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

Louis-Philippe Rochon

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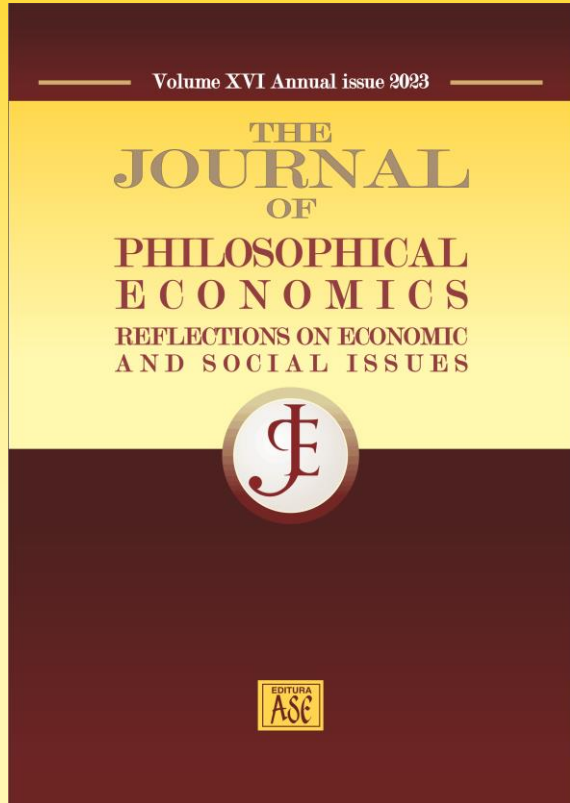
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**The future of post-Keynesian economics:  
post-Keynesian economics at 50**

**Louis-Philippe Rochon**



# 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.

**Keywords:** 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,[1] [2] 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.'

Kerr's comment 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, some have argued that post-Keynesians define 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’ (see Rochon 2023 for a discussion of the history of post-Keynesian economics).

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), who is one of the founders of the post-Keynesian institution (see Rochon 2023), also 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’.[3]

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, whether in monetary policy and theory, growth theory, development, environmental, and more, and there appears to be more collaboration between post-Keynesians and institutionalists, ecologists, feminists and with Sraffians.

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 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 modelling, 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), yet also 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 themselves. 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).

This said, I will point to what I consider a fundamental theoretical inconsistency within post-Keynesian theory.

Finally, concerning for the future within the profession, here, 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; full articles have been written on each of these topics, and many more still need to be written. It is impossible to deal with all these issues in this single article. Perhaps I set myself too tall a task. Then again, the immediate objective here is to sketch a picture and offer some brief insights regarding the future of post-Keynesian economics.

## **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 begins 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. It also partly answers Fred Lee's concern that 'advancing heterodox economics involves much work that does not per se advance one's professional career. The selfless work I am referring to involves organizing conference-seminars, refereeing papers, publishing newsletters, editing journals, and doing the administrative/institutional work necessary to establish and run heterodox undergraduate and post-graduate economic programs. If all heterodox economists would contribute to this in some small way, then heterodox economics will advance' (see Lee 2010).

### *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 (at least some) heterodox presence. While not all these departments have graduate programs, many do and are thus able to graduate young scholars.

In the United States and Canada 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

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John Jay College

Laurentian University

New School for Social Research

University of Massachusetts, Amherst

University of Massachusetts, Boston

University of Missouri, Kansas City

University of Denver

University of Manitoba

University of Notre Dame

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

School of Oriental and African Studies, 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



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

The above list stands in contrast to places, decades ago, where the heterodox presence disappeared over the years (for instance University of Tennessee and Rutgers University) or where heterodox economists have been severally marginalized (such as at Notre Dame and the University of Manitoba). In many ways, this remains a threat today: it can happen and perhaps still does to some degree. But overall, in the balance, there has been a proliferation of departments rather than the elimination of them. Many of these new heterodox departments did not exist a mere few decades ago, proving the resilience of heterodoxy, and its ability to grow and graduate young scholars, although it is always a struggle.

## 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 early 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 helped to anchor the emerging post-Keynesian school of thought.

The relationship with another publisher, Edward 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 by John Phebe's *New Directions in Post-Keynesian Economics* the following year (Phebe 1989).[4] Today, post-Keynesian books are 'the most significant part of [Elgar's] economics list'.[5]

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But there are also other publishers where post-Keynesian titles now appear quite prominently: Cambridge University Press, Springer, Palgrave Macmillan, McGraw-Hill, Routledge, among a number of other smaller publishing houses. Moreover, there are a number of books from institutionalism, feminism, ecological economics, radical economics, and more.

### 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 Paul Davidson, and wondered whether he would be ready to write a textbook on post-Keynesian economics. I felt at the time, and much 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 from 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 book 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 in

establishing a post-Keynesian school of thought, there were nevertheless some other heterodox journals in existence before then. For instance, there already 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 Directory*, there are now more than 141 journals that can be considered heterodox or certainly heterodox-friendly. The actual number is actually larger when taking into account smaller, more regional journals, like *Ola Financiera*, and others.

Of particular note, authors of all heterodox strands publish in a wide spectrum of journals, and not just the ones more identified with their strand of post-Keynesian economics.

### 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 Forum for Macroeconomics and Macroeconomic Policies (FFM) conference in Berlin, the Italian Association for the History of Political Economy (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, the annual conferences of the European Association for Evolutionary Political Economy

(EAEPE), 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).

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 (EAEPE), the Brazilian Keynesian Association, University of Campinas, the Ancona-Milano Summer School on Agent-based Economics, and the Economic Commission for Latin America and the Caribbean (ECLAC) summer school, among others. There are as well a number occasional or one-off/pop-up summer schools, like the one from STOREP. 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)

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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, and the proliferation of Young Scholars Initiative (YSI) events and groups.

### 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 Modern Monetary Theory (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. Within a few short years, 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 for the growth of post-Keynesian economics.

In addition, many heterodox scholars have over 100,000 followers. For instance, Laura Carvalho has 220,000 followers; Stephanie Kelton has close to 150,000; Nathan Tankus has 104,000, Mariana Mazzucato has 235,000 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 post-Keynesian 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 some of 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.[6]

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 (or at least I believe so). 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, I think, apply to all strands of heterodox economics. In this sense, I agree with Dequech (2012, p. 367), who claims ‘post Keynesian economics can be characterized on the basis of unifying positive ideas, although some internal tensions or potential inconsistencies continue to exist’.

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 rejection 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.[7]

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 gravitate 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:



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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-Keynesian seem divided regarding the use of interest rates. Some advocate for the use of fine tuning, as long as the target in a real variable. This is what I called elsewhere the activist rule (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

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corrective action of the rate of interest is condemned by its very nature to be always too little and too late. (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:[8]

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).[9]

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 compensate for a system which is inherently fragile and destabilizing. 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. This is certainly the most difficult angle to discuss.

There is no doubt post-Keynesians have not been able to engage with the mainstream beyond some discussions with what Lavoie (2022) calls ‘dissenters’, or to carve themselves a place within the mainstream. We have not been able to publish in top journals, we have not succeeded in getting hired in top departments or at top universities, and it is very true that in some places, we are still under attack and marginalized, just not in economics, but there is a growing backlash against diversity and progressive thought.[10]

The inability of post-Keynesians and heterodox economists to engage with mainstream colleagues parallels a general lack of desire from the mainstream to engage with us at all, either on theory or on policy. For instance, I have been told many times by some in the mainstream (in central banks, for instance), ‘we just don’t understand what you are trying to say’ – despite the fact we both speak the same English language.

The simple truth is we just don’t share their models or their vision about how economies work; we ask altogether different questions and are interested in different problems. While they are interested in trying to understand how economies converge to a stable equilibrium, we try to explore the inherent instability and fragility of our economies, and its consequences for, say, labour markets, and how they are unable to explain the persistence of massive inequality and poverty.

The question of how to deal with the mainstream has preoccupied many post-Keynesians and heterodox economists for quite a while. Lee and Lavoie (2013) published a book essentially dedicated to this topic, containing a variety of opinions on this matter. But I think ultimately, could these obsessions be the

result of another generation, preoccupied with its place as it was emerging? As one young scholar recently told me, there are two mainstreams: 1) those who do empirical work at some central banks, Bank for International Settlements (BIS) and other institutions who may be less doctrinaire and let the data speak; and the second, Dynamic Stochastic General Equilibrium (DSGE) mainstream; 'I simply don't waste my time with the second group. ... I prefer to focus on my own work and push the heterodox frontier ahead than trying to convince mainstreamers.' [11] I think this position among the younger generation is quite prevalent.

Despite what I wrote above in the first parts of this article, how can I remain positive about the future of post-Keynesian economics given the depressing statements just made? How can I reconcile both positions? [12]

It depends, I guess, on what our ultimate goal is. What do we aspire to? Or better yet, phrased differently, why are we so obsessed with the mainstream and on getting their approval? Does the success or failure of post-Keynesian economics rest on whether we succeed or fail to dialogue with the mainstream, or for that matter, whether we publish in established journals?

I will certainly be criticized, and probably considerably, for this position, but I see the current situation as not a bad one. We are increasing our institutions, increasing our research, increasing our publications and the number of books and journals, increasing our conferences and summer schools, and we get important research grants. We don't really need to get approval from the mainstream.

While many post-Keynesians may think so, I just don't see it that way. I just don't judge the success of post-Keynesian economics relative to how well we are treated or recognized by the mainstream. When I attend or organize workshops or conferences, many young scholars tell me they are focused and invested in their own work, preoccupied about poverty and inequality, for instance, and not on whether mainstream economists approve of it or not. In a way, there is a sense that the work they are doing is 'right' and the mainstream is inherently 'wrong', so why seek approval from scholars who are consistently wrong? As King (2013, p. 1) writes, 'mainstream macroeconomic theory is wrong.'

Moreover, and in many ways, the rise and access to social media has allowed many younger scholars today to engage directly with the public at large, with the media, and with some policy makers to get their message out. The case of MMT is a perfect example of this. These ‘post-Keynesian influencers’ certainly have gained prominence in a way early post-Keynesians never had and never could and can speak directly to policy makers. This is line with what Vernengo (2010, p. 396) suggests that post-Keynesians target ‘policymakers who are often more pragmatic and clearly more relevant.’ And in a twisted way, MMT has had a tremendous impact on the profession: it’s not every day top scholars and governors of central banks take the time to dismiss heterodox economics!

My advice on this front is that we should develop our social media connections and circles and by-pass the need for mainstream approval. The obsession of wanting approval places us in an inferior plane and reinforces the idea that what we are doing is somehow not as good. So, let’s look beyond. This may mean that we need to accept our faith as being locked out of major universities.

A second piece of advice would be to develop more resource materials for undergraduate teaching. This is something I have been trying to do for the past decade, starting with my introductory book with Sergio Rossi (see Rochon and Rossi 2022). There are plenty of books and papers intended for advanced graduate students, but very little aimed at undergraduates. I discussed this above in mentioning textbooks. But this point is very important. In this sense, we need more textbooks, and more scholarly and teaching materials.

## **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. In this sense, I completely reject Stephen Dunn’s conclusion that ‘Post Keynesianism is commonly referred to as a disintegrating research program, more obsessed with the exegesis of the ideas of long dead economists than it is concerned with explaining new, novel empirical facts or contributing to the development of new policy’ (Dunn 2000, p. 343).

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 three 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 approached 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, yet surely this concept and view 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 argued the need to by-pass the mainstream institutions and scholars and to stop discussing ways of engaging them. This is certainly how I interpret Eichner's (1979, p. 167) promise or vision that 'the theory's first important contribution will be to free economics as a discipline called the "intellectual dead weight of neoclassical orthodoxy.'" We cannot be truly free until we rid ourselves of these shackles.

Younger scholars are not as preoccupied by these issues, and they are more concentrated in doing research and contributing in a positive way to building post-Keynesian economics. They see their research as right and essential. Here, social media is a key player, one that will allow us to reach beyond the immediate profession. We know from the attacks by the mainstream on MMT that this is an avenue that they fear: growing public legitimacy for the positions we defend.

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.

## Endnotes

[1] This paper was first presented at the Young Scholars Initiative (YSI) event, part of the Brazilian Keynesian Association meeting, in Belo Horizonte, October 4, 2022. I would like to thank the organizers for the invitation, and the participants for their questions and comments that improved this paper. I would also like to thank the anonymous referee whose comments improved this paper. I would also like to thank Carlo D'Ippoliti, Stefano Di Bucchianico, and Sylvio Kappes for some very helpful comments. All errors remain mine.

[2] Throughout the paper, I use a 'big tent' definition of post-Keynesian economics. As such, I use the terms post-Keynesian and heterodox interchangeably.

[3] 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).

[4] My Elgar series, *New Directions in Post-Keynesian Economics*, was inspired by this book title.

[5] Alan Sturmer, Edward Elgar; in a private email, October 4, 2022. Carlo D'Ippoliti tells me that heterodox books are also the most significant component of Routledge's publications.

[6] In re-reading Davidson's (2003-2004), the article seems now strangely out of place in 2023.

[7] Indeed, D'Ippoliti (2018) defines the boundaries between heterodox and mainstream economics precisely on the basis of the acceptance (or not) of price adjustments as the mechanism bringing about a (market clearing) equilibrium.

[8] 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 passthrough effects, if there is monetary sovereignty then the extent to which these possible effects can be stabilized is met by debt monetization.

[9] I want to thank David Fields for this argument.

[10] In an increasing number of countries, though notably not in the USA, this takes the form of mainstream dominance of the national (public) research assessment exercises in economics (D'Ippoliti 2020).

[11] I thank Sylvio Kappes for this quote.

[12] I want to thank the reviewer for bringing up this question.

## Conflict of Interest Statement

The author declares that there is no conflict of interest.

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Louis-Philippe Rochon is Full Professor of Economics at Laurentian University (Canada) (lprochon@laurentian.ca).