ANIMAL SPIRITS: HOW HUMAN PSYCHOLOGY DRIVES THE ECONOMY, AND WHY IT MATTERS FOR GLOBAL CAPITALISM, George A. Akerlof and Robert J. Shiller, Princeton University Press, 2009.

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The recent financial crisis, turned into economic debacle, has taught us one thing: the interdependence of our economic systems can wind up or down our welfare. Some authors see in the current turmoil issues relating to the disrespect of market rules. If Fannie Mae and other U.S. financial institutions did not give any possibility to 'loose' the relationship between owning a financial asset, with its corollary risks and rewards, and buying it, there would have been no stock exchange bubble. If the Fed did not implement a so-called loose monetary policy, the bubble would not have gotten so big. If central banks were not given the role of 'lenders of last resort', the bubble would have been absorbed faster. Potentially, the system has defaulted and there is need for government intervention to restore the fundamentals of the financial markets and of the bank system. This conclusion is also the one of the book currently reviewed, but somehow the authors Akerlof and Shiller mention other arguments.

Other authors transcend the technicalities of worldwide economic and financial interdependency and opt for a less 'orthodox' explanation. In some occasions, the latter refers to the unlimited level of satiety of financial intermediaries, or greediness in human nature, which would appeal to ethical issues. Akerlof and Shiller elaborate on the topic on a similar fashion except that greed translates into confidence in expected behaviour of the group. So the subject to be explained is the same but the unit of analysis is now economic operators and the field of analysis is 'behavioural macroeconomics', even though the authors claim to be Post Keynesians. They do indeed give numerous examples throughout the book, of the contemporary relevance of Keynesian concepts such as money illusion (Chapter 4), animal spirits, involuntary unemployment (Chapters 8 and 9), etc. Dwelling from psychology and macroeconomics, the thesis of the authors of *Animal Spirits* cannot go unnoticed. Be it for the complexity of the mechanisms involved in microeconomic decisions making or for the consequences of the latter on macroeconomic activities, the analysis remains very accurate so far. A recent article in the *American Scientific* elaborates on the benefits of neuro-economics, to be understood as the alliance of neurology and economics. The fluctuations of the human brain following emotional changes match the fluctuations in the degree of their rationality when making economic decisions.

Nevertheless, the book has been accused of lacking formal propositions of the axioms emitted. However, it has opened a door to complex explanations of what was thought for a long time to be a simple real estate bubble. The inclusion of behavioural sciences in economic analysis is one such approach that increases the level of complexity. There is a need for including 'cultural changes' in the field of economics (p. 39).

Nevertheless, the expression of 'animal spirits' is not explained any further as it would be expected by Post Keynesians, but examples of their consequences on macroeconomic phenomena are largely developed. The merge between theoretical and empirical economics is still to be refined. “Culture changes over time to facilitate or to hinder aggressively competitive and predatory activities. Because these cultural changes are difficult to quantify, and fall outside the field of economics, they are rarely connected by economists to economic fluctuations. They should be” (p. 39).

Instead the authors seem to describe what Katzner (2008), another economist who favours non-economic concepts, calls in his recently published book, *Culture and Economic Explanation: Economics in the US and Japan*, the ability of Americans to believe in their system. Except that he extensively develops utility models integrating those concepts. One can finally choose between the normative or positive, the short or long run economics. Science is after all there to make an informed decision happen.

References

Katzner, Donald W. *Culture and Economic Explanation: Economics in the US and Japan;* Routledge, 2008.