

painted by Thomas is not nearly so selflessly patriotic and capable, but rather a man who was willing to subordinate the national interest to his own ends. Thomas shows that circumstances 100 years ago, were quite similar to many of today's political and personal agendas, perhaps for similar purposes. The image of Teddy Roosevelt, the purest American loyalist, charging up San Juan Hill to liberate Cuba from the malicious Spanish regime is insufficient to capture the total picture of the complex political, military, and strategic confluence that led to the Spanish-American War. The question for the polity is how to design a system that marginalizes these personal agendas and ideologies to ensure that questions of war are, indeed, answered with morality, proper state behavior, and national self-interest as the foremost considerations. Books like *The War Lovers* are instructive in ensuring we are not doomed to repeat history, or at least to recognize when we are.

Keynes: The Return of the Master. By Robert Skidelsky. New York: Public Affairs, 2009. 221 pages, \$25.95. **Reviewed by Michael J. Fratantuono,** Associate Professor, Department of International Business and Management, and Chair, Department of International Studies, at Dickinson College.

Via the three-volume biography that he completed in 2000, British historian Robert Skidelsky established himself as the world's leading authority on the life and writing of John Maynard Keynes, the man who pioneered thinking about macroeconomics; helped design the post-World War II Bretton Woods regime; and unabashedly asserted that "The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly supposed. Indeed the world is ruled by little else."

The assertion by Keynes is the impetus for Professor Skidelsky's latest book. He believes that the current Great Recession can be traced to intellectual, moral, and institutional failures that are either embedded in or emanate from the dominant strains of contemporary economic thought. The author also believes that if policy-makers hope to avoid similar crises in the future, they should reconsider the insight of Keynes.

During his university years, Keynes studied Classical Economics, the field launched by Adam Smith in 1776. In the nineteenth century, those shaping the discipline applied the mathematics of Newtonian physics to the concept of the market. That framework suggested that, starting from a state of equilibrium in which supply was equal to demand, an increase in supply of a particular good would lead to a reduction in price, which in turn would induce individuals to increase the quantity demanded of the good to the point where the market was once again in equilibrium. (Mirror-image adjustments would unfold in the event of a reduction in supply.) The logic was also applicable to markets for the factors of production, such as labor, and, of critical importance, to the interaction between the acts of saving out of current income and of borrowing in order to invest in productive capital.

Keynes, informed by his active participation in the financial markets and by the Great Depression, developed an alternative vision of economic processes. When people were confronted with irreducible and unquantifiable uncertainty about future economic events, they tended to hoard cash, the most liquid form of saving. If they did so, then that flow of saving was not made available to factory owners who wanted to borrow

funds in order to purchase new production facilities and equipment; thus, the increase in saving implied a reduction in consumption but did not imply an offsetting increase in investment. Such a state of affairs suggested the economy could settle into a less-than-full-employment equilibrium. If so, then government spending would in fact be needed to compensate for the fall in consumption and to pull the economy out of its rut.

Keynes's economic analysis was complemented by his views on ethics and politics. With respect to ethics—and here I greatly simplify and do not reflect the tension in the thinking of Keynes or to nuances in Skidelsky's writing—Keynes believed that the “pursuit of money was justified only to the extent it led to the ‘good life.’” In turn, the good life consisted of engaging in meaningful human relationships and appreciating those things that are aesthetically pleasing. With respect to politics, he believed that the government should act prudently in all endeavors; should ultimately provide the framework for individual initiative, as that was the best guarantor of democracy; and should concentrate on stabilizing the macroeconomy via demand management.

Keynesian analysis enjoyed its greatest influence during the 25-year period that ended in the mid-1970s. By that point, it had become vulnerable in the ongoing battle of ideas. Its relative weakness was due in part to the fact that practitioners had “bastardized” Keynes's ideas and selectively taken segments of his framework to justify their own purposes. It also resulted from the fact that supply-side shocks associated with the oil crisis in 1974 caused in both higher unemployment and higher inflation (stagflation), a combination that was hard to explain via Keynesian analysis, which depicted an inverse relationship between the two.

Perhaps most significant, however, was the challenge that emerged from advocates of the New Classical School, who refined their assumptions about human behavior, economic relationships, and market processes and laid three foundation stones for analysis: market participants possess all relevant information about current events and possible future developments and act in automaton-like fashion to maximize utility (rational expectations hypothesis); variations in economic output are attributable solely to disturbances on the supply side of the economy that impact productivity (real business cycle theory); and current prices in financial markets adequately and appropriately reflect the tradeoff between risk and return (efficient financial market theory).

In light of the Great Recession, what does Professor Skidelsky think went wrong? The intellectual failure springs from the treatment by the New Classical Economics of the unknown. While Keynes addressed the uncertainty associated with some potentially high-impact events, the likelihood of which could not be quantified, the New Classical Economics talked about risk that can be expressed in terms of probability distributions and financial instruments that can be used to properly hedge (insure) against risk. That perception led participants to misapprehend the degree of systemic risk that had come to permeate the US financial sector by the middle of this decade. The moral failure stems from the unbridled pursuit of self-gain; if there is no sense of the good life, then prosperity is not a means to a higher end but instead becomes the end in itself. Without a larger point of reference or sense of the public good, hubris and self-interest contribute to suboptimal outcomes.

In the final section, Professor Skidelsky walks on difficult terrain, as he speculates as to what Keynes might say about a range of matters if he were still alive,

including the tension between stimulating the economy in the short-term and eliminating structural deficits in the long-term; the need to properly regulate the financial sector at both national and global levels; and even the need for the study of economics to be balanced by familiarity with history and the humanities. But by bravely pushing ahead, he helps make the case that despite a 35-year ebb tide in influence, the ideas of Keynes are once again extremely relevant in a debate that is yet to be resolved.

When all is said and done, Professor Skidelsky has delivered an elegantly written, authoritative, and provocative commentary that reinforces Keynes's assertion about the power of ideas. All those who have a rudimentary familiarity with economic and financial concepts and an interest in current affairs will find value in this book.

America's Captives: Treatment of POWs from the Revolutionary War to the War on Terror. By Paul J. Springer. Lawrence: University Press of Kansas, 2010. 278 pages. \$34.95. **Reviewed by Major William M. Yund,** former Assistant Professor, Department of History, US Military Academy.

The abuse of Iraqi prisoners at Abu Ghraib prison in the early phase of the American occupation did tremendous damage to US strategic interests. It eroded domestic and international support for American operations and facilitated insurgent efforts. In *America's Captives: Treatment of POWs from the Revolutionary War to the War on Terror*, historian Paul Springer argues that although such treatment was not the result of deliberate policy it was nonetheless the foreseeable product of American attitudes toward enemy prisoners of war (POWs). While representing a clear departure from America's long-standing policy of faithfulness to international law regarding POWs, the abuse of these detainees was the "predictable, and to a certain extent natural, outgrowth of American wartime behavior." Springer suggests that American POW policy over the last two centuries has been characterized by the failure to properly plan for POW operations, a casual neglect of prisoners, and constant economizing in the realm of prisoner care. Prisoner welfare has periodically suffered for it.

Organized chronologically, the book compares POW policy with practice throughout the nation's history instead of focusing on an individual war, providing a new perspective on the subject. Springer finds that the administration of captives was generally decentralized and uncoordinated prior to the Civil War. Enemy prisoners were subject to constantly changing policies that were often ignored by the individuals tasked with performing them. Policy-makers economically instrumentalized prisoners while professing humanitarian concerns. Captives were frequently handed over to civilian contractors more interested in turning a profit than in the welfare of their wards. By the time of the Mexican-American War, Springer argues, POW operations that seemed to be based on humanitarian principles actually reflected a pragmatism superseding expressed national values. Although the vast neglect of prisoners on both sides of the American Civil War and the wartime development of a framework for governing the treatment of POWs, the Lieber Code, left a lasting impression on the military establishment, moral flexibility continued to dominate operations. The exploitation of prisoner labor by American forces, for example, actually increased after the armistice ending the First World War was signed. Moreover, in the months following the end of hostilities, prisoners were subject to extremely dangerous work conditions. And while