

Contents

<i>Acknowledgements</i>	page ix
Introduction	1
0.1 'Disequilibrium theory' in modern macroeconomic research	1
0.2 The 'smoothing by aggregation' approach for more realistic empirical modelling	6
0.3 Plan of the book	8
Chapter 1 Micro markets in disequilibrium and the use of micro data	12
1.1 'Smoothing by aggregation' as an alternative to the aggregate <i>min</i> condition	12
1.2 The business survey data and their interpretation	24
1 The firm and its possible 'regimes'	24
2 Description of the survey on the use of capacity	28
3 Interpretation of the business survey data in relation to the P_G and P_L statistics	30
4 Interpretation of the 'Keynesian' situation in a policy perspective	39
1.3 Contrasting our approach with the conventional 'disequilibrium' empirical models	43
Chapter 2 The macro model: econometric formulation and the production function derived by aggregation of elementary production units in the presence of rationing	50
2.1 The aggregate model	50
1 The macro model and its econometric formulation	50
2 Economic policy multipliers	62
2.2 Aggregation of micro production units in a rationing context and the aggregate production function	66
1 The aggregate short-run production function	66
2 The aggregate long-run production function	73

Chapter 3 Empirical estimation of a macro sectoral model of the Belgian manufacturing industry based on business survey data	77
3.1 The long-run production function and the notional supply of goods and demand for labour	78
3.2 The DUC equation	85
3.3 Demand for goods and the supply of labour	86
3.4 The specification of P_L	94
3.5 Ito's vs. Portes' specification of the spillover effect	95
3.6 Empirical results of Ito's model	97
Discussion of the parameter estimates	98
Estimates of latent variables	103
Conclusion	113
Appendixes	
A Derivation of the aggregate transaction curve and the proportions of micro markets in excess demand	116
B Intertemporal spillovers in micro markets and the 'selectivity mechanism' of unemployment	126
C Input-output analysis in a disequilibrium context	130
D Computation of the multiplier effect of an autonomous increase in the demand for goods in the framework of Portes' model	133
E Empirical estimates of Portes' model	136
F Sensitivity analysis to alternative specifications of manufacturing labour supply	137
G A composite Portes-Ito model	141
H Data definitions, sources and statistical series	150
<i>Notes</i>	155
<i>References</i>	167
<i>Author index</i>	173
<i>Subject index</i>	175