nomics research methods in general. The objective clearly stated on p.4 is that it seeks 'to introduce heterodox economists to a range of research methods that might prove useful in the research and the construction and evaluation of their economic analysis', but why this should be focused only towards heterodox economics is unclear to me. The problem with tagging something as being heterodox is that some scholars will perceive it to be peripheral to core economics, and hence the scholars who should read this text and would benefit the most from reading it may choose not to read it because they assume it to be peripheral. On the contrary, these research methods, so expertly discussed in this Handbook, must be in the mainstream journals in the near future if we are going to improve the appropriateness of the methods employed in our research. This text should be renamed: *Handbook of economics research methods and applications*, and I hope it influences the selection and use of research methods by a broad range of (heterodox and non-heterodox) economists.

Pablo Bortz
Inequality, Growth and 'Hot Money'
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Amitava Dutt
University of Notre Dame and FLACSO-Ecuador.

This book examines the interaction between inequality, economic growth and international flows of short term finance, what has been referred to as 'hot money', focusing on low-income countries. The analysis of the interaction between inequality (between classes such as workers and capitalists) and economic growth has a long history — surveyed in chapter 2 — in the writings of the British classical economists, Marx, Keynes and Kalecki. This book's contribution lies in building on Kaleckian models of growth and distribution (reviewed and econometrically applied to Argentina in chapter 3) to analyze how international short-term capital flows interact with growth and distribution. This is done in chapter 4 using what is referred to as a stock-flow-consistent framework in a model with two countries using computer simulations, and in chapter 5 using a theoretical model for an open economy examining the dynamic interaction of three variables — capacity utilization, the labor share and foreign private debt — and econometric models for South Korea and Mexico.

There are many things to like about this book. First, it focuses on important issues of great concern for many countries, especially what are called emerging developing countries like Argentina. Second, it uses a variety of methods, history of thought, thick historical narratives, theoretical models, econometric analysis and computer simulations, and seeks to blend them together. This is a fine achievement for a young scholar that celebrates methodological pluralism and makes the book of interest to a variety of scholars, students and policy analysts. Third, the book's 'heterodox' perspective, bringing in important issues like aggregate demand, class conflict and uncertainty, often ignored by mainstream scholars, is commendable, especially because it also engages mainstream methods and analysis. Finally, the book's policy prescriptions in chapter 6 — involving efforts to reduce inequality and using various kinds of capital controls — are very sensible.

While emphasizing these positive aspects of the book, it would be remiss not to point out what I see are some problems with it. I select two things in the book to comment on in a constructive spirit, noting that if I am correct, it calls for modifications of some aspects of the book. First, chapter 4, which endorses stock-flow consistent models and develops one of its own, has some misleading and problematic features. While it is good to make sure that models are stock-flow consistent in how they model the dynamics of financial and other variables, it is not clear that models should be usefully classified as stock-flow consistent (since they provide an accounting framework and do not have behavioral and institutional content) or that it is advisable to explicitly use the accounting framework in all models, since doing so often makes models too complicated and require simulations, and since important relations between stocks and flows can be well handled in models that do not use that framework explicitly. The model developed in the paper has some interesting features, such as the North-South asymmetry about international currency, but it is not clear how reasonable it is in examining policy issues individual ('small') countries like Argentina, since the model's general equilibrium structure assumes that these policy changes affect the US and this, in turn, has feedback effects on these countries. Moreover, it is unclear how the model adequately addresses the interaction between growth and distribution in a Kaleckian manner, since there are no income classes — only households and firms — in it and investment does not depend on the level of capacity utilization or profitability, which are key its key determinants in Kaleckian models. Second, while the theoretical model of chapter 5 comes closer to bringing the three issues that the book is about together, by stressing the connection between the negative effects of the level foreign debt (as a ratio of capital) on investment and the targeted wage share of firms it overlooks the effect of greater volatility of capital flows in affecting growth and income distribution by increasing uncertainty and weakening the power of workers and thereby reducing their targeted wage share it creates some problems. Some of them are revealed by the fact that the model does not show how capital inflows subsequently lead to outflows that adversely affect growth and distribution, and that it suggests that the reduction of capital inflows (for instance due to international fundamentalist lenders having a less optimistic view of the country) result in increasing growth and reducing inequality! Even accepting the model, its diagrammatic treatment in Figures 5.2 and 5.3 seems to ignore the fact that the position of its $\hat{u} = 0$ locus depends on the wage (and profit) share.

Geoffrey M Hodgson
Conceptualizing Capitalism: Institutions Evolution Future
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Bahar Baysal Kar
Kirklareli University

Geoffrey M. Hodgson emphasizes the central importance of institutions in defining capitalism in his new book *Conceptualizing Capitalism*. The book consists of two main parts. The first part introduces the generic features of capitalism. The second part analyzes the major changes and problems for the future of the capitalist system.

The first part has ten chapters. In Chapter 1, the author emphasizes the requirement for a clear definition of capitalism which he bases on essentialism and a critique of Aristotle's natural state model. Although it is possible to encounter challenges to this definition from the literature of the varieties of capitalism, he does not claim that there is a single variety of capitalism. By using biological metaphors, he determines key-defining institutions of capitalism which arose in 18th century in England. These institutions define boundaries of capitalism and differentiate it from other social formations. Hodgson criticizes the neoliberal ideology that envisages a false dichotomy between state and market and develops a social-scientific principle; namely, the impurity principle. This principle postulates that apart from a dominant economic structure, socio-economic systems 'must rely on at least one structurally dissimilar subsystem to function' (p.40). In Chapter 2, the important role of ideas, social relations and structures is underlined in determining the nature of an economic system and the constitutive effect of law is emphasized in Chapter 3. For Hodgson, capitalism is not a spontaneous order. Its rise depends on certain institutional prerequisites. Even if other institutions and customs also have a significant role, legal institutions are essential to capitalism. In this sense, Hodgson's proposed approach to the analysis of capitalism is 'legal institutionalism'. In the remaining six chapters of part 1, Hodgson addresses the other key institutions of capitalism such as property, market, money, finance and employment contracts. To obtain a clear understanding of these concepts, he draws on a wide range of intellectual antecedents, including Karl Marx, Max Weber, Joseph Schumpeter, John Maynard Keynes and Friedrich Hayek.