THE PUZZLE OF MODERN ECONOMICS

Is economics the key to everything or does the recent financial crisis show that it has failed? This book provides an assessment of modern economics that cuts through the confusion and controversy over this question. Case studies of the creation of new markets, the Russian transition to capitalism, globalization, and money and finance establish that economics has been very successful where problems have been well defined and where the world can be changed to fit the theory, but that it has been less successful in tackling bigger problems. The book then offers a historical perspective on how, since the Second World War, economists have tried to make their subject scientific. It explores the evolving relationship between science and ideology and investigates the place of heterodoxy and dissent within the discipline. It is argued that, though there are problems with the discipline, economics is needed to combat the myths that abound concerning economic problems.

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The Puzzle of Modern Economics

Science or Ideology?

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Acknowledgements

Writing this book has taken a long time. The original idea was for a book that used an account of the recent history of economics (since the Second World War) to shed light on the current state of the discipline. My hope was that I could prepare a book fairly quickly by drawing on work that I have been doing on this subject over the past decade. However, though a draft was assembled very quickly, it was unsatisfactory, and work stalled partly because of other projects but mainly because I could not get the various pieces to fit together as I had hoped. Many drafts later, this is the result, with many of the original chapters cut away and replaced with new ones, leaving a book that is as much methodological as historical.

Though my hope is that the book will contribute to debates within the economics profession, and though I can see many ideas in the economic methodology literature lying behind remarks I make, I decided that the main ideas could and therefore should (an unconventional view) be presented in such a way as to be accessible to non-economists or, should that prove overoptimistic, to those who studied ‘Economics 101’ in the distant past. I therefore ask my economist colleagues to be patient when I explain material that they will find very elementary. At the same time, non-economists will encounter abstract material, and I ask such readers to try to see the picture that lies behind any difficult theoretical ideas.

I have accumulated many debts in the course of the work that led to this book. Amongst those whose work framed my way of thinking about these problems, I would pick out the late Bob Coats, without whose encouragement and persuasion, I might never have started to think...
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R. E. B.

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