Money and Disequilibrium Dynamics

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I would like to mention one unforgettable book that has influenced my life: “Disequilibrium Dynamics” by Professor Katsuhito Iwai. I attended his seminar for a year and got both the English and Japanese editions of the book, which he personally autographed.
In “Disequilibirum Dynamics,” he explains that the essence of the monetary economy is disequlibrium. While conventional economists have focused on the concept of general equilibrium, or the equilibrium between supply and demand, the real analysis is that imbalances are the norm.
Two of the pioneers of “Disequlibrium Dynamics,” Wicksell and Keynes. W And another pioneer, Malthus. Wicksell analyzed the cumulative process of disequilibrium, and Keynes discovered the principle of effective demand with his disciple Kahn. And Malthus as a pioneer of the principle of effective demand.
I have never read a work written in English by a Japanese economist that is more rigorous and precise in its analysis than “Disequlibrium Dynamics”. In fact, “Disequlibrium Dynamics” is published in the same series as Arrow’s Nobel Prize-winning “Social Choice and Individual Value” and Debreu’s “Theory of Value”.
I believe this book is a timeless work that analyzes the inherent instability in the monetary economy.
The assertion that when analyzing macroeconomics, it is necessary to deepen one’s study of what preceded Keynes’ General Theory, namely Wicksell’s Interest and Prices, is still true in the 21st century. Just as in the present day, Professor Woodford has written “Interest and Prices”.
I also read Wicksell’s “Lectures on Politcal Economy II,” subtitled “Money and Credit,” and the analysis of the natural rate of interest and the market rate of interest, which Wicksell is said to have originated, is used today in the analysis of the natural rate of unemployment.
There was a time when people almost forgot “Disequlibrium Dynamics” and Keynes. But crises come just when we have forgotten them. After the shock of the economic crisis, “Disequlibrium Dynamics” and Keynes’ arguments are being read again. That is now.
After the Real Business Cycle theory (RBC), the dynamic sthochatic general equilibrium (DSGE)model became popular, and the distance between neo-Keynesian and neoclassical analysis became so close that the two are said to have encountered each other. It is

precisely at this juncture that we need to reconsider the unbalanced dynamic model under a dynamic general equilibrium theory.

Money is an entity that transcends time and space.

On the other hand, human beings are constrained by finitude. He claims that the consideration of money and disequilibrium can be applied to the consideration of language and law created by human beings and society as a community of human beings.

As a researcher, I wish to analyze and integrate his thoughts, which cover social sciences and humanities as human studies, with one core concept, Information. I will analyze money, disequlibrium dynamics, and the information asymmetry that lies behind them.

The reviewer of “Disequlibrium Dynamics” was Professor Akerlof, who won the Nobel Prize in Economics of Assymmetric Information, and I have a dream that by reviewing “Disequlibirium Dynamics,” the most highly evaluated paper by Professor Akerlof, we may be able to analyze the essence of human society.

Reference

Iwai, K. (1981). *Disequilibrium dynamics: A theoretical analysis of inflation and unemployment.* Yale University Press.

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