

What is 'Animal spirits' in Economics

This is a term that refers to the emotions and instincts that guide the behaviour of investors and consumers in a market economy. It was coined by British economist John Maynard Keynes in his 1936 book *The General Theory of Employment, Interest, and Money*, to explain the persistence of economic fluctuations under capitalism. Keynes argued that investment and consumption are often based on how people feel about the overall economy rather than on unbiased, rational analysis of facts. Critics have argued that while people are not perfectly rational, they are not completely guided by emotions either; hence, animal spirits cannot sufficiently explain economic cycles.

The new U.S. Fed Chairman is unlikely to opt for policies that might upset the President's plan

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