

Book Reviews by Ian Robertson



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Title: *End This Depression Now!*
Author: Paul Krugman
Published By: Melrose Road Partners (2012)
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Nobel Laureate and frequent *New York Times* columnist Paul Krugman can come across as a Keynesian crusader. He acknowledges as much in this book, and although he includes the occasional political and professional jibe (taking more shots at the latter than the former), this excellent work should not be seen as a political text at all. *End This Depression Now!* delivers a timely, well-reasoned and well written refutation of the call for austerity and instead an advocacy of Keynesian spending as the only way to emerge from the current economic stagnation. It is a policy document based on Krugman's economic view of the world, and not a political statement. Unfortunately, it will be difficult to disaggregate the book's message from readers' own views and from the prevailing political rhetoric, and it will inevitably come across as a political document.

Rating:



Out of 5 Stars

For what are very complex and difficult issues, even for professionals, Krugman keeps his prose chatty (he uses colloquialisms such as "stuff" and popular movie references such as "Treasure of the Sierra Madre" and "Being There") and free of buzzwords, jargon or polysyllabic economics terms. There are no formulas except for those from his own success: spend to produce growth, cutback later, or risk curtailing production and employment further and for many years to come.

Written for an American audience, Krugman uses examples from Europe, the U.K., Japan, and of course the U.S., and draws clear links between the examples and the suggested policy actions. More specifically, he covers:

- the rise and fall of depression and Keynesian economics;
- the ins and outs of inflation and deficits (including an very clear refutation of why punitive austerity measures are counterintuitively counterproductive in today's ultra-low interest rate environment);
- income inequality;
- financial deregulation;
- financial system instability (Hyman Minsky's important work); and
- how to end this depression now.

Unlike most post-crisis books, Krugman does not spend much time on the specific causes or explaining how the moving parts worked (or failed to work). Instead, he spends most of the book using evidence and dashes of theory to show broader cause and effect in economics. His central point: from the current base of zero interest rates, cutting spending will shrink economic activity further, and perhaps lower the growth rate permanently. The only solution is to spend to increase demand, cutting back later once the growth trajectory is re-established at its former level.

With his eloquent, plain language refutation of the laissez-faire "freshwater" economists' views, Krugman will no doubt raise awareness for his economic cause via a well-deserved wide readership. There are, of course, equally cogent arguments by economists espousing restraint, and they too should be read. Cut through the rhetoric: buy this book and decide for yourself.

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