

Monetary Growth with Disequilibrium: a Non-Walrasian baseline model

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Abstract

In this study, we present a baseline monetary growth model for disequilibrium macroeconomics. Our model is similar to the existing Keynes-Wicksell models, but we highlight a characteristic of disequilibrium (non-Walrasian) macroeconomics, that is, the regime dividing in the static model. In addition, since we synthesize demand-side factors (Keynesian) and supply-side factors (neo-classical), we find a new effect on dynamical feedback loops, that is, the dual-decision effect. This new effect stabilizes (resp. destabilizes) an unstable (resp. a stable) feedback loop when the regime switches from the demand-side to the supply-side. Moreover, this dual-decision effect partly works on the real wage adjustment process and it enhances the instability if the economy is in Keynesian regime.

Keywords: Disequilibrium macroeconomics, Non-Walrasian analysis, Keynes-Wicksell model, Economic growth

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