

Book Review by Bobbi Emel, *Book Flap*, Kepler's Bookstore Blog, Menlo Park, California

Kepler's was honored to have eminent economist, researcher, and scholar John B. Taylor speak at the store on March 3, 2009. Event host Bobbi Emel reports:

I was concerned that the inclement weather might deter people from attending this event but, apparently, the specter of the dark and stormy economy outweighed the dark and stormy night as a very large crowd came to hear John Taylor. Dr. Taylor is a distinguished economist, a fellow at the Hoover Institution and a Professor of Economics at Stanford University. He has received numerous awards both for teaching and for achievements in economics. He has served as an economic adviser to the Ford, Carter, and George H.W. Bush administrations as well as advising the Bob Dole, George W. Bush, and John McCain presidential campaigns. Dr. Taylor is currently a member of Governor Schwarzenegger's Council of Economic Advisers.

Getting Off Track is a summary of Dr. Taylor's research into the financial crisis. It is truly "hot off the presses" as he refers to events that happened in November of 2008. Although he is an eminent researcher and scholar, his writing style is such that I, who have no background in economics at all, was able to understand the complicated concepts that underlie our current economic predicament. His clear explanations are accompanied by graphs that help the reader see the trends he discusses.

Although he has served under Republican administrations and is very good friends with leading economists of the last decade, including Alan Greenspan, Dr. Taylor is quite frank in his opinion that the government caused the financial crisis by dropping interest rates too low too fast and then prolonged and worsened it by misdiagnosing the problem. This latter issue, he contends, is that the government saw the problem as one of liquidity rather than one of counterparty risk and "the balance sheets of banks." Thus, the initial efforts to right the tilting economy were aimed at liquidity rather than reducing risk.

Dr. Taylor is a good speaker and he knew that the people in attendance would have many questions so kept his comments about his study fairly brief. True to form, the large audience was well-informed about economics and had many interesting and complex questions, each of which Dr. Taylor was able to handle knowledgeably.

Unfortunately, even Dr. Taylor has no simple answer to how to solve this economic problem. However, in answer to some of the questions, he said that he is disappointed that the current

stimulus package of the Obama administration is not being utilized for infrastructure quickly enough. He believes it is a good course to emphasize infrastructure, but said that portion of the stimulus package will not go into effect until later and he thinks the time should be now.

Dr. Taylor is a fan of Kepler's and, when I offered him a gift book, he and his wife smiled and said that they love to browse in Kepler's so would take us up on the offer of a book when they had time to come back and browse at their leisure.