

CONTENTS

PREFACE

CHAPTER ONE: INTRODUCTION

	page
1. Scope and Objectives	1
2. The Revival of Business Cycle Theories	2
3. An Historical Outline	3
4. Nonlinearities and Business Cycles	5
5. Recent Business Cycle Research	6
6. The Strategic Role of the Labor Market	8
7. Plan of the Book	9

CHAPTER TWO: THE LABOR MARKET, BUSINESS CYCLES AND ECONOMIC INSTABILITY

	page
1. The Labor Market and Business Cycle Theory	11
2. "Stylized Patterns" in Wages and Unemployment	12
3. The Dimensionality of the Wage-Price Subsystem	15
4. The Wage-Price Spiral and Business Cycles	16
5. The Regime Switching Approach	17
6. The Relevance of Institutional Elements	20
7. The Impact on Cycles	21
8. Historical Paradigms	23
9. The Role of Monetary Factors	25

CHAPTER THREE: THE ANALYTICAL ROLE OF THE LABOR MARKET IN LONG-AND SHORT-RUN MODELS

	page
1. Labor Market and Theoretical Paradigms	27
2. A Common Background for Long-Run Models	28
3. The Neo-Marxian Approach	31
4. The Neo-Keynesian Approach	34
5. The Neo-Classical Approach	37
6. A Synoptic View	40
7. Short-Run Models	42
8. The Peculiar Nature of the Labor Market	43

CHAPTER FOUR: NONLINEAR DETERMINISTIC LABOR MARKET THEORIES OF BUSINESS CYCLES

	page
1. The Missing Equation	46
2. Nonlinearities and the Labor Market	48
3. A Nonlinear Wage Equation	49
4. The Limit Cycle	51
5. A Classical Nonlinear Model	53
6. The Structural Instability Problem	56
7. An Extension	58
8. A Neo-Classical Disequilibrium Approach	60
9. Concluding Remarks	63

CHAPTER FIVE: THE MATHEMATICS OF NONLINEARITY

	page
1. Old and New Tools of Analysis	65
2. The Econometrics of Nonlinearities	66
3. Piecewise Linear Analyses	67
4. The New Nonlinear Techniques	69
5. The Hopf Bifurcation	70
6. An Example	72
7. Chaotic Behavior	75
8. A Definition of Chaos	78
9. A Simulation Exercise	80
10. Some Final Remarks	83

CHAPTER SIX: THE LABOR MARKET AND STOCHASTIC THEORIES OF BUSINESS CYCLES

	page
1. Microfoundations and Stochastic Theories	84
2. Criteria for a Taxonomy	85
3. Endogenous and Exogenous Explanations	89
4. Lucas's Contribution	91
5. The Labor Market, Market Clearing, and Rational Expectations ...	96
6. Business Cycles in Equilibrium Models	99
7. An Equilibrium Labor Market Cycle	102
8. Information, Rationality and Uncertainty	104

CHAPTER SEVEN: WAGE-PRICE SPIRALS

	page
1. Instability in an Intermediate-Run Approach	106
2. Real Versus Nominal Wages	107
3. Staggered Contracts	108
4. Blanchard's Contribution	109

5. Meade's Contribution	115
6. Nonlinearities and Feedbacks	118

CHAPTER EIGHT: A REGIME SWITCHING MODEL

	page
1. A Three-Level Analysis of Wages	120
2. The Regime Switching Hypothesis	121
3. The Nature of Discontinuity	121
4. The Economics of Regime Switching	124
5. The Wage-Price Submodel	126
6. The Employment Subsystem	127
7. Exogenous Real Investment and Government Expenditures	128
8. Exogeneity in Nominal Values	136
9. A Simulation Exercise	140

CHAPTER NINE: SOME CRITICAL ASPECTS

	page
1. Different Strategies	144
2. Benassy's Model	145
3. A Limit Cycle in Wages and Employment	146
4. A Criticism	148
5. A Nonlinear Model of Wage-Price Determination	149
6. The Nonneutrality Hypothesis	152
7. An Extension of the Piecewise Linear Model	153
8. The Impact of Unemployment	156
9. Final Remarks	158

CHAPTER TEN: CONCLUDING REMARKS	160
BIBLIOGRAPHY	168