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An Introduction to Macroeconomics. A Heterodox Approach to Economic Analysis

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significance that these analytical tools have shown to formally evaluate different issues according to Post-Keynesian and Structuralist traditions.

The theoretical link between the current account dynamics and their implication on the economic growth rates is another main topic examined by the book. The Kaleckian theory of exchange rate determination provides an interesting venue to get a first approximation to this problem (Chapter 12 by Jan Toporowski). EMEs have also shown how financial deregulation negatively affects the productive structure, through the financialization nature of the Dutch disease phenomena. The appreciation of exchange rates during the first stages of the boom-phase of gross capital inflows is crucial to understand this issue (Chapter 13 by Alberto Botta). The formal extension of Neo-Kaleckian models of growth and distribution in an open economy context also helps to learn the negative real and financial consequences of the Global Financial Cycle and push factors, gross capital inflows, and external debt in EMEs (Chapter 14 by Pablo G. Bortz).

The disruptive interaction between the instability of the balance sheets, the currency mismatches, and the exchange rate market pressures that appear in the bust phase of cyclical waves of gross capital flows are important problems to think the design and articulation among different monetary, exchange rate, capital account, and fiscal policies in the context of EMEs, such as the book proposes. Last, but not least, regarding policy issues the book provides a discussion of Modern Monetary Theory implications on development finance (Chapter 15 by Yan Liang), the role of monetary sovereignty (Chapter 16 by Daniela Magalhães Prates), the relevance of considering global financial asymmetries, their implications on regional monetary cooperation (Chapter 17 by Laurissa Mühlich and Barbara Fritz), and the negative consequences of financial deregulation exemplified by China and India experiences (Chapter 18 by Sunanda Sen).

Finally, I do believe the book makes a relevant contribution to understanding the thinking and ideas of some of the most recognized Post-Keynesian authors about the importance of financial factors in identifying some of the greater challenges faced by EMEs policymakers. The book perfectly fits political authority's needs, and undergraduate and graduate students' goals, due to its clear and insightful conceptual and unified treatment of some of the major Post-Keynesian thoughts from an international finance economic perspective adapted to the specific features of EMEs.

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An Introduction to Macroeconomics. A Heterodox Approach to Economic Analysis, edited by L.-P. Rochon, and S. Rossi, 2nd ed., Cheltenham, Northampton, MA, Edward Elgar Publishing, 2021, xx+665pp, £175.50 (hardback), ISBN: 978 1 78990 114 6, £36.00 (paperback), ISBN: 978 1 78990 116 0

An Introduction to Macroeconomics is a comprehensive handbook of the principles of economics and the history of economic thought. The reader embarks a journey through the ideas of the most important authors of economics and political economy. The book also provides biographical information about the lives of a number of well-known economists that help understand the historical context in which their ideas were developed. These include James Duesenberry, Alfred Eichner, Roy Harrod, Richard Kahn, Nicholas Kaldor, Michael Kalecki, John Maynard Keynes, Karl Marx, Hyman Minsky, Alain Parguez, Karl Polanyi, David Ricardo, Joan Robinson, Bernard Schmitt, Amartya Sen, Robert Skidelsky, Adam Smith, Piero Sraffa, Philip Thirlwall, Robert Triffin and Mikhail Tugan-Baranovsky. In his chapter, Heinrich Bortis reflects on the importance of studying the history of *all* economic theories and how they developed over history. Accordingly, it seems that the sub-title of the book does no full justice to its contents, which cover topics well beyond the reach of non-mainstream economics, also offering critical and constructive insights into traditional economic theory.

This second edition benefits from new chapters, with contributions by Louis-Philippe Rochon, Sergio Rossi, Stavros Drakopoulos and Thomas Dallery. In their new chapter, Rochon and Rossi stress on the state of disarray of traditional economics, which was of no help to foresee and prevent the Global Financial Crisis of 2008. The authors call for a fundamental rethinking of economic theory and policies to avoid another turmoil of such magnitude. Their new chapter adds to their previous reflection on the meaning and goals of economics, shedding light on the prime role of money — a mere 'afterthought' in traditional economic analysis – and the role played by macroeconomic groups of agents in the evolution of economic magnitudes such as consumption and investment. The other new chapters deal specifically with these latter variables. In fact, on the one hand, Drakopoulos explains the patterns of aggregate consumption and the relationship between consumption expenditures, employment levels, and investment — given that what is not consumed in the purchase of goods and services is invested. He also adds an exhaustive review of consumption theories. On the other hand, Dallery delves into the determinants of investment. Investment is the motor driving future production, technological progress, and competitive advantages. From the author's viewpoint, savage financialization has been an important factor of the decline in investment levels since the early 2000s, to the detriment of both demand and supply. Thus, the author argues that sovereign States may actively contribute to the sustainment of investment activity.

Of a Keynesian taste, a major topic of *An Introduction to Macroeconomics* is global demand and income distribution. In his chapter, Jesper Jespersen studies the composition of global demand in terms of private consumption and investment, public expenditure, and net exports. In particular, he argues that demand management should be the object of fiscal-, monetary-, and exchange rate policies, not only during recessions, but also during economic recovery and expansion. Malcolm Sawyer deals with fiscal policy and the very relationship between employment and the balance of public expenditure and revenues from taxation. The author points out that fiscal policy is especially needed to fight unemployment and falling output whenever demand happens to be inadequate. Also, Omar Hamouda writes about the allocation of produced wealth in the hands of economic agents, going far beyond the marginalist approach to wealth distribution. To this end, the author explains different theories of distribution, focusing on the relationship, pointed out by Keynes, between unemployment, interest rates, and the allocation of resources.

A number of book chapters investigate the features of national economic systems and proves their monetary nature. Indeed, money is argued to create non-neutral effects on the real economy. This assumption is at the basis of Rochon's chapter on the different monetary theories of production that have been carried out since the early 1930s, when Keynes realized production and money are the pillars of any national economic system. From this viewpoint, Marc Lavoie and Mario Seccareccia write about the evolution of money and the debates about it. Also, they explain monetary creation by the hands of both commercial and central banks. This latter topic is further developed by Rossi, who explains the function of the central bank as provider of money and credit with a role of payments settler. Rossi also points out the major flaws of the Eurozone, which is not yet a fully integrated monetary union. Indeed, the Euro has not been conceived by its creators as a vehicular money the same way in which national currencies usually have. Action should be taken then to give the European Central Bank the same power attributed to national central banks. Otherwise, the Eurozone will keep incurring into crises. Jan Toporowski's and Gerald Epstein's chapters deal with the excessive market financialization which has gone far beyond the productive needs of national economies, leading to financial turmoil. The book also investigates the relationship between inflation and unemployment. Alvaro Cencini and Sergio Rossi, in particular, stress the importance of distinguishing between inflation, intended as the diminishing purchasing power of money, and the increase in the price level. This distinction is key to understanding monetary pathologies and soaring unemployment.

Economic development is another major topic of *An Introduction to Macroeconomics*. The issue is tackled in several ways by Mark Setterfield, Robert Blecker, Richard Holt, John McCombie and Nat Thanpanich. The relationship between economic growth and development is investigated by Setterfield, who makes an analysis of conventional and less conventional theories of growth, with a focus on the effects of supply and demand on the unevenness of growth, structural change, and output fluctuations. Blecker also deals with development, arguing that the most economically developed countries have been able to combine both private and public action, with strong export-oriented policies, among others. Holt calls for the need to adopt a sustainable approach to development, in line with the recent action taken by a number of institutions and organizations such as the United Nations, which pay attention not just to traditional economic indicators, but also to social ones, such as life quality and education. Finally, McCombie and Tharnpanich argue that growth can turn out to be constrained by a country's balance of payment and show, in particular, that non-price competitiveness leads to long-run exports and, ultimately, to long-run growth.

The topics of the book seem to have been conceived to answer, through the plurality of economic ideas, a fundamental question indirectly posed in his chapter by Robert Guttmann: *Why are economic imbalances and crises recurrent historical patterns?* A profound answer may be provided by a read of John King's chapter, which completes the book, on the foundations of macroeconomics. Once it comes to understanding the very nature of macroeconomics, it appears that much more investigation, if not even an entire paradigm shift, is required. The way out of economic and financial crises may be found once an answer is found to this question: *Is there a need for macroeconomic foundations of macroeconomics?*

This book is a comprehensive textbook of macroeconomics that can be easily regarded as one of the top scholarly contributions made in recent years to introduce readers to the realm of political economy. Contributors include among the best Keynesian economists and historians of economic thought. This book pushes the frontier of knowledge and its reading seems to be a required step for the inquisitive reader.

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