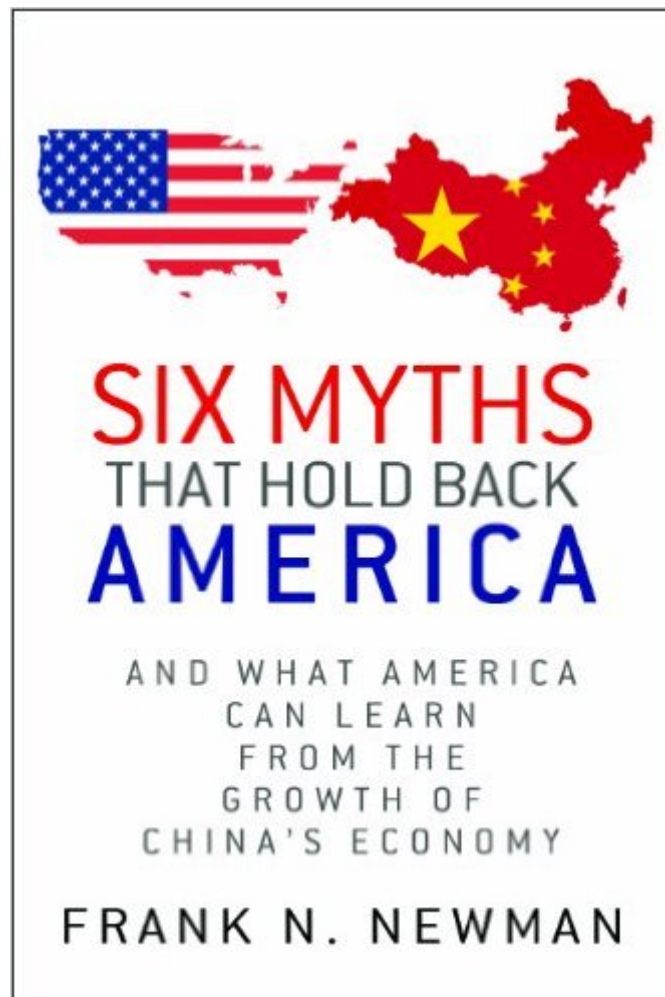


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# Six Myths That Hold Back America: And What America Can Learn From The Growth Of China's Economy



## Synopsis

Why is China booming while the American economy lags? Despite a globally challenging economic environment, production in China has grown significantly every year, for the past twenty years. America's GDP, by contrast, fell during the serious recession of 2008-9, and is now struggling to achieve even tepid growth. Why should this be? Over the last decade, economic thought and attitudes in the West have increasingly diverged from the underlying views in China, and significant contrasts have developed. *Six Myths that Hold Back America* analyzes key statements of accepted economic views in the U.S. to determine which have real basis in the U.S. financial system, and which are really just myths. Refreshing, stimulating, independent thinking • Frank Newman draws upon a wealth of practical experience in the private and public sectors, including his time as CEO of major banks in the U.S. and China, and in his role as Deputy Secretary of the U.S. Treasury. This experience at home and abroad helps him dissect a series of common economic beliefs and develop conclusions that deeply challenge conventional assumptions about the American economy.

## Book Information

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## Customer Reviews

This is the book for people who want to go behind the op-eds and see what the real financial and economic situation and policy options for the US are. As the US struggles and China ascends, a mis-informed pessimism that the US is cornered has set in, and Frank Newman in the clearest of language possible says why this is not the case by explaining how international debt markets, saving and growth, and US budget deficits really work. The essential messages are: the US is not

hostage to China's lending us money; increased saving and austerity will not create more investment; and the US economy and dollar are unique among nations which gives us many more policy options to recover than financial commentators suggest. The book's concepts are highly accessible because he explains the most basic mechanics of how debt markets and an economy's flow of funds works. This is the language you wish your economics professor would have chosen. The problem with most conversation about our economy and China today is how shot full of assumptions it is about how the basics work, and rarely does anyone stand back and critically explain and review them. This book does. It is a perfect gift for people who get cornered at parties and are told how the Chinese own us and that we could be a Greece waiting to happen. If you want to defend yourself against these self-appointed Casandras, read this book. And there is interesting content even for the specialist, especially how commercial banks create money and the many options the Eurozone has when it comes to debt instruments. Newman is an insider who takes you on a tour of what real policy people know and see. It's much more fun than another heavy op-ed. The book is mercifully compact.

Without apparent awareness of Modern Monetary Theory (MMT), Newman, as a banker and former Under Secretary of the Treasury uses the same analysis of money flows in the American economy as MMT theorists to arrive at the same conclusions. This little book should be a manual for every new President of the United States about national debt, deficits and their effects, the discontents of austerity, and how aggregate saving in the economy can only grow with investment, government deficit spending, and rise in export income. Newman critiques six myths: (1) Asian nations are bankrolling the U.S.; (2) Treasuries crowd out financing for the private sector, (3) If everyone tries to save more the nation will save more, and Investment, GDP, and employment will increase; (4) If the deficit is reduced, then national Saving and Investment will increase; (5) Deficits create great burdens of repayment and taxes for our children; and (6) If the U.S. does not get its fiscal deficit reduced soon, U.S. Treasuries will face the same problems as bonds of Greece and Ireland. Newman also draws on his experience as the CEO of a Chinese Development Bank bought by American investors and returned to profitability in which he was able to study the Chinese banking system, and he points out how they like us have a fiat money system but do not subscribe to these myths as do Americans, and this is the reason for the Chinese's rapid economic growth. Those same myths are holding back our economy from fully recovering from the Great Recession.

A careful reading of this book and Mr. Newman's other book Freedom from National Debt should

convince a careful thinker that there is no national debt. The Federal Government does not borrow money from the loanable funds market. All money in the US economy came from the US government. Why would the government borrow the thing that it alone can create? Why can't it just create more? And to make this timely, don't start with the inflation thing. We are in a slack economy and suffer from a lack of aggregate demand. I would also suggest for further reading 7 Deadly Innocent Frauds by Warren Mosler and Modern Money Theory by L Randall Wray. The latter is a bit more involved. All of these books stress the fact that this is how money in our economy actually works. This is fact not theory. How we apply this has to do with policy and that is where theory enters. A sovereign government that issues its own currency and has a free floating exchange rate can NEVER involuntarily default.

A fascinating, well written, thought provoking read that's sure to spark the kind of dialogue necessary to get America's economy back on track. Mr. Newman clearly understands how the American and Chinese economies work and his experience as the CEO of banks in both countries gives 'Six Myths' the credibility that only he can provide.

Good book for a quick read. This book is about the real world of sovereign money and the US dollar, based on a working knowledge from a lifetime of experience. It is not the fantasy world projected by US politicians for personal and political party gain. If we want to give our children a prosperous, productive economy we need to understand what Frank Newman is saying. This is a wake-up call.

We are subject to a constant barrage of rhetoric about the dangers our economic policy. We hear in particular how we are mortgaging our future and how Asia will be in the position to foreclose on that mortgage. Mr. Newman draws on his extensive experience in both the U.S. and China and in both the private and government sectors to expose the myths that ineluctably draw many of our political leaders and news commentators to this view. We would all benefit if every member of the U.S. Congress and news anchors took the time to read and absorb the lucid analysis put forth in Mr. Newman's book. While plainly written, it is not always an easy read because its conclusions are in such stark contrast to what we all hear.

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