

Case Title: The Nordic post-Keynesian conference

Introduction to the research group and the current case

The MaMTEP research program is undertaken by a newly formed group of macroeconomists. In 2010 the macroeconomics research group was restructured, with a goal to supplement and at times present an alternative approach to the prevailing mainstream. The macroeconomics research group was restructured, with a goal to supplement and at times present an alternative approach to the prevailing mainstream. This was in response to both the financial crisis, and the lack of attention to alternative economic theories and methodologies in established macroeconomic departments.

In collaboration with Roskilde University a conference was initiated, in response to the growing dissatisfaction with orthodox approaches to economic analysis, and in collaboration between Roskilde and Aalborg. The purpose was to address the need for a Nordic forum for heterodox macroeconomist, particularly those inspired by Keynesian ideas.

The first conference was held at Roskilde University in 2008, and again in 2011. Since 2011, the hub of heterodox economic research in Denmark has gradually shifted to Aalborg University, and as such Aalborg University, and more specifically the MaMTEP research group, became the hosts for the third and fourth Nordic Post-Keynesian Conferences in 2014 and 2017.

Activities and achievements

Since its inception, the conference has developed into an internationally recognised event for heterodox economists. The most recent conference, in 2017, attracted 95 participants from 15 countries and allowed the MaMTEP research group to build strong networks with international research departments.

With regards to publication, previous conferences have resulted in the publication of several conference volumes. The 2017 conference was the first to be filmed, and the resulting video materials are now distributed via the dedicated conference website.

Impact and influence

Each event has experienced a growth in popularity, with the 2017 conference attracting the highest number of participants to date. In attendance were representatives from Statistik Danmark, Statistics Iceland and the Finish Trade Unions, and presentations and discussions at the conference have since led to follow up discussions with two of the above-mentioned institutions.

An important result of these discussions has been to stimulate discussion of the appropriateness and effectiveness of existing macroeconomic models utilised by Statistik Danmark, and to explore possible alternatives and developments within the existing modelling frameworks.

From an academic perspective, the conference has allowed the department to showcase the methodologies and teaching practices of Aalborg university, particularly the problem based learning approach, and to develop interest from other academic institutions in alternatives to their current practices.

Apart from the direct impact on conference participants, the conference has also drawn attention to Aalborg University and to the greater Nordjylland area.

Finally, after the 2017 conference, a new Nordic Facebook group has started with the intention of establishing a new Nordic heterodox economic community, potentially with the establishment of Nordic research groups and projects over the coming years.

Case Title: Stock Flow Consistent macro modelling heterodox economic theory

Introduction to the research group and the current case

The MaMTEP research program is undertaken by a newly formed group of macroeconomists. In 2010 the macroeconomics research group was restructured, with a goal to supplement and at times present an alternative approach to the prevailing mainstream. This was both in response to the global financial crisis, and due to the lack of attention to financial dynamics in established macroeconomic models – the shortcomings of which have been acknowledged by many prominent economists, including the IMF.

The primary modelling focus is on post-Keynesian stock-flow consistent models, and the Aalborg macroeconomic department is one of only a handful of economics departments in Europe that is able to teach SFC modelling. This is primarily due to the fact that there is now an established post-Keynesian SFC (PK-SFC) research program at the university, but also due to the theoretical pluralism encouraged within the department.

As noted above, major element of the new approach was to develop macroeconomic stock-flow consistent models, inspired by post-Keynesian¹ theory. From the recent financial turmoil, it is now obvious that a modelling framework that realises the role of credit in the system is far better than the one that treats it as 'given'. Similarly, models that link real sector and financial sector in the economy are more realistic than the ones that models them apart. The SFC approach offers a coherent framework by integrating all stocks and flows in an economy, thus making it possible to understand the real and financial sector interactions in the economy.

Activities and achievements

Theoretical and empirical models that have been developed by the MaMTEP group have allowed the group to engage in recent debates regarding:

- ✓ Financial instability
- ✓ Macroeconomic imbalances

¹ There is a vast literature that argues for the introduction of realism and realistic components to the practice of macroeconomic modelling.

Case impact Assessment

- ✓ Capital controls
- ✓ Household debt
- ✓ Unemployment benefits

These models have been documented in several published papers, and presented at various international conferences.

Impact and influence

The research competed by the group has impacted the policy arena through presentation and discussions with Statistik Danmark and the Ministry of finance. In the international environment, the group has had direct collaboration with Statistics Iceland, with Prof. Gylfi Zoega, of the Icelandic Monetary Policy Committee, and the Institute for New Economic Thinking (INET).

The PK-SFC community is one of the fastest growing branches of macroeconomics worldwide, and several members of the MaMTEP group are administrators of an international SFC Facebook page. The group includes over 390 members, and enjoys the participation of research communities from all around the globe, and of the pioneers of the most prominent modern computer coding tools for SFC models, Gennaro Zezza and Antoine Godin.

Despite the limitations of recent formation, the group has acquired substantial attention from the international community and to influence public opinion and policy perspectives in both Denmark and Iceland.