Keynes in action [1]

Written by Sam Bowman [2] | Tuesday 9 October 2012

David Boaz recently mentioned a pretty <u>extraordinary anecdote</u> [3] about Lord Keynes, mentioned <u>in the Wall Street Journal in 2009</u> [4]:

Drama was a Keynes tool. During a 1934 dinner in the U.S., after one economist carefully removed a towel from a stack to dry his hands, Mr. Keynes swept the whole pile of towels on the floor and crumpled them up, explaining that his way of using towels did more to stimulate employment among restaurant workers.

David Boaz says that the Keynes story highlights the absurdity of 'make-work' theories of economics, but if it's true (and it may not be, so take it with a pinch of salt), it makes you wonder why today's Keynesians aren't taking matters into their own hands in the same way. Since the government is, supposedly, unwilling to stimulate aggregate demand, altruistic Keynesians could take it upon themselves to boost demand. Keynesian do-gooders could slash car tyres, knock down walls, dig up roads, smash ATMs, and break some windows, all in the name of stimulating the economy. Your country needs you!

blog comments powered by Disqus [6]

Source URL: http://www.adamsmith.org/blog/economics/keynes-in-action

Links:

- [1] http://www.adamsmith.org/blog/economics/keynes-in-action
- [2] http://www.adamsmith.org/taxonomy/term/5809
- [3] http://www.cato.org/publications/commentary/obama-clinton-keynes-enduring-mysteries-job-creation
- [4] http://online.wsj.com/article/SB123137373330762769.html
- [5] http://disgus.com/?ref_noscript
- [6] http://disqus.com