

The 48th International Seminar on Experiments and Surveys in Economics and Related Social Sciences

Date: Monday, November 21, 14:00-16:00

Speaker: Yoshiyasu Ono, President , Economic and Social Research Institute, Cabinet Office, the Government of Japan

Title: **A Reinterpretation of the Keynesian Consumption Function and Multiplier Effect** by Ryu-ichiro Murota and Yoshiyasu Ono

Venue: Room 318, West 9 Building, Oookayama Campus, Tokyo Tech

Abstract: We develop a simple Keynesian cross analysis from a dynamic optimization model that explains deficiency of aggregate demand and unemployment. We show that an increase in government purchases boosts aggregate demand and hence the gross domestic product (GDP) through a multiplier-like process. The process works not through an increase in disposable income but through moderation of deflation, which makes holding money costly and stimulates consumption.

Moderator: Noboru Hidano