New Insights into Post-Keynesian Industrial Pricing

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Despite much discussion, in print and otherwise, there is much left to resolve here, especially in relation to:

1. The roles played by: (a) price; (b) demand; (c) competitors; and (d) economic policy, in general and specifically in relation to (Post-) Keynesian (PK) economics.
2. The meaning of (Post-) Keynesian economics: where do the boundaries lie?
3. Are there important, essential features in core PK economics?
4. Is there a unified PK pricing theory? What role is played by the four factors cited above? Why is there controversy WITHIN and BETWEEN heterodox economists on these matters?
5. How should demand, competitors and global pricing influences enter PK pricing analyses?
6. How should we appraise/test rival pricing hypotheses? What does the evidence say?

In the spirit of JMK, my **'provisional conclusions'** are:

1. (a) Minor as an allocative force; (b) dominant activity determinant; insignificant price determinant in industry; (c) much less important than conventional theory supposes, or Kalecki allowed for; (d) should be embodied in the analysis, and seldom is.
2. My note on recognizing a Good-PK addresses this: capacity slackness; demand determination of output and cost determination of prices, in the face of recognized imperfect information and multiple decision-maker goals are central elements.
3. Ditto – the failure of PK economists to agree us a huge barrier to progressing the PK cause.
4. No, not yet. Ken Coutts and I address this in our OUP PK Handbook presentation.
5. How this is done DOES really matter. Some PK expositions cannot shed the demand curve; some want competitor pricing to be significant: contradicts cost-based pricing; most PKs do not address price-related global influences in their economics; the potential PK role lapses.
6. Survey evidence and econometrics can each shed light here: both provide powerful support for PK pricing premises in a global setting and challenge conventional price and trade theory. Supporting papers and graphs are useful here.

All this leads to a seventh issue/question:

7. Why had the teaching and advice from economists been so unresponsive to the PK approaches and evidence favouring them?

<u>Provisional answers to 7</u>: (i) conventional economists see that PK approaches provide uncomfortable implications for policy and insights into how the economic system works (the 'libertarian' agenda seldom prevails); (ii) intransigence and stubbornness of standard economists; and (iii) marketing mismanagement by PK economists themselves.

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