliers. Volume 2 addresses recent research on non-Walrasian features of the labor, credit, andgoods markets.N. Gregory Mankiw is Professor of Economics at Harvard University. David Romer isAssociate Professor of Economics at the University of California at Berkeley.Contributors: George AAkerlof. Costas Azariadis. Laurence Ball. Ben S. Bernanke. Mark Bits. Olivier J. Blanchard. Alan S.Blinder. John Bryant. Andrew S. Caplin. Dennis W. Carlton. Stephen G. Cecchetti. Russell Cooper.Peter A. Diamond. Gary Fethke. Stanley Fischer. Robert E. Hall. Oliver Hart. Andrew John. NobuhiroKiyotaki. Alan B. Krueger. David M. Lilien. Ian M. McDonald. N. David Mankiw. Arthur M. Okun. AndresPolicano. David Romer. Julio J. Rotemberg. Garth Saloner. Carl Shapiro. Andrei Shleifer. Robert M.Solow. Daniel F. Spulber. Joseph E. Stiglitz. Lawrence H. Summers. John Taylor. Andrew Weiss.Michael Woodford. Janet L. Yellen.

While recent alternative approaches to macroeconomics have all begun with the presumption that macro-economic behavior ought to be derived from micro-economic foundations, they have differed in their views concerning the appropriate micro-foundations. This paper explores some of the key methodological issues, including those concerning the use of representative agent models, choices in parameterization, problems in aggregation and modeling adjustment processes and speeds, the imposition of ad hoc assumptions, such as that of instantaneous market clearing, and alternative approaches to validation of proposed theories. The paper summarizes the basic questions with which macro-economic theory should be concerned. Focusing on the labor market, it explains why New Keynesian Theories provide a better explanation of the observed phenomena than do alternatives

This text provides a history of the post Keynesian approach to economics since 1936. The author locates the origins of these economics in the conflicting interpretations of Keynes' General Theory and in the complementary work of Michael Kalecki.

“I defy anybody—Keynesian, Hayekian, or uncommitted—to read [Wapshott’s] work and not learn something new.”—John Cassidy, The New Yorker As the stock market crash of 1929 plunged the world into turmoil, two men emerged with competing claims on how to restore balance to economies gone awry. John Maynard Keynes, the mercurial Cambridge economist, believed that government had a duty to spend when others would not. He met his opposite in a little-known Austrian economics professor, Freidrich Hayek, who considered attempts to intervene both pointless and potentially dangerous. The battle lines thus drawn, Keynesian economics would dominate for decades and coincide with an era of unprecedented prosperity, but conservative economists and political leaders would eventually embrace and execute Hayek's contrary vision. From their first face-to-face encounter to the heated arguments between their ardent disciples, Nicholas Wapshott here unearths the contemporary relevance of Keynes and Hayek, as present-day arguments over the virtues of the free market and government intervention rage with the same ferocity as they did in the 1930s.

This well-documented book will prove to be the essential guide for researchers and graduate students in macroeconomics and political economy. It will also prove inspiring to a wider audience interested in modern Keynesian macroeconomics.

The book is a considerably extended and fully revamped edition of the highly successful and frequently cited Foundations of Post-Keynesian Economic Analysis, published in 1992. It provides an exhaustive account of post-Keynesian economics and of the developments that have occurred in post-Keynesian theory and in the world economy over the last twenty years. Topics covered include open-economy issues, the methodological foundations of heterodox economics, consumer theory, firms and pricing, money and credit, effective demand and employment, inflation theory, and growth theories.

Franco Modigliani (1918-2003) was one of the most influential Keynesian economists of the twentieth century and won the Nobel Prize in 1985. His work focused on the American and Italian economies and included important theories in macro- and microeconomics, econometrics, mathematical economics and political economy. This is the first book to place Modigliani's thought in its proper historical context, showing how it related to wider economic concerns and examining the social and political implications of his research.

This book comprises the text of the first series of Ryde lectures, established by Lund University in Sweden. It offers a broad survey of various macroeconomic topics which feature prominently in research as well as theoretical and policy debate. An authoritative, comprehensive summary and original critique of modern macroeconomic approaches, the book reviews one school of economic thought in each chapter: Keynesian; monetarist; New Classical school; New Keynesian school; supply side macroeconomics; "non-monetary" models of macroeconomics; and real business cycle theory and the "structuralist school."

A systematic comparison of the three major economic theories, showing how they differ and why these differences matter in shaping economic theory and practice. Contending Economic Theories offers a unique comparative treatment of the three main theories in economics as it is taught today: neoclassical, Keynesian, and Marxian. Each is developed and discussed in its own chapter, yet also differentiated from and compared to the other two theories. The authors identify each theory's starting point, its goals and foci, and its internal logic. They connect their comparative theory analysis to the larger policy issues that divide the rival camps of theorists around such central issues as the role government should play in the economy and the class structure of production, stressing the different analytical, policy, and social decisions that flow from each theory's conceptualization of economics. The authors, building on their earlier book Economics: Marxian versus Neoclassical, offer an expanded treatment of Keynesian economics and a comprehensive introduction to Marxian economics, including its class analysis of society. Beyond providing a systematic explanation of the logic and structure of standard neoclassical theory, they analyze recent extensions and developments of that theory around such topics as market imperfections, information economics, new theories of equilibrium, and behavioral economics, considering whether these advances represent new paradigms or merely adjustments to the standard theory. They also explain why economic reasoning has varied among these three approaches throughout the twentieth century, and why this variation continues today—as neoclassical views give way to new Keynesian approaches in the wake of the economic collapse of 2008.

This book works at the intersection of economic theory history. It presents a Keynesian theory with a rigorous dynamic microeconomic foundation that entirely differs from new Keynesian theory and applies it to the Japanese economic history from the 1980s to 2010s.

A Macroeconomics Reader brings together a collection of key readings in modern macroeconomics. Each article has been carefully chosen to provide the reader with accessible, non-technical, and reflective papers which critically assess important areas and current controversies within modern macroeconomics. The book is divided into six parts, each with a separate introduction highlighting the relevance of the ensuing articles. The areas covered include: Keynes's General Theory, Keynesian economics and the Keynesian revolution; monetarism; rational expectations and new classical macroeconomics; real business cycle approaches: New Keynesian economics: economic growth. This book will be an essential guide for students and lecturers in the field of macroeconomics as well as those interested in the history of economic thought.

A groundbreaking debunking of moderate attempts to resolve financial crises In the ruins of the 2007–2008 financial crisis, self-proclaimed progressives the world over clamored to resurrect the economic theory of John Maynard Keynes. The crisis seemed to expose the disaster of small-state, free-market liberalization and deregulation. Keynesian political economy, in contrast, could put the state back at the heart of the economy and arm it with the knowledge needed to rescue us. But what it was supposed to rescue us from was not so clear. Was it the end of capitalism or the end of the world? For Keynesianism, the answer is both. Keynesians are not and never have been out to save capitalism, but rather to save civilization from itself. It is political economy, they promise, for the world in which we actually live: a world in which prices are “sticky,” information is “asymmetrical,” and uncertainty inescapable. In this world, things will definitely not take care of themselves in the long run. Poverty is ineradicable, markets fail, and revolutions lead to tyranny. Keynesianism is thus modern liberalism’s most persuasive internal critique, meeting two centuries of crisis with a proposal for capital without capitalism and revolution without revolutionaries. If our current crises have renewed Keynesianism for so many, it is less because the present is worth saving, than because the future seems out of control. In that situation, Keynesianism is a perfect fit: a faith for the faithless.

A sever economic critique of the 1920 Treaty of Versailles written by the famous economist, who was a member of the British peace delegation until he quit with disgust.

"Of all the economic bubbles that have been pricked," the editors of The Economist recently observed, "few have burst more spectacularly than the reputation of economics itself." Indeed, the financial crisis that crested in 2008 destroyed the credibility of the

economic thinking that had guided policymakers for a generation. But what will take its place? In How the Economy Works, one of our leading economists provides a jargon-free exploration of the current crisis, offering a powerful argument for how economics must change to get us out of it. Roger E. A. Farmer traces the swings between classical and Keynesian economics since the early twentieth century, gracefully explaining the elements of both theories. During the Great Depression, Keynes challenged the longstanding idea that an economy was a self-correcting mechanism; but his school gave way to a resurgence of classical economics in the 1970s-a rise that ended with the current crisis. Rather than simply allowing the pendulum to swing back, Farmer writes, we must synthesize the two. From classical economics, he takes the idea that a sound theory must explain how individuals behave-how our collective choices shape the economy. From Keynesian economics, he adopts the principle that markets do not always work well, that capitalism needs some guidance. The goal, he writes, is to correct the excesses of a free-market economy without stifling entrepreneurship and instituting central planning. Recent events have shown that we cannot afford to treat economics as an ivory-tower abstraction. It has a direct impact on our lives by guiding regulators and policymakers as they make decisions with far-reaching practical consequences. Written in clear, accessible language, How the Economy Works makes an argument that no one should ignore.
The classic introduction to the New Keynesian economic model This revised second edition of Monetary Policy, Inflation, and the Business Cycle provides a rigorous graduate-level introduction to the New Keynesian framework and its applications to monetary policy. The New Keynesian framework is the workhorse for the analysis of monetary policy and its implications for inflation, economic fluctuations, and welfare. A backbone of the new generation of medium-scale models under development at major central banks and international policy institutions, the framework provides the theoretical underpinnings for the price stability–oriented strategies adopted by most central banks in the industrialized world. Using a canonical version of the New Keynesian model as a reference, Jordi Galí explores various issues pertaining to monetary policy's design, including optimal monetary policy and the desirability of simple policy rules. He analyzes several extensions of the baseline model, allowing for cost-push shocks, nominal wage rigidities, and open economy factors. In each case, the effects on monetary policy are addressed, with emphasis on the desirability of inflation-targeting policies. New material includes the zero lower bound on nominal interest rates and an analysis of unemployment’s significance for monetary policy. The most up-to-date introduction to the New Keynesian framework available A single benchmark model used throughout New materials and exercises included An ideal resource for graduate students, researchers, and market analysts
It is a little over seventy years since John Maynard Keynes produced his magnum opus, The General Theory of Employment, Interest, and Money. Keynes' staggering achievement has been to remain relevant to economics and other disciplines even today and this book reflects that with an examination on his influence on modern economics. Leading economists from a variety of backgrounds, including Ed Nell and Heinz Kurz have joined forces in this volume with internationally respected Japanese scholars to produce a strong collection of contributions to the debate on Keynes' monumental legacy. This book will be vital reading for historians of economic thought,

economic methodologists as well as those economists with an interest in the overall development of their discipline.

The initial purposes of this book were to update and extend the discussion and the results presented ill our previous book, The Labor Market and Business Cycle Theories. Our 1990 article, which appeared in The Journal of Economic Behavior and Organization, represented a first step in this direction. The consequences of this effort have materialized in a number of new chapters that has led de facto to a new book, in which the surviving parts have been largely revised. The 1989 book was too mathematically oriented for many Keynesians and post Keynesians to be fully appreciated and insufficiently microfounded for both new classicals and new-Keynesians to be warmly accepted, yet we received positive and encouraging comments, and it was sold out very quickly. It was an attempt to dis cuss dynamics in Keynesian terms, based on a double assumption that maintains its validity-that both economic facts and analytical and methodological innova tions had contributed to a renewed interest in business cycles, which over time has had its "ups and downs." Since then, many more articles and books have appeared, stressing in particular the role of microfoundations and of nonlinearities in shaping business cycle theory.

The New Keynesian Economics has been the most significant development in economics in recent years. Does it actually build upon Keynes' work? In this volume, leading post Keynesian economists challenge New Keynesianism both on the grounds that it is not Keynesian, and does not provide an adequate account of our current economic problems.

The past decade has seen many leading economies, especially the US, undergo profound structural transformations. Departing from the standard theories employed to explain this phenomenon, here author Togati provides the first broad analysis of the New Economy. In this book, the first to look at the new economy from a post-Keynesian / post-modern perspective, he focuses on its macroeconomic implications, presenting a more balanced view than that provided by orthodox neoclassical analysis, and studying the interaction of key variables such as: * information technology * globalization * the increasing significance of intangibles and financial markets. This ground-breaking book utilizes a ‘neo-modern’ perspective drawing on complexity theory to advance the study of the stability and dynamic behaviour of economic systems. Togati utilizes the Calvino labels to identify new empirical evidence, and examines the implications for global stability based on New Classical Macroeconomics and Keynsian theory. The analysis developed in this book has important practical and policy implications for the New Economy, making this book essential reading for students, academics and practitioners in this field.