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978-1-107-11772-3 - Macroeconomic Paradigms and Economic Policy: From the Great Depression to the Great Recession

Nicola Acocella, Giovanni Di Bartolomeo and Andrew Hughes Hallett

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## MACROECONOMIC PARADIGMS AND ECONOMIC POLICY

The current financial crisis has demonstrated the dangers of ignoring the factors that led to previous crises, and the effectiveness of the policies designed to deal with them. Over time, these macroeconomic policies have evolved, oscillating between state intervention and a free-market approach. Following a story that runs from the pre-Great Depression era up until the Financial Crisis of 2007–2011, this book reveals an intimate connection between new macroeconomic ideas and policies and the events in the economy that inspired them. It does so in an accessible, easy-to-follow style, first by focusing on the developments of economic theories and policies, and then by concentrating on the design of domestic and international institutions and economic governance. Written by three leading experts on the history of economic policy, the book is ideal for graduates and undergraduates studying macroeconomics, monetary policy and the history of economic thought.

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# MACROECONOMIC PARADIGMS AND ECONOMIC POLICY

From the Great Depression to the Great Recession

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“To Matteo, my grandson, hoping that he will share his lamp with Daniel,  
who has to read under a public lamp.”

*(Nicola Acocella)*

“For Claudia, for her support and work as editor-of-last-resort.”

*(Andrew Hughes Hallett)*

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## Preface

Our understanding of the macroeconomic policy debates and institutions designed to achieve desirable economic, political, or social goals has changed a great deal over time, oscillating between state interventions and a free-market approach. This book focuses on the tension between these two positions, a tension that is driven by conflicts between the desired goals of economic policy and what is feasible.

The book gives a novel and rather unconventional account of this evolution and where it is leading. It presents the policies and underlying theories in an informal way, so that the reader can easily grasp the main story line, the implications, and reasoning behind the different policy designs.

Apart from Chapter 1, which is introductory, the book is organized in two parts. The first focuses on the developments of economic theories and policies and includes Chapters 2–6. The second part – Chapters 7–13 – concentrates on the design of domestic and international institutions and economic governance. A final chapter concludes and traces some possible scenarios on the future evolution of economic policies.

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