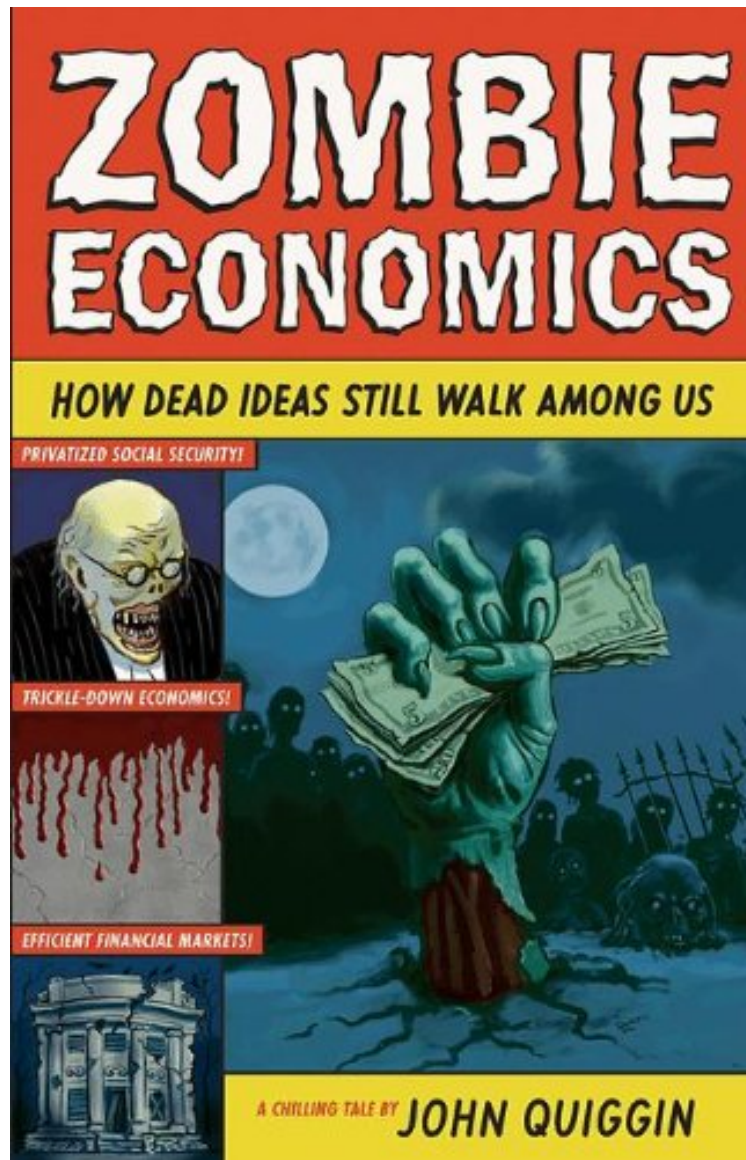


[Download free ebook] *Zombie Economics: How Dead Ideas Still Walk among Us*

## **Zombie Economics: How Dead Ideas Still Walk among Us**

*John Quiggin*

*ebooks | Download PDF | \*ePub | DOC | audiobook*



DOWNLOAD



READ ONLINE

#756811 in eBooks 2012-05-21 2012-05-21 File Name: B007BP3GXA | File size: 60.Mb

**John Quiggin : *Zombie Economics: How Dead Ideas Still Walk among Us*** before purchasing it in order to gauge whether or not it would be worth my time, and all praised *Zombie Economics: How Dead Ideas Still Walk among Us*:

3 of 3 people found the following review helpful. Lists the reasons why right-wing economic doctrine always seems to fail us  
By Zacharia If you are a truth-seeker, and not married to ideology, this will be a good book. It explains how right-wing doctrine always seems to screw things up, even as it is marketed as a fool-proof system for prosperity. This book provides the intellectual basis to explain what we've been experiencing over the last 35 years.  
30 of 33 people found the following review helpful. Undead Economic Theories  
By watzizname The zombies Dr. Quiggin describes and discusses

are five economic theories that have proven to be false, but which keep being trotted out as if they were accepted fact by the intellectual courtesans of Laissez-Faire.

\*Quiggin devotes a chapter to each of five zombie ideas:

Chapter 1: The Great Moderation: the lie that business (mainly big business) can now be relied on to govern the economy optimally, or nearly enough so. It can't. By law, corporations MUST seek to maximize the wealth of their shareholders, generally regardless of all other considerations, including the public good.

Chapter 2: The Efficient Markets Hypothesis: the lie that "the market" will always correctly determine and implement the optimum prices and quantities produced. It won't. As early a writer as Adam Smith recognized that where there were spillover costs, the market price would be lower and the quantity produced greater than optimal, and when there were spillover benefits the reverse would be true.

Chapter 3: Dynamic Stochastic General Equilibrium: The mistaken belief that DSGE models can overcome the Kornbluth objection. They can't. To quote Kornbluth (The Syndic, 1978) as best I can from memory: "No accurate history of the future has yet been written, a fact which I think disposes of History's claim to rank as a science. Astronomers quail at the three-body problem, and throw up their hands in despair at the four-body problem. And yet, every moment in history is a problem in at least three billion bodies. [in 1978; now seven billion] I can juggle mean rainfalls, car-loading curves, birth rates, and patent applications, but I cannot for the life of me fit the recurring facial carbuncles of Karl Marx into my equations, even though we know, well after the fact, that the agonizing staphylococcus infections under that famous beard helped shape the course of twentieth-century totalitarianism . . . ." And DSGE models actually reduce the number of variables taken into account by aggregating them under assumptions which are, to say the least, questionable. Thus, their version of future economic history is inaccurate, sometimes disastrously so.

Chapter 4: Trickle-Down Economics: The lie that the best way to help the poor is to reduce the taxes paid by the rich. It isn't. If you believe the trickle-down theory, and you want to help your son or daughter in college or your aging parents, try making me rich by sending the money to me and see how much of what I spend trickles down to those you want to help!

Chapter 5: Privatization: the lie that governments never do anything right, and private enterprise will always do it better. It doesn't. The Government put a man on the Moon and back, but just look at the sorry results of privately-run prisons.

What Dr. Quiggin does not, in my opinion, adequately address is WHY these false ideas keep being resurrected. The answer is simple: they are ideas the super-rich want us to believe, because, if accepted, they facilitate the transfer of wealth from those who need it most to those who need it least (because they already have more than enough). So they have their tame economists trumpet these lies, cherry-picking or inventing data to support them. (Whoever said "Show me a supply-side economist and I'll show you an intellectual courtesan." sure hit the nail on the head!) But despite that omission, the book is well worth reading. Thank you, Dr. Quiggin!

\* Thanks to Jim Hightower's "Lowdown" for suggesting the term Laissez-Faire.

landwatiznayme@gmail.com

2 of 3 people found the following review helpful. An economist's take on failed economic theories.

By Jamie Johnson

John Quiggin's *Zombie Economics* makes an entirely creditable critique of the key economic ideas that drove the neo-liberal boom from the 1980's through to 2008 (the Great Moderation) and then all came spectacularly unstuck in the GFC. That the crisis was not in any way obvious to the world of economics academia and they're media shills just goes to show how out-of-touch the profession had become.

If I have one quibble with Professor Quiggin it is that after some very astute and well documented criticism his conclusions tend to be relatively weak. For instance, at the end of the first chapter Quiggin concludes that "The development success storieshellip; may have some useful lessons for countries struggling to escape the poverty trap. But they can tell us nothing about the relative merits of market liberalism and social democracy". The heterodox economist Ha-Joon Chang completely deconstructs this conclusion in *Bad Samaritans*; and shows that market liberalism is antithetical to both social democracy and the long term macroeconomic prospects of developing nations.

That said, I thoroughly enjoyed the book and found chapters like Trickle Down and Privatization alone worthy of the book's purchase price. But more than this, it is an excellent opportunity to appreciate the perspective of what I would consider a mainstream academic economic insider.

In the graveyard of economic ideology, dead ideas still stalk the land. The recent financial crisis laid bare many of the assumptions behind market liberalism--the theory that market-based solutions are always best, regardless of the problem. For decades, their advocates dominated mainstream economics, and their influence created a system where an unthinking faith in markets led many to view speculative investments as fundamentally safe. The crisis seemed to have killed off these ideas, but they still live on in the minds of many--members of the public, commentators, politicians, economists, and even those charged with cleaning up the mess. In *Zombie Economics*, John Quiggin explains how these dead ideas still walk among us--and why we must find a way to kill them once and for all if we are to avoid an even bigger financial crisis in the future. *Zombie Economics* takes the reader through the origins, consequences, and implosion of a system of ideas whose time has come and gone. These beliefs--that deregulation had conquered the financial cycle, that markets were always the best judge of value, that policies designed to benefit the rich made everyone better off--brought us to the brink of disaster once before, and their persistent hold on many threatens to do so again. Because these ideas will never die unless there is an alternative, *Zombie Economics* also looks ahead at what could replace market liberalism, arguing that a simple return to traditional Keynesian economics

and the politics of the welfare state will not be enough--either to kill dead ideas, or prevent future crises. In a new chapter, Quiggin brings the book up to date with a discussion of the re-emergence of pre-Keynesian ideas about austerity and balanced budgets as a response to recession.