Macroeconomics Of Self Fulfilling Prophecies 2nd Edition

The winners of the Nobel Prize in Economics upend the most common assumptions about how economics works in this gripping and disruptive portrait of how poor people actually live. Why do the poor borrow to save? Why do they miss out on free life-saving immunizations, but pay for unnecessary drugs? In Poor Economics, Abhijit V. Banerjee and Esther Duflo, two award-winning MIT professors, answer these questions based on years of field research from around the world. Called "marvelous, rewarding" by the Wall Street Journal, the book offers a radical rethinking of the economics of poverty and an intimate view of life on 99 cents a day. Poor Economics shows that creating a world without poverty begins with understanding the daily decisions facing the poor.

A crucial challenge for economists is figuring out how people interpret the world and form expectations that will likely influence their economic activity. Inflation, asset prices, exchange rates, investment, and consumption are just some of the economic variables that are largely explained by expectations. Here George Evans and Seppo Honkapohja bring new explanatory power to a variety of expectation formation models by focusing on the learning factor. Whereas the rational expectations paradigm offers the prevailing method to determining expectations, it assumes very theoretical knowledge on the part of economic actors. Evans and Honkapohja contribute to a growing body of research positing that households and firms learn by making forecasts using observed data, updating their forecast rules over time in response to errors. This book is the first systematic development of the new statistical learning approach. Depending on the particular economic structure, the economy may converge to a standard rational-expectations or a "rational bubble" solution, or exhibit persistent learning dynamics. The learning approach also provides tools to assess the importance of new models with expectational indeterminacy, in which expectations are an independent cause of macroeconomic fluctuations. Moreover, learning dynamics provide a theory for the evolution of expectations and selection between alternative equilibria, with implications for business cycles, asset price volatility, and policy. This book provides an authoritative treatment of this emerging field, developing the analytical techniques in detail and using them to synthesize and extend existing research.

Macroeconomists have been caricatured either as credulous savants in love with the beauty of their mathematical models or as free-market fundamentalists who admit no doubt as to the market's wisdom. In this book, Kartik Athreya draws a truer picture, offering a nontechnical description of prominent ideas and models in macroeconomics, arguing for their value as interpretive tools as well as their policy relevance. Athreya deliberately leaves out the technical machinery, providing students new to modern macroeconomics as well as readers with no formal training in economics or mathematics -- including economic writers and policymakers -- with an essential guide to the sometimes abstract ideas that drive macroeconomists' research and practical policy advice.Athreya describes the main approach to macroeconomic model construction, the foundational Walrasian general equilibrium framework, and its modern version, the Arrow-Debreu-McKenzie (ADM) model. He then explains the reasons for the relevance of this model for interpreting real-world outcomes, and lays out the so-called Fundamental Theorems of Welfare Economics. In the heart of the book, Athreya shows how the Walrasian approach shapes and unifies much of modern macroeconomics. He details models central to ongoing macroeconomic analyses: the neoclassical and stochastic growth models, the standard incomplete-markets model, the overlapping-generations model, and the standard search model. Athreya's accessible primer traces the links between the views and policy advice of modern macroeconomists and their shared theoretical approach.

Examines the politics of economic policy, focusing on forecasting, inflation, interest rates, market expectations, financial crises, disruptions in global markets, and tax policy, as well as state and local government budgeting, financial management, and policy initiatives for development and growth.

Market Imperfections and Macroeconomic Dynamics is based upon a collection of papers originally presented at the 5th Theory and Methods in Macroeconomics (T2M) meeting in Paris, France, 2002. The contributions in this volume focus on a central theme: the aggregate dynamic consequences of market imperfections. Such effects are of great interest to researchers in macroeconomics as these imperfections play a primary role in the persistence of aggregate output, the characteristics of the business cycles and the interactions of agents over time. Incorporating up-to-date techniques and methods, these contributions exemplify the remarkable progress made by macroeconomists in tackling these issues. The primary market for Market Imperfections and Macroeconomic Dynamics is academic researchers in economics and graduate students specializing in macroeconomics. Divisions of economic studies in public administration and in financial organizations will also find this book beneficial.

Principles of International Finance and Open Economy Macroeconomics: Theories, Applications, and Policies presents a macroeconomic framework for understanding and analyzing the global economy from the perspectives of emerging economies and developing countries. Unlike most macroeconomic textbooks, which typically emphasize issues about developed countries while downplaying issues related to developing countries, this book emphasizes problems in emerging economies, including those in Latin American countries. It also explains recent developments in international finance that are essential to a thorough understanding of the effects and implications of the recent financial crisis. Concentrates on developing country perspectives on International Finance and the Economy, including those in Latin American countries Provides case studies and publicly available data allowing readers to explore theories and their applications Explains recent developments in international finance that are essential to a thorough understanding of the effects and implications of the recent financial crisis Proposes a unified mathematical model accessible to those with basic mathematical skills

In transition countries, the author evaluates macroeconomic policies in relation to their impact on the development of markets.

This thesis investigates the design of appropriate institutions to ensure the good conduct of fiscal and monetary policy. The three chapters develop theoretical frameworks to address the time-inconsistency of policy plans or prevent the occurrence of self-fulfilling prophecies. Time-inconsistency refers to a situation where preferences over policy change over time. Optimal policy plans are not credible, since agents anticipate the implementation of another policy in the future. This issue is particularly pervasive to monetary policy, since nominal quantities (price level, interest rates, etc.) are very sensitive to expected policies, but predetermined to actual policy choices. The first chapter investigates how fiscal policy can mitigate the inflation bias of monetary policy in an economy with heterogeneous agents. Whenever there is a desire for redistribution, progressive fiscal helps to implement a policy mix less biased toward inflation. Importantly, even the richest supports some fiscal progressivity, since over their life cycle, they benefit from a more balanced policy-mix. A self-fulfilling prophecy, or coordination failure, refers to a situation where a more desirable economic outcome could be reached, but fail to be, by the only effect of pessimistic expectations. Self-fulfilling debt crises are a classical example: pessimistic investors bid down the price of debt, which increases the likelihood of default, which in turn justifies the initial decrease in price. The second chapter, co-authored with Russell Cooper, asks whether monetary policy can deter self-fulfilling debt crises. The analysis shows how a counter-cyclical inflation policy with commitment is effective in doing so. Importantly, it can be implemented without endangering the primary objective of monetary policy, to deliver an inflation target for instance. The third chapter, co-authored with Andrew Gimber, revisits the classic Laffer curve coordination failure: taxes could be low, but they are high because agents anticipate high tax rates. In a dynamic environment with debt issuance, the multiplicity of equilibria critically depends on inherited debt. At high levels of public debt, fiscal policy is pro-cyclical: taxes increase when output decreases, and self-fulfilling fiscal crisis can occur. Overall, this chapter sheds light on the perils of high level of public debt.

This book retraces the history of macroeconomics from Keynes's General Theory to the present. Central to it is the contrast between a Keynesian era and a Lucasian - or dynamic stochastic general equilibrium (DSGE) - era, each ruled by distinct methodological standards. In the Keynesian era, the book studies the following theories: Keynesian macroeconomics, monetarism, disequilibrium macro (Patinkin, Leijongufvud, and Clower) non-Walrasian equilibrium models, and first-generation new Keynesian models. Three stages are identified in the DSGE era: new classical macro (Lucas), RBC modelling, and second-generation new Keynesian modeling. The book also examines a few selected works aimed at presenting alternatives to Lucasian macro. While not eschewing analytical content, Michel De Vroey focuses on substantive assessments, and the models studied are presented in a pedagogical and vivid yet critical way.

Markets are artifacts of language—so Douglas R. Holmes argues in this deeply researched look at central banks and the people who run them. Working at the intersection of anthropology, linguistics, and economics, he shows how central bankers have been engaging in communicative experiments that predate the financial crisis and continue to be refined amid its unfolding turmoil—experiments that do not merely describe the economy, but actually create its distinctive features. Holmes examines the New York District Branch of the Federal Reserve, the European Central Bank, Deutsche Bundesbank, and the Bank of England, among others, and shows how officials there have created a new monetary regime that relies on collaboration with the public to achieve the ends of monetary policy. Central bankers, Holmes argues, have shifted the conceptual anchor of monetary affairs away from standards such as gold or fixed exchange rates and toward an evolving relationship with the public, one rooted in sentiments and expectations. Going behind closed doors to reveal the intellectual world of central banks,Economy of Words offers provocative new insights into the way our economic circumstances are conceptualized and ultimately managed.

Machine generated contents note: -- Chapter 1: Prosperity for All -- Chapter 2: Keynes Betrayed -- Chapter 3: The Demise of the Natural Rate Hypothesis -- Chapter 4: Let's Stop Pretending that Unemployment is Voluntary -- Chapter 5: Five Problems with New Keynesian Economics -- Chapter 6: Why Unemployment Persists -- Chapter 7: Wall Street and Main Street -- Chapter 8: The New Keynesian Model Explained -- Chapter 9: The Farmer Monetary Model Explained -- Chapter 10: Keynesian Economics without the Consumption Function -- Chapter 11: How to Prevent Financial Crises

"The underlying notion in this volume is to spotlight, critically assess, and illuminate Paul A. Samuelson's extraordinarily voluminous, diverse, and groundbreaking contributions that encompass the entire field of economics through the lens of most eminent scholars. All this in honor of his ninetieth birthday celebrated on May 15, 2005 in Fairmont Hotel in Boston in the company of hundreds of scholars and their spouses."--Pref.

The book sets out to show the current state of macroeconomics, from three main perspectives: methodology, theory and economic policy. It is built on extensive conversation with some of the world's leading macroeconomists. These are based on wide questionnaires, covering jointly almost all the topics of macroeconomic theory, as well as questions of methodology, real economy, and even academic systems and future lines of research. Some of the questions have been put to all the respondents or many of them, with the aim of bringing out their different positions. References about authors and themes are also provided.

This 2-volume work includes approximately 1,200 entries in A-Z order, critically reviewing the literature on specific topics from abortion to world systems theory. In addition, nine major entries cover each of the major disciplines (political economy; management and business; human geography; politics; sociology; law; psychology; organizational behavior) and the history and development of the social sciences in a broader sense.

Just as macroeconomic models describe the overall economy within a changing, or dynamic, framework, the models themselves change over time. In this text Stephen J. Turnovsky reviews in depth several early models as well as a representation of more recent models. They include traditional (backward-looking) models, linear rational expectations (future-looking) models, intertemporal optimization models, endogenous growth models, and continuous time stochastic models. The author uses examples from both closed and open economies. Whereas others commonly introduce models in a closed context, tacking on a brief discussion of the model in an open economy, Turnovsky integrates the two perspectives throughout to reflect the increasingly international outlook of the field. This new edition has been extensively revised. It contains a new chapter on optimal monetary and fiscal policy, and the coverage of growth theory has been expanded substantially. The range of growth models considered has been extended, with particular attention devoted to transitional dynamics and nonscale growth. The book includes cutting-edge research and unpublished data, including much of the author's own work.

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We develop a theory of money and credit as competing payment instruments, then put it to work in applications. Buyers can use cash or credit, with the former (latter) subject to the inflation tax (transaction costs). Frictions that make the choice of payment method interesting also imply equilibrium price dispersion. We deliver closed-form solutions for money demand. We then show the model can simultaneously account for the price-change facts, cash-credit shares in micro payment data, and money-interest correlations in macro data. We analyze the effects of inflation on welfare, price dispersion and markups. We also describe nonstationary equilibria as self-fulfilling prophecies, which is standard, except here it entails dynamics in the price distribution.

This book analyzes the dynamic macroeconomic effects of public capital in industrialized countries. The issue of whether public capital is productive has received a great deal of recent attention. Yet, existing empirical analyses have been limited to a small set of countries. This book presents a new database that provides internationally comparable capital stock estimates for 22 OECD countries for the 1960-2001 period. Building on this database, the book estimates the dynamic effects of public capital using a variety of econometric methods. The results suggest that public capital is productive in OECD countries on average. The theoretical analysis based on a dynamic general equilibrium model shows that the effects of public capital depend crucially on

the way the government chooses to finance additional spending.
"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.
What are the principles that keep our society together? This question is even more difficult to answer than the long-standing question, what are the forces that keep our world together. However, the social challenges of humanity in the 21st century ranging from the financial crises to the impacts of globalization, require us to make fast progress in our understanding of how society works, and how our future can be managed in a resilient and sustainable way. This book can present only a few very first steps towards this ambitious goal. However, based on simple models of social interactions, one can already gain some surprising insights into the social, ``macro-level'' outcomes and dynamics that is implied by individual, ``micro-level'' interactions. Depending on the nature of these interactions, they may imply the spontaneous formation of social conventions or the birth of social cooperation, but also their sudden breakdown. This can end in deadly crowd disasters or tragedies of the commons (such as financial crises or environmental destruction). Furthermore, we demonstrate that classical modeling approaches (such as representative agent models) do not provide a sufficient understanding of the self-organization in social systems resulting from individual interactions. The consideration of randomness, spatial or network interdependencies, and nonlinear feedback effects turns out to be crucial to get fundamental insights into how social patterns and dynamics emerge. Given the explanation of sometimes counter-intuitive phenomena resulting from these features and their combination, our evolutionary modeling approach appears to be powerful and insightful. The chapters of this book range from a discussion of the modeling strategy for socio-economic systems over experimental issues up the right way of doing agent-based modeling. We furthermore discuss applications ranging from pedestrian and

crowd dynamics over opinion formation, coordination, and cooperation up to conflict, and also address the response to information, issues of systemic risks in society and economics, and new approaches to manage complexity in socio-economic systems. Selected parts of this book had been previously published in peer reviewed journals.
The Study Guide provides a variety of review materials and problems that will help students master macroeconomics. Solutions are provided.
The Fiscal Theory of the Price Level (FTPL) is the claim that, in a popular class of theoretical models, the price level is sometimes determined by fiscal policy rather than monetary policy. The models where this claim has been established assume that all decisions are made by an infinitely-lived representative agent. We present an alternative, arguably more realistic model, populated by sixty-two generations of people. We calibrate our model to an income profile from U.S. data and we show that the FTPL breaks down. In our model, the price level and the real interest rate are indeterminate, even when monetary and fiscal policy are both active. Our findings challenge established views about what constitutes a good combination of fiscal and monetary policies.
This book makes the case that economies are complex systems and in response to this, develops a unique dynamic nonequilibrium process analysis of macroeconomics. It provides a brief introduction to complex systems, chaos theory and unit roots. The importance and implications of contingency for economic behaviour are developed.
The substantially revised fourth edition of a widely used text, offering both an introduction to recursive methods and advanced material, mixing tools and sample applications. Recursive methods provide powerful ways to pose and solve problems in dynamic macroeconomics. Recursive Macroeconomic Theory offers both an introduction to recursive methods and more advanced material. Only practice in solving diverse problems fully conveys the advantages of the recursive approach, so the book provides many applications. This fourth edition features two new chapters and substantial revisions to other chapters that demonstrate the power of recursive methods. One new chapter applies the recursive approach to Ramsey taxation and sharply characterizes the time inconsistency of optimal policies. These insights are used in other chapters to simplify recursive formulations of Ramsey plans and credible government policies. The second new chapter explores the mechanics of matching models and identifies a common channel through which productivity shocks are magnified across a variety of matching models. Other chapters have been extended and refined. For example, there is new material on heterogeneous beliefs in both complete and incomplete markets models; and there is a deeper account of forces that shape aggregate labor supply elasticities in lifecycle models. The book is suitable for first- and second-year graduate courses in macroeconomics. Most chapters conclude with exercises; many exercises and examples use Matlab or Python computer programming languages.

The Macroeconomics of Self-fulfilling PropheciesMIT Press

My dissertation contributes to the macroeconomics of self-fulfilling prophecies. It demonstrates the importance of shocks to beliefs in accounting for aggregate fluctuations. The dissertation consists of three chapters. The first chapter is a paper joint with Roger E.A. Farmer. We integrate Keynesian economics with general equilibrium theory in a new way. We develop a simple graphical apparatus, the IS-LM-NAC framework, that can be used by policy makers to understand how policy affects the economy. A new element, the No-Arbitrage-Condition (NAC) curve, connects the interest rate to current and expected future values of the stock market and it explains how 'animal spirits' influence economic activity. Our framework provides a rich new approach to policy analysis that explains the short-run and long-run effects of policy. The second chapter studies implications of self-fulfilling beliefs in open economies. Uncovered interest parity states that the carry trade should deliver zero profit, on average. The data robustly reject this hypothesis. In a large sample of countries, high interest rate currencies earn excess returns at short horizons and negative excess returns at longer horizons. I rationalize this observation in a two-country overlapping generations model with complete markets that features multiple dynamic equilibria. Because newborns cannot make decisions about consumption and savings before they are born, there is a set of self-fulfilling beliefs of the currently alive generations about the decisions of the future newborns. I utilize the multiplicity of dynamic equilibria by imposing a structure on the formation of beliefs. Beliefs are self-fulfilling, and shocks to these beliefs generate a large and volatile risk premium that is correlated with the interest rate differential. Changes in uncertainty about beliefs cause a reversal of expected excess returns associated with the current interest differential, similar to the reversal found in the data. I provide empirical evidence in favor of my mechanism and show that persistence of past expectations can account for most of the observed deviation from uncovered interest parity. The third chapter extends the methodology developed in the first chapter to the open economy framework. I build a model of the eurozone crisis. I study a two-country model in which agents form self-fulfilling beliefs about asset prices. Using the labor market search and matching frictions and abandoning Nash bar- gaining over wage, I create multiple equilibria on the labor market where any unemployment rate can be sustained as a steady state. Self-fulfilling beliefs about the future value of assets select the equilibrium. I show that sudden downward revisions of beliefs ('animal spirits') cause stagnation in real economic activity, international financial contagion, and, in the absence of recovery in confidence, permanently high rates of unemployment. High unemployment is viewed as a new steady state, not a temporary deviation from the natural rate of unemployment. Policy aimed at recovering the eurozone needs to trigger optimistic beliefs about the value of assets.

This graduate textbook is a "primer" in macroeconomics. It starts with essential undergraduate macroeconomics and develops in a simple and rigorous manner the central topics of modern macroeconomic theory including rational expectations, growth, business cycles, money, unemployment, government policy, and the macroeconomics of nonclearing markets. The emphasis throughout the book is on both foundations and presenting the simplest model for each topic that will deliver the relevant answers. The first two chapters recall the main workhorses of undergraduate macroeconomics: the Solow-Swan growth model, the Keynesian IS-LM model, and the Phillips curve. The next chapters present four fundamental "building blocks" of modern macroeconomics: rational expectations, intertemporal dynamic models, nonclearing markets and imperfect competition, and uncertainty. Later the book deals with growth, notably the Ramsey model, overlapping generations, and endogenous growth. Chapter 10 moves to the famous "real business cycles" (RBC), which integrate in a unified framework growth and fluctuations. The final chapters look at the issue of stabilization, how best to guard the economy from shocks, and the connections between politics and the macroeconomy. To make the book self contained, a mathematical appendix gives a number of simple technical results that are sufficient to follow the formal developments of the book.

The Great Depression of the 1930s with its dramatic unemployment rates was one of the most striking economic events of the past century. It shook economists' beliefs in the existence of self-adjusting forces and prompted Keynes to write his masterwork, The General Theory of Employment, Interest and Money. Involuntary unemployment was the central concept of Keynes' book. However, after having been considered the sine qua non of economics for decades, it has gradually disappeared from textbooks and research. This book recounts and ponders this demise, asking whether the abandonment of the concept of involuntary unemployment is the manifestation of some inner defect of recent economic theory or is rather due to some intrinsic weakness of the concept itself, which makes it of little use when it comes to economic theorising. In order to disentangle these issues, the author critically reviews the different explanations of involuntary unemployment that have been offered from Keynes up to the end of the 1980s. After consideringThe General Theory, the author studies the works of pioneering macroeconomists such as Hicks, Modigliani, Lange, Leontief, Tobin, Klein and Hansen. An examination of the 're-appraisal of Keynes' and of the so-called disequilibrium school is followed by a discussion of Friedman's and Lucas' anti-Keynesian attack. The final part of the book investigates a series of models purporting to revive the Keynesian project, namely implicit contract, efficiency wages, insider-outsider, coordination failures, and imperfect competition.

In light of the recent economic crisis and in keeping with Hyman Minsky's analysis of financial instability, this book considers the important interaction between cycles and growth, via the interplay between demand, supply andreal-world financial issues. This challenging book will prove a thought-provoking read for students and scholars of macroeconomics, heterodox economics, labour markets andmoney, finance and banking.

Expectations, Employment and Prices brings Keynesian economics into the 21st century by providing a new paradigm that explains how high unemployment could potentially persist forever without a little help from the government. The book fills in logical gaps that were missing from Keynes' General Theory of Employment Interest and Money by reconciling some of its key ideas with modern economic theory. Central bankers throughout the world are talking now about developing a second instrument of monetary policy in addition to controlling the interest rate. Roger Farmer directly addresses this issue and offers new creative monetary policy proposals and suggestions for the design of new financial institutions for the 21st century.

Handbook of Macroeconomics surveys all major advances in macroeconomic scholarship since the publication of Volume 1 (1999), carefully distinguishing between empirical, theoretical, methodological, and policy issues. It courageously examines why existing models failed during the financial crisis, and also addresses well-deserved criticism head on. With contributions from the world's chief macroeconomists, its reevaluation of macroeconomic scholarship and speculation on its future constitute an investment worth making. Serves a double role as a textbook for macroeconomics courses and as a gateway for students to the latest research Acts as a one-of-a-kind resource as no major collections of macroeconomic essays have been published in the last decade

Farmer argues for the future of macroeconomics as a branch ofapplied general equilibrium theory. His main theme is thatmacroeconomics is best viewed as the study of equilibrium environmentsin which the welfare theorems break down.

An advanced treatment of modern macroeconomics, presented through a sequence of dynamic equilibrium models, with discussion of the implications for monetary and fiscal policy. This textbook offers an advanced treatment of modern macroeconomics, presented through a sequence of dynamic general equilibrium models based on intertemporal optimization on the part of economic agents. The book treats macroeconomics as applied and policy-oriented general equilibrium analysis, examining a number of models, each of which is suitable for investigating specific issues but may be unsuitable for others. After presenting a brief survey of the evolution of macroeconomics and the key facts about long-run economic growth and aggregate fluctuations, the book introduces the main elements of the intertemporal approach through a series of two-period competitive general equilibrium models—the simplest possible intertemporal models. This sets the stage for the remainder of the book, which presents models of economic growth, aggregate fluctuations, and monetary and fiscal policy. The text focuses on a full analysis of a limited number of key intertemporal models, which are stripped down to essentials so that students can focus on the dynamic properties of the models. Exercises encourage students to try their hands at solving versions of the dynamic models that define modern macroeconomics. Appendixes review the main mathematical techniques needed to analyze optimizing dynamic macroeconomic models. The book is suitable for advanced undergraduate and graduate students who have some knowledge of economic theory and mathematics for economists.

This book originated from a 2010 conference marking the fortieth anniversary of the publication of the landmark "Phelps volume," Microeconomic Foundations of Employment and Inflation Theory, a book that is often credited with pioneering the currently dominant approach to macroeconomic analysis. However, in their provocative introductory essay, Roman Frydman and Edmund Phelps argue that the vast majority of macroeconomic and finance models developed over the last four decades derailed,

rather than built on, the Phelps volume's "microfoundations" approach. Whereas the contributors to the 1970 volume recognized the fundamental importance of according market participants' expectations an autonomous role, contemporary models rely on the rational expectations hypothesis (REH), which rules out such a role by design. The financial crisis that began in 2007, preceded by a spectacular boom and bust in asset prices that REH models implied could never happen, has spurred a quest for fresh approaches to macroeconomic analysis. While the alternatives to REH presented in Rethinking Expectations differ from the approach taken in the original Phelps volume, they are notable for returning to its major theme: understanding aggregate outcomes requires according expectations an autonomous role. In the introductory essay, Frydman and Phelps interpret the various efforts to reconstruct the field--some of which promise to chart its direction for decades to come. The contributors include Philippe Aghion, Sheila Dow, George W. Evans, Roger E. A. Farmer, Roman Frydman, Michael D. Goldberg, Roger Guesnerie, Seppo Honkapohja, Katarina Juselius, Enisse Kharroubi, Blake LeBaron, Edmund S. Phelps, John B. Taylor, Michael Woodford, and Gylfi Zoega.
Richard H. Day was one of the first economists to recognize the importance of complex dynamics, or chaos theory, to economics. He can justly be described as one of the originators of the now extensive economic literature on chaos.The two volumes of Complex Economic Dynamics show that, far from being a passing trend in economic research, complex dynamics belongs at the heart of the subject. Although they can be read independently, the volumes follow a logical sequence. Volume 1 contained nontechnical introductions to the basics of economic change and to the mathematical and theoretical tools used to describe them. Volume 2, which is concerned with macroeconomic dynamics, looks at the economy as a whole. Topics include business cycles, economic growth, economic development, and dynamical economic science and policy. The book concludes with the author's reflections on the implications of complex dynamics for economic theory, quantitative research, and government policy.
The book is a comprehensive guide for the CEOs and the owners of organisations, both new and old and not so successful ones, to be successful and effective in their jobs. The topics, about a hundred, include motivation, organisation culture, driving growth, innovation and creativity, self-fulfilling prophecies,leadership ,operations management, six sigma, leadership, meetings, employee management, transactional analysis, competitive strategy.