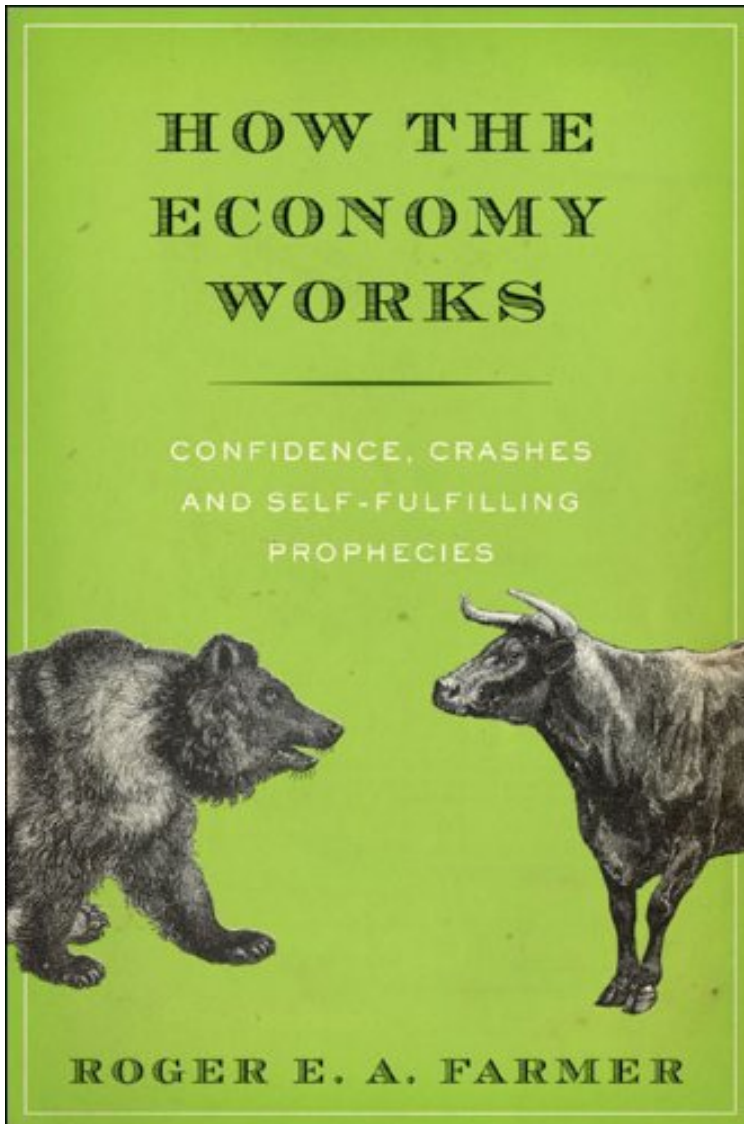


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# How the Economy Works: Confidence, Crashes and Self-Fulfilling Prophecies



*Par Roger E. A. Farmer*  
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## Description :

Prsentation de l'diteur"Of all the economic bubbles that have been pricked," the editors of The Economist recently observed, "few have burst more spectacularly than the reputation of economics itself." Indeed, the financial crisis that crested in 2008 destroyed the credibility of the economic thinking that had guided policymakers for a generation. But what will take its place?In How the Economy Works, one of our leading economists provides a jargon-free exploration of the current crisis, offering a powerful argument for how economics must change to get us out of it. Roger E. A. Farmer traces the swings between classical and Keynesian economics since the early twentieth century, gracefully explaining the elements of both theories.

During the Great Depression, Keynes challenged the longstanding idea that an economy was a self-correcting mechanism; but his school gave way to a resurgence of classical economics in the 1970s—a rise that ended with the current crisis. Rather than simply allowing the pendulum to swing back, Farmer writes, we must synthesize the two. From classical economics, he takes the idea that a sound theory must explain how individuals behave—how our collective choices shape the economy. From Keynesian economics, he adopts the principle that markets do not always work well, that capitalism needs some guidance. The goal, he writes, is to correct the excesses of a free-market economy without stifling entrepreneurship and instituting central planning. Recent events have shown that we cannot afford to treat economics as an ivory-tower abstraction. It has a direct impact on our lives by guiding regulators and policymakers as they make decisions with far-reaching practical consequences. Written in clear, accessible language, *How the Economy Works* makes an argument that no one should ignore.

Revue de presse  
In the morass of me-too books about financial crisis, 'How the Economy Works' stands out as a truly big idea. (Peter Coy, Bloomberg Business)  
This should be essential reading for anyone trying to understand what happened, especially for economists and policymakers focused on recovery.' (Glenn Hubbard, Dean of the Columbia Business School, Columbia University, former Chairman of the Council of Economic Advisers)  
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. (Simon Johnson, former chief economist at the International Monetary Fund)  
Readers with a serious interest in this subject will find this timely book informative. (Publishers Weekly)  
Presentation de l'auteur  
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