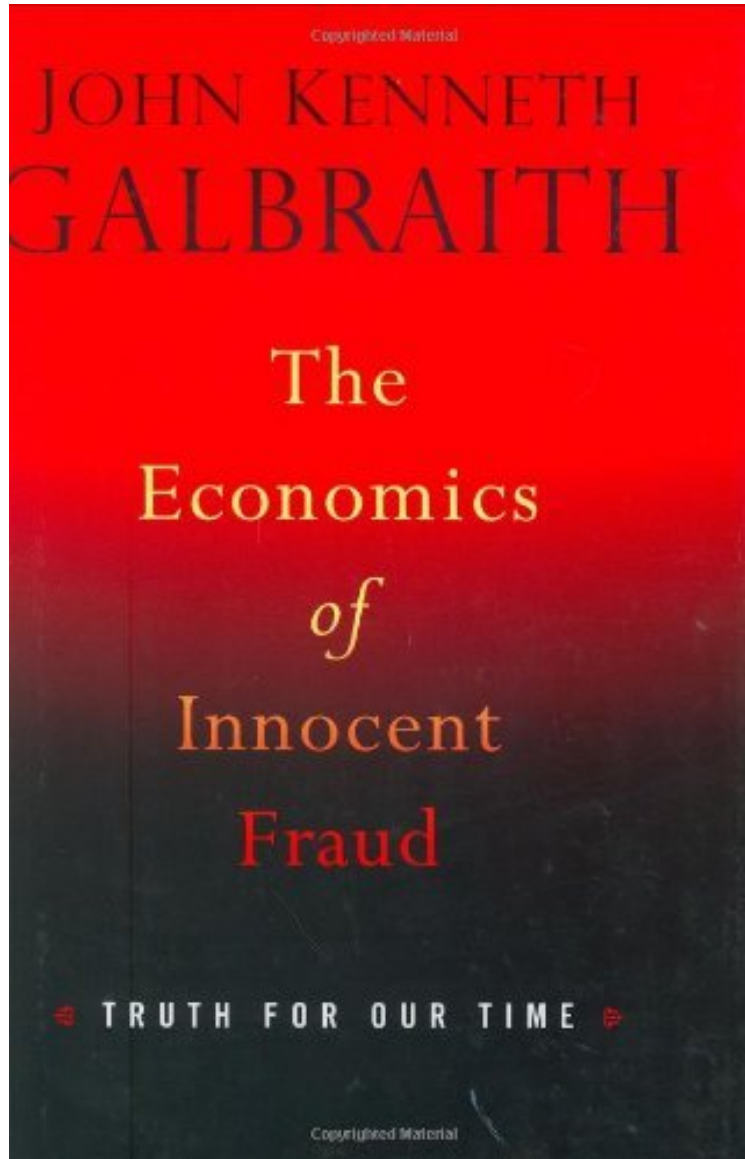


(Free pdf) The Economics of Innocent Fraud: Truth For Our Time

The Economics of Innocent Fraud: Truth For Our Time

John Kenneth Galbraith

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John Kenneth Galbraith : The Economics of Innocent Fraud: Truth For Our Time before purchasing it in order to gage whether or not it would be worth my time, and all praised The Economics of Innocent Fraud: Truth For Our Time:

0 of 0 people found the following review helpful. Brilliant and clearBy Jesper DoeppingThis is a short book, that summarize Galbraith large critical potential and foresight. In his walk through from the dominant position of the large corporation to the fraudulent celebration of the entrepreneur, the lack of actual results from central banks, the lack of consumer sovereignty he not only summarize a lifetime of research but also formulate future research questions and

problems that most be solved, including the basic issue concerning climate change.³ of 4 people found the following review helpful. Prescient Overview By R. Bono Galbraith's last book reviews the economic landscape of several years ago...before the meltdown. He's quite open about the failure of liberalism...i.e. the "countervailing power" of the state...to be a balancing force for the public interest against the overwhelming reality of the corporate dominance of the US and world economy. That the corporation spends all of its waking hours, insuring that competition is eliminated, he reminds, is reflected in the fact that Paul Samuelson, the Nobel dean of free market analysts, comments that neo-classical economics no longer is able to describe the economics of our times...and hasn't for a generation, so extensive has been the continuing consolidation of economic power. It is this old American mythology of "free" markets that leads to the compliance of the electorate. Galbraith posits this as THE enduring illusion of American politics...that has yielded the weakest "social contract" of any advanced nation. I had read this book when it first was published, and it has proven to be prescient. It's very short and to the point book...an easy read...and intended as a review of his major observations, at life's end,...while "sitting in the peanut gallery". Galbraith's point was not to predict, it was to underline that the corporate state...which ensues when the interests of the corporation and that of the state are deemed to be identical...is the dominant economic reality of our times. It's easy to propose that this is an exaggeration...and that what we really have is a hybrid system...and I can accept some of these arguments...for there are many good people in government doing their jobs as intended...and as allowed under law. However my take is that, Galbraith's perspective provides the best explanation for what happens every day, when Americans get up in the morning and go to work. He also stresses that the power of the mega-corporation to politically influence outcomes is potentially enormous. As is its power to get its way...through the power of mass advertising. Just today, the Supreme Court is reviewing an important case regarding corporate money in politics. Today the Supreme Court with its bevy of "country club" justices, has fully enunciated its clear empathy towards corporate money in campaigns...as a matter of "free speech". It even countervails a century of settled law on the subject. This only further proves Galbraith's point, that the "countervailing power" of the state is not at all seen as a check and balance on the mega-corporation...but as "big brother", dictating outcomes inimical to the corporations "who know what's best"...according to Justice Scalia. To these "conservative" justices, the state is to be tamed to the purposes of the mega-corporations. All of this supports Galbraith's realistic conclusion that the Corporate State is not likely to be significantly altered in our epoch of world economic history. We can fight for a better social contract...and make some reforms, but the structure of economic reality will remain the same.⁹ of 11 people found the following review helpful. Short Poke at Conventional Wisdom By David Swan There is certainly fraud in economics however I question the innocence. Mr. Galbraith points out a handful of accepted truths about economics that are, quite frankly, false. Perhaps the biggest fraud is the idea the shareholders are part owners of the companies they invest in. This idea has been pushed most recently by internet trading companies who like to give small investors the impression that they literally own a piece of the company. You might as well claim to own part of the moon. Despite being an investor and 'part owner' of the company I worked for they still laid me off without my permission or consultation. Even the board of directors is created by and for management. Mr. Galbraith describes the annual shareholder meetings as resembling a "Covenanted Baptist Church service". What further proof do you need of the impotence of the shareholder than the continuing and inexorable rise in management salaries through the early part of the decade as the market tanked. Imagine sports athletes being in charge of setting their own salaries and it becomes clear how CEO's can now earn 470 times the salary of the lowest paid worker in the company they manage. Another fraud discussed by the author is the idea of public and private policy. These two spheres have become increasingly irrelevant as government officials jump back and forth between corporate management and policy making. How many public appointees have suddenly found themselves with lucrative lobbying careers the moment they leave an administration? Mr. Galbraith points to the military industrial complex as a particularly egregious merging of the two and even argues that the Pentagon is as much in the private sector as the public. As the final chapter closes he expresses sadness that of all the areas of technology that man has pursued developing weapons of war has consistently held priority. 'The Economics of Innocent Fraud' is a very small book (62 tiny pages) and can be read in a single sitting. The book is just a few simple ideas set down with little in the way of argument or persuasion. Although I agree with Mr. Galbraith in his ideas I wish there could have been a lot more substance. One chapter argues that the Federal Reserve is basically a placebo to satisfy investors and voters that the government is doing something. That's a pretty bold assertion (although I have heard this argument before). I just wish the book would have backed it up with more facts. Still, it's nice to see such a legendary figure still producing sharp, topical writings.

John Kenneth Galbraith has long been at the center of American economics, in key positions of responsibility during the New Deal, World War II, and since, guiding policy and debate. His trenchant new book distills this lifetime of experience in the public and private sectors; it is a scathing critique of matters as they stand today. Sounding the alarm about the increasing gap between reality and "conventional wisdom" -- a phrase he coined -- Galbraith tells, along with much else, how we have reached a point where the private sector has unprecedented control over the public sector. We have given ourselves over to self-serving belief and "contrived nonsense" or, more simply, fraud. This has come at the

expense of the economy, effective government, and the business world. Particularly noted is the central power of the corporation and the shift in authority from shareholders and board members to management. In an intense exercise of fraud, the pretense of shareholder power is still maintained, even with the immediate participants. In fact, because of the scale and complexity of the modern corporation, decisive power must go to management. From management and its own inevitable self-interest, power extends deeply into government -- the so-called public sector. This is particularly and dangerously the case in such matters as military policy, the environment, and, needless to say, taxation. Nevertheless, there remains the firm reference to the public sector. How can fraud be innocent? In his inimitable style, Galbraith offers the answer. His taut, wry, and severe comment is essential reading for everyone who cares about America's future. This book is especially relevant in an election year, but it deeply concerns the much longer future.

John Kenneth Galbraith has been immersed in economics for most of his long and remarkable life. The purpose of this extended essay is to illuminate examples of "innocent fraud" or the gulf between perception and reality in the modern American economic system--a system he had a hand in creating during his tenure in FDR's administration. Though tackling serious subjects, the book sparkles with wit and sly understatement. "A marked enjoyment can be found in identifying self-serving belief and contrived nonsense," he writes, clearly enjoying himself. The dominant role of the corporation in modern society is one such form of innocent fraud, and he explains how managers hold the real power in our system, not consumers or shareholders as the image would suggest. Despite the "appearance of relevance for owners," capitalism has given way to corporate bureaucracy--"a bureaucracy in control of its task and its compensation. Rewards that verge on larceny." He also explains how the public realm is effectively controlled by the private sector. The arms industry is but one example of this: "While the Pentagon is still billed as being of the public sector, few doubt the influence of corporate power in its decisions." He also looks at the financial world which "sustains a large, active, well-rewarded community based on compelled but seemingly sophisticated ignorance," and in particular the Federal Reserve System, "our most prestigious form of fraud, our most elegant escape from reality." In essence, Galbraith says that the Fed, for all of its power and prestige, effectively does nothing. And he has little problem with this: "Let their ineffective role be accepted and forgiven." Both a guide to the present and an aid to shaping the future, this slim, satisfying book is a font of wisdom, conventional and otherwise, from a respected elder statesman in the twilight of his life. --Shawn Carkonen From Publishers Weekly

In this thin volume, Galbraith, the noted economist and presidential adviser, serves up a pessimistic view of today's U.S. economy. Drawing on the omnipresent headlines of corporate scandal and greed, Galbraith explains that as the economy suffers, the overall state of American society declines as well. He points to a number of cases of "innocent fraud," or the gap between reality and conventional wisdom. The author bemoans the emphasis on gross domestic production, or GDP, rather than cultural or artistic advances. Companies, not the public, decide what products to make. Galbraith believes that decisions in various corporate arenas are made based on profits, rather than sound business strategies. Furthermore, he says that shareholder meetings, with a few rare exceptions, are pointless because "Shareholders-owners-and their alleged directors in any sizeable enterprise are fully subordinate to the management.... An accepted fraud." He also calls the rapid Internet growth and subsequent bubble another example of fraud as millions of analysts predicted rapid growth for so many companies, but ultimately many employees were laid off. Even more dismaying to Galbraith is the power of the Federal Reserve, which is credited with prompting economic resurgence when, in his view, the institution has limited real power. This brief treatise is a well-written, logical argument about the state of the economy. However, readers may be disappointed because the short concluding chapter offers few realistic solutions. Copyright copy; Reed Business Information, a division of Reed Elsevier Inc. All rights reserved.

From Booklist Galbraith, renowned economist, explains how economics and larger economic and political systems cultivate their own version of the truth. These "frauds" do not connect to reality, and although legal and not criminal, they reflect social and personal beliefs run amuck. He observes the notion that shareholders rule corporations when the power is now with managers. Labeling capitalism a market system makes the consumer appear to have sovereignty, yet the reality is that the market is subject to well-financed, skilled, and comprehensive management of the public response both in politics and consumerism. The economic and social dominance of big business is accepted, and the distinction between the public and private sectors has no meaning as corporate power extends to politics and government. In reality, corporations dominate our military, public finance, and the environment. As a prominent antiwar advocate, Galbraith believes war is a decisive human failure. This thought-provoking book will have wide appeal, including those whose politics and views differ from the author's. Mary Whaley Copyright copy; American Library Association. All rights reserved