

# **Modeling Market Dynamics: Jean-Pascal Bénassy, Edmond Malinvaud, and the Development of Disequilibrium Macroeconomics**

**Abstract:** In this paper, we illustrate how Benassy and Malinvaud – two leading figures in disequilibrium macroeconomics – early claimed that the fix-price model was nothing but a first step, and only valid for the short-run. The second step was to dynamize this model to address the stability of the Walrasian equilibrium, in line with Patinkin (1956), Clower (1965), and Leijonhufvud (1968). Both modelled disequilibrium dynamics as a sequence of “fixed-price” equilibria, and demonstrated the instability of the Walrasian equilibrium as well as the stability of Keynesian equilibria. Besides, we argue that Benassy’s and Malinvaud’s differences in modelling disequilibrium dynamics were due to diverging research agendas, the first one dedicated himself entirely to the progress of theory while the second primarily aimed at contributing to the development of the macro-econometric models.

**Keywords:** History of macroeconomics; Disequilibrium Theory; Disequilibrium Dynamics; Edmond Malinvaud; Jean-Pascal Benassy

**JEL codes:** B22; B31; E12