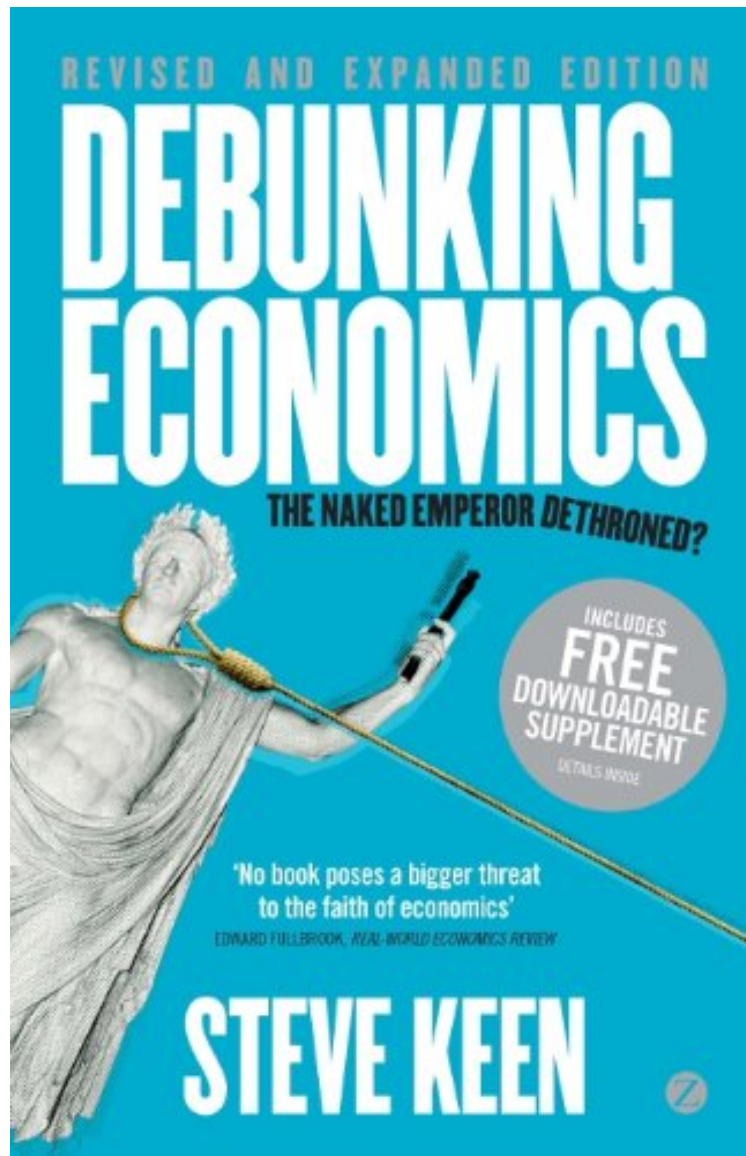


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Debunking Economics: The Naked Emperor Dethroned?

Professor Steve Keen

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Professor Steve Keen : Debunking Economics: The Naked Emperor Dethroned? before purchasing it in order to gauge whether or not it would be worth my time, and all praised Debunking Economics: The Naked Emperor Dethroned?:

1 of 1 people found the following review helpful. great book. Steve makes a quick walk through the ...By Pedro great book. Steve makes a quick walk through the history and development of economics, outlining in a sharp and clear way for the non-economist reader all of the different thoughts and assumptions that were made from leading economists to develop the theory of economics. He then addresses the problems with these way of thinking on the economy and

describes alternative ways of thinking, so as to come up with a more realistic and accurate model of how the economy works. 6 of 7 people found the following review helpful. Well worth the read. By FDR. If you listen to the Fed chairman, the sage government and bank economists and the talking heads on CNN, you will never understand how the economy really works. Steve Keen systematically demolishes the underpinnings of neo-classical economic thought and shows them to be fallacious myths. The economy is dynamic system and rarely in equilibrium. Neo-classical theory is based on the economy being in equilibrium. It is no wonder then that economic bubbles and depressions come as a surprise to economists because they cannot happen according to their theories. (That is why they call them "exogenous" shocks.) If other sciences (like physics, chemistry and even biology) based their theories similarly, we would still be living in the stone age. The wonder to me is that, even with the incompetent interference of the central banks and governments, the economy functions as well as has. 13 of 15 people found the following review helpful. Revolutionary book. By Igor Biryukov. Keen's Master-idea is that the money and debt are not created the way it is described in the textbooks. In classical "textbook" view, the banks receive deposits and create reserves first, and make loans later. In real world Keen argues, the banking sector creates loans and goes looking for the reserves later. His other important idea is that the main factor that causes economic contraction or expansion, and also has caused the brief recovery--and will also cause the dreaded "double dip" recession in the U.S.-- is the Credit Impulse. The Credit Impulse (a.k.a. Credit Accelerator) is not the rate change of the monetary base, but it the RATE OF CHANGE OF ITS RATE OF CHANGE. Keen discovers a paradox - because aggregate demand is the sum of GDP plus the change of debt, the rate of change of aggregate demand can be BOOSTED by a slowdown in the rate at which debt is falling. The U.S. FED had stumbled on it by chance - the slight recovery of the U.S. in 2010 and 2011 was driven mainly by a slowdown in the rate of deceleration of credit. The factor that makes the recent recovery of the U.S. economy different to all previous ones -- except the Great Depression itself--is that this strong boost from the Credit Impulse has occurred while the change in private debt is still massively negative. Keen states that contrary to the neoclassical model of equilibrium, a capitalist economy is characterized by excess supply in all times, even during booms. According to Keen, the main constraint facing capitalist economies is not supply, but demand. The demand must be boosted by a CONSTANT acceleration of debt. The end game here, the way out of the debt, will be many years in the future, if ever. The book contains many things: among them a scathing critic of neo-classical economic theories, but also, interestingly, of Marx. I highly recommend it

Debunking Economics exposes what many non-economists may have suspected and a minority of economists have long known: that economic theory is not only unpalatable, but also plain wrong. When the original Debunking was published back in 2001, the market economy seemed invincible, and conventional 'neoclassical' economic theory basked in the limelight. Steve Keen argued that economists deserved none of the credit for the economy's performance, and that 'the false confidence it has engendered in the stability of the market economy has encouraged policy-makers to dismantle some of the institutions which initially evolved to try to keep its instability within limits'. That instability exploded with the devastating financial crisis of 2007, and now haunts the global economy with the prospect of another Depression. In this radically updated and greatly expanded new edition, Keen builds on his scathing critique of conventional economic theory whilst explaining what mainstream economists cannot: why the crisis occurred, why it is proving to be intractable, and what needs to be done to end it. Essential for anyone who has ever doubted the advice or reasoning of economists, Debunking Economics provides a signpost to a better future.

Praise for the First Edition: