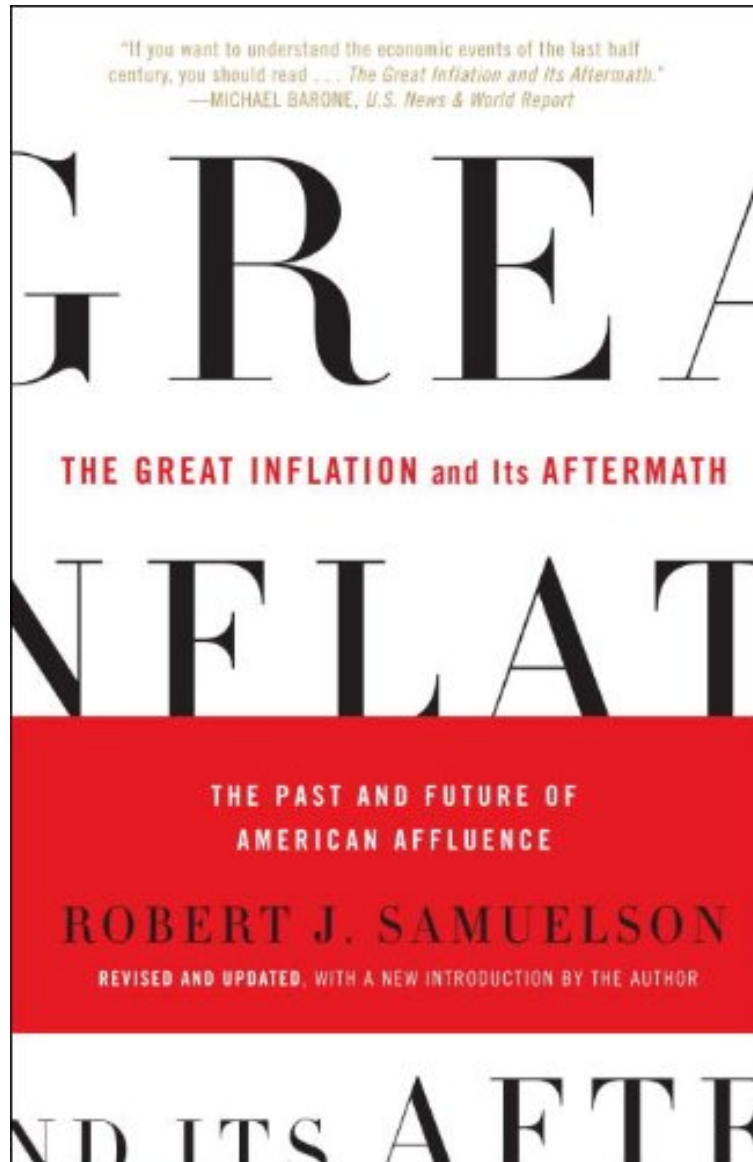


The Great Inflation and Its Aftermath: The Past and Future of American Affluence

Robert J. Samuelson

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Robert J. Samuelson : The Great Inflation and Its Aftermath: The Past and Future of American Affluence before purchasing it in order to gage whether or not it would be worth my time, and all praised The Great Inflation and Its Aftermath: The Past and Future of American Affluence:

1 of 1 people found the following review helpful. Excellent Economic History By Nicholas Roberts 'The Great Inflation' is about the inflationary period that plagued the US economy from the middle 1960s until the early 1980s. It

spawned four recessions, three of them were deep and severe. The book dives into much detail about what inflation is and how it comes about and how the government responds to it. Samuelson's basic thesis is that inflation was the result of a national obsession with full employment even as business was expanding. This led to higher wages which led to higher product costs which led to higher wages etc. He said it was self sustaining and erroded away at the American idea that things would be better tomorrow. In the middle of the book he goes into the painful attempts to rid the economy of inflation. This led to two recessions: the 1980 recession and the 1981-1982 recession. People forget how painful these downturns were especially today. He gives an amazing narrative on how the recessions unfolded. The way he talks and goes on makes you feel the pain that people felt back during those times. After talking about the recessions he talks about the new system of economics that developed. He said it is not better or worse than the old just different. The briefly goes into how the 2007-2009 recession occurred and how it was the result of lack of inflation driving the markets upward and that being mistaken for financial genius at the upper management levels. Samuelson is in many ways a Reagan Republican of the early 1980s. He does not villianize Democrats for causing inflation, but rather says that they were good intentions gone bad. Some reviews claim that he is a right winger, but he does not condon the US government for acting in the Great Depression (he says they did not act enough) or in the recent recession. However he also says that the welfare state does not equal prosperity. He may not be an economist as one commenter suggested, but in many ways he is wiser than they are. His basic idea is that different economic problems need different solutions and when those problems come to an end they lead to a new thinking about the economy that leads to the next problem ie. the Depression minded government economy led to the inflation although it was correct at the time. He defends free market capitalism by saying that overconfidence rather than greed led to the crisis in 2008. He also challenges income inequality and entitlement spending. The book is certainly an interesting read and I highly suggest buying it.

1 of 1 people found the following review helpful. Highly readable popular economics history

By Lloyd J. Peasley

As economic histories go, this is highly readable. It's addressed to the general reader rather than the specialist and assumes no knowledge of Economics theory; when an Economics concept is introduced Samuelson explains it simply and concretely. There is also a glossary of Economics terms at the back of the book to help any temporarily-befuddled reader. Samuelson has the rare ability to get straight to the point. He never gets bogged-down in minutiae, stays on track with his argument, and doesn't meander. He cuts to the chase. While never self-consciously eloquent, his "just the facts" approach is refreshingly transparent. I think much of his argument is sound although I wonder if he's ascribing a little too much to the notion that the late 60's/70's inflation and its Paul Volker/Ronald Reagan-led cure in the 80's is the foundation for pretty-well everything that has happened over the past fifty years in the economy. This may be partially due to the fact that this paperback edition had to take note of what seemed to be a rebuttal of Samuelson's theory that the taming of inflation had been almost wholly beneficial. The GFC came along while it was being prepared and this edition had to try to make sense of it in the light of Samuelson's original theory; while I find his amended argument that the seemingly never-ending boom since 1983 had undermined the notion of risk and was therefore partly responsible for the crisis quite plausible, it makes it seem as if the clearcut nature of his original history is being distended unnaturally. It's as if two distinct books are being combined into one. Even so, I think most readers will learn a lot from this book, although they may disagree with it. Samuelson is forceful in his opinions but never dogmatic; he is always ready to give the other side of the argument. I still consider his theorizing is based on overly conventional notions - ones where homogeneous "aggregates" like "productivity", "investment", and "capital" can be characterized by precise numerical measurements. The real world is a hell of a lot more heterogeneous and disparate than this and I often thought Samuelson's theory a little too neat and clearcut. With this caveat, I recommend it as a very solid, informative, and grimly enjoyable read.

0 of 0 people found the following review helpful. The future is likely to be much different than the past.

By Larry R Frank Sr, MBA, CFP

This is a good book end complementing *The Forgotten Man* in a sense that they both give a feel for politics in general (non-partisan, although some readers may put a partisan spin on them) and those influences on economics. Politics and economics go together and are not set apart in their own vacuums. *The Great Inflation* explains, in layman terms, a perspective as to what happened with inflation since the 50's and those impacts on our economy. The main theme is that we should be careful assuming anyone knows what is actually happening in the present and that only looking back at history can we begin to parse out what happened and begin to theorize as to cause and effect. Actions we take have unintended consequences and the economic and political world we know today is much different than what it was. There is good, and bad, in this. America was fortunate in the past in that global demand for our economic output enabled us to pay off the past massive public spending (e.g., Depression and World War II). We were a creditor nation then. Assuming that the future global markets will do the same appears to be a stretched theory when we are now a debtor nation illustrated by our frequent visits to China asking that they continue to purchase our nation's debt ... debt which we will increasingly need to rely upon if the U.S. is not able to fix the huge entitlement program growth. The economy needs to continue to grow to bring in the revenue to sustain the increasing need for entitlement expenditures. One wrong move and we stunt the economic growth, thus hurting the revenue side of the equation, which is disconnected from the growing entitlement expenditure side of the equation - what he describes as "Affluent Deprivation." A brief review of history as described in Samuelson's work helps keep this in mind. Other great "big picture" works: *The Forgotten Man*:

A New History of the Great Depression by Amity Shlaes
Origin of Wealth: Evolution, Complexity, and the Radical Remaking of Economics by Eric D. Beinhocker
The Ascent of Money: A Financial History of the World by Niall Ferguson
For a read about perhaps why crisis may be okay after all ...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?

The Great Inflation in the 1960s and 1970s, notes award-winning columnist Robert J. Samuelson, played a crucial role in transforming American politics, economy, and everyday life. The direct consequences included stagnation in living standards, a growing belief—both in America and abroad—that the great-power status of the United States was ending, and Ronald Reagan's election to the presidency in 1980. But that is only half the story. The end of high inflation led to two decades of almost uninterrupted economic growth, rising stock prices and ever-increasing home values. Paradoxically, this prolonged prosperity triggered the economic and financial collapse of 2008 and 2009 by making Americans—from bank executives to ordinary homeowners—overconfident, complacent, and careless. The Great Inflation and its Aftermath, Samuelson contends, demonstrated that we have not yet escaped the boom-and-bust cycles common in the nineteenth and early twentieth centuries. This is a sobering tale essential for anyone who wants to understand today's world.

From Publishers Weekly
Samuelson, a columnist for the Washington Post and Newsweek, presents a highly readable and thought-provoking discussion of the crippling inflation that hit the United States from the mid-1960s to 1982, resulting in four recessions. According to the author, the culprit of inflation was the collective failure of communication and candor by the nation's economists; their bad advice became bad policy as both parties in the White House propagated economic ignorance that led to the Great Inflation. The memory of the Great Depression led to a full employment obsession—among other dangerous myths and stereotypes that were the major barrier to economic convalescence—culminating in a stalemate that was only lifted during the accidental alliance between Reagan and Federal Reserve chairman Paul Volcker. While business cycles seem milder now (The Great Moderation), the author argues that the cycle could repeat. The book's detailed sketches of the working of the Federal Reserve, stock market and corporate America give a comprehensive picture of the economy, which Samuelson describes as a social, political, and psychological mechanism encompassing ideas and values as much as trade and finance. (Nov.)
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From Booklist
Newsweek and Washington Post columnist Samuelson is one of the rare journalists who debates politics and economics with a healthy skepticism toward conventional wisdom. The severity of the inflation that plagued the U.S. economy throughout the 1970s and early 1980s is often overlooked, but at the time it threatened to destabilize our entire monetary system. After World War II it was believed that downturns could be avoided by simply maintaining high employment, but that model ultimately led to the "stagflation" of the late 1970s and contributed to Jimmy Carter's loss to Ronald Reagan in 1980. Through an unspoken alliance between Reagan and Fed chairman (and Democrat) Paul Volker, a deliberately engineered and very painful recession finally ended the inflationary spiral. Samuelson compares the challenges of that era to those we face now, and he is concerned that few leaders today have the fortitude to make the unpopular choices that will bring long-term solutions to the current economic crisis. Politicians would do well to study these errors of the past that teach that choosing quick fixes only delays and worsens the inevitable. --David Siegfried "If you want to understand the economic events of the last half century, you should read. . . Robert Samuelson's *The Great Inflation and Its Aftermath*—U.S News World Report
"Barack Obama . . . should read *The Great Inflation and Its Aftermath*, [a] timely history of how good political intentions stoked an inflationary hell in the 1970s—and how only bold, painful action smothered the flames."—James Pressley, Bloomberg
"Samuelson's clear-eyed focus on the rise and fall of inflation remains relevant today."—USA Today
"[Samuelson preaches] old-fashioned virtue on a macroeconomic scale: don't promise more than you can deliver; weigh the unintended consequences of your actions; beware hucksters bearing easy fixes."—Noam Scheiber, New York Times Book Review
"Economics can be fun! Samuelson has a knack for making obscure topics interesting."—Rocky Mountain News
From the Trade Paperback edition.