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“Just what the world needs, and just in time. Keynes is demolished and his quack system refuted. But this wonderful book does more. It restores clear thinking and common sense to their rightful places in the economic-policy debate. Three cheers for Hunter Lewis!”

—James Grant, Editor of *Grant’s Interest Rate Observer*

WHERE KEYNES WENT WRONG

And Why World Governments Keep Creating Inflation, Bubbles, and Busts

by Hunter Lewis

When the world financial system began to fail in 2008, the US government reacted decisively with a Stimulus Package, bailouts, and printing, borrowing, and spending trillions of dollars. All of these interventions were taken from a playbook devised by the last century’s most influential economist, John Maynard Keynes. But is Keynes right? The implications of this question are large and timely. If Keynes is wrong, then so are the economic policies of Barack Obama, George W. Bush, and virtually all world governments today.

In **WHERE KEYNES WENT WRONG And Why World Governments Keep Creating Inflation, Bubbles and Busts** (October 1, 2009; Axios Press; \$18 hardcover; 384 pages) Hunter Lewis challenges the Keynesian orthodoxy that lies at the heart of our financial system and today’s efforts to repair it.

Isn’t the root problem that Americans have taken on too much bad debt? Will even more borrowing, this time in the form of more government deficit spending, really help us out of the bind we are in? Isn’t this a bit like trying to cure a hangover with more of the hair of the dog that bit you?

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PUBLIC RELATIONS

Lewis tackles these questions in the most direct way. What did Keynes really say in his General Theory of Employment, Interest, and Money and other works? Are his ideas well supported? Convincing? If not, why not?

Lewis challenges many of Keynes' most established principles, arguing that:

- Creation of new money by the Federal Reserve to reduce interest rates ultimately backfires as we saw with inflation in the 1970s.
- Artificially reducing interest rates also leads to bubbles and busts, as in the 1990s.
- If anyone benefits from inflation, it is rich, not poor people.
- Recessions cannot be abolished—they are sometimes needed to clear away the mistakes of the past so that healthy growth can follow.

In **WHERE KEYNES WENT WRONG** Hunter Lewis reveals the folly of creating policy based on untested economic theories of the past, and instead asks us to question the economic arguments that are shaping our future.

ABOUT THE AUTHOR:

Hunter Lewis has written for *The Atlantic*, *The New York Times*, and the *Washington Post* and is the author of six books including, most recently, *Are the Rich Necessary?*, which was called “highly provocative and highly pleasurable” by *The New York Times*, “great reading” by *Publishers Weekly*, and “worth reading aloud on a family vacation” by *Barrons*. He co-founded Cambridge Associates, a global investment firm whose clientele reads like a who’s who of leading endowments and families, and includes the most prominent American universities. He has also served on boards and committees of fifteen leading nonprofits including the World Bank and has appeared on television and radio including “The Today Show” and NPR. He lives in Charlottesville, Virginia.

ABOUT THE BOOK:

WHERE KEYNES WENT WRONG: And Why World Governments Keep Creating Inflation, Bubbles and Busts

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SUMMARY:

John Maynard Keynes died in 1946, but his thinking continues to dominate world economic policy. Bushonomics, Obamanomics, and the policies of the U.S. Federal Reserve have all ultimately been derived from Keynes's book, *The General Theory of Employment, Interest, and Money*, usually referred to as Keynes's General Theory or *The General Theory*.

What does Keynesian economics tell us about the Crash of 2008? First that crashes are an inevitable part of Capitalism-- they reflect what Keynes called the "animal spirits" of private markets. Second that the Crash creates a downward spiral that feeds on itself. If Keynesian remedies are not promptly applied, there may be no economic recovery. These remedies, the essence of Keynesianism, include the U.S. Federal Reserve printing money and lowering interest rates, bail outs, and economic stimulus through deficit spending.

Where Keynes Went Wrong demystifies Keynesian economics. It reveals what John Maynard Keynes really said. And it offers a startling and persuasive argument that Keynesianism is leading us down a path, not to genuine economic recovery, but to inflation, bubbles, and crashes.