

For the Holidays, a Multimedia Guide to Economics

In his seasonal gift guide, our economics editor ventures beyond books and into documentaries. DDT discussed, Keynes redux and Friedman deluxe.

by Gene Epstein

READ THE BOOK, SEE THE MOVIE. IN a belated bow to the age of DVD, this season's list of economics books worth reading—seven titles—is supplemented by five documentary films on economics-related themes.

If books help you think and pictures help you feel, then moving pictures augmented by words can help you feel thoughts. As a diehard print

person, I still insist

books alone present

thoughts and ideas

with due evidence and nu-

ance. But the visceral power of

film is undeniable, especially when in-

tensified by the power of

song. *The*

Singing Revolution, a

2007 film

narrated

by actress Linda Hunt, tells the thrilling story of the tiny country of Estonia's nonviolent fight for independence, first against Nazi Germany and then the Soviet Union. It may be too much to say Estonian folk-singing literally was the revolution. But the film makes a strong case that popular song played a special role in moving Estonians to revolt.

A segment in *The Ultimate Resource* (2007)—an absorbing instructional film on the power of markets—about Estonian Indrek Laul and the Estonia Piano Co., turns out to be a fine companion piece to *The Singing Revolution*. It shows how, after Estonia won independence from the Soviet Union, Laul and his workers turned a company that had made sturdy but subpar pianos for the state into an en-

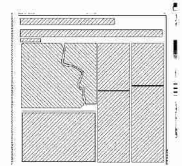
trepreneurial firm whose pianos can compete in the world market. Another segment shows how Muhammad Yunus developed the idea of microfinance to help poor folks in poor countries launch businesses. Given the usual competition, Yunus should have qualified for a Nobel Prize in economics, but instead won the Peace Prize in 2006—which, also given the usual competition, he richly deserved.

For the video gift that keeps on giving, at least through 10 memorable one-hour segments, try *Free to Choose*, the 1980 series featuring the late Nobel laureate economist and impassioned defender of free markets, Milton Friedman. All but the last segment start with a half-hour narration by Friedman on a particular topic, such as capitalism's treatment of workers and of consumers. The second half-hour is a debate on that topic between the feisty Friedman and a group of guests, most of whom vigorously disagree with him. In the tenth segment, Friedman submits to an intensive grilling from the late moderator of the TV show *Meet the Press*, Lawrence Spivak.

Never before or since have I seen so many dramatic face-offs between a defender of free markets and his antagonists, including such once-prominent men and women of the left as Michael Harrington, Robert Le-kachman and Francis Fox Piven. Against these and others, while Friedman is nearly always outnumbered, he is rarely outgunned.

Avoid the updated version of this series, which features faux-libertarian Arnold Schwarzenegger. Get the 1980 version, available at www.freetochoose.net. And while you watch the series, read the worthwhile book of the same name, which Friedman wrote with his wife Rose.

Not every documentary has the benefit of a spellbinding character like Milton Friedman. But the best are



character-driven, with a minimum of narration, and still manage to make their points. By those stringent criteria, two of the very best documentaries are *Mine Your Own Business* (2006) and the more recent *Not Evil Just Wrong* (2008), both produced and directed by husband-and-wife team Phelim McAleer and Ann McElhinney.

While each film likely will get you angry, each has its share of sardonic humor. *Mine Your Own Business* follows former Financial Times correspondent McAleer to Rosia Montana, a Romanian town where the construction of a high-tech gold mine is being opposed by environmental activists from out of town. But the locals McAleer interviews see the mine as a source of needed employment.

Later, McAleer takes an unemployed Rosia Montana miner to Madagascar, where there is a similar conflict between locals and environmentalists. I might have preferred that McAleer adopt the flamboyant style of Showtime documentarian Penn Jillette and confront more directly the activists he interviews. But his thorough refutation of their views through documentary footage is perhaps more subtly effective.

Not Evil Just Wrong—which takes aim at that prominent environmental activist Al Gore (also winner of a Nobel Peace Prize)—has a similar theme. Much of the film concerns the Draconian solutions to global warming that Gore has advocated, which would devastate the living standards of ordinary people. The most powerful scenes show the murderous effects of banning DDT—which could help stamp out malaria—while Gore pays homage to the late Rachel Carson, who inspired the DDT ban. Just watch a couple of activists sincerely but condescendingly inform an African woman that the U.S. never used DDT (a flat-out falsehood, as the film shows), and be prepared to be just a bit enraged.

If most of us can confess to having wept more often in front of a movie than over a book, that doesn't mean book-reading is passionless—even the reading of economics books.

Take, for example, the impassioned book by Hunter Lewis, *Where Keynes*

Went Wrong (2009), subtitled *And Why World Governments Keep Creating Inflation, Bubbles, and Busts*. In bad economic times like these, confused folks turn to shamans for guidance. While there has happily been no widespread mention of Karl Marx, revived reverence for John Maynard Keynes (pronounced “kaynes”) seems ubiquitous. Was he not, after all, the learned British economist whose 1936 classic, *The General Theory*, taught the world that when capitalism drives the economy off the rails, government can get it back on track?

The Keynesian revolution of the 1960s that led to the disaster of the early '80s should be enough to disabuse us of both parts of that myth. But since irrational faith in Keynes persists, investment advisor Lewis has written a much-needed book. In plain prose, he begins by patiently walking us through precisely what Keynes said, quoting liberally from the great policy maker. Lewis then patiently reveals why Keynes' work is “remarkably unsupported by evidence or logic.” Lewis does much more besides, showing how Keynesianism has lived on in the minds and hearts of our politicians, with disastrous results.

A companion volume to *Where Keynes Went Wrong* is *Getting Off Track* (2009), by Stanford University economist John B. Taylor. A short work, whose text runs fewer than 80 pages, including charts, it defends the thesis of its subtitle: *How Government Actions and Interventions Caused, Prolonged, and Worsened the Financial Crisis*.

Imagine attending a scintillating chalk-talk by a learned and engaging professor. Taylor, creator of the “Taylor Rule” for targeting the interest rate on federal funds, shows succinctly how the Greenspan Federal Reserve violated that rule—again, with disastrous results. He then efficiently demolishes the main defense put forward by Greenspan and Bernanke about the alleged emergence of a “savings glut”—pointing out that, “On the contrary, as Figure 3 shows in simple terms, there seems to have been a savings shortage.”

The Ethics of Money Production (2008), by Jörg Guido Hülsmann, is a clear, back-to-basics look at the nature of money production in free and controlled markets. The book also fills a huge hole in mainstream economics. When mainstream economists criticize the distortion of tariffs, for exam-

ple, they do so based on an alternative vision of how a free market in trade would work. But since the mainstream has no vision of a free market in money, it treats such distortions as fractional reserve banking as though they don't arise from government intervention. Hulsmann's book corrects such dangerous fallacies.

I may have a soft spot for journalist David Owen's *Green Metropolis: Why Living Smaller, Living Closer, and Driving Less Are the Keys to Sustainability* (2009), because it celebrates my own hometown, New York City, as the "greenest community in the United States." Owen's case is persuasive, as he methodically turns most ideas of the environmental "greens" on their head.

Who Killed the Constitution? (2008), by Thomas Woods and Kevin Gutzman, is an impassioned look at how the Constitution has been shredded by the government. For those interested in economics, the chapter called "The Great Gold Robbery of 1933" alone is worth the book's price.

For investors, *Warren Buffett and the Interpretation of Financial Statements*

(2008), by Mary Buffett and David Clark, is the most accessible book I've read on accounting fundamentals, laced with a sensible perspective that makes us believe this is what "Warren" would think. The first-name basis doesn't offend; Mary Buffett used to be a family member by marriage.

Speaking of family, Adam Bellow's *In Praise of Nepotism* (2003) stands as a unique, and uniquely entertaining, angle on the labor markets. Literary editor Adam, son of yet another Nobel Prize winner; novelist Saul Bellow, candidly admits his last name must have helped him gain entrée to his profession, although his father never actively helped him. The bold title seems somewhat irreverent, however. By recounting the story of nepotism from Biblical times to the present, Bellow mainly seeks to persuade us that, since the practice runs deep in human nature, best to practice it by boosting only talented relatives, of whom there seem to be many.

The book's subtitle: *A Natural History*. Could make a great documentary movie. ■



A Tale of Two Formats

The books and documentary movies (DVDs) listed below all touch on economics, freedom or both.

Film Title	Director/Producer	List Price	Rentable	
The Singing Revolution	James & Maureen Tusty	\$26.95	yes	
Mine Your Own Business	Phelim McAleer & Anne McElhinney	29.50	no	
Free To Choose	Bob Chitester	95.00	no	
Not Evil Just Wrong	Phelim McAleer & Anne McElhinney	19.95	no	
The Ultimate Resource	Jim Taylor & Katherine Anderson	29.95	no	

Book Title	Author	List Price	Kindle	Sony Reader
In Praise of Nepotism	Adam Bellow	\$16.00	yes	yes
Getting Off Track	John B. Taylor	14.95	yes	no
Green Metropolis	David Owen	25.95	yes	yes
Warren Buffett and the Interpretation of Financial Statements	Mary Buffett & David Clark	24.95	yes	yes
Who Killed the Constitution?	Thomas E. Woods Jr. & Kevin R.C. Gutzman	25.95	yes	yes
Where Keynes Went Wrong	Hunter Lewis	18.00	yes	no
The Ethics of Money Production	Jörg Guido Hülsmann	29.00	no	no