

Akerlof, George A. Animal spirits: how human psychology drives the economy, and why it matters for global capitalism, by George A. Akerlof and Robert J. Shiller. Princeton, 2009. 230p bibl index afp ISBN 9780691142333, \$24.95

Behavioral economics--the intersection of psychology and economics, and a frontier research field for those two disciplines--introduces human frailties and proclivities (such as inconsistency and feelings about fairness) to microeconomic decision making. In *Animal Spirits*, a term borrowed from the writings of John Maynard Keynes, Akerlof (Univ. of California, Berkeley) and Shiller (Yale Univ.), well-known and respected economists, apply behavioral economics to macroeconomic problems such as business cycles, recessions, and instabilities in financial markets. The chapters in part one treat concepts such as confidence, fairness, and money illusion; part two presents eight questions--and the authors' answers. Far too often they use straw men to create Hatfield-and-McCoy-type duels between classical economics and the newer behavioral forays. But the book is obviously a timely, valuable complement to the more traditional approaches to macroeconomic thought and teaching. Forty pages of footnotes and references in a volume of only 180 pages of prose will dampen interest among intelligent lay readers; however, the book's target audience is academics. Chapter 13 on the special case of African American poverty is a superficial and likely erroneous sop to their political leanings and should have been omitted. See related, *Behavioral Economics and Its Applications* (CH, Sep'07, 45-0372). Summing Up: Recommended. General readers, upper-division undergraduates, and above. -- A. R. Sanderson, University of Chicago