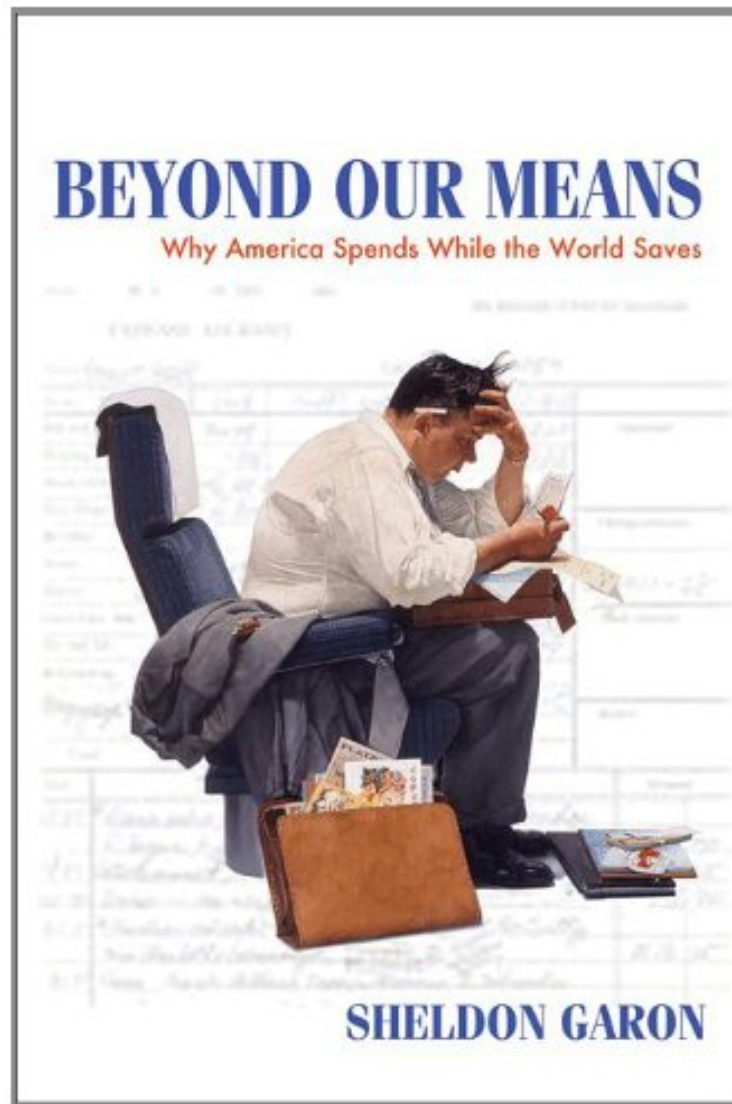


Beyond Our Means: Why America Spends While the World Saves

Sheldon Garon

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Sheldon Garon : Beyond Our Means: Why America Spends While the World Saves before purchasing it in order to gauge whether or not it would be worth my time, and all praised Beyond Our Means: Why America Spends While the World Saves:

19 of 19 people found the following review helpful. Are Higher Savings Key to Turn Around the Underperforming U.S. Economy? By Serge J. Van Steenkiste Sheldon Garon does a great job in his analysis of the global history of small saving in the form of deposits in banks, post offices, saving bonds, or life insurance schemes mainly in Europe, East Asia, and the U.S. Mr. Garon defines small savers as the working, farming, and middle-class people who make up the bulk of any society. The author clearly demonstrates that the U.S. has differed sharply from other (industrializing)

societies in its approach to saving and consumption. This observation is particularly true for the last 30 years. Mr. Garon bases this assessment on an in-depth overview of the similarities in saving institutions and campaigns across the globe for the last two centuries. Countries have assiduously learned from each other in how to convince people to save for their country and in their best interest. For example, Japan learned much about saving institutions and campaigns from Europe in the decades following the Meiji Restoration of 1868. The rest of East Asia, in turn, learned much about these saving institutions and campaigns from Japan in the most recent decades. Contemporary Europe and East Asia have backed, to a large extent, the twin missions of restraining consumption and augmenting national savings. The current economic downturn has revealed for years how too many Americans are "financially fragile." Many Americans have not had the capacity and/or willingness to build a diversified asset mix in good times, resulting too often in overinvestment in real estate and/or the stock market, overindebtedness, and a lack of liquid assets that can be mobilized without adverse tax consequences. To help remediate this situation, Mr. Garon makes different proposals for boosting savings:

1. Lower fees on small accounts to improve small savers' access to commercial banks. Accessibility is still a challenge in poor urban and rural areas of the U.S.;
2. Federal Government's revival of postal savings or an alternative form of a national savings bank due to the expected lack of support by most U.S. commercial banks for savings-promotion initiatives. These postal savings would be capped at a certain amount to make them accessible only to young people and families of modest means. Mr. Garon reckons that the introduction of checking and small accounts at the U.S. post offices may push commercial banks to be more favorably disposed towards small savers. Surprisingly, the author does not suggest that the U.S. post offices be a conduit to mobilize private savings to finance the rejuvenation of the U.S. infrastructure after the example of countries such as France, Japan, and Singapore mentioned in his book. This initiative would help revive the U.S. economy in dire need of higher growth rates;
3. Modify the tax laws to encourage low- and middle-income people to build assets of various types. In the excellent chapter 11, the author convincingly demonstrates that retirement savings plans and deregulation of savings institutions, which have been the two major initiatives passed since 1980 to promote saving, have mostly failed to convince the non-affluent majority to do it. Mr. Garon notes that the U.S. tax code funnels most tax benefits to wealthier savers and homebuyers, encourages overinvestment in housing, fosters overindebtedness by privileging home equity loans, and provides limited incentives to lower- and middle-income people to build assets. The author pleads for measures such as comparable tax breaks for renters, tax-free treatment of all small savings, and a tax credit instead of a deduction to universalize retirement saving accounts;
4. Encourage youth to save. Mr. Garon pushes for a nationwide financial education program that instructs young people about financial products such as savings and checking accounts, stocks, credit cards, and student loans. Furthermore, the author observed that unlike American banks, savings banks in Germany bet that youth accounts build customer loyalty, even if these accounts can be unprofitable in the short-term;
5. Promote saving in terms of "financial inclusion." Banking the U.S. population more thoroughly will give the un- and underbanked citizens a stake in their country. Mr. Garon draws the attention of his readers to the fact that in France, the banks' exclusion of some citizens is tantamount to denying people of their civil rights. Mr. Garon is at his weakest in his in-depth analysis of small saving when he does not address in a meaningful way the deleterious impact of the monetary policy of the U.S. Federal Reserve on savings. Some Americans quite rightly will be asking themselves why they should save (more) when inflation-adjusted interest rates have been negative for years. Stripping the U.S. Federal Reserve of its mandate to ensure full employment will force the U.S. central bank to seriously focus on price stability. The further democratization of credit and homeownership that the U.S. Federal Reserve has been pursuing for years has failed to move the needle significantly in an economy badly in need of deleveraging. As James Rickards convincingly demonstrates in his recent book "Currency Wars," the U.S. Federal Reserve clearly does not deliver on its official dual mandate of price stability and full employment. In summary, Mr. Garon makes a compelling case to further democratize saving as one means of creating a more equitable society. Public decision-makers would benefit from reading the book under review, especially chapters 3, 7, and 11.

2 of 2 people found the following review helpful. Stop spending your money on junk! By Alex Dionisio Excellent books for everyone, especially Americans, to realize we are spending recklessly and handing over our lives to greedy corporations. The author could have researched spending and saving habits in Africa, South America, the Middle East and South Asia too instead of just North America, Europe and East Asia, but the messages in this book are extremely urgent! 2 of 2 people found the following review helpful. Every finance executive should read this book By FDY Centrist in tone, this book educates the uninformed and the experienced about the broader context of why countries and cultures save. It also exposes the underlying reasons for the savings crisis in the USA.

If the financial crisis has taught us anything, it is that Americans save too little, spend too much, and borrow excessively. What can we learn from East Asian and European countries that have fostered enduring cultures of thrift over the past two centuries? Beyond Our Means tells for the first time how other nations aggressively encouraged their citizens to save by means of special savings institutions and savings campaigns. The U.S. government, meanwhile, promoted mass consumption and reliance on credit, culminating in the global financial meltdown. Many economists believe people save according to universally rational calculations, saving the most in their middle years as they plan

for retirement, and saving the least in welfare states. In reality, Europeans save at high rates despite generous welfare programs and aging populations. Americans save little, despite weaker social safety nets and a younger population. Tracing the development of such behaviors across three continents from the nineteenth century to today, this book highlights the role of institutions and moral suasion in shaping habits of saving and spending. It shows how the encouragement of thrift was not a relic of indigenous traditions but a modern movement to confront rising consumption. Around the world, messages to save and spend wisely confronted citizens everywhere--in schools, magazines, and novels. At the same time, in America, businesses and government normalized practices of living beyond one's means. Transnational history at its most compelling, *Beyond Our Means* reveals why some nations save so much and others so little. Some images inside the book are unavailable due to digital copyright restrictions.

"Garon makes a powerful case that savings isn't about culture. It's policy. . . . You'll think about savings policies differently after [you] pick up a copy of *Beyond Our Means*."--Christopher Farrell, economics editor of *Marketplace Money*"Professor Garon offers brilliant scholarship, engaging reading, and some practical insights for dealing with our current financial crisis worldwide. An insightful and provocative book that . . . will be a unique and important volume for historians, policymakers, and the general public."--Claude Ury, *San Francisco Book* "How the Anglo-world came to live 'beyond their means . . . while the world saves' is the big question of Sheldon Garon's fascinating book. It could not be more timely. Readers who worry that it might be too technical, do not fear. This is a history of flesh and blood, as Garon reclaims the topic from the economists. Facts and figures are surrounded by real people and rich illustrations that convey how passionate societies came to be about saving. Postal saving has never been so sexy."--Frank Trentmann, *BBC History Magazine*"Garon's policy recommendations could help shift the national trend towards saving more and position Americans towards greater financial health."--Worth"[O]ne of the world's leading authorities on the history of saving."--Joshua Rothman, *Boston Globe*"[A] fascinating new book. . . . Garon believes the tide can turn, and offers some levelheaded policy suggestions for how America can restore a lasting balance between spending and saving."--Larry Cox, *King Features Weekly Service*"[A] very important book for critics of capitalism. . . . Garon explains in an ambitious book that roams across centuries and continents . . . why much of Europe and Asia embraced, and stuck with, a savings culture while the US first adopted and then abandoned one. It's intriguing social history."--Stephen Matchett, *Australian*"Garon's story is interesting and informative when focused on the history of small saving and is a recommended read."--Thomas F. Cargill, *Pacific Affairs*"This book is a model for how historians might re-engage with matters of economy and business using the insights and tools developed during the cultural turn."--*American Historical* "This book is a model for how historians might re-engage with matters of economy and business using the insights and tools developed during the cultural turn."--Kenneth Lipartito, *American Historical* "Garon has provided an account that shows, as with the study of consumption, the limitations of economic understandings of this routine aspect of human behaviour. It is doubtful that there will now be a scholarly turn to savings on a level equal to the outpouring of work on consumer society that has occurred over the last thirty years. But should there be so, then *Beyond Our Means* would be an excellent place to start."--Matthew Hilton, *Social History*"Transnational history at its most compelling, *Beyond Our Means* reveals why some nations save so much and others so little."--*World Book Industry*"*Beyond Our Means* is a big book that is very engagingly written, and it deserves a wide general readership. It concerns modern international history in general, though it grows out of work in Japanese history. . . . The kind of constructive reaching out to wider audiences shown in this book is a model for scholars in the various fields of Japan studies."--Mark Metzler, *Journal of Japanese Studies*"[A] historian of modern Japan, driven by his concerns for America's financial future, has devoted years of research to writing a global history of saving, and he has produced a superb book. . . . [A] timely history book of great contemporary relevance [that] has already embarked on a journey in new directions for public policy and global historical studies."--Elya J. Zhang, *in American History*From the Back Cover "Sheldon Garon is the world's leading historian on household saving, and never has his work been more timely. In *Beyond Our Means*, he offers outstanding historical scholarship, remarkably engaging reading, and practical insights for addressing our current financial mess."--Michael Sherraden, *Washington University in St. Louis* "Beyond Our Means shows that we need more than economics and psychology to determine how societies save and spend. Garon reveals the history of farsighted reformers, politicians, and bankers who actively shaped the norms, incentives, and institutions that turned rising earners into savers. He delivers strong lessons for those who worry about today's overspent America."--Jonathan Morduch, *New York University* "Garon's insightful and provocative new book couldn't be more important, and couldn't be more timely. The prosperity of Americans, and America, now depends on creating a nation of savers and investors, and Garon shows us the way by bringing the experience and lessons of nations worldwide right into our hands."--Ray Boshara, senior advisor at the Federal Reserve Bank of St. Louis "This is an important and timely book. It effectively makes the case for viewing savings behavior neither as primarily a cultural trait nor one produced by market forces, but as something fundamentally shaped by policy, politics, and institutions. *Beyond Our Means* is an uncommon pleasure to read."--Andrew Gordon, author of *The Wages of Affluence* "This will be a unique and important book for historians, for policymakers, and for the general public. *Beyond Our Means* issues an important challenge to cultural explanations that will resonate far beyond the topic of savings. I learned a

tremendous amount."--Lawrence B. Glickman, author of *Buying Power: A History of Consumer Activism in America*
About the Author
Sheldon Garon is the Nissan Professor of History and East Asian Studies at Princeton University. He is the author of *"Molding Japanese Minds: The State in Everyday Life"* (Princeton) and coeditor of *"The Ambivalent Consumer: Questioning Consumption in East Asia and the West"*.