MACROECONOMIC METHODOLOGY

Methodological practice is at the heart of divisions between schools of macroeconomic thought. Jesper Jespersen's book explains why and precisely how, and gives the reader the insight to choose between rival approaches. His own inspiration comes from Critical Realism and Popper's Three World analysis, with degrees of the line argument of a critical approach. The starting point of realist theory is to appreciate that 'the world is what it is' rather than a set of axioms, and that the test is whether the theory can make, as Jespersen puts it, 'the round trip back to reality', to give practical guidance to policy. This is only the focal point of a rich and attractive canvas. How I wish this book had been available when I taught methodology! And how I wish economists from all schools of thought would read it!

– Victoria Chick, University College London, UK

This welcome volume by Jesper Jespersen offers an up-to-date realist approach to macroeconomics, drawing on recent developments in methodology, notably critical realism, as well as earlier Popperian ideas. He shows how economics in the Post-Keynesian tradition, using this approach, can address the important macro policy issues, and set out a seven-point agenda for future theory development. This book provides an important launching-off point for addressing macroeconomic questions without the need for the abstractions on demand and its representation agents. Rather, it is shown that the proper macroeconomic analysis must be based on the interdependencies between the macro and micro levels in real economic processes under conditions of uncertain knowledge...

– Sheila Dow, University of Stirling, UK

Jesper Jespersen presents a treatise on the importance of the choice of methodology within macroeconomics. Given that no scientifically based macroeconomic policy recommendation should be established without an explicit methodology, the need to undertake a proper macroeconomic analysis is underscored. Furthermore, it is consistently argued that one of the leading institutions of John Maynard Keynes was his emphasis on methodology; that macroeconomic consequence of uncertainty could not be analyzed within the established general equilibrium framework. It is due to post-Keynesian economics supported by critical realism that the understanding of Keynes's methodology has been reasserted, which has eventually resulted in renewed debate on realistic macroeconomic policies to restore full employment without inflation.

Macroeconomic Methodology is an inquiry into the question of how to conduct a genuine scientific analysis of uncertainty within macroeconomics. It will be of great interest to scholars of the philosophy of social sciences and methodology, as well as post-Keynesian and heterodox economists.

Jesper Jespersen is Professor of Economics at Roskilde University, Denmark.