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The Keynesians Were Wrong Again

We won't see a return to growth without incentives for job-creating investment.

By Peter Ferrara

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From the beginning, our representatives in Washington have approached this economic downturn with old-fashioned, Keynesian economics. Keynesianism—named after the British economist John Maynard Keynes—is the theory that you fight an economic downturn by pumping money into the economy to “encourage demand” and “create jobs.” The result of our recent Keynesian stimulus bills? The longest recession since World War II—21 months and counting—with no clear end in sight. Borrowing close to a trillion dollars out of the private economy to increase government spending by close to a trillion dollars does nothing to increase incentives for investment and entrepreneurship.

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