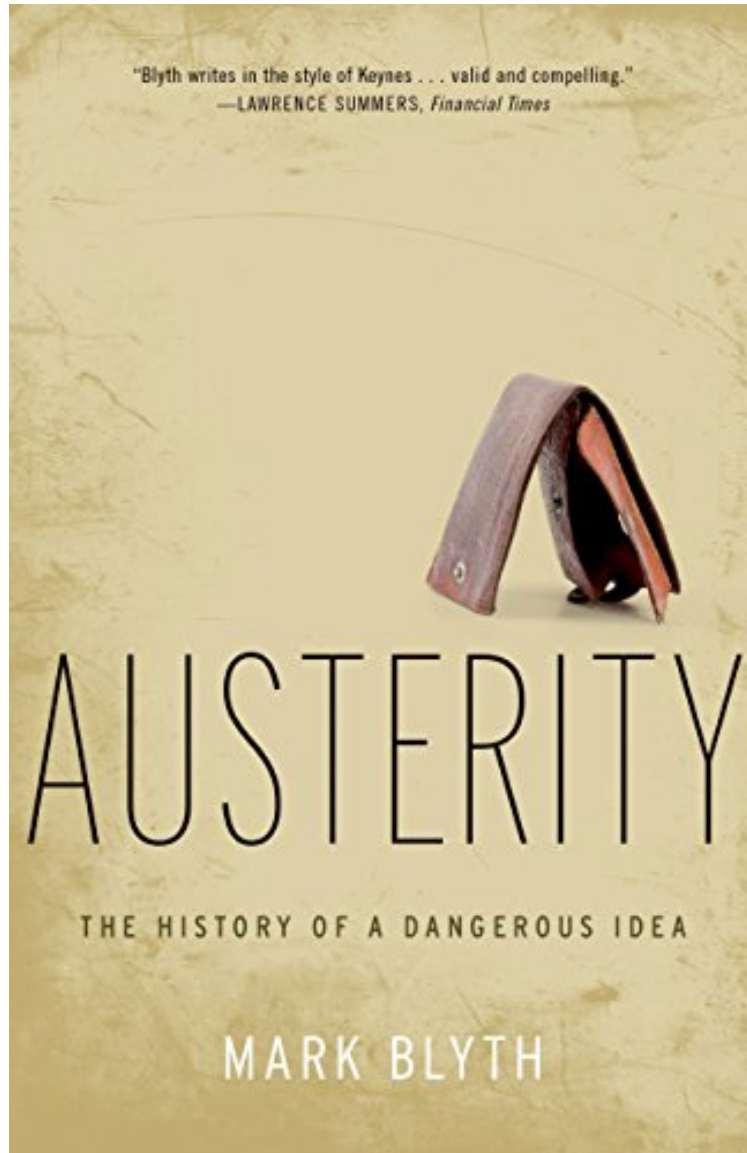


(Download) Austerity: The History of a Dangerous Idea

## Austerity: The History of a Dangerous Idea

Mark Blyth

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**Mark Blyth : Austerity: The History of a Dangerous Idea** before purchasing it in order to gage whether or not it would be worth my time, and all praised Austerity: The History of a Dangerous Idea:

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that support the banks and bond holders at the expense of the rest of us. 0 of 0 people found the following review helpful. Insightful View of Economic History By Jim D Mark Blyth must ruffle a lot of feathers by his detailed analysis of the failed, and sometimes successful actions taken by institutions and governments in response to economic crises around the world. He does a great job of explaining actions and effects in language that laymen (such as I) can understand, albeit occasionally with some thinking required.

Selected as a Financial Times Best Book of 2013 Governments today in both Europe and the United States have succeeded in casting government spending as reckless wastefulness that has made the economy worse. In contrast, they have advanced a policy of draconian budget cuts--austerity--to solve the financial crisis. We are told that we have all lived beyond our means and now need to tighten our belts. This view conveniently forgets where all that debt came from. Not from an orgy of government spending, but as the direct result of bailing out, recapitalizing, and adding liquidity to the broken banking system. Through these actions private debt was rechristened as government debt while those responsible for generating it walked away scot free, placing the blame on the state, and the burden on the taxpayer. That burden now takes the form of a global turn to austerity, the policy of reducing domestic wages and prices to restore competitiveness and balance the budget. The problem, according to political economist Mark Blyth, is that austerity is a very dangerous idea. First of all, it doesn't work. As the past four years and countless historical examples from the last 100 years show, while it makes sense for any one state to try and cut its way to growth, it simply cannot work when all states try it simultaneously: all we do is shrink the economy. In the worst case, austerity policies worsened the Great Depression and created the conditions for seizures of power by the forces responsible for the Second World War: the Nazis and the Japanese military establishment. As Blyth amply demonstrates, the arguments for austerity are tenuous and the evidence thin. Rather than expanding growth and opportunity, the repeated revival of this dead economic idea has almost always led to low growth along with increases in wealth and income inequality. Austerity demolishes the conventional wisdom, marshaling an army of facts to demand that we austerity for what it is, and what it costs us.

"One of the especially good things in Mark Blyth's *Austerity: The History of a Dangerous Idea* is the way he traces the rise and fall of the idea of 'expansionary austerity', the proposition that cutting spending would actually lead to higher output. As Blyth documents, this idea 'spread like wildfire.'" --Paul Krugman, *The New York Times* "An important polemic... valid and compelling." --Lawrence Summers, *Financial Times* "Essential reading... The economy is much too important to leave to economists. We need to understand how ideas shape it, and Blyth's new book provides an excellent starting point." --Washington Monthly "Splendid new book." --Martin Wolf, *Financial Times* "Austerity is an economic policy strategy, but is also an ideology and an approach to economic management freighted with politics. In this book Mark Blyth uncovers these successive strata. In doing so he wields his spade in a way that shows no patience for fools and foolishness." --Barry Eichengreen, George C. Pardee and Helen N. Pardee Professor of Economics and Political Science University of California, Berkeley "Of all the zombie ideas that have been reanimated in the wake of the global financial crisis, austerity is the most dangerous. Mark Blyth shows how austerity created the disasters of the 1930s, and contributed to the descent of the world into global war. He shows how European austerity policies have prevented any recovery from the crisis of 2009, while rescuing and protecting the banks and financial institutions that created the crisis. An essential guide for anyone who wants to understand the current depression." --John Quiggin, author of *Zombie Economics* "Most fascinating is the author's discussion of the historical underpinnings of austerity, first formulated by Enlightenment thinkers Locke, Hume and Adam Smith, around the (good) idea of parsimony and the (bad) idea of debt. Ultimately, writes Blyth, austerity is a 'zombie economic idea because it has been disproven time and again, but it just keeps coming.' A clear explanation of a complicated, and severely flawed, idea." --Kirkus "Informed, passionate." --Dissent Magazine "Mark Blyth's fascinating analysis guides the reader through 'the historical ideology which has classified debt as problematic.' In doing so he outlines the relevance of century-old debates between the advocates and opponents of *laissez faire*, and explains why, after a brief reemergence in 2008-09, and despite the lack of evidence supporting austerity, the world turned its back on Keynesian policies." --Robert Skidelsky, author of *Keynes: The Return of the Master* "Among all the calamities spawned by the global financial crisis, none was as easily avoidable as the idea that austerity policies were the only way out. In this feisty book, noted political scientist Mark Blyth covers new territory by recounting the intellectual history of this failed idea and how it came to exert a hold on the imagination of economists and politicians. It is an indication of the sorry state of macroeconomics that it takes a political scientist to expose so thoroughly one of the economics profession's most dangerous delusions." --Dani Rodrik, Rafiq Hariri Professor of International Political Economy, The John F. Kennedy School of Government, Harvard University "Blyth makes a compelling case that governments should give pause before embarking on a course of austerity. He approaches the subject with a seriousness that is to be welcomed and applauded." --Benjamin Grob-Fitzgibbon, University of Arkansas, International Social Science About the Author Mark Blyth is Professor of International Political Economy at Brown University. He is the author of *Great Transformations:*

Economic Ideas and Institutional Change in the Twentieth Century.