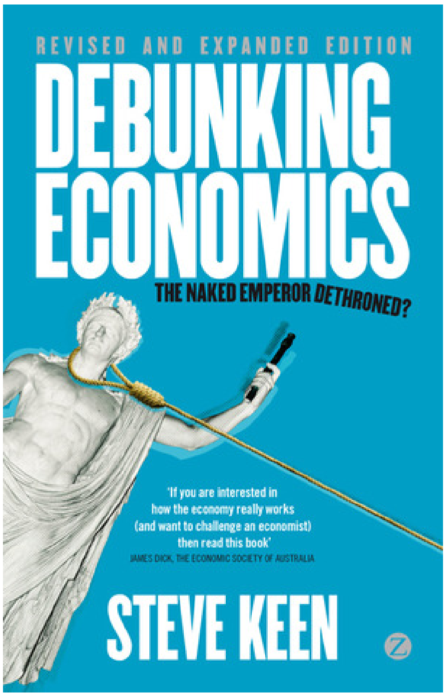

Debunking Economics - Revised and Expanded Edition: The Naked Emperor Dethroned?

Steve Keen

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Debunking Economics - Revised and Expanded Edition: The Naked Emperor Dethroned? Steve Keen *Debunking Economics (Revised and Expanded Edition)*, now including a downloadable supplement for courses, 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 Economics* was published 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 "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 expanded and updated new edition, Keen builds on his scathing critique of conventional economic theory while 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 (Revised and Expanded Edition)* provides a signpost to a better future.

Debunking Economics - Revised and Expanded Edition: The Naked Emperor Dethroned? Details

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From Reader Review Debunking Economics - Revised and Expanded Edition: The Naked Emperor Dethroned? for online ebook

Munthir Mahir says

First off I stopped reading past chapter 9. This book covers a subject that is huge (a whole social science field) and that is the problem. The book is one too many things; it talks to too many audiences about too many topics using too many tools. It reads like a textbook, scientific paper, dissertation and a non-fiction book all at once. It certainly requires great concentration to follow the ancillary comments and supplements. It is not organized in a manner that is easy to follow because of the way the author chose to structure his arguments and the methodology he employed. I felt at several points the author fell into the same mistakes he be littles his opponents for. Both sides of the battles still rely on theoretical concoctions that they both still can't reliably test empirically. The first 9 chapters should give any reader the jest of the contested economic topics, beyond that it starts to be philosophical, argumentative and opinionated.
This book could have been more accessible to more people if it was designed and structured in a manner that relates and compares the theoretical contests to everyday economic transactions; such as, a small business' demand and supply realities, tax and interest impacts on consumers and businesses, consumption behaviors, etc.

Petter Nordal says

Every adult living in a democracy should read this book.

The next time someone tells you that rewards for the rich are the way to fix the economy, ask them what the relationship is between private debt and the supply curve. If they cannot answer (they will likely tell you that private debt is not an important factor in a capitalist economy--insane as that sounds) then you can whip out some Keen and leave them backpedaling. Even if they do answer, you will be prepared to pummel their simplistic, static and imaginary-world arguments into the ground.

We constantly hear that the economic choices for our economies are lamentably going to result in some short term pain in order to provide long-term stability, and it is simply too bad that some people are going to get rich off these measures while ordinary people are going to face unemployment, poverty and uncertainty. It's just the way things have to be, we read. This book proves such neoclassical hogwash to be unscientific, illogical and completely at odds with reality.

Keen, though at times a challenge to follow, brings together different disciplines to critique the lunacy of neoliberal economics. He knows economics better than nonprofessionals, he knows economic history better than most historians. He knows, applies and explains advanced mathematics. He brings philosophy and history of ideas to bear on the problem. In short, he is able to look at economic processes as they actually happen in the real world, using the tools that educated people have available to us.

I read Marx in 1986 and, though I'm no Marxist, I've found that a Marxist economic analysis serves far better than the Wall Street Journal or Planet Money for explaining what is happening. This is the first book since I read Alexander Berkman in 1987 that has added to my understanding of Marx and given me better tools to analyze and understand economics.

Tadas Talaikis says

This is excellent read and hard work for the brain. Highly complex, it is hard to abstract into one sentence, but I think more appropriate would be following: "economics is complex dynamic system, so it is unwise to model it with oversimplified static models." (free quote)

"(...) Thus ‘labor-intensive’ industry III, with a labor-to-capital ratio of 2:3, earns the highest ‘value’ rate of profit of 40 percent, while ‘capital-intensive’ industry V, with a 1:20 ratio, makes a ‘value’ rate of profit of just 5 percent." [K. Marx]

(...) because the monetarist experiment in Great Britain wasn’t a controlled experiment, monetarist economists could refuse to accept that their theory had been falsified.

The same observation can be made about #Marxist economists, and their attitude toward the data on Marx’s theory that the rate of #profit would tend to fall, or the inevitability of #socialism, and so on. In other words, this isn’t just a disease of the political right, but an **endemic problem in economics**: without the ability to undertake controlled experiments, statements which could be falsified will be unfalsifiable in practice. Economists of all persuasions are therefore liable to hang on to beliefs that they argue are scientific, but which in the end are ideological."

"Physicists turn to economics and are horrified by neoclassical economics theory." (free quote)

Justin says

A manifestly important book. It's hard to capture the scope of Keen's work — his erudition of the real history of economic thought and demolition of the neoclassical house of cards is breathtaking, exciting, urgently necessary.

If, like me, you sat in undergrad economics classes thinking (or even saying) 'but... huh?' then it may just be that you were quite capable of understanding what was being presented, it simply made no sense.

Eagerly await his next book.

Whitaker says

Update (3 December 2011)

Steve Keen's done an excellent interview with BBC Hard Talk. Check it out on his author profile. In summary, he explains that the last 30 years of growth have been fueled by a credit bubble where banks basically went wild making money from lending. Where credit is used to fund speculation (i.e., making money from the increase of asset prices as opposed to funding new business ventures), it's a Ponzi scheme. We were assured by the economists it was all stable because the banks knew what they were doing and wouldn't do anything stupid. Hah! Don't we know now how untrue that was.

The only way to recovery is for the bad debt to be worked out of the system. This means either 20 years of destroyed lives waiting for the debt to be worked out that way or do an Argentina and just refuse to pay the banks who were responsible for this fucking mess in the first place. Then we need to rebuild the financial system to stop banks from doing it again.

Update (17 November 2011)

Keen has come up with the second edition of this book. He was interviewed for the blog, naked capitalism. Part I of the interview can be read here. I want to just bookmark that interview here, but if you're interested, here's a snippet that to me was priceless:

> "…science proceeds by the development of paradigms…followed by periods of volatility when the old paradigm strikes a series of anomalies it can't resolve, leading to a scientific revolution in which a new paradigm is formed that can account for the anomalies.
>
> But this process requires a degree of dispassionate separation between the empirical data and the theories.… But in economics, anomalies abound but simply aren't even acknowledged, so attempts to resolve them simply don't occur: the neoclassical paradigm just sails on oblivious to them.
>
> My favourite here is the conflict between the neoclassical theory of the firm, which requires rising marginal costs, and the more than a hundred studies that have contradicted this… Rather than confronting this 'anomaly', neoclassical economists continue teaching and building models that assume rising marginal costs, and in fact the most (in)famous paper in methodology—Friedman's 'assumptions don't matter' paper—was written specifically to advise economists NOT to even read the empirical literature."

Original Review

This one is for Trevor.

I don't think I can possibly cover this book adequately. Certainly I'm in no position to assess how valid his economics is. What I can say, however, is that he does explain clearly and logically why neo-classical economics is a complete bunk. He doesn't rely on anecdotes or nifty little stories; he relies on a solid analysis of its basic principles and theories. First he explains them and then goes on to show their internal contradictions and mathematical inaccuracies. Finally, he points us to actual published economic work written by real-life (or now dead) economists working out these concepts.

Wait! Maths you say? WTF? Sounds like a real snore fest. Well, yes, there's math. And, yes, math-phobes are gonna get a case of hives {*scratch scratch scratch* pass me more camomile lotion please}. But don't worry. You won't die. He keeps it to a minimum, and you can keep the damage to a minimum by just skimming it.

What Keen Does

This guy doesn't think small. He starts off by taking aim at the four pillars of neo-classical economics:

demand, supply, competition and wages. Then, after he's limbered up, he goes for the remaining tenets. I'll just lay out below how he deals with demand and supply because of the four pillars those were the bits I understood the most. All I can do, though, is provide a rough sketch and the arguments below are almost necessarily an unfair caricature of what he's written.

The demand curve and the principle of utility

We all know that little graph, you know, the one showing that as the price rises the demand for the goods fall (clearly whoever thought up of that one hasn't met the phenomenon of luxury goods where hiking up the price increases demand!). Well, linked to that is the principle of maximum utility: the idea that we maximise the utility we get out of our money by spending it on that combination of goods that gives us the most pleasure. Economists then go on from that to derive the principle that all of us doing that very thing in our own little way create a market-economy where we arrive at a set of goods and prices which on a collective level arrives at the maximum level of utility or goodness for the entire society. Keen shows why that is incorrect.

The bitty graph we see is for one set of goods. What if we start adding more? Then we get utility curves that show theoretically the maximum and most efficient combination of goods we'd buy for the prices they are sold for. All very well and good. But then you start multiplying people.

Keen highlights that the utility curve fails to take into account that different people derive different levels of utility (i.e., pleasure) from the same things and that you can't aggregate that pleasure in a mathematically meaningful way. In fact, a utility curve for a society will not be a smooth line but a jagged line that has no theorectical utility whatsoever.

To keep it smooth, economists have to assume the existence of goods that every consumer will want to buy and will continue to buy in numbers that take up the same proportion to his income regardless of what that income is. In real terms, if you drank a beer a day when you were a college student, you'd drink a hundred beers a day if you became an executive, and a thousand beers a day if you became a banker, and probably enough beer to sink a ship if you became an investment banker.

Even economists figured that real people might not behave that way, so they came up with a solution: the representative consumer. That's not a real person. That's an imaginary person. You know, imaginary, like leprechauns. Or kindly Randians. Of course, economists don't use that term. They say "Sonnershein-Mantel-Debreu conditions" and they use language like, "The necessary and sufficient condition quoted above is intuitively reasonable. It says, in effect, that an extra unit of purchasing power should be spent in the same way no matter to whom it is given".

The supply curve and supply-side economics

Well, the supply curve is the opposite of the demand curve: it shows a graph where as the price for a set of goods goes up, so does the number of goods produced. Sounds reasonable right? Put it another way. If Nike shoes cost $100 each when Nike makes 100 shoes, then they cost $1,000 when Nike makes 1,000 shoes. Wait, say that again?

This situation arises because economists believe that productivity falls incrementally for every extra unit of goods produced. So, it costs more to produce each extra pair of Nikes. Price is determined as cost plus a minimum amount extra. So, more Nikes sold mean more expensive Nikes. Okay, I think even a low-wage factory slave in India can see what's wrong with that. But if you just focus on the theory, doesn't it sound like it could be true?

He goes on to note how this critique was put together by Piero Saffra in 1926 who also noted that in an **industrialised** economy costs tend to remain constant within a normal range of output: you tend to get economies of scale as more goods are produced since it costs the same to run the machines to produce 100 goods as it does to produce 1,000 goods. (I've always wondered how neo-classical economics adapts to the non-tangible goods that make up a big part of the world economy. Stuff like music, for example, where the cost associated with producing a song is the same regardless of whether you sell one copy or whether you sell 1 million copies. I guess now I know. It doesn't.)

And Then What?

As I noted above, he goes on to competition and wages dealing with them in a similar way. In summary, he notes with regards to competition that big isn't necessarily bad (it gets you economies of scale) and with regards to wages that unions and minimum wage can be good things (for one thing, workers don't choose between work and leisure but between starving and living). He takes aim at other key aspects of neo-classical economics. He tells us why, for example, the assumptions used in neo-classical theory are not a source of strength but a fundamental weakness. And also why it's daft that economists ignore time. It's all solidly backed with graphs, tables and citations.

Trevor, what's in this for you? Well, I think you'll enjoy the chapter on wages. He also has a chapter on why neo-classical economists are so stubbornly wed to their theories--it's not a vast conspiracy, it's simply cognitive dissonance. And he gives an overview of the alternatives: a chapter on Marxist economics (he thinks it's equally flawed) and a chapter on the Austrian, post-Keynesian, Sraffian, complexity theory, and evolutionary varieties. He lays out their comparative flaws and strengths.

What I Liked

Keen, to give him credit, painstakingly explains the neo-classical position, explains the problems with it, explains the neo-classicist response, and then explains the problems with the response. I can't say he's even-handed, but he's not polemical. You do get to hear both sides from him, so from that perspective it's worthwhile reading the book.

Sometime in 2008, I was hoping that neo-classical economists were thoroughly discredited. Looking at where we stand now in 2011 where the bankers are getting obscenely rich again and people seem to have returned to their old habit of forgetting the crises of the past (witness the fad for austerity), and I find myself wholly depressed and disenchanted. It seems like nothing less than a complete melt-down of the global economic system will see their demise. In the meantime, we're just supposed to drink our tea *cough*Kool-aid*cough* and assume that everything will turn out all right.

Don't do it! Arm yourselves, not with Kalashnikovs but with information like this book. And come the revolution, it's not the lawyers we'll kill but the neo-classical economists.

Ryan Melena says

Debunking Economics offered an excellent and thorough dressing down of modern neoclassical economics.

The author does so using the very same tools and mathematics that neoclassical economists hold up as proof of the correctness of their theories. He shows that more so than a science, and despite its own claims to the contrary, modern neoclassical economics operates as an ideology (or even a religion) that refuses to acknowledge its own shortcomings and inconsistencies. In addition to his fierce condemnation of neoclassical economics and its many follies, Keen provides an exciting snapshot of the alternative economic schools of thought that are beginning to emerge and how each compares to the neoclassical mainstream.

Elinor Hurst says

This book was not an easy read, but it gets four stars from me as in many ways I found it an utter eye opener.

Steve Keen analyses and documents in methodical detail the flaws in neoclassical economics. While there are many other books that have done this before, his is the only one that I am aware of that takes the economic academic profession head on, and plays them at their own game. He exposes their flawed thinking and gross mathematical incompetence, which to anyone who has studied mathematics and science at tertiary level is deeply shocking. I would personally call it corruption, but Keen gives them the benefit of the doubt and prefers to put it down to ideological zeal and a closed shop academic culture. Certainly it is a brave book.

I am highly impressed with Keen's trail blazing work in bringing the science of complexity into economic modelling, and his efforts to bring monetary factors into those models. It is absolutely appalling that mainstream economists so resolutely ignore the impact of money and debt in their economic theories. Apparently Keen is planning to write another book on Finance and Economic Breakdown, which I greatly look forward to reading. "Debunking Economics" makes it clear that it is private debt and uncontrolled financial speculation that causes financial crises, not government spending. In fact, governments have a role to play in regulating finance and ameliorating economic crises by appropriate spending and intervention. The Rudd government interventions to address the GFC come out much better in this analysis than the US "quantitative easing" of gifts to the banks.

To me it is blindingly obvious that an economy needs to be modelled as a complex, non-equilibrium system: there are too many variables at play and feedback loops. Physicists, biologists and other scientists have been aware of the difficulties of modelling these types of nonlinear systems for decades, or more. So why has economics, the so-called "dismal science", been protected - or blind - to these insights? Can it not be that there are class interests involved? Keen tiptoes around this issue somewhat, but this is understandable considering his desire for academic credibility. He is passionate about doing justice to a "real" economics, but careful to avoid potential claims of bias or polemic in his writing.

Keynes' reputation has been resurrected by this book as well. I was very interested to read of the way this great economist's ideas had been distorted and misrepresented to suit a neoclassical economst's view of the world.

As a non-economist myself who is nevertheless mathematically literate, I would have appreciated equations and diagrams being fully included in the book. It suffered from a lack of clarity as a result, and while I read every word of the book, I had to skim over some parts without a full understanding. I did check the web links provided, but the PDF with the diagrams was not clearly linked to the book's sections, and the debunking economics website was a subscription website with rather unaffordable rates.

Overall, highly recommended to anyone wanting to better understand the economic forces at play in the world today. Be prepared for some intellectual work though. It took me quite a few weeks to get through this book, and at times it gave me a headache, but I'm really glad I made the effort.

Miguel Buddle says

Fascinating book. It would have helped to have more of a grounding in economics at even the undergrad level, but slow consumption and re-reading make this possible because of Keen's clear language. My basic takeaway is that all of those things that seem a bit ridiculous about economics (perfectly rational consumers, assumed equilibrium) are actually, provably ridiculous. The why and how was definitely the interesting part here.

Hadrian says

This deserves a longer and more in-depth review than I can provide right now (or perhaps ever). Safe to say that Keen is vicious in his aim to dethrone neoclassical economics - anything they produce is either nonsensical, absurd, or that the author should be institutionalized (his words). His reasoning is equally savage, however, and that is where this book should be studied.

More comments should follow after I finish up a few projects elsewhere and complete J R.

Samson says

I have to confess that I glaze over parts of the book because the material is just over my head. Not having taken even basic Economics 101 courses, things like demand curves, supply curves, indifference curves etc., are a bit hard to grasp, though I feel that the author has tried hard to explain them for laymen like myself.
Having said that, I still got some good insights from the author's narrative:
1) Some fundamental assumptions that neoclassicals made on which their theories are built upon do sound too naive, simplistic and far away from reality.
2) The fact that neoclassicals view the economy as essentially in equilibrium does sound incredible.
3) There could be various reasons leading to Economics' current sorry state, both practical and political. And both , IMHO, are due to timing. Neoclassical economics penetrated mainstream in the 50's and 60's. At that time, computing power did not allow complex models, which real-life economics actually needed. Also, that time period saw the height of the cold war. It was politically and ideologically unacceptable, as much as it is now, in the West to admit that the Capitalist system is inherently unstable (especially when it came from Karl Marx!)
Thanks to this book, I can now kind of explain why every time I hear some mainstream economist or central banker speaks (e.g. Kuroda from BOJ), I couldn't help but wonder whether they actually live in the real world?! Now I know that they actually live in their own neoclassical, over-simplistic and wrong economical models!
I shall refrain from rating this book since I am in no position to critique its claims. However, I do recommend that freshman/sophomore economic students to read it and get a different perspective, before getting indoctrinated by neoclassical teachings.

Karl H. says

Debunking Economics is a non-Marxist, non-neoclassical portrait of the field of economics. It attempts to explain why economics is a field filled with unproven and erroneous assumptions. While his prediction of the present economic crisis is impressive, I feel the rest of the work is merely okay.

The style of Debunking Economics alternates in feel between an off-handed chumminess and the dryness of an economic textbook. The introductions and conclusions are too familiar in tone to feel impartial. (At one point, he exhorts us to pour a cup of coffee, because the next chapter will be boring. None of the other chapters were any less or more boring though.) The actual meat of the arguments is fairly technical. It is an attempt to explain the internal flaws in neoclassical economics that in its own words "doesn't use math." By that Keen means he doesn't use mathematical variables. There are still tons of graphs, charts, jargon, technical arguments, and, yes, equations. They are phrased in word format, which if anything is even more confusing and tedious than reading a bunch of variables. Would you rather read "Change in profit equals change in profit due to change in time multiplied by the change in time plus change in profit due to change in quantity multiplied by the change in quantity" spread out over five lines, or a simple one line equation? I wish Keen had just dispensed with the pretense that he's not being mathematical. It's difficult writing a mathematical critique of a mathematical subject without using math, I know, so why make promises you can't keep?

Well enough quibbling about style, what did I think of the author's arguments? I guess they seemed plausible where I understood them but not everything was completely persuasive. For example, the very first chapter tries to undermine the collective macroeconomic notion of demand on the basis that neoclassical economics treats all consumers as having the same tastes when clearly they don't. Okay, makes sense. But I don't understand why the "representative agent" argument, which argues that we're talking about aggregating not real people but the average tastes of the average consumer, is so wildly implausible it can just be dismissed out of hand. The average household with 2.7 children doesn't really exist in reality either, but that doesn't mean it's not a useful concept. Another critique argues that neoclassical models of supply have marginal costs increasing as more and more units are produced. Keen argues that in fact, marginal costs remain constant or decrease past a certain point, and assuming you could sell widgets at a constant price, you would produce an infinite number of them. Therefore production is only limited by marketing. But wait, don't the costs of inputs have to increase? After all, at some point you must buy a limited resource that simply exists (land, raw resources, etc.) and is not produced by anyone. Each new widget you produce must have these inputs and therefore each new widget made increases the demand for these inputs and consequently the price.

I can't say that Debunking Economics is completely successful in its aims. I don't think it succeeds in being quite fish or fowl- not quite easy enough to be a layman's critique, not quite technical enough to be a textbook. In addition, I found many of its arguments to be not quite as clear cut as the author presents them. Still, if you're not much of a fan of the orthodoxy of free market champions or the radicalism of Marxists, there is a third party option, and Debunking Economics presents it.

Gregg Wingo says

This book is a fantastic critique of the neoclassical synthesis and an exploration into the world of heterodox economics. Keen bravely attacks static economics at its mathematical roots and assumptions, revives Marx' theory of value and crowns him the greatest of Classical economists, defends Keynes against his opponents and heirs, and introduces the elegance and irrationality of dynamic analysis into the inherent instability of the market.

The author succeeds in trashing the NeoLiberal argument of supremacy of free markets by discrediting the equilibrium assumption of Walrasian markets and other restrictions of the Sonnenschein-Mantel-Debreu conditions. Keen's basic position is a Marx-Keynes-Schumpeter-Sraffa-Minsky synthesis that firmly holds that markets are inherently unstable due to the complex nature of the dynamics of capitalists and financial capital. While exploding Marx' labor theory of value, Steve Keen lauds Marx' theory of value and his dynamic perspective on the nature of economics. He integrates this dynamism into the creative nature of Schumpeter's entrepreneurs and the speculation of financial markets so that the nature of the business cycle becomes clearly not balanced to any stable point derived from Minsky's legacy.

Having read both the first and second edition I would strongly recommend referencing the graphics from the first edition (and now available online) in order to provide a nonnarrative basis for analyzing Keen's work. This is a book that any serious student of economics and the Great Recession needs to read immediately.

Muhammad al-Khwarizmi says

Keen is brilliant but there are two problems with this book on my end: it assumes too little mathematical knowledge at the same time as it assumes too much knowledge of the neoclassical theory he is rebutting in general.

The result is often a confusing, hard and overly verbose slog. As much as I don't like pages and pages of equations like you see in some texts, I see what he's doing sometimes and wish he would just fill it in in a box set apart from the rest of the material. He has supplemental data on his website but that doesn't fix everything.

I wish Keen were more accessible in the regards I mentioned; I have called it quits about midway through.

Grig O' says

5 stars for content, 3 stars for presentation.

While Keen's intent to present complex facets of economics in layman terms is certainly laudable, his efforts to bypass mathematical formulas at all costs by use of textual, tabular and graphic illustration (even if that occasionally means spelling out formulas in sentence form) sometimes go too far.

There's quite a bit of redundancy between chapters, as well as less-than-perfect mixes of the first (2001) edition and the revised (2011, post-crash) one. Considering the massive scope of this book (covering pretty much all aspects of economics except world trade) it's inevitable that some parts become somewhat of a trudge.

On the bright side, there are many enlightening passages and interesting anecdotes I had no idea about. Keen points out moments in history where ideology influenced political economy, both to the right (did you know Keynes included Marx's M-C-M' circuit in an early draft of his General Theory, even though publicly he denied having read Marx) and to the left (Marx's early draft of Capital where he considers machinery as a source of value - which would have annulled the inevitability of socialism).

This is a book of Big Ideas that need urgent consideration - whether you decide to read the book, or follow Keen's online/media presence, or read a summary (maybe start here: http://unlearningeconomics.wordpress....), you should definitely get to know them if you have an interest in economics or social dynamics.

Finally, here's my favourite quote - Keynes' take on politicians from his General Theory book:

'Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back'
BOOM.

Sean Fernyhough says

"Thirty years ago I experienced a highly conventional education in Economics. I always had an immense difficulty in reconciling the irreconcible; the economics inside the lecture theatre and the seminar room with that in the outside world. Without the internet and books like Debunking Economics it would have taken extraordinary luck and perseverance to find the literature I needed to counteract the wrongheadedness of what I was being taught. I can even recall one of our lecturers saying that it was part of our role as Economics students to defend Neoclassical Economics.

What Professor Keen'€™s book demonstrates is that these nuggets were out there at the time, but that the teaching of Economics conspired against these being discovered. Keen'€™s description of Economics teaching today makes very familiar reading; things do not seem to have moved on that much at all. Indeed, just last week I checked out the Economics section for undergraduate textbooks and much of what was presented was eerily familiar.

So, despite the internet and the present economic crisis Economics undergraduates are likely to find themselves in the same predicament as my younger self. If that is the case, then my advice is quite simple: buy, read, re-read and absorb Debunking Economics. Counter the nonsense you are being taught at every level and tool yourself up for building a new academic subject.

Read this book and understand that Neoclassical Economics has never been able to successfully aggregate the behaviour of individuals, either as consumers or producers, to the level of a single market let alone a whole economy. Read and understand that markets have â€œemergent qualitiesâ€•, i.e. that they are greater than the sum of their parts. Read and understand that a market or an economy is in a constant state of dynamic equilibrium where decisions are made in conditions of uncertainty about the future values of important economic variables. Read and understand that this type of economy cannot be analysed using an equilibrium analysis.

Debunking Economics points the Economics student to the way to counteract Milton Friedman'€™s "€œthe realism of assumptions doesn'€™t matter"€• dictum that can really cause problems for critical thinking; accept it and an effective critique of Neoclassical Economics becomes much more difficult.

The book also shares details of Professor Keen's own research programme in the area of Macroeconomics, with the promise that a further book, to be published in 2013, will develop the ideas.

This positive contribution to Economics is there to be taken seriously. The presentation here is quite accessible to the interested non-specialist reader - in fact this has been a central shaping of the book throughout. It is a launch pad, should the reader wish to take the journey, to a greater understanding of the world around us. "
