Macroeconomics of
Growth Cycles and
Financial Instability

Piero Ferri

Professor of Economics, University of Bergamo, Italy

NEW DIRECTIONS IN MODERN ECONOMICS

Edward Elgar
Cheltenham, UK • Northampton, MA, USA
Contents

Preface ix
Introduction x

PART I THE BACKGROUND

1. Dynamics in the medium run 3
2. Financial instability 14
3. Macroeconomics, uncertainty and the fallacies of composition 25
4. Heterogeneity and the status of macroeconomics 35

PART II THE MARKETS

5. The nature of the labor market 45
6. The role of imperfect competition 57
7. Policies versus self-adjustment 68

PART III ENDOGENOUS DYNAMICS

8. A dynamic macro model 81
9. Uncertainty, expectations and learning 94
10. Inflation, deflation and the Phillips curve 104

PART IV GROWTH CYCLES, INCOME SHARE AND THE FINANCIAL INSTABILITY HYPOTHESIS

11. A growth cycle model 117
12. The role of labor share 131
13. Towards a stochastic switching 143

PART V CONCLUDING REMARKS

14. Lessons 159
15. The task ahead 169
Macroeconomics of growth cycles

References 174
Index 191