A classic look at the story of money is updated for the 1990s by the eminent economist, offering an in-depth, often hilarious lesson in human behavior and a layman’s course in the theory and practice of economics. Reprint.

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My Personal Review:
Wealth Odyssey: The Essential Road Map For Your Financial Journey
Where Is It You Are Really Trying To Go With Money?

Although originally published in 1975 by John Kenneth Galbraith (and republished in 2001) this is a great foundational discussion from someone who was closer to the depression than we are today. This work is helpful for a reader to understand how we got to where we are today with money and banks and the governmental systems and institutions.

First discussed is a brief history of how money developed and what it is (a medium of exchange that has taken many forms throughout history. page 5). "Attitudes towards money proceed in long cyclical swings. ...nothing, not even inflation, is permanent. ... that the pursuit of money...is capable of inducing not alone bizarre but repely perverse behavior." (page 3). The root of panics and the gold standard are discussed from his perspective - which I won't go into since each theme has supporters and detractors - however, another perspective is helpful.

Galbraith discusses Keynes and how fiscal policy (expenditures through the Federal budget) helps in certain economic times when some method of making sure money is spent, not simply made available for borrowing (at times even though money is available to borrow, it is not - and we see that tendency in 2008). He also discusses four serious flaws to fiscal policy in
chapter six - something policy makers should keep in mind during this economic cycle in the early years of the 21st Century.

Monetary policy (that of the Fed and the Federal Open Market Committee as examples) are discussed along with Milton Friedman. Galbraith wrote in 1975 at a time when the world had not yet experienced a complete cyclic shift between policies - they ended the fiscal stimulus period and had not yet ended a monetary stimulus period - as we have today. We are back to a fiscal stimulus period.

There is a brief and interesting discussion about the human tendency for regulators and politicians to see the train wreck coming, but hesitate to call alarm and be singularly blamed for the ensuing train wreck; better to share the blame with many afterwards, or better yet have that blame shifted somewhere else. Unfortunately, the same is true today as it was then.

My humble conclusion is that economic cycles are just that, cyclical. Both types of policies, fiscal and monetary, have their time when their strengths are needed. However, both types of policies have their weaknesses as well. It would be wise of policy makers to recognize where we are in the cycle and when inflection points matter in order to prevent economic stress due to the extremes of letting a policy go on too long. Both appear to be good policy tools at different times. The challenge is recognizing when one policy will make matters worse if continued, and to transition to the other policy in time to mute the effects of the current policy carried to an extreme in order to encourage the other policy to pick up where the previous leaves off. Otherwise, we are doomed to repeat the cyclical boom and bust cycles of overextension of credit and borrowing to an overextension of government spending that politically can’t be turned off when the spending stimulus begins to create inflation.

This book by Galbraith serves the reader well in forming a point of reference "From Whence it Came, Where it Went" that is very helpful to understanding today’s economic ills, especially his statement that every bubble is financed in some manner by a credit boom.

For a book about a broader discussion of wealth and how it is different from money...
Origin of Wealth: Evolution, Complexity, and the Radical Remaking of Economics by Eric D. Beinhocker
For a read why perhaps each crisis may be okay after all ...
Pop! Why Bubbles Are Great For The Economy by Daniel Gross

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