

Contents

Preface	viii
PART I. BASICS	1
Chapter 1. INTRODUCTION	3
Chapter 2. SHORT-RUN DISEQUILIBRIUM MODELS	11
2.1. Introduction	11
2.2. The model	12
2.3. The different disequilibrium regimes	15
2.4. Different policies	19
2.5. Price flexibility	20
Exercises	22
Chapter 3. DYNAMICS AND THE FILIPPOV SOLUTION	24
3.1. Introduction	24
3.2. Traditional dynamics	25
3.3. Disequilibrium dynamics	31
Exercises	40

PART II. ONE-SECTOR MODELS	41
Chapter 4. THE BASIC ONE-SECTOR MODEL	43
4.1. Introduction	43
4.2. The full employment model	43
4.3. The disequilibrium model	47
4.4. Stability	54
4.5. An example	57
4.6. Another example	59
Exercises	63
Chapter 5. ODDS AND ENDS	65
5.1. Introduction	65
5.2. Endogenous savings	66
5.3. The government	69
5.4. A simple monetary model	71
5.5. Expectations in a monetary model	73
Exercises	76
PART III. TWO-SECTOR MODELS	77
Chapter 6. THE TWO-SECTOR MODEL IN A CLOSED ECONOMY	79
6.1. Introduction	79
6.2. The full employment model	80
6.3. The disequilibrium model	86
6.4. Profit distribution and efficient rationing	89
6.5. Stability	95
6.6. Sector-specific rationing	99
6.7. Government consumption	103
Exercises	106

Chapter 7. DISEQUILIBRIUM, GROWTH AND TRADE	108
7.1. Introduction	108
7.2. The full employment model	109
7.3. The disequilibrium regimes	114
7.4. Stability	123
7.5. Some implications	130
Appendix	133
Exercises	136
Chapter 8. SECTOR-SPECIFIC CAPITAL	138
8.1. Introduction	138
8.2. The short run model	138
8.3. Sector-specific investment	142
8.4. Smooth investment	145
8.5. 'Bang-bang' investment	147
Appendix	152
Exercises	153
References	154