

Animal Spirits

George A. Akerlof and Robert J. Shiller, economists both, re-introduce a part of Keynesian theory that most everyone else apparently forgot in *Animal Spirits*, reviewed by Louis Uchitelle in the *New York Times* (4/19/09).

Keynes is best known for the idea that “market economies could suffer long periods of high unemployment and low output unless government stepped in to supply the necessary demand.”

But Keynes also coined the phrase “animal spirits... to describe a range of emotions, human impulses, enthusiasms and misperceptions that drive economies and ultimately unwind them.”

These were “the noneconomic motives and irrational behaviors” that actually led to the Great Depression, as opposed to the steps required to end it.

These spirits include “confidence, or overconfidence,” that investments will pay off. Another is “fairness,” which can lead employers to “pay their employees more than the market demands.”

The authors cite “corruption,” defined as “the propensity to produce not just what people really need but what they think they need.” And they point to “narratives,” or the natural attraction to success stories. (Sounds just like marketing!)

Their bottom line is that it’s up to government to keep “animal spirits” in check and govern us when we fail to govern ourselves.

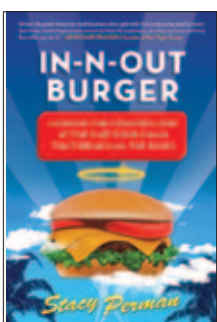
Store Front

“A store sign had to be bold, eye-catching and immediately recognizable, so that customers would understand the purpose of the establishment,” writes Steven Heller in the *New York Times* (4/02/09).

“Clever names designed to tickle the imagination would not do,” he continues.

“What you saw was what you got: Bakery, Drugstore, Smoke Shop, Meat Market, Liquors, Dry Cleaners.”

Such signs are of a vanishing sort, but are the subject of *Store Front: The Disappearing Face of New York*, a coffee-table book by James T. Murray and Karla L. Murray.



The authors “have been photographing storefronts for more than eight years, and... they track their odyssey from the Lower East Side to Harlem to the Bronx, from Brooklyn to Queens to Staten Island.”

While their photographs “do not romanticize” the storefronts, they capture a bygone “era of sign painting and storefront innocence... If you’re at all interested in the passing cityscape, this book is a documentary motherlode; if you’re happy to see these joints disappear, it might at least kindle appreciation for them.”

In-N-Out Burger

For a business founded on “quality, cleanliness and service,” there was a whole lotta mayhem happening behind the scenes, suggests John Tayman in a *Wall Street Journal* review of *In-N-Out-Burger*, by Stacy Perman (4/15/09).

In-N-Out is the legendary hamburger chain, founded by Harry Snyder, near Los Angeles, in 1948. “Harry Snyder’s dream was a modest one... He was going to start his own little food business—a hamburger stand,” Stacy writes.

Harry was lucky enough to open his first place some “17 miles east of Los Angeles,” spending \$5,000 on “a small lot fronting what was soon to be a major artery between L.A. and Palm Springs.”

He was also smart enough to keep his prices low and his growth slow. He avoided debt and nixed franchises, opening just 18 restaurants in the time McDonald’s opened 4,000.

Here’s the key: “The relatively scarcity of their burgers only adds to the appeal, and the chain gains a mystique.” John Tayman thinks there’s no insight here, expressing disappointment in the book’s lack of “business wisdom.”

Instead, he centers his attention on the Snyder family, its problems with portliness and substance abuse, the sudden deaths of family members, the way it prints Bible verses on its paper cups and asks “listeners to let Jesus into their lives” during its radio spots.

The net is, In-N-Out is today worth “almost a half billion dollars.” Stacy Perman calls this “the story of America, writ small,” and John Tayman agrees that “she may be right.”