

[PDF] How The Economy Works: Confidence, Crashes And Self-Fulfilling Prophecies

Roger E. A. Farmer - pdf download free book

Books Details:

Title: How the Economy Works: Confid

Author: Roger E. A. Farmer

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Description:

From Farmer explains the differences between classical and Keynesian economics and shows how they influenced the policy debate that developed after the 2007 world financial crisis began and exploded into a global disaster, with the collapse in the U.S. of Lehman Brothers in the fall of 2008. Along with a history of economic thought from 1776 to the present (noting it is incomplete), the author offers his suggestions for preventing future financial crises. "The correct response to the crisis is to set in place, in every country in the world, an institution to control the value of national stock market wealth by targeting the rate of growth of an index fund." "Central banks should use changes in the size of their balance sheets to prevent inflation from rising too high or too low. They should use changes in the composition of their balance sheets to prevent bubbles and crashes." This

challenging book will appeal to the academic community but not to a broad range of readers. --Mary Whaley --This text refers to the edition.

Review

"In the morass of me-too books about the financial crisis, How the Economy Works stands out as a truly big idea." --BusinessWeek

"Bringing new research to life in guiding policy in the aftermath of the financial crisis, Roger Farmer takes the economic ball up the middle between Hayek and Keynes. With an emphasis on swings in confidence and wealth, Farmer's criticisms of fiscal stimulus and interesting prescriptions for monetary policy should be essential reading for anyone trying to understand what happened, especially for economists and policymakers focused on recovery. Nonspecialists will find the book full of fascinating stories; economists will see some surprising new twists."--Glenn Hubbard, Dean of the Columbia Business School, Columbia University, former Chairman of the Council of Economic Advisers

"This is an important policy proposal from a top thinker. Farmer balances the traditions of Hayek and Keynes to formulate a new way to stabilize the economy-and to solidify society's confidence about its future prospects. He returns us to first principles and builds a clear, succinct argument in language that is easy to follow. No policymakers are rushing to adopt Farmer's approach; but the same was true for Keynes in the 1930s. Let's hope we don't need to experience another Great Depression before our economic leaders are seriously willing to rethink everything."--Simon Johnson, Ronald A. Kurtz (1954) Professor of Entrepreneurship at the MIT Sloan School of Management, former chief economist at the International Monetary Fund

"Farmer provides an excellent discussion of what went wrong with modern economics in the run up to the recent crisis. And to deal with the effects of the financial crisis, boosting investment and employment in the short and the long run, he provides a policy plan to induce a rapid and sustainable recovery through direct intervention in the stock market. If he is right it would improve things quickly, and if he is wrong the tax payer ends up receiving dividends through the Central Bank investment portfolio. It is worth a try."--Ray Barrell, Director of Macroeconomic Research and Forecasting, National Institute of Economic and Social Research, UK

"Readers with a serious interest in this subject will find this timely book informative..."--Publishers Weekly

"Readers who lack the time or interest to sift through in-depth explanations of economic theories will gain from Farmer's brief explanations of standard economic theories and biographical sketches of major thinkers."--Library Journal

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