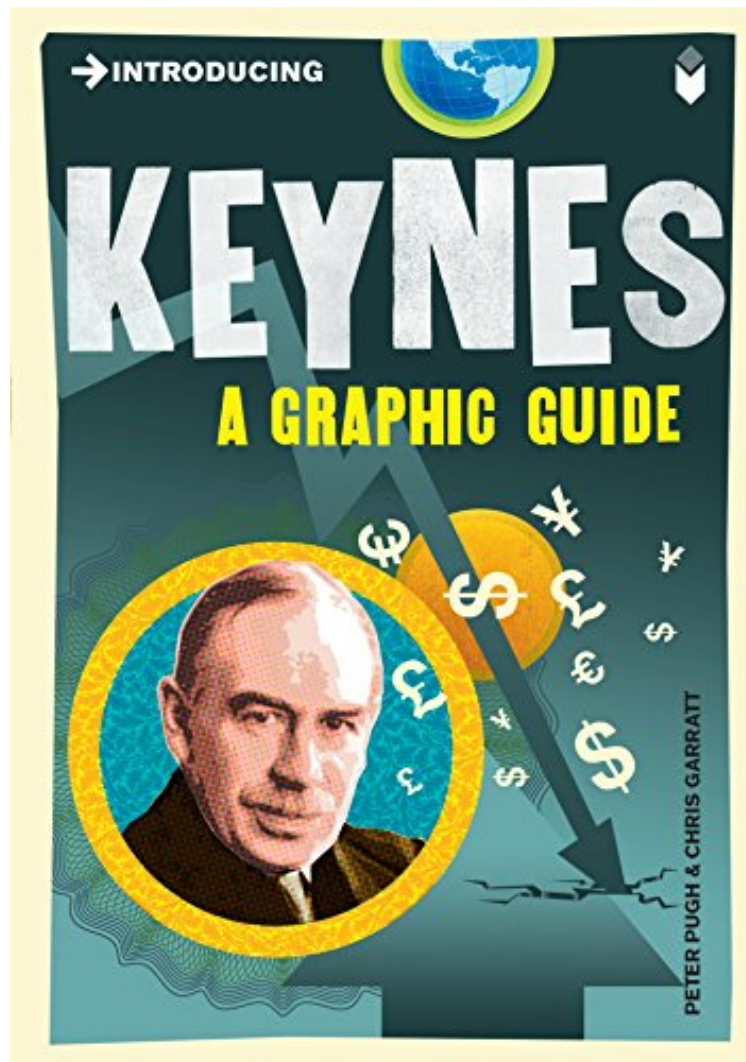


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## Introducing Keynes: A Graphic Guide (Introducing...)

*Peter Pugh*

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**Peter Pugh : Introducing Keynes: A Graphic Guide (Introducing...)** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Introducing Keynes: A Graphic Guide (Introducing...):

0 of 0 people found the following review helpful. so it is wonderful to have a short survey of the manBy Kate O.John Maynard Keynes is one of the foremost economists in the pantheon, and his theories are still referenced and being brought back in parts for use in modern governmental economies, so it is wonderful to have a short survey of the man, the historical time period in which he came to majority and was influenced by, and the meat of his theory. This theory can not be covered in detail in such a brief overview, but it is a very good way to be introduced or to become reacquainted with the man and his work, and to use as a way to wet your appetite for more in depth study and exploration.1 of 3 people found the following review helpful. Explained Key Economic Concepts In a Good ComicBy

Jack Young  
**PRELUDE** If you are a Republican, so as not to waste your time, this subject may not interest you'. But if you are a Republican, you probably won't be interested in Keynes and be drawn to this in the first place. Normal readers, you can skip Part III, IV and Post-Conclusion Opinion if you need to save time.

**PART I** In today's world, the subject Economics grabs more of the headlines now after our experiencing of the Great Recession and its continuing effects on our everyday lives. Hence Economic is a subject, that should interest most people (i.e. layman) now and in the foreseeable future, as compared to the recent past. So I take it you are one of the interested/affected people on this topic, hence drawing your attention to this review or a student that may need quick assistance on Economic concept. As a disclosure, you must know that I did not major in Economics and is not qualified for an academics review. I did take Economics as a subject and some of the materials I came across contained tedious explanations and mathematical formulas, which clouded the key concepts to impress upon the students. As a layman, I am more interested in how the Economics (of Demand and Supply) is affecting my everyday lives and how I can relate to the concepts that got an impact to my live. So its not so much on some lofty written theories and formulas that showed off the authors' grey density. Now this book can help you understand key Keynes concept, as it crystalise the KEY concepts into concise sentences for you to note. Through the use of comic/graphical medium, it presented the backgrounds who said what theories and how different theories might be interlinked.

**PART II** You may ask, what is Keynes's economic concept and why it has a special place in Economics. To share what's learnt and refreshed from the book. Keynes is the economist credited with the concept to pull out of the Great Depression. That's the man. This book assumes you have some basic knowledge of Econs in Demand and Supply of goods, and Monetary (i.e. Interest rate adjustment) and Fiscal (i.e. Government Spending) policies. Basically the key concept the book shared is that the government should throw in whatever resources necessary to create FULL EMPLOYMENT at a pace that is SUSTAINABLE. The goal is simple. It is to create full employment. The goal is not to decipher bigger/smaller government is better, welfare state is excessive or otherwise, tax cut for the rich is meaningful, or piling on big debts maybe contrary to a healthy fiscal position which all too often clouded current arguments. All these are just freak side shows to an important topic. Full Employment. This book will briefly take you through history (over the decades of 20 century) and walked through some of these bankrupted error arguments used to prolong the Great Depression.

**PART III** [YOU CAN SKIP THESE] Surprisingly these very failed arguments are finding estate space in the current newspapers. For example, the proposal of the government need not do anything. Let the market take care of itself, and it will climb out of Great Depression. Depression itself is a self-fulfilling vicious cycle. A pity the book did not devote more on this. Without a strong external momentum to break the cycle, it will continue. That is why Keynes idea of spending to break the cycle is important. Another lesson mentioned was that in the 1920s to 1930s, UK government (including Churchill), seek to peg the pound to a higher value for gold back to the pre-WWI standard. This was to have better exchange rate stability and restore "prestige" to the value of the pound. However Keynes make known then that domestic price stability (which affected full employment) should take priority over others. He was proven right when the stronger pound made UK goods uncompetitive and resulted in a gold run and the collapse of the pound. In today's environment, one can often find argument about the need to maintain better exchange rate stability via balancing the budget to preserve US reserve currency status in continuing to borrow in low interest rate. However the fact remains that the challenge to US reserve currency status is perceived, while high employment (which is Keynes objective to tackle) remains real.

**PART IV** [YOU CAN SKIP THESE] Still not convince of Keynes concept on the need for Government intervention to achieve Full Employment? Let's look at some examples that I relate to, after getting the key concept from the book: The US did use Government intervention to extract itself out of Great Depression and took on a big debt at that point. No doubt WWII mobilization played a part to the outcome. However the US Government and Federal Reserve Bank has since use its fiscal and monetary tools to smoothen out the business cycles, to create full employment. Unorthodox observer may argue that we could have let the market take care of itself and the same result would be achieved. The fact remains that via such intervention, a long period of expansion and stability were achieved, as compare to some dreamy assumption. Post War Japan turned into an economic powerhouse via exports. It did so at the expense of owning a huge amount of US debts. Did it matter whether the US could honor the debt? Probably. But it did matter that Full Employment was achieve in Japan resulting in its recovery from WWII and its amazing progress. At some point, Japan focus was "lost" and resources were indeed devoted to infamous build items like the "bridge to nowhere". Recent miraculous rise of China did so too via cheap labour and exports. Again like Japan, it own a huge amount of US debts. Did it matter that the labours were cheap or that it own a big chunk of US debts which may not be fully paid? Or it matters more that a generation of millions were given employment opportunities. This is not to diminish the fact that China may face the challenges of improper allocation of resources resulting in deepening corruptions, building of more "roads/rails/towns to nowhere" or speculative bubble in the properties market that has to be better managed. But in all the 3 examples above, it can be seen that the Governments practiced Keynes's concept of the need to arrive Full Employment via a number of extra-ordinary means. This means even if it resulted in temporal lower pay for the populace or to own huge amount of debt on credit from the buyer nations that may not be fully repay. Getting Full Employment remains the key and only objective. Having said that, the Government has to balance the inflation such that it remains acceptable for the populace. Equally important is to

encourage policies where capital and labor are engaged in meaningful activities of production/investment than towards building of "war machines", "roads to nowhere", building of bubbles and corruption. CONCLUSION As mentioned earlier, I am not an economic student or an economist that practices voodoo equations. So some of the interpretations and opinions I have added above may not be accurate. The world is never that simple. But I truly think that this is a good book that puts across some powerful points that we need in a simple and clear manner. You would be well advised to read it. POST-CONCLUSION OPINION [YOU CAN SKIP THESE] So in the US, you end up with 3 parties that can create policies to influence the status of full employment. You have: Republican Party Objective: To cut tax so as to return more money to those that are already rich (be it individuals or companies). Mainly this narrow and simple interest. Incidentally, Buffet himself said, he thinks the rich people and companies can live and do well with lesser tax cuts. Argument Used: To return the budget surplus to the people, to reduce tax to boost the economy, to help small businesses, to retain MNCs (even while they are exporting jobs), to reduce to a smaller and leaner government that provides more efficient services. Democratic Party Objective: To Spend. Provide massive government services to all sectors of people and defend the unions and minorities. Maybe even ensure that the Republican party does not lose the elections. It's a diversified coverage of interests. Basically cover everything and nothing. Argument Used: To provide and protect all services. Be it healthcare, social security, Medicare, even tax cuts for the rich. Federal Reserve Bank Objective: Not too sure of the official definition. But to create meaningful employment in the long run at a sustainable pace I guess. Argument Used: Almost same align with the objective. In sum, Keynes' concept may only be best practice by the Federal Reserve Bank. But the effects of any Federal Reserve policies may be negated by the spending bills and regulations enacted by either parties that maybe more trained in pandering to their core constituents' interest rather than the objective of full employment. This contradiction is further exacerbated when each party holds a branch of the government (Executive and Legislature) and move away further from the full employment objective when each tries to advance their own agendas. Moving back to Keynes' concept, each party should be offering choices of investment and spending that can truly create full employment and complement the Federal Reserve policies. With full employment, there will be more revenues from tax to provide more services and tax cuts. Hence all the narrow and diversified interests pursued by the parties can be fulfilled. However both parties appear to be putting the cart before the horse. Probably all could do well to read this book.

As we find ourselves at the cusp of an economic downturn, there has been a clear reinvigoration of Keynesian economics as governments are attempting to stimulate the market through public funds. Forming his economic theories in the wake of the Great Depression, John Maynard Keynes argued that a healthy economy depended on the total spending of consumers, business investors and, most importantly, governments too. Keynes formulated that governments should take control of the economy in the short term, rather than relying on the market, because, as he eloquently put it 'in the long run, we are all dead'. This graphic guide is the ideal introduction to one of the most influential economists of the 20th century, at a time when his theories may be crucial to our economic survival. Through a deft mixture of words and images, "Introducing Keynes" is a timely, accessible and enjoyable read.

About the Author Peter Pugh read History at Cambridge and is the author of more than 30 books on business and history, including the seminal guide to the Guinness scandal and a hugely acclaimed three-volume official history of Rolls-Royce, The Magic of a Name. Chris Garratt is an illustrator. He is the cartoonist behind the legendary 'Biff' comic strip in the Guardian.