

Title: “Endogeneity of distributional effects in Kaleckian macroeconomic models”

Abstract

“I discuss an endogeneity effect that is usually ignored in the literature even though it is present in basic as well as in more complex Kaleckian models: the wage-ledness or profit-ledness of Kaleckian models is endogenous to changes in the profit share due to an endogenous multiplier. This renders a wage-led growth strategy economically sustainable in the long run. In addition, it implies that a wage-led strategy can lead to a shift from an overall intermediate regime, with wage-led demand and profit-led growth, to an overall wage-led regime. I show that within an open economy the endogeneity channel is extended, which might harm a wage-led strategy due to the endogenous effects on net exports. Furthermore, I introduce personal income distribution and a corporate veil, thereby giving rise to cross dependencies between the effects of functional and personal income distribution.”