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# **THE FUTURE OF POST-KEYNESIAN ECONOMICS: Post-Keynesian Economics at 50**

Louis-Philippe Rochon

## **Abstract:**

This article discusses the future of post-Keynesian economics by considering three angles: *i*) the future of post-Keynesian economics as an institution or as a school of thought; *ii*) the future of post-Keynesian theory; and finally, *iii*) the future of post-Keynesian within the profession. My conclusion is fairly positive overall, although the place of post-Keynesian economics within the profession is certainly not enviable.

**JEL Codes:** B10, B50, E12

**Key words:** Post-Keynesian, Institutions, theory, policy

## ***Introduction***

It is appropriate, on the eve of the 50<sup>th</sup> anniversary of Eichner and Kregel's (1975) seminal paper on post-Keynesian economics, to ponder about the future of this school of thought and its overall approach to economic analysis.

Writing in the *Journal of Economic Literature*, the authors (1975, p. 1294) announced rather boldly the rise of a "new paradigm in economics" and predicted that "post-Keynesian theory has the potential for becoming a comprehensive, positive alternative to the prevailing neoclassical paradigm". In providing a sort of answer to this declaration three decades later, Kerr (2005, p. 475) argues that, "Post Keynesian economics has evolved from a loosely associated grouping of dissenting ideas to a body of theories addressing a particular vision of interrelated aspects of the capitalist process."

This is a far cry from earlier descriptions and criticism of post-Keynesian theory as being essentially negative in its opposition to neoclassical economics. In other words, it is argued, post-Keynesians defined themselves not in a positive light, but in opposition to mainstream economics. This criticism goes back to the very early beginnings of post-Keynesian economics, in the 1970s, for instance, when Paul Davidson (2003-4, p. 256) argued that what united the various strands of heterodox economics at the first ever meeting of "post-Keynesians" in New Orleans, in 1971, was a sense that "the enemy of my enemy is my friend."

Similarly, Arestis (1990, p. 222) wrote more than three decades ago, "post-Keynesians tend to define their program in a negative way as a reaction to neo-classical economics". This has been a very familiar refrain, echoed by several others. Eichner (1985, p. 51) himself claimed "it is less controversial to say what post-Keynesian theory is not than to say what it is. Post-Keynesian theory is not neoclassical theory".<sup>1</sup>

I was always uncomfortable with this characterization, for reasons well stated by Dequech (2012, p. 89): "this criticism is unduly severe." In its stead, I would argue, for starters, that this is certainly not the case today, that there exists now a large body of theoretical and empirical work that offers a positive contribution to post-Keynesian economics. Indeed, according to Dutt (2003, p. 58), heterodox approaches "do not merely have a negative dimension but also have a positive one". Lavoie (2013, p. 20) shares this more positive view as well:

But as can be clearly ascertained when participating to various post-Keynesian conferences throughout the world over the last dozen years or so, this has given way to a concern for policy relevance, both at the domestic and global level, accompanied by a revived interest in empirical studies and in applied econometrics, no doubt helped by the appearance of novel agnostic time-series methods. There has been a clean shift from abstract methodological matters towards more concrete empirical ones ... In

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<sup>1</sup> Arestis also says in that article that post-Keynesians are also united in "their attempt to provide an alternative paradigm to orthodox economics" (1990, p. 223).

other words, post- Keynesian economics today is not the same as it was 20 years ago, and it is not always clear that some of its critics are fully aware of this evolution.

Indeed, over the last several decades, post-Keynesians have provided positive and original contributions in a number of theoretical and policy areas, not to mention the explosion of work in stock-flow consistent modeling, which gave much rigour to post-Keynesian economics. But I would go further and argue that this was not even a fair description of post-Keynesian economics early in its inception. While there was certainly some criticism of mainstream theory, which cannot be denied of course, there were always in parallel some positive contributions and constructive new theories regarding the functioning of capitalism. Indeed, Robinson's *Accumulation of Capital* (1956) is both a negative critique of neoclassical economics (and spawned the capital critiques), and a rich and positive contribution to theory-building.

But where are we, 50 years later? These decades have proven to be in some way difficult for post-Keynesians: we have been systematically shut out of the large and prestigious universities, and have been denied tenure at others; our research has been consistently underfunded, and we have been left out of the more prestigious journals. These elements were very much at the heart of the discussion, in 1971, when a small group of like-minded scholars gathered at the request of Alfred Eichner and Joan Robinson to discuss the creation of a “post-Keynesian” school of economics (See Rochon, 2023).

Five decades later, no doubt these obstacles remain, but post-Keynesians have grown in other amazing ways despite these roadblocks, and have even thrived by carving a niche for itself. Having discussed elsewhere the history of post-Keynesian economics (Rochon, 2023), the purpose of this article is to assess the future of post-Keynesian economics, and I will do so in three ways. I will consider first the future of the institution, then the future of theory, and then will end by discussing the future of post-Keynesian economics within the profession.

My conclusion regarding the future of post-Keynesian economics is a rather positive one. Indeed, the institution, which I define as a series of networks, associations, conferences, workshops, summer schools, journals, books and textbooks, has never been brighter. Post-Keynesians have not only survived, but also thrived in these areas.

The future of theory is also positive. It can be argued that post-Keynesians, in my opinion, generally agree on a number of core elements; moreover, post-Keynesians have expanded in new areas that largely reflect the economic and social problems in 2023 (ecological, feminist, financialization, to name a few), although I will point to a fundamental theoretical inconsistency within pos-Keynesian theory.

As for the future within the profession, I am less enthusiastic. While still marginalized within the profession (see Fontana and Gerrard 2006; Davidson, 2003), on the one hand, post-Keynesian ideas are being adopted by many in the mainstream, yet without attributing them to post-Keynesians. In the end, I am not sure what this means, but will explore the possibilities.

A last note is warranted: many arguments in this article deserve a full airing, such as the part on the price mechanism. This is currently under way. The objective here is to offer some insights in

my views regarding the future of post-Keynesian economics, which needs considerable more discussion.

### *The future of the institution*

Let us begin the discussion about the future of post-Keynesian economics by considering what Lavoie (2014, p. 31) calls the ‘institutionalization’ of post-Keynesian economics. Let us be clear, a post-Keynesian “institution” emerged in the very early 1970s with efforts by Alfred Eichner to create a post-Keynesian “school”. Before then, it was impossible to speak of a school proper (see Rochon, 2023 for a full discussion of the early roots of post-Keynesian economics). And while there were prior publications and a number of meetings and conference panels between 1971-1974, Eichner and Kregel (1975) can certainly be used as a pivotal moment for post-Keynesians and the emerging school.

So on the eve of celebrating the 50<sup>th</sup> anniversary of post-Keynesian economics, where are we now, in what shape is the ‘institution’? In my opinion, as the descriptive analysis below shows, the future of post-Keynesian economics is a healthy and strong one. As a new generation of post-Keynesians begin to emerge, they do so in a very different, yet more promising, academic context.

Accordingly, in this section, I will consider the future of post-Keynesian economics around the following eight criteria:

- i) Growing number of established scholars and renewal
- ii) Books
- iii) Textbooks
- iv) Journals
- v) Conferences
- vi) Summer Schools
- vii) Networks and Organizations
- viii) Social media

While this section may appear to be more descriptive by listing a number of organizations, conferences, and more, the point is to show the sheer growth of post-Keynesian economics over the last fifty years.

#### *i) Growth in economic departments*

Let us begin our analysis with the ability of post-Keynesians to renew its ranks, which is tied closely to the number of economic departments around the world with strong heterodox presence. While not all these departments have graduate programs, many do and are thus able to graduate young scholars.

In the United States alone, among the most recognized departments are at the following universities:

American University

Bard College  
Bucknell University  
Buffalo State, the State university of New York  
Colorado State University  
John Jay College  
New School for Social Research  
UMASS Amherst  
UMASS Boston  
UMKC  
University of Denver  
University of Utah  
University of Vermont

Elsewhere, around the world, and again this is by no means an exhaustive list, we have in Europe, including the UK:

Université de Dijon, France  
Université de Grenoble, France  
Université de Lille, France  
Université de Sorbonne Paris Nord, France  
University of La Sapienza, Italy  
University of Rome Tre, Italy  
Greenwich University, UK  
SOAS, University of London, UK  
University College London, UK  
University of Leeds, UK  
Kingston University, UK

In Latin America:

University of Campinas, Brazil  
Federal University of Minas Gerais, Brazil  
Federal University of Rio de Janeiro, Brazil  
Federal University of Pará, Brazil  
National Autonomous University of Mexico, Mexico

I am skipping over universities in Argentina, Australia, Germany, Japan, Switzerland, and more.

Many of these heterodox departments did not exist a few decades ago, proving the resilience of heterodoxy, and its ability to grown and graduate young scholars.

## ii) *Books*

There is no denying that post-Keynesian have been busy writing a number of books in recent decades. It is impossible here to list all of them (but see Davidson, 1972; Harcourt, 1972;

Kregel, 1973; Pasinetti, 1974; Minsky, 1975; and Eichner, 1976, Lavoie, 1992, to name a few of the classic books). But the close relationship with M.E Sharpe and with Edward Elgar were undoubtedly instrumental in contributing to the proliferation of post-Keynesian books in the last three decades.

The relationship with M.E. Sharpe started early, through the personal friendship between Eichner and Sharpe in the late 1960s and early 1970s (Rochon, 2023). It was due to this friendship that Sharpe agreed to publish the *Journal of Post Keynesian Economics*, in 1978, and Eichner's *Guide to Post-Keynesian Economics*, the following year, which clearly help to anchor the emerging post-Keynesian school of thought.

The relationship with Elgar also developed fairly early. Established in 1986, Elgar published its first post-Keynesian book in 1988: Arestis's *Post-Keynesian Monetary Economics* (Arestis, 1988), followed the following year by John Phebe's *New Directions in Post-Keynesian Economics* (Phebe, 1989)

Today, post-Keynesian books are “the most significant part of [Elgar's] economics list”.<sup>2</sup>

### iii) Textbooks

I remember approaching Elgar in 2000 and asked why they had not published a textbook. At the time, I had discussed this idea with Davidson, and wondered whether he would be ready to write a textbook. I felt at the time, and stronger now, that there is still a considerable weakness among post-Keynesian economics regarding the quantity and availability of material aimed at undergraduate audiences. In this context, I saw a textbook as being a core part of post-Keynesian economics, as a way of structuring our ideas and thoughts aimed specifically at the undergraduate audience. The answer I received then was simply that Elgar did not see a textbook as being a profitable venture.

It did not take very long, however, for this to change. Today, there are a number of post-Keynesian textbooks in print. Though Lavoie (1992) was not considered a textbook at the time, the newer editions (2014, 2022) certainly are. In addition to this book, consider Lavoie (2007), Hein (2014), Blecker and Setterfield (2019), Mitchell, Wray and Watts (2019), and Rochon and Rossi (2016), now in its second edition (2022), and Prante et.al. (2022, and Hein (2023). Bougrine, Rochon and Seccareccia (2023a, b, forthcoming) is a micro and macro edited books written specifically with undergraduate students in mind, unsurprisingly published with Edward Elgar.

### iv) Journals

As Lavoie (2014, p.31) writes, the “Institutionalization of post-Keynesian economics thus started in the 1970s, in particular with the creation of their two main journals, the *Cambridge Journal of Economics* and the *Journal of Post Keynesian Economics*” (see also Rochon, 2023). But while the *CJE* (1977; see Saith, 2023, for the history of the journal) and the *JPKE* (1978) were instrumental

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<sup>2</sup> Alan Sturmer, Edward Elgar; in a private email, October 4, 2022.

is establishing a post-Keynesian school of thought, there were nevertheless some other heterodox journals in existence before then.

For instance, there was the *Review of Social Economy* (1942), *Metroeconomica* (1949), the *Journal of Economic Issues* (1967), *The Review of Radical Political Economy* (1969) and the *International Journal of Political Economy* (1971).

Nevertheless, since then, there has been a plethora of new journals: *Contributions to Political Economy* (1982), *Review of Political Economy* (1989), *European Journal of Economics and Economic Policy* (2004), *Bulletin of Political Economy* (2007), the *Review of Keynesian Economics* (2011) the *Brazilian Keynesian Review* (2015), and the newest one, *Advances in Economics Education* (2022). In fact, according to the *Heterodox Economics Director*, there are now more than 141 journals that can be considered heterodox. The actual number is actually larger when taking into account smaller, more regional journals, like *Ola Financiera*, and others.

Of particular note, authors publish in a wide spectrum of journals, and not just the ones more identified with their strand of post-Keynesian economics. In other words, Kaleckians publish in various journals, as do Sraffians. For instance, *The Review of Political Economy* has a strong and close relationship with a number of Sraffians, while being a more “post-Keynesian” journal.<sup>3</sup>

#### v) *Conferences*

The first post-Keynesian conference was held at Rutgers University, in 1977, followed by one at the University of Ottawa, in 1981, another one at Rutgers that same year, one organized by Arestis in the UK in 1982, where Eichner was the keynote speaker, and another one at the University of Ottawa in 1984. These were essentially the early post-Keynesian conferences.

At the time, post-Keynesian conferences were few and far between. Today, however, it is impossible to list all the post-Keynesian and heterodox conferences, both annual/permanent ones and the occasional ones, although among the permanent ones, the FFM conference in Berlin, the STOREP conference in Italy, the Society for the Advancement of Socio-Economics, the Nordic Post-Keynesian Conference (born from the Dijon conferences), the annual conference in Bilbao, among a great many more. In addition, there are now dozens of pop-up conferences and workshops every year. The sheer proliferation of conferences is a true testimony to the growth and sustainability of the post-Keynesian school.

#### vi) *Summer Schools*

The same applies to summer schools. At the time, there was essentially one summer school, in Trieste, originally organised by Garegnani, Kregel and Parinello. That fell apart after a few years given the personality conflicts among some of the early pioneers. For years, as a student in the early to late 1990s at the New School, I lamented the missed opportunities of my generation in not being able to attend a summer school. I read about the history of the Trieste conference with envy (see Arena, 1987).

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<sup>3</sup> There would need to be an entire article devoted to what a “more ‘post-Keynesian’ journal” really means.



Today is very different. There are a number of annual summer schools, such as the one organized in Berlin, or the one held by the Post-Keynesian Economic Society, the Levy Institute, the one at the University of Maastricht, and the Sociedad de Economía Crítica, the European Association for Evolutionary Political Economy, the Brazilian Keynesian Association, UNCAMP, the Ancona-Milano Summer School on Agent-based Economics, and the ECLAC summer school, among others. There are as well a number occasional or one-off/pop-up summer schools, like the one from STOREP, or the one I am organizing in China, for July 2023.

Needless to say, students today have a wide choice of summer schools to choose from. Indeed, the last 20 years bear no resemblance to the two decades before them.

#### vii) *Networks and Organizations*

Some five decades ago, there were a handful, at best, of organizations in existence. Today, we can count them in the hundreds. These are country-specific networks, or more themed-based that have members around the world.

For instance, consider:

The Progressive Economic Forum (PEF; Canada)  
Association pour le Développement des Etudes Keynésiennes (ADEK; France)  
Research Network for Macroeconomics and Macroeconomic Policy (FMM; Germany)  
Japanese Society for Post-Keynesian Economics (Japan)  
Argentina the Asociación Post-Keynesiana Argentina (APKA; Argentina)  
Post-Keynesian Economic Society (UK)  
Associação Keynesiana Brasileira (Brazil)  
Portuguese Association of Political Economy  
Italian Association for the History of Political Economy (Italy)  
Australian Association of Heterodox Economists (Australia)

European Association for Evolutionary Political Economy  
European Society for the History of Economic Thought  
Union for Radical Political Economics (URPE)  
International Confederation of Associations for Pluralism in Economics (ICAPE)  
Society for the Advancement of Socio-Economics (SASE)  
Sociedad de Economía Política Latinoamericana  
World's Economic Association  
Association for Social Economics  
Association for Heterodox Economics

No to mention the more than 121 chapters of Rethinking Economics that were created within about a 5-year span around the world.

#### viii) *Social Media*

Social media is not something that is usually discussed much, and is usually omitted in any discussion over the future of post-Keynesian economics. For some, it may be strange to include it here. Yet, in 2023, it is an essential component in disseminating research, but also in cementing a school of thought and growing its base. The success of MMT, in many ways, is due precisely to the existence of social media. In that sense, the future of post-Keynesian economics is very much tied, in a digital age, to the use of social media.

On that front, heterodox social media presence is impressive. For instance, there are a number of blogs such as:

The Monetary Blog  
Naked Keynesianism  
Billy Blog  
New Economic Perspectives  
Steve Keen's Debtwatch  
The Progressive Economic Forum Blog  
Tom Palley's Blog  
URPE blog  
Concerted Action  
Les non-dits de l'économie

Heterodox News lists 35 heterodox blogs, though the number is surely higher.

Moreover, now a number of journals are active on Twitter and Facebook. Before I became editor of the *Review of Political Economy*, the journal averaged 22,000 article downloads a year. Two years later, through an extensive social media campaign, that number is now close to 150,000. There is no denying the power social media has: Social media is now essential in the growth of post-Keynesian economics.

In addition, many heterodox scholars have over 100,000 followers. For instance, Laura Carvalho has 210,000 followers; Stephanie Kelton has 150,000; Nathan Tankus has 104,000, Mariana Mazzucato has 216,000 followers; and Steve Keen has close to 90,000 followers.

The use of social media is particularly important in reaching those who are not associated with one of the universities listed above. Indeed, my own experience with social media is that I am able to reach followers in Africa, India and other under-served areas. Evidence from data related to the *Review of Political Economy* shows the reach social media has in disseminating research to literally the four corners of the world. Social media somehow brings scholars and students closer together and breaks the isolation. In this way, it plays an important way of not only disseminating the research, but also bringing scholars and students closer together.

### ***The future of theory***

Having discussed in the previous section the future of post-Keynesian economics in terms of institutional characteristics, let us now turn to the future of theory. Here, I will argue that despite some well-known criticism, there is general consensus today among post-Keynesians regarding

theory, which assures a solid core of key or fundamental arguments. As Dequech (2012, p. 355) argues, “it is possible to identify a few unifying ideas.”

This said, there still exists and always will, some disagreement among the various approaches embedded within heterodox economics. The history of post-Keynesian economics is rife with disagreements and downright animosity between the various strands, be it Kaleckian, Sraffian and post-Keynesian. But I would argue that these disagreements are more the result of personality conflicts among older post-Keynesians, than theoretical ideas, and such discord is much less pronounced today among the younger generations of scholars. Indeed, most of the younger generation are more “eclectic”, to use Lavoie’s (2014, p. 42) term, and are rather comfortable navigating between the various strands: “Several young post-Keynesians feel at ease within all strands, taking the best elements from each. Some also look for cross-fertilization with other heterodox traditions.”

For instance, the *Review of Political Economy* is actively looking at ways of integrating a typical Sraffian idea (the supermultiplier) with a typical post-Keynesian one (endogenous money), and such crossover research agendas are now the norm rather than the exception.<sup>4</sup>

Yet, I want to address what I consider an equally important lack of consensus regarding the fundamental vision of the functioning of capitalist economies. In particular, there is still some confusion as to how post-Keynesians see markets adjusting and more specifically the role played by flexible prices. This is discussed below.

But first, following Rochon (2022), I identify 10 characteristics that I believe form a post-Keynesian consensus. In proposing them, I answer King’s question: “is there a coherent positive Post Keynesian alternative to the mainstream?” (King, 2002, p. 1), to which I say, yes. In doing so, I don’t believe this leads to a “strange hybrid” (Dequech, 2012, p. 360). Rather, these characteristics appear in the description of post-Keynesian economics by various authors (for instance, Lavoie, 2002; Arestis, 1992; Sawyer, 2010, among others).

- i) Realism or the need to reflect the ‘real world’;
- ii) a monetary theory of production and endogenous money;
- iii) the importance of social classes and power;
- iv) economies are characterized by instability and fragility;
- v) the principle of effective demand is central to understanding output and growth;
- vi) the importance of income distribution;
- vii) the essential nature of involuntary unemployment;
- viii) uncertainty and historical time are important to economic analysis;
- ix) institutions are important;
- x) Fiscal policy dominance.

The above list captures well the main elements of post-Keynesian economics, that would, we think, apply to all strands of heterodox economics. In this sense, I agree with Dequech (2012, p. 367) that “Post Keynesian economics can be characterized on the basis of unifying positive ideas, although some internal tensions or potential inconsistencies continue to exist”.

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<sup>4</sup> In re-reading Davidson’s (2003-2004), the article seems now strangely out of place in 2023.

On a last note, regarding the future of post-Keynesian theory, while I am fairly enthusiastic about it, there is one weakness I still see regarding the way post-Keynesians see the role of the price mechanism. In other words, in reflecting on how to move forward, I would like to explore what I consider an important inconsistency in post-Keynesian economics: the arbitrary acceptance and refusal of the price mechanism. Indeed, while we are seemingly all in agreement in rejecting the flexibility of real wages in addressing problems of unemployment, we seem to be rather discordant when applying price flexibility in money markets via monetary policy and interest rates, as well as in international markets, via exchange rates.

In neoclassical economics, flexible prices are the way by which equilibrium is achieved, largely because the system is seen as being consistent with the principles of convergence and stability. The price mechanism is what guarantees economies gravitating toward equilibrium.

But for post-Keynesians, the purpose of studying economics is not to search for a single, centre of gravitation. Economies, as suggested in *iv*) above, are prone to fragility and instability, such that there are no tendencies toward a single position of equilibrium, thereby undermining the principle of the price mechanism. Lavoie (2014, pp. 34-5) reaches a very similar conclusion:

Post-Keynesian authors often consider that there are endogenous destabilizing forces at work and that price mechanisms cannot in general counteract these. As a result, multiple equilibria may arise, including of course financial crises and situations of unemployment, so that government intervention and the regulation of market forces are required.

I won't here discuss the role of flexible real wages, as post-Keynesians are united in the idea that unemployment, following Keynes, is determined in the goods market. To reduce unemployment, we need to work directly on quantities, and not through prices or wages.

A similar logic, however, would apply to the money market. Once again, for mainstream economists, flexible interest rates ensure that the money market, the interaction between demand and supply of money clears, and any excess monies are eliminated at an equilibrium. Moreover, there is a natural rate of interest that acts as a centre of gravitation pulling the benchmark rate towards it.

With respect to monetary policy, post-Keynesians seem divided regarding the use of interest rates. Some advocate for the use of fine tuning, as long as the target is in a real variable. This is what I called elsewhere the activist rule (See Rochon and Setterfield, 2008).

For others, however, for instance Rochon and Setterfield (2008, 2012) and Lavoie (1996; 2022) among others, an activist approach needs to be rejected in favour of some parking-it rule, or what Lavoie (2022) calls the income distributive rule. Here it is explicitly acknowledged that flexible interest rates by way of fine tuning is not an acceptable way of conducting monetary policy, which is described as a blunt instrument. Rochon (2022) even speaks of the "general ineffectiveness of monetary policy."

Joan Robinson recognized this problem as early as 1943: “The regulating effect of changes in the rate of interest was at best very weak” (see 1943, p. 26), and again in 1952, where she describes as a ‘false scent’ the use of counter-cyclical monetary policy, and rejects:

the conception of an economy which is automatically held on a path of steady development by the mechanism of the rate of interest ... But it is by no means easy to see how the monetary mechanism is supposed to ensure how that the rate of interest actually assumes its full employment value. ... The automatic corrective action of the rate of interest is condemned by its very nature to be always too little and too late (see Robinson, 1952, pp. 73-74).

Lavoie (1996, p. 537) would reach the same conclusion almost 50 years later. In recognizing the income distributive nature of interest rates, he wrote:

It then becomes clear that monetary policy should not so much be designed to control the level of activity, but rather to find the level of interest rates that will be proper for the economy from a distribution point of view. The aim of such a policy should be to minimize conflict over the income shares, in the hope of simultaneously keeping inflation low and activity high.

Finally, regarding the open economy, post-Keynesians are also divided when it comes to considering the role played by the exchange rate (Smithin, 2001). Some post-Keynesians point to the destabilizing effect of flexible exchange rates, particularly on domestic inflation through pass through effects, and argue in favour of fixed exchange rates (Bougrine and Seccareccia, 2004).

For instance, Davidson (1992, p. 207) has argued this point precisely warning against flexible rates and the possibility of beggar-thy-neighbour policies:<sup>5</sup>

A flexible exchange rate regime guarantees that for every ‘successful’ economy that pursues a mercantilist trade surplus policy for expansionary purposes, there must be offsetting nations that are plagued with persistent trade deficits combined with the problem of importing forces. For every winner on the flexible rate system, there must be one or more losers. (see also Harvey, 1991).

Moreover, it is not exactly sure whether flexible exchange rates improve the balance of trade. In this sense, the argument would favour the use of fixed exchange rates and the use of capital controls in order to stabilize capital flows (see Vernengo and Caldentey, 2020).<sup>6</sup>

In these three cases, therefore, moving forward, I would argue that post-Keynesians work at developing arguments and rally around the notion of fixed prices, and reject the inconsistency in using fixed prices in one market, and flexible prices in another. Flexible prices cannot in general

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<sup>5</sup> Despite the argument in this paragraph, some post-Keynesians nevertheless still prefer flexible exchange rate. For instance, Wray’s (2006) argument that despite possible problems of pass through effects, if there is monetary sovereignty then the extent to which these possible effects can be stabilized is met by debt monetization.

<sup>6</sup> I want to thank David Fields for this argument.

compensate for a system which is inherently fragile and destabilized. Price mechanisms are meant to operate in stable and converging systems.

The overall goal is not to guarantee an optimal Pareto efficient microeconomic equilibrium (that is, with respect to exchange rates, a comparative advantage, so to speak), but to ensure overall economic growth. In all three cases, we need to work on quantities directly (the quantity of labour, the quantity of credit, and capital controls) and not the price.

### *The future within the profession*

The final angle to be discussed is the future of post-Keynesian economics within the economics profession at large. There is no doubt post-Keynesians have failed to engage with the mainstream beyond some discussions with what Lavoie (2022) calls the ‘dissenters’. This is tied to a general lack of desire from the mainstream to engage with us, either on theory or on policy.

This discussion is directly tied with our strategy vis-a-vis the mainstream. Should we attempt to engage them at all? Lee and Lavoie (2013) have explored a number of ways to engage the mainstream, and King’s contribution in this respect is on target. According to the author (2013, p. 1), there are three approaches when dealing with mainstream economics: “fight them, cooperate with them or ignore them”.

My own preference is for the first two, because we just cannot simply ignore what the mainstream is doing. We can continue the criticism (for no other reasons than simply because, as King (2013, p. 1) suggests, “Mainstream macroeconomic theory is wrong”). For example, the issue of monetary policy and income distribution, which dates back at least to Niggle (1989), is now an important topic of discussion within the mainstream (see Kappes, 2023, for a summary). Yet, we need to engage them precisely because of the conclusions they reach: for them, such impact on income distribution is short lived and transitory and can safely be ignored by central banks. In contrast, post-Keynesians emphasize the long-lasting impact of monetary policy on income distribution, and possible issues of structural change (Rochon and Vallet, 2020). Ignoring the mainstream therefore comes with important costs. We simply cannot let the mainstream dictate conclusions on such important policy issues.

Fontana and Gerrard (2006, pp. 69 – 70) suggest a ‘constructive engagement’ with the mainstream. For me, this is a non-starter. To engage with the mainstream suggests that they want to engage with us, and this does not appear to be the case, though there are a few instances where this has been fruitful. But these cases are the exception, and too few and far between. I once believed in this approach, and have tried on many occasions, only to realize the limitations.

In this respect therefore, we cannot hope to be accepted within the mainstream. This will never happen. No matter how hard we try, or the language we use, the techniques we use, the only conclusion is that we will remain largely marginalized. This is because in essence, we see the world operating very differently, we ask different questions and provide very different answers. Our view is not about stability and convergence but about fragility and instability.

But if there is a silver lining, it is this: while we may never be fully embraced by the mainstream (a prospect by the way with which I am fully comfortable), some of our ideas have been accepted by the mainstream. One example is the recognition of the rate of interest as an administrative variable under the control of the central bank, as in New Consensus models. Post-Keynesian, of course, have been using exogenous interest rates and endogenous money for decades, certainly since Robinson (1956). It can be found in Kaldor (1970), Moore (1988) and Lavoie (1992), to name a few. But these works are never cited by the mainstream.

There is also the issue of Minskyan instability, which became very popular after the financial crisis. But apart from Minsky himself, no other post-Keynesians were cited.

## ***Conclusion***

At age 50, post-Keynesian economics has come a very long way. It has developed into a full-fledged positive theory capable of addressing the most relevant economic problems and crises. Many of the ideas in this chapter deserve their own full airing. But the purpose of this article was to show in what way post-Keynesian economics has grown over the last five decades. In this sense, I looked at the future of post-Keynesian economics from 3 different angles. I first considered its future in terms of an institution. I concluded that under various categories, that post-Keynesian economics has thrived and there is no reason to believe that it will stop any time soon. Quite the contrary, each year, new conferences, new summer schools, new organizations, new journals appear.

Second, I looked at the future of post-Keynesian theory. In contrast with the infighting that characterized the earlier days, younger post-Keynesians are more eclectic and accepting of various points of views, and are comfortable navigating through various strands, seamlessly. The future of theory may well be a more eclectic, a coming together of various approaches within the heterodox tradition. The ten characteristics provided in this section serves that purpose.

I also mentioned an inconsistency within post-Keynesian theory, which is the use of the price mechanism. Post-Keynesian should stop using flexible exchange rates or fine-tuning monetary policy. Flexible prices are used mainly by mainstream economists to ensure some microeconomic equilibrium, and have no place in post-Keynesian economics.

Finally, in the last section, I considered the future of post-Keynesian economics within the profession. Here, I am more pessimistic and have accepted the fact that we may end up always being on the marginal sidelines, looking in. The silver lining, however, is that some of our ideas are increasingly being integrated within the mainstream, although specific authors are never recognized.

In the end, the future is bright and full of promise, as long as we don't aspire to dominate the economic, political and policy landscape.

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