Hanjiro Haga

A DISEQUILIBRIUM-EQUILIBRIUM MODEL WITH MONEY AND BONDS A KEYNESIAN-WALRASIAN SYNTHESIS

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Keynes has analysed and supposed in "General theory" the existence of an equilibrium in a market economy where the work supply generally exceeds the work demand.

The problem of general economic equilibrium systems is reanalysed by Wabras and Glustoff in an article in the Review of Economic Studies, attempts to prove the existence of a Keynesian equilibrium.

In this monograph, Hanjiro Haga constructs a new equilibrium model by combining the system of Wabras economic equilibrium and system of Keynes economic equilibrium, but by taking into account new hypothesis. One of these hypothesis called by author "dual decision hypothesis" concerns the fact that the worker as an individual will change his behaviour related to the demand for goods, money, bounds, under the conditions of existing a surplus of work supply within the work market. Under the "dual decision hypothesis" the quantity of labour is, in the presence of excess supply, restricted to and determined by the labour demand of firms and households.

Thus the effective and realizable incomes and the demand for other goods are determined simultaneously so as to maximize utility.

The importance of Glustoff, s work lies also in his analysis of the Keynesian equilibrium system as "another kind" of general equilibrium system containing many product markets, money market as well as labour market.

The reason why we refer to Glustoff's model of general equilibrium system is that, although the labour market is in disequilibrium, it still possesses the essential properties of general equilibrium. The demand and supply finally determined are always equal and all the individuals are in subjective equilibrium in the sense that the finally determined or realized demad and supply are both results of a kind of optimization behaviour.

The work is very useful for those interested in the problem of modelling the phenomena specific to market economies, also contributing to the development of general economic equilibrium theory through the original hypothesis taken into consideration and by the parallel made with Wabras and Keynes systems.

Anca Andrei
A. Bădescu