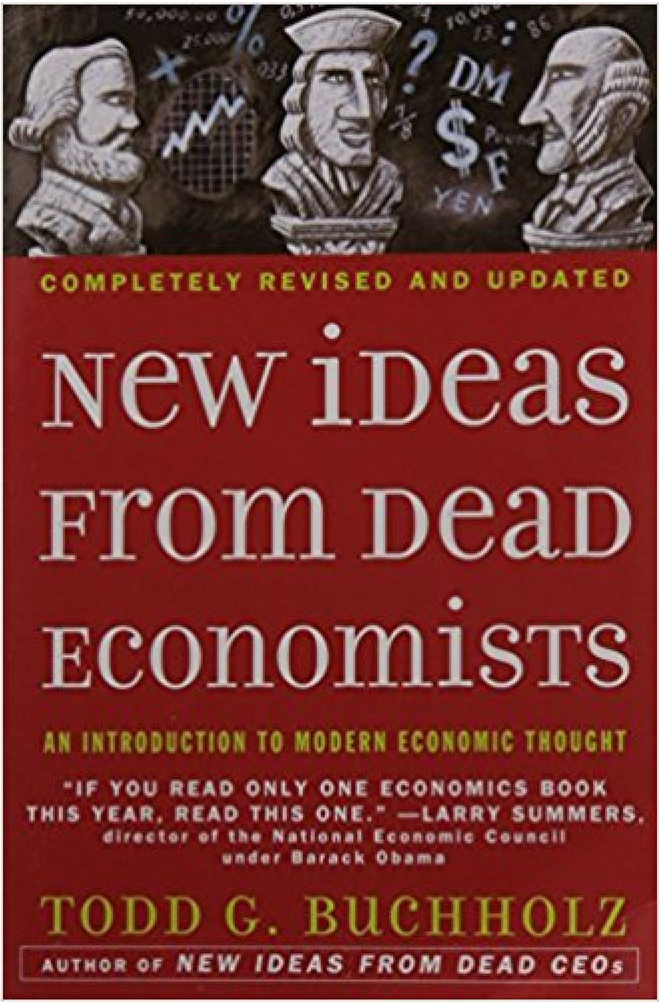
New Ideas From Dead Economists: An Introduction To Modern Economic Thought



Synopsis

"If you read only one economics book this year, read this one.â •â ”Larry Summers, Secretary of the Treasury for President Clinton, Director of the National Economic Council for President ObamaThe classic introduction to economic thought, now updated in time for the publication of New Ideas from Dead CEOs This entertaining and accessible introduction to the great economic thinkers throughout historyâ ”Adam Smith, John Stuart Mill, Karl Marx, John Maynard Keynes, and moreâ ”shows how their ideas still apply to our modern world. In this revised edition, renowned economist Todd Buchholz offers an insightful and informed perspective on key economic issues in the new millennium: increasing demand for energy, the rise of China, international trade, aging populations, health care, and the effects of global warming. New Ideas from Dead Economists is a fascinating guide to understanding both the evolution of economic theory and our complex contemporary economy.

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Customer Reviews

"If you read only one economics book this year, read this one.â •â ”Larry Summers, Secretary of the Treasury for President Clinton, Director of the National Economic Council for President ObamaÂ â œOutstandingâ | fun to read.â •â ”The Wall Street JournalÂ â œThis wide-ranging survey of economic thought combines a witty and clear exposition with a high degree of accuracy.â •â ”Milton FriedmanÂ â œPrecious few booksâ | on any academic subject succeed at being witty and amusing. This is one of them. Bravo!â •â ”William F. Buckley, Jr.

Todd G. Buchholz is an internationally acclaimed economist who advises ABC News, as well as some of the world's leading investment funds. He has served as a director of economic policy at the White House and is a contribuiting editor for Worth magazine. Buchholz holds advanced degrees from Cambridge University and Harvard Law School and was awarded the Allyn Young Teaching Prize by Harvard University's Department of Economics.

I'm giving "New Ideas from Dead Economists" three stars. A former economic advisor to George H W Bush, Buchholz clearly has a conservative bias...but then all or at least most economists have a viewpoint that falls somewhere along the conservative/liberal continuum. With this caveat in mind, Buchholz gives us a useful outline of the basic ideas associated with major economists from Adam Smith to John Muth and the Rational Expectations school of economic thought (although I'm not sure where the "New" part of his title come in).Buchholz offers a useful critique of John Maynard Keynes which concedes that, while Keynes' ideas are correct in their theoretical aspect, they are flawed in their political aspect. Specifically, while most people say they oppose debt, in reality they will fight to keep deficit spending that benefits them--which may be ok on the down side of the business cycle when deficit spending is needed to stimulate the economy, but very bad on the up side when we need to run surpluses to pay down debt run up during the down side. Problem is, as soon as a booming economy threatens to produce a surplus there is popular pressure to cut taxes rather than pay down debt, further stimulating an already overheated economy and leading to the next bust. But if only the stimulus part of Keynes' theory is politically doable, then the long term result will be unmanageable debt such as we now see in Greece.A more fundamental argument I have with Buchholz is his advocacy of investing Social Security Trust Fund money in private markets. Many conservatives advocate this, which I find ironic, since direct government investment into the private sector (thereby making it less "private") is what otherwise is known as socialism. Ideology aside, given the enormous leverage government bureaucrats would then have to manipulate the market, direct government investment in private markets would provide frightening temptations for corruption. That is why the original Social Security Act dictated that Social Security surpluses be invested in government bonds, which are perfectly good and conservative investment vehicles that are held by individuals, banks, insurance companies and governments around the world. There is also the problem that government bonds not purchased by the Social Security Trust Fund would be sold instead on the open market (since we still need to finance our deficit)--meaning that instead of owing a portion of our debt to our own future retirees, more of that debt would be owed to those same banks, insurance companies and wealthy individuals, many of them foreign.In summation, "New Ideas from Dead Economists" is informative and a book well worth reading as long as one keeps in mind that Buchholz writes from a particular viewpoint.

The main premise of the book, is best summarized by the author: "It is striking that so many of the lessons of the great economists still speak to us. Each of their wisest theories has a practical point or analogy today. This book seeks their wisdom by looking at mainstream economics and asking, Who first had these insights and built these durable models? We can learn from the masters."Todd then embarks his readers on a journey through the contributions of the greatest economists of our time. Clearly explaining how they analysed the existing models and theories of their time, and their own contributions to advance the filed of economics. He does so, in a very simple style that is accessible to any audience regardless of their background in that field.What truly sets this book apart is the breadth of content, spanning a period of several centuries. Sufficient depth is included so that one gains an appreciation and broad understanding. The included references make it easy for one to dive deeper into more details. A must read for anyone seeking an introduction and/or a broad understanding of the field of economics!Below are key excerpts from the book that I found particularly insightful:1- "Russia’s 1998 debacle teaches us that a market economy must rest on a dependable legal system. A free market does not mean utter chaos; it requires ground rules."2- "Economics if the study of choice. It does not tell us what to choose. It only helps us understand the consequences of our choices."3- "...as an economist isolates causes and estimates their influence, the degree of influence changes...Economics may not be a "hard" science. But that does not mean it is an easy science. Because it is so fluid, it is hard to hold in place and to study."4- "Smith clearly defined the proper role for government: first, providing for national defense; second, administering justice through a court system; third, maintaining public institutions and resources such as roads, canals, bridges, educational systems, and the dignity of the sovereign."5- "The point of Ricardo’s analysis: free trade makes it possible for households to consume more goods regardless of whether trading partners are more or less economically advanced."6- "By investing, the capitalist gives up the immediate gratification of buying goods. His return on investment pays him for waiting, for delaying his pleasure. If everyone consumes everything now, society will produce nothing new. Thus, profits play a crucial role."7- "...four very important areas in which economists have dramatically transformed traditional legal analysis: negligence law; property law; criminal law; and corporate finance."8- "There is clearly more to economics than prices, profits, rents, and costs. Laws, morals, fashions, and philosophies all contribute to an economy. They may support it, or they may tear it down."9- "What does it mean to be Keynesian? Two basis propositions will suffice here:

(1) the private economy may not reach full employment; (2) government spending can spur the economy into filling the gap."10- "Keynes cleverly speculates that the way to make money in the stock market is not to be the best corporate analyst, but to be the best at guessing what others think is good."11- "This movement, called monetarism, admits that the economy does have an accelerator and a brake, but insists that the accelerator should be marked "higher money supply" and the brake "lower money supply...the monetarists portray the Federal Reserve Board...as the driver."12- "With perhaps uncustomary humility, Friedman claims that economists do not know enough about monetary policy to manipulate it wisely."13- "We are all Keynesians now, thanks to Keynes. We are all monetarists now, thanks to Friedman. And we are all eclectics now, thanks to a turbulent world."14- "This problem emerges again and again in democracies. Motivates organizations trample on the interests of consumers, who individually have a small stake in the outcome. Ultimately, the individual consumers are hurt badly as a national efficiency and income fall."15- "Rational Expectations theory predicts that government stimulus does not spur the economy and that government contraction does not hurt...Why do most economists tend to agree with Rational Expectations theorists when they talk about the stock market, yet explode in disagreement when speaking of the macroeconomy? The fact is, the stock market is a more efficient...it is quite liquid...In contrast, real markets for goods and services show more complexity and rigidity."16- "...each of the economists we have studied, despite their many differences, warned us that governments always face political pressures to take measures that can ruin good economies...Because even good economic policies often produce victims, economists have a very tough time persuading democratic governments to take good advice. Good economics may not be popular economics, especially in the short run."17- "Parents must eventually learn to teach their children how to handle uncertainty - not how to ensure stability."18- "For most of man’s life on earth, he has lived no better on two legs than he had on four . Give the economist a little credit for explaining and depicting the brief, shining moments when there has been a difference."

A very readable, and sometimes even humorous, introduction to major economic thinkers. Things get a little dense when you get to Keynesian economic policy, but understandably so. I would highly recommend this book for anyone looking to not only trace basic macroeconomic thought development, but to look at how those developments influenced our world, and how we got to where we are today.

We ordered this book for my daughter’s AP econ class. She recommended it to me when she was done with it, and I loved it, too. The book is an easy-to-read, great overview of some of the most famous economists (and one or two I didn't know), their ideas/theories and the context in which they developed them. Lots of information packed into a concise, brief intro to various economists.

This was an enjoyable book to read if you are into economics. It gives you a brief summary of each economist that has made a great contribution to economics. Tells you a bit how they grew up, their education, their culture, their tutor, and so much more.If you are not into economics then this book will be a bit dull. There were a few parts were the author was giving a little bit more than focusing on the economic perspective of the economist. However, it was a great book to read and I would recommend it to anyone who is trying to learn about where the thoughts and theories game from.