**Clarion Review**

Business & Economics

**Pants on Fire: Cutting Through the Biggest Lies of Twenty-first-Century American Plutocracy**

Paul Christopherson
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Four Stars (out of Five)

Readers who follow economic news may be dismayed that Paul Christopherson used part of a juvenile rhyme to title such an insightful, intelligent, and important book. In *Pants on Fire*, the author's critique of US economic affairs is cogent and understandable, arguing America's financial woes can be traced to "seven key lies" promulgated by the moneyed class.

Lie: "The way to grow the economy is to stimulate the people at the top." The means advocated by those who will benefit most is the reduction of taxes on dividends and capital gains, actions which actually "… retard reinvestment; and capital gains cuts…stimulate cashing out." Both then work against growth.

Lie: "Loose money is another way to grow the economy." Christopherson believes the Federal Reserve's interest rate reductions are counter-productive. "A CD earning 2 percent, or a savings account earning a half percent, is just a disincentive to save, which starves capital investment, job creation, and economic growth."

Lie: "The stock market is the best investment and the best economic indicator." An examination of corporate practices shows that "… in today's economy, businesses…distribute more, on balance…than they invest. The stock market thus works only for those who sell the stock market to everyone else and for…the stock-option class, that is, top management."

Lie: "Executive compensation is tied to performance." Christopherson cites mismanagement at Pfizer, Northwest Airlines, and Bank of America, and the obscenely large severance packages paid to their most senior executives, to illustrate "…the sense of entitlement the CEO class feels…and the lack of reference to performance or results…"

Lie: "Regulation is bad; deregulation is good." Christopherson dissects the Goldman-Sachs debacle, a company that "…traded against and in front of…" its own client

recommendations to out-earn "…what efficient-market theorists say is possible." Why? Financial market deregulation.

Lie: "Bailing out Wall Street was necessary to preserve the system." According to Christopherson, it cost $10,000 per citizen to rescue the "enablers of this ghastly mess" (our economy). "The Wall Street bailout banished the pose about America being a representative, democratic place."

Lie: "The health care question is about who pays." Christopherson makes a compelling but unexpected case that the fundamental problem with our health care system is corn. "The corn-driven diet is…" causing "…preventable, chronic diseases…" and that, "obesity, diabetes, heart disease, and cancers linked to diet…" cost the nation "… $1.1 trillion — half the health care tab."

A former Wall Street analyst and co-founder of an institutional equity research firm, Christopherson worries that we are headed for a "…breakdown in trust in our institutions…Maybe not citizens throwing bricks in the street yet, or setting parked cars on fire…Perhaps a taxpayer revolt."

*Pants on Fire* is not a scholarly work. For reference and research, the author cites his own "experience and observation," and the *New York Times*, augmented by Internet searches. The book, however, is an effective polemic supporting the idea "…that great concentrations of wealth produce sufficient power to corrupt."

*Gary Presley*