

A Marxian Inflation Theory: Empirical Investigations on Demand-Pull, Supply-Resistance Models

Alberto Handfas

Assistant Professor (Federal University of São Paulo - Brazil)

(PhD from New School for Social Research – NY – USA)

Abstract

Conventional inflation theories relate inflation to (full-) employment-driven supply hindrances. This understanding has been challenged by historical events such as stagflation or high growth combined with low inflation levels. In the Marxian tradition capitalism is seen as a self-expanding system in which the rate of profit, rather than full employment, is the growth limit. This, in an endogenous credit-money framework, gives rise to a “demand-pull & supply-resistance” Marxian type of inflation model. This article set up a model framework that allows testing econometrically such model with its mainstream counterpart.