Economics After the Crisis
An introduction to economics from a pluralist and global perspective

Irene van Staveren
Contents

List of images x
List of diagrams xii
List of tables xv
List of boxes xvii
Acknowledgements xviii

Introduction 1
Orthodox and heterodox economics 1
What went wrong with economics? 3
Heterodox economics 4
Signs of change 6
From orthodox and heterodox to pluralist economics 7
Approach of the book 7
Notes 9

1 Economics as a science 10
1.1 What is economics? 10
1.2 Social economics 15
1.3 Institutional economics 19
1.4 Post Keynesian economics 21
1.5 Neoclassical economics 23
1.6 Rationality 27
1.7 Power 28
1.8 Interesting sources 33
1.9 Glossary 33
Notes 35

2 Individuals and households 36
2.1 Individuals and agency 36
2.2 Households 37
2.3 Gender division of labour 41
vi Contents

2.4 Household production and bargaining 46
2.5 Social and institutional economics of household production 52
2.6 Neoclassical economics of household production 59
2.7 Interesting sources 62
2.8 Glossary 62
Note 63

3 Consumption 64
3.1 Consumer demand 64
3.2 Social economics of consumption 66
3.3 Institutional consumer theory 70
3.4 Post Keynesianism: consumption versus saving 71
3.5 Neoclassical theory of consumption 74
3.6 Externalities of consumption 80
3.7 Interesting sources 84
3.8 Glossary 84

4 Firms 87
4.1 Entrepreneurs, managers, and firms 87
4.2 Types of firms 89
4.3 Finance and accounting 95
4.4 Social economic and institutional approaches to management 99
4.5 The neoclassical approach to management 102
4.6 Post Keynesian theory of the firm 104
4.7 Neoclassical theory of the firm 108
4.8 Interesting sources 113
4.9 Glossary 114
Note 116

5 Markets 117
5.1 The market 117
5.2 Three critical theories about markets 118
5.3 Market types 121
5.4 Market failures 134
5.5 The failure of markets 140
5.6 Interesting sources 142
5.7 Glossary 142
Note 144

6 The state 145
6.1 The economic roles of the state 145
6.2 Social economic theory of the state 145
6.3 Institutional economics of the state 150
6.4 Post Keynesian economics of the state 153
6.5 Neoclassical economics of the state 157
6.6 Public finance 159
6.7 Interesting sources 166
6.8 Glossary 166
Notes 168

7 Public goods and commons 169
7.1 Domestic public goods 169
7.2 Theories of public goods 173
7.3 Global public goods 176
7.4 Governance and finance of global public goods 181
7.5 Commons 183
7.6 Interesting sources 187
7.7 Glossary 188
Note 188

8 Labour markets 189
8.1 Labour supply 189
8.2 Labour demand 198
8.3 Unemployment and wages 206
8.4 Interesting sources 217
8.5 Glossary 217
Notes 218

9 Financial markets 219
9.1 Introduction 219
9.2 Social economics 222
9.3 Institutional economics 226
9.4 Post Keynesian economics 235
9.5 Neoclassical economics 243
9.6 Interesting sources 248
9.7 Glossary 249
Notes 250

10 The macroeconomic flow 251
10.1 The macroeconomy 251
10.2 The embedded economy: social economics 255
10.3 Macro level institutions: institutional economics 259
10.4 The economy as an open system: Post Keynesian economics 262
10.5 The economy as a closed system: neoclassical economics 269
10.6 Interesting sources 275
10.7 Glossary 275
15 Well-being and poverty

15.1 Introduction: the biases of GDP 392
15.2 Social economics: multidimensional well-being and poverty 394
15.3 Institutional economics: relative well-being and poverty 398
15.4 Post Keynesian economics: the dynamics of wealth inequality 406
15.5 Neoclassical economics: head counts and happiness 411
15.6 Interesting sources 418
15.7 Glossary 418

Notes 418

Annex: history of economic thought 420
Family tree 420
Contributions to economics from the Global South 429

Index 432