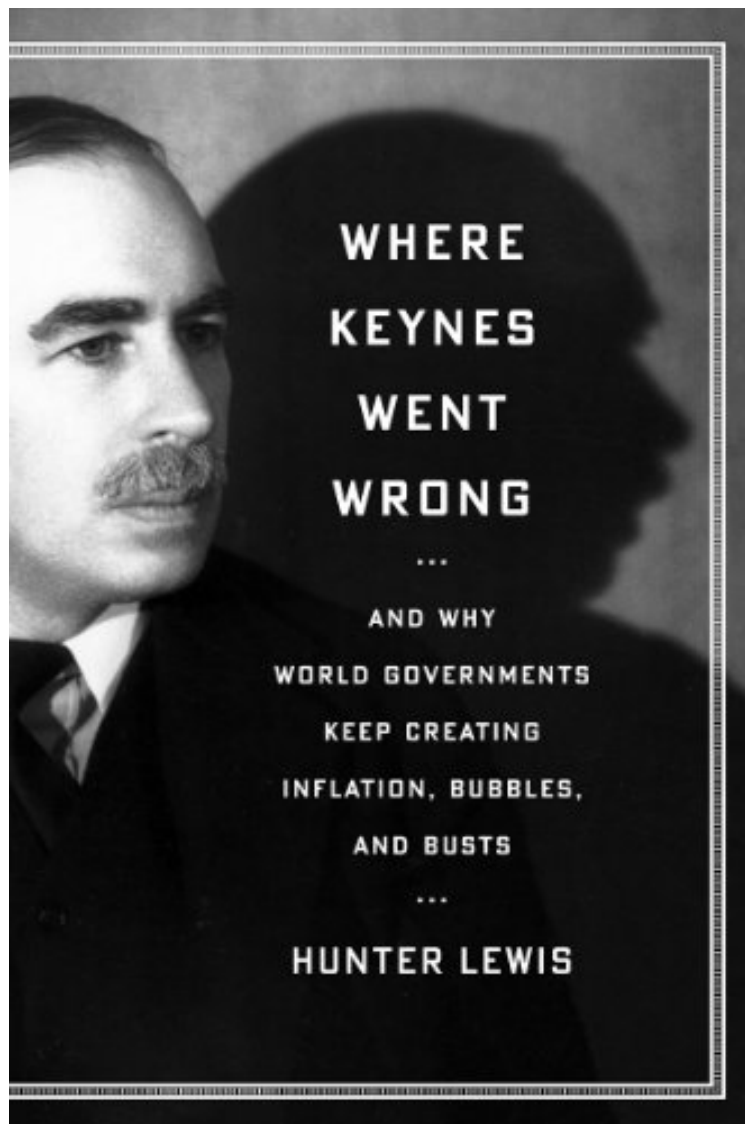


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## Where Keynes Went Wrong: And Why World Governments Keep Creating Inflation, Bubbles, and Busts

*Hunter Lewis*

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**Hunter Lewis : Where Keynes Went Wrong: And Why World Governments Keep Creating Inflation, Bubbles, and Busts** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Where Keynes Went Wrong: And Why World Governments Keep Creating Inflation, Bubbles, and Busts:

4 of 4 people found the following review helpful. Self Required Reading for the Informed Electorate By Gravity's Gone This is an excellent book for those interested in macroeconomics, markets, politics, business, and the overall

philosophies that interconnect them all. In other words, if you were interested enough to look at the reviews, then purchase the book. Hunter Lewis has done a masterful job of compiling information that all elected officials should be required to read, and information that would dramatically change politics around the world if voting citizens of the United States understood. The author's point - counterpoint style of refuting Keynes' "General Theory..." (and the policies that have evolved around his name) is somewhat duplicative throughout the book, and does detract from the general flow of the book; but it does accomplish the author's secondary goal of examining Keynesian theories in a logical manner. Hunter Lewis not only explains the risks Keynesian policies pose to economies, but also points that the effect of Keynesian policy (and the Government sponsored enterprises it creates) are even more dangerous for maintaining our democratic republic and liberty.

0 of 0 people found the following review helpful. Someone who GETS it. By Silverthumb

The author does an outstanding job of thoroughly discrediting John Maynard Keynes and uses the information presented to explain the current state of the economy and how Keynesian thinking and policies are what got us into this mess. If the government truly wanted to follow Keynes, as some of them mistakenly think they are, they would reverse the money flow from the Fed into the market. The original idea Keynes had was for deficit spending to "get the economy going", but in better economic times the governments were supposed to pull the money back out of the system. In the end, it doesn't really make a difference if they truly followed Keynes, the policies just don't work. Very readable, interesting, extremely relevant and useful.

12 of 13 people found the following review helpful. A well organized book ... Point ... Counterpoint ... By Larry R Frank Sr, MBA, CFPLewis' work is easy to read and follow. Well organized into "five parts" (actually a Part Six is called "Envoi") which are aligned in the Contents section which shows visually how Lewis has arranged the chapters between Parts Two and Three; the sections of his work where Lewis contrasts what Keynes said and where he is off. The Endnotes section is also important to understanding Lewis' points since this is where he goes into more detail of certain topics (indicated by superscript letters). Reading these endnotes as they occur brings further insight into Lewis' narrative.

Most works take up one side or the other on economic philosophy. There is more written about Keynes or interpretations of Keynes. There are fewer books about what alternatives may be available to these policies. This is one of the few books, if any, written that compares point by point the differences between what Keynes wrote and counterpoints to his thoughts. As with Marx, who left an explanation of how socialism would work to those who followed, Keynes left much of just how his theories would work to those who followed. Even Keynes himself wasn't a complete Keynesian (as we know it today)! With this in mind, those who interpreted Keynes acting under what they thought where his percepts may not have produced the results Keynes would have desired.

What we do need to understand are the points and counterpoints of the arguments, made by the press, media, and some government officials. This is a good book to read. Especially for those who don't have much say about monetary or fiscal policy; but we have much at stake as participants in the economy that our elected officials (economists who influence them too) are arguing for or against.

Found within the pages: The interplay, often complex with unintended consequences between- interest rates- inflation- taxes- adding money to the economy (or taking it away) and why this increases prices- Banks and money supply- Consumption versus production- Deflation and inflation- Animal Spirits and Investor Expectations... and much, much more ...

An explanation as to why the U.S. health care system has rising costs (supply limited by government interventions, while demand is encouraged through other government policies). Similarly, the U.S. higher education system's rising prices is a result of stimulating demand through loan and grant subsidies while the supply of higher education is relatively fixed (demand growing faster than supply).

He mentions the "paradox of thrift" - where it is virtuous for someone to be thrifty and save, however this is destructive for society as a whole when everyone is saving and not spending (what happens during economic busts). The point is mentioned where there will always be a bottom decile of poor (a utopia is unrealistic); however, those within this decile are constantly changing so the poor are not the same people over time. In other words, there is a distinction between a statistical category of people, and flesh and blood human beings. The first remains fixed by definition, the later does not as some people outgrow the category's definition and others enter it over time.

Chapter 14 ties Lewis thoughts together with three industry's case studies, housing, drugs companies, and auto, surrounding the mid 2000's bubble and bust to show the impact of a "truly [a] Keynesian world, although not, one thinks, what Keynes himself expected from greater government control of the economy."

Of particular interest is Lewis' discussion in Chapter 16 on policy errors that keep wages, or other business expenses, higher than they would be if both prices and wages fall together (recession). Of note is this same tendency today to keep wages up in addition to adding other business costs such as health care while economy-wide prices fall. Result: stubborn and persistent unemployment since businesses don't have the profits to keep workers let alone hire additional ones.

What the subtitle should really say: What he said and didn't say, but many think he did (not a critique, but a statement as to what the book discusses).

Other works valuable works for a better understanding of the various issues: The Great Inflation and Its Aftermath: The Past and Future of American Affluence by Robert J. Samuelson The Ascent of Money: A Financial History of the World by Niall Ferguson Money: Whence It Came, Where It Went by John Kenneth Galbraith Origin of Wealth: Evolution, Complexity, and the Radical Remaking of Economics by Eric D. Beinhocker

For a read about perhaps why crisis can be cleansing ... and to a point Lewis makes, that some unemployment and non-home ownership is good - this allows the economy to progress, rather than get mired down and not be able to change. He also discusses

how busts are needed for the cleansing function and to redirect investment toward future growth. Pop! Why Bubbles Are Great For The Economy by Daniel Gross Wealth Odyssey: The Essential Road Map For Your Financial Journey Where Is It You Are Really Trying To Go With Money?