

Mr. Keynes and the... 'Complexity'!
A suggested (agent-based) version of the
General Theory of Employment, Interest and Money

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Abstract

This paper presents an agent-based model with the aim to follow, *as closely as possible*, the rationale of the macroeconomic model advanced by J.M. Keynes in his famous book entitled *The General Theory of Unemployment, Interest and Money*. During a long period of economic crisis, high unemployment and lack of entrepreneurial optimism, it can seem appropriate, maybe natural, to refer to Keynesian principles. Despite such an idea of common sense, the truth content of the *General Theory* is different. It is neither “the macroeconomics of crisis”, nor the macroeconomics of unemployment, nor the macroeconomics of hyperinflation. The model here presented underlines the complex nature of macroeconomics, which Keynes was well aware of. In most parts, the original text is directly cited from the book and, where necessary, a detailed description of specific modelling choices is provided. The analysis aims to show that the Keynesian theory can be said “general” exactly in the sense that its author proposed: it is able to depict all regimes of a macroeconomic system, from deep crisis to full employment, thus highlighting the roots of capitalistic instability. In this regard, Keynes focused on two aspects that could be discussed, in terms of actual policies, in order to investigate their efficacy in reducing perverse dynamics of modern economies.

Keywords: Keynes, General Theory, Complexity, Unemployment, Inflation, Money.

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