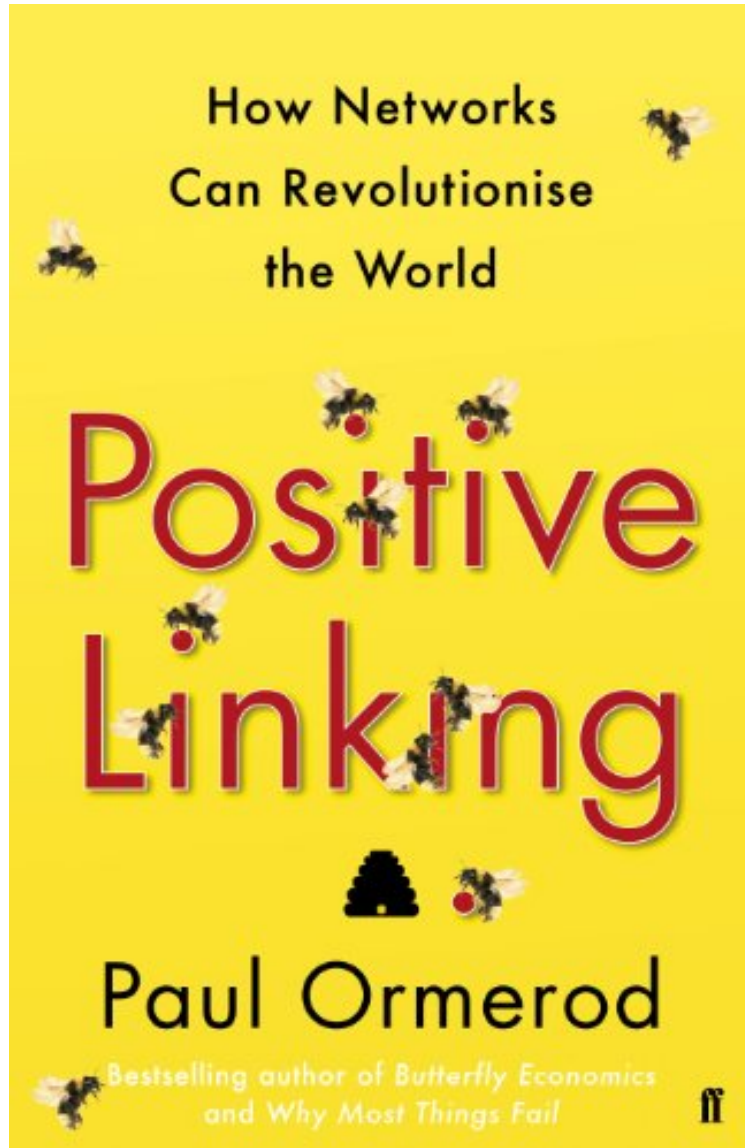


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Positive Linking: How Networks Can Revolutionise the World

Paul Ormerod

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Paul Ormerod : Positive Linking: How Networks Can Revolutionise the World before purchasing it in order to gauge whether or not it would be worth my time, and all praised Positive Linking: How Networks Can Revolutionise the World:

5 of 5 people found the following review helpful. A rescue plan for economic policymaking By Peter Hulm For my money Paul Ormerod is the best post-Keynesian economist writing in the U.K. today. He's a pioneer of new economic theory, challenging the fundamental orthodoxes of his field. For over 20 years he has been a specialist enthused about applying to economics the lessons we can learn from other sciences. especially biology, network theory and behavioral

studies. His latest book takes on preference theory, the assumption of rational choice, and the built-in, misleading presumption that individuals make their economic decisions in isolation from each other. That's not the way we act in real life, and you may not find the counter-argument surprising: the choices we make are directly and indirectly affected by other people in the absence of perfect information. In our age of instant communication this can put economic policy seriously out of whack. The Lehman Brothers collapse was so dangerous because none of the safeguards in place or economic policy advisers had considered the network effect. But Ormerod is not just knocking down old statues. His book sets out to show us how understanding network processes in economics can overcome the current challenges and lead to more effective policymaking. As always, his writing is a model of clarity. He asks you to look at the economic theory behind the martyrdom of Protestant reformers in 1555 and English soccer riots in Sardinia in 1990, as well as the strange appeal of Marmite to a section of the British population to argue: "We need a new theory of rational behaviour." You can find that theory in this book.

3 of 3 people found the following review helpful.
Rational Man Becomes Networked Man
By R. Blanchard
This book is nicely written and edited, clear, not always concise but very interesting. It assembles and analyses the best of current thinking on the subject of why the idea of the Rational Economic Man operating in a free-market, equilibrium economy is no longer an adequate framework for understanding the global economy in the 21st century. Rational man is actually Networked Man whose social and especially economic decisions are only partially explained by careful calculation of self-interest. Traditional incentives used by marketeers and governments developing public policy (prices, taxes, etc.) often yield unpredictable results and widespread unintended consequences. Ormerod thinks we can do better by understanding and taking advantage of social linkages and the effects of behavioral "copying" between and among groups and individuals in various networked relationships. This new model is not yet broadly accepted by economists because there are still many unknowns but Ormerod argues persuasively that it will be and the sooner the better. An excellent read for anyone interested in economics or public policy.

2 of 2 people found the following review helpful.
The world is not normal
By ComplexEast
and what he thinks by that is: not Gaussian ;-)
A nice book, defending quite directly relevance of networks in microeconomics. The main contribution is his good interpretation of the rather abstract mathematical concepts such as stochastic multiplicative processes, networks, or self-enforcing loops into very readable economic jargon, very clearly focused on possible applications, and illustrated with clear and well chosen examples.

According to Paul Ormerod, author of the bestselling *Butterfly Economics* and *Why Most Things Fail*, the mechanistic viewpoint of conventional economics is drastically limited - because it cannot comprehend the vital nature of networks. As our societies become ever more dynamic and intertwined, network effects on every level are increasingly profound. 'Nudge theory' is popular, but only part of the answer. To grapple successfully with the current financial crisis, businesses and politicians need to grasp the perils and possibilities of Positive Linking. Our social and economic worlds have been revolutionised by a massive increase in our awareness of the choices, decisions, behaviours and opinions of other people. For the first time in human history, more than half of us live in cities, and this combined with the Internet has transformed communications. Network effects - the fact that a person can and often does decide to change his or her behaviour simply on the basis of copying what others do - pervade the modern world. As Ormerod shows, network effects make conventional approaches to policy, whether in the public or corporate sectors, much more likely to fail. But they open up the possibility of truly 'Positive Linking' - of more subtle, effective and successful policies, ones which harness our knowledge of network effects and how they work in practice.

About the Author
Paul Ormerod is the author of *The Death of Economics*, *Butterfly Economics* and *Why Most Things Fail*. He studied economics at Cambridge and his career has spanned the academic and practical business worlds, including working at the Economist and as a director of the Henley Centre for Forecasting. He is a Fellow of the British Academy of Social Science and has been awarded a DSc honoris causa for his contribution to economics by the University of Durham.