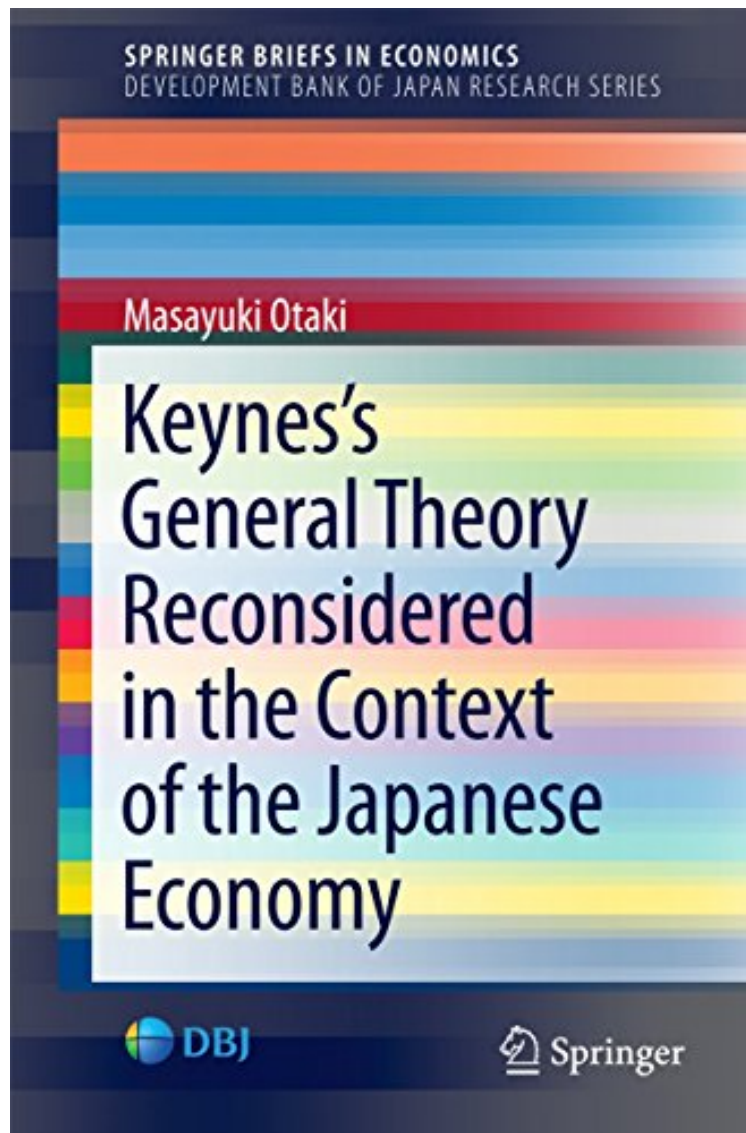


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Keynes's General Theory Reconsidered in the Context of the Japanese Economy (SpringerBriefs in Economics)

Masayuki Otaki

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Masayuki Otaki : Keynes's General Theory Reconsidered in the Context of the Japanese Economy (SpringerBriefs in Economics) before purchasing it in order to gauge whether or not it would be worth my time, and all praised Keynes's General Theory Reconsidered in the Context of the Japanese Economy (SpringerBriefs in Economics):

This book reconsiders Keynes's *The General Theory of Employment, Interest and Money* and establishes a new interpretation. In contrast to the existing models, this book finds that the stickiness in the nominal wage is not crucial for his theory. Moreover, the author has also succeeded in capturing the concept of liquidity in a rigorous mathematical model. In conjunction with the development of the concept of liquidity, the separation of the decision between savings and capital investment, which plays a key role in the principle of effective demand and denies Say's law, is exactly and originally formulated. The theory thus developed is applicable to elucidating some serious political economic causes that entrap the long-stagnated Japanese economy. For example, an analytical explanation is provided about why disinflation/deflation incessantly progresses despite the exorbitant expansionary monetary policy (*ijigen kin-yuu seisaku*) by the Bank of Japan. This phenomenon is an unsolvable question from the quantity-theoretic approaches (e.g., monetarism and new Keynesianism) which, although they differ in assumptions concerning the length of adjustment periods, commonly assume that the price level sooner or later rises in proportion to the quantity of money. Owing much to Keynes, the author's approach considers that the price level is mainly governed by its marginal prime cost which is equal to the nominal wage as a first approximation. As such, the drastically sagging wages during the past 10 years provoke serious disinflation/deflation. It should be noted that this discussion never depends on the quantity of money.

About the Author Masayuki Otaki is a professor of economics at the Institute of Social Sciences at the University of Tokyo; and academic advisor of the Research Institute of Capital Formation, Development Bank of Japan. His main areas of research are macroeconomic theory, environmental economics, educational economics, and economic thought. Born in 1957, Prof. Otaki received a Bachelor's degree in economics at the University of Tokyo in 1981 and a Ph.D. in economics at the University of Tokyo in 1990. He was appointed professor of economics at the Institute of Social Sciences at the University of Tokyo in 2001.