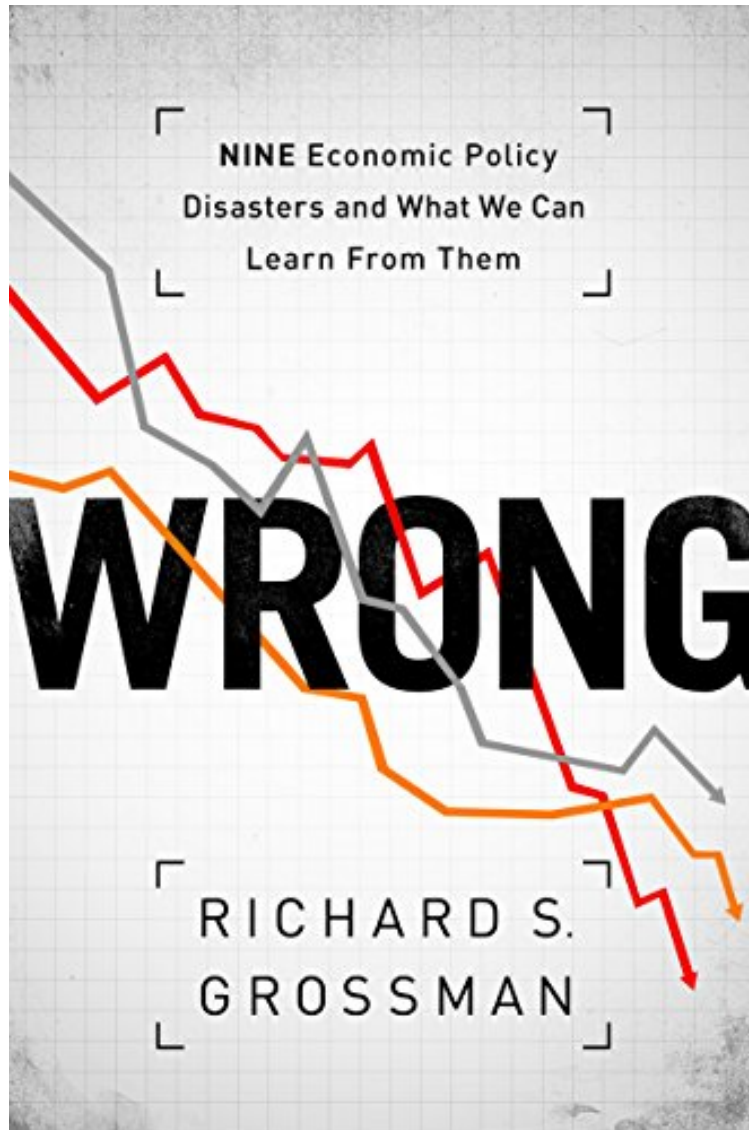


(Free pdf) WRONG: Nine Economic Policy Disasters and What We Can Learn from Them

WRONG: Nine Economic Policy Disasters and What We Can Learn from Them

Richard S. Grossman

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Richard S. Grossman : WRONG: Nine Economic Policy Disasters and What We Can Learn from Them before purchasing it in order to gauge whether or not it would be worth my time, and all praised WRONG: Nine Economic Policy Disasters and What We Can Learn from Them:

14 of 15 people found the following review helpful. Wonderful overview of important episodes in economic history By Timothy Guinnane This is a clear, serious, but user-friendly overview of some great economic policy disasters, written by a leading economic historian. Grossman's Wrong will interest anyone wanting to learn more about why the Irish

starved, or why the Allies thought they could make the Germans pay (and seven other sad but important episodes). It will do well as a companion text in economics courses, and is an ideal gift for anyone interested in business and economics. Timothy W. Guinnane, Professor of Economics, Yale University

0 of 0 people found the following review helpful. Thoughtful review of economic policy mistakes, with one misstep. By Gerry Conway. The author presents nine mostly familiar historical economic policy mistakes (the failure to recharter the Second Bank of the United States, the return to the gold standard after WWI, the Irish Famine, the subprime crisis) but surprisingly, for one of the "wrong policies" -- the Smoot-Hawley Tariff that economists used to blame for deepening the Great Depression -- he makes a poor case that it was, in fact, wrong. In his summary of the Tariff (which admittedly led to a "Tariff war" in the early-30s) the author admits that subsequent economic research revealed that the tariff's effects were "negligible" and may even have been beneficial. He then asserts, however, that the Tariff policy was "wrong," and the subsequent drive to "free trade" after WWII was the result of a policy mistake being corrected. He offers no evidence other than assertion and conventional economic wisdom in support of free trade policies, leaving this reader to question whether his description of Smoot-Hawley isn't an example of the kind of ideologically based policy prescription he decries elsewhere.

0 of 0 people found the following review helpful. Good Book, but poorly proofed by the publisher. By J MARK DEATON. I am enjoying the book but am distressed by the proofing of the manuscript. I have noted multiple stray words (example: rather than determine "the a" defined amount of German war reparations...). This happens repeatedly in the Kindle edition. Shortly after one such error in the war reparations chapter, I found where the word "form" was used when the proper word is "from". Again, this happens repeatedly. There are missing verbs and introductory participles (e.g., a, the, an...). I am frankly shocked by the number of errors in only the first six chapters. I would send the book to my father, but the typos seem to discredit the scholarship. I hope this is only a problem in the Kindle edition, if it went to press this way, there will be no correcting those books.

In recent years, the world has been rocked by major economic crises, most notably the devastating collapse of Lehman Brothers, the largest bankruptcy in American history, which triggered the breathtakingly destructive sub-prime disaster. What sparks these vast economic calamities? Why do our economic policy makers fail to protect us from such upheavals? In *Wrong*, economist Richard Grossman addresses such questions, shining a light on the poor thinking behind nine of the worst economic policy mistakes of the past 200 years, missteps whose outcomes ranged from appalling to tragic. Grossman tells the story behind each misconceived economic move, explaining why the policy was adopted, how it was implemented, and its short- and long-term consequences. In each case, he shows that the main culprits were policy makers who were guided by ideology rather than economics. For instance, *Wrong* looks at how America's unfounded fear of a centralized monetary authority caused them to reject two central banks, condemning the nation to wave after wave of financial panics. He describes how Britain's blind commitment to free markets, rather than to assisting the starving in Ireland, led to one of the nineteenth century's worst humanitarian tragedies- the Irish famine. And he shows how Britain's reestablishment of the gold standard after World War I, fuelled largely by a desire to recapture its pre-war dominance, helped to turn what would otherwise have been a normal recession into the Great Depression. Grossman also explores the Smoot-Hawley Tariff of 1930, Japan's lost decade of the 1990s, the American subprime crisis, and the present European sovereign debt crisis. Economic policy should be based on cold, hard economic analysis, Grossman concludes, not on an unquestioning commitment to a particular ideology. *Wrong* shows what happens when this sensible advice is ignored.

.com Seven surprising facts from *WRONG: Nine Economic Policy Disasters and What We Can Learn from Them* 1. The American Revolution was fomented by Britain's insistence that Americans should provide the mother country with raw materials at a reasonable price and buy finished products in return. This led to a somewhat bizarre situation in which an American who wanted to wear a hat made of an American beaver pelt could only buy it after the pelt had been shipped to England, turned into a hat, and shipped back to America to be sold. 2. In the 1600s, Sweden managed to have a coin weighing 43 pounds, causing many large scale transactions to be impossible without a cart and horse. Shortly after this mistake, Sweden switched to paper money. 3. The Federal Reserve System is one of the world's most powerful and well-regarded central banks. It was not, however, America's first central bank--or even its second. America had established not one, but two central banks 200 years ago--and dismantled them both before the Federal Reserve was formed. 4. In the 1990s Japan suffered from a financial crisis and deep economic recession. The severity of this "lost decade" can be traced to the authorities' decision to hide the country's economic problems for as long as possible. This was accomplished by propping up failing banks, in hopes that they would return to profitability when the economy picked up, rather than closing them. 5. Why did Europe switch to the disastrous Euro as a unified form of currency? Consider the following: During the pre-euro era, if a tourist had started in one of the 12 countries that adopted the euro in 2002 with 100 German marks and then traveled to each of the 11 other eurozone countries doing nothing in each except exchange money into the local currency at each stop, and was charged a standard 3 percent per conversion, he or she would have spent about 28.5 percent of the original sum on commissions alone. 6. The German hyperinflation during the early 1920s was one of the

most severe on record. The severity of the hyperinflation led Germans to burn banknotes to generate heat and use them as wallpaper. According to one story, a suitcase filled with money was left by its owner on the sidewalk while he went into a store; when the owner returned to retrieve the suitcase, he discovered that a thief had emptied out the money and stolen the now much lighter suitcase. 7. Shortly before Britain's announcement of the return to the gold standard in 1925, Winston Churchill hosted a small dinner party with both supporters and opponents of the return to gold. According to the only surviving record of that evening, John Maynard Keynes --one of the era's most articulate opponents of the gold standard--was not particularly persuasive that evening, and in the following days Britain switched to the gold standard which ultimately contributed to the severity of the Great Depression. Could Keynes' "off night" have brought about one of the worst economic disasters the industrialized world has ever known?