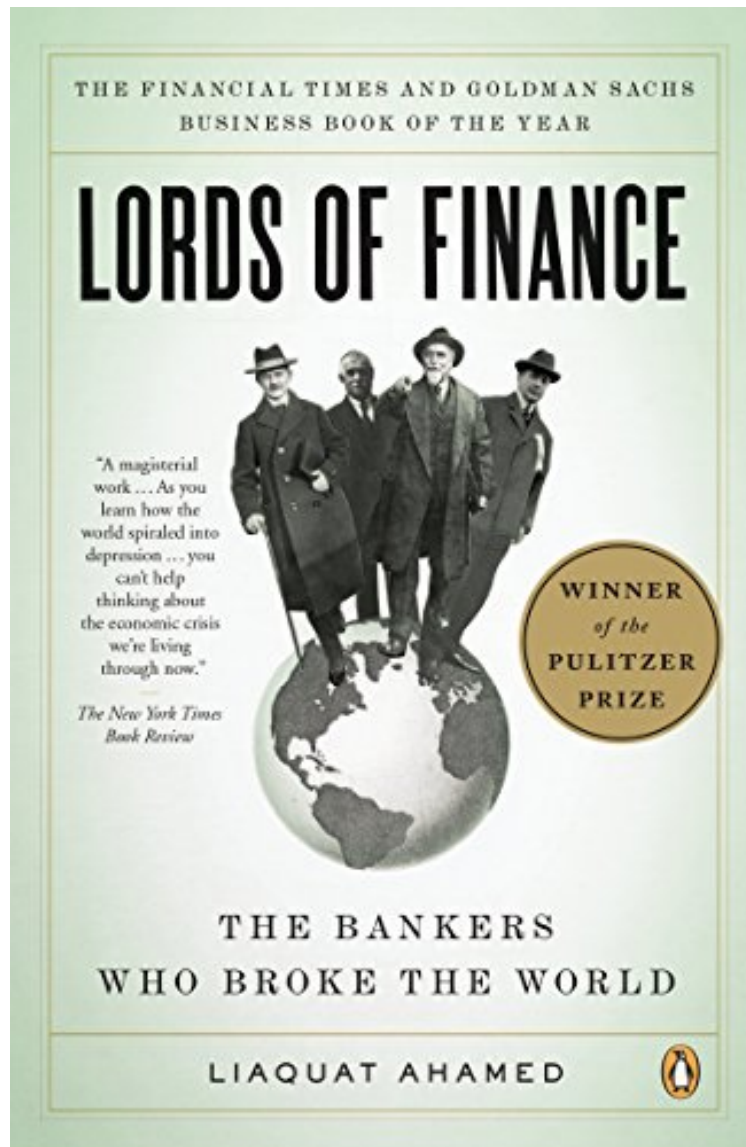


(Download pdf) Lords of Finance: The Bankers Who Broke the World

## Lords of Finance: The Bankers Who Broke the World

*Liaquat Ahamed*

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**Liaquat Ahamed : Lords of Finance: The Bankers Who Broke the World** before purchasing it in order to gage whether or not it would be worth my time, and all praised Lords of Finance: The Bankers Who Broke the World:

0 of 0 people found the following review helpful. This is really good. How he got all this biographical detail on ...By Russell Dobkins This is really good. How he got all this biographical detail on the lives of the Central Bankers of the World from the turn of the 20<sup>th</sup> century up and through the Crash of 29, and the subsequent Great Depression and on

through WW2 is amazing. It details who the super rich bankers were who caused the Great Crash, and drove the stock market to the ground, and how they got out before it happened with their money, and after the crash, picked up the stock of the biggest companies for pennies on the dollar. Who were these guys, and how did they do it? And, who were the Central Bankers of the World who let it happen? And how did it happen, Ahamed shows it. We are in a financial mess, today, in America, and this is the history of how we got where we are today. I expect we are in for another crash which will make 1929 look like the good old days.<sup>3</sup> of 3 people found the following review helpful. Brilliant tour of pre-world war central banking

By userLords of finance unveils the details and nuances of the central bank decisions in the aftermath of World War I and 1929 market crash. The early parts of the book bring history to life with scenes behind the secret Aldrich plan that ultimately resulted in the genesis of Federal Reserve (despite opposition and skepticism from Progressives and Midwestern Republicans, skepticism that has continued to live on 100 years later among contemporary Fed opponents). The psychology behind historical market actions also seems no different from market behavior of our times. We can argue that markets react much more swiftly to news in the Internet era but the length and extent of market reactions follow similar course - moves in 1912, when the US woke to news of a Russian general mobilization causing a 7% drop in Dow, and subsequently in the first half of 1929, when markets initially ignored rising cost of borrowing and Fed rate hikes to continue the bull run. While media and market bulls and bears tussled with the prognosis of market moves, no one could guess the actual exogenous event that would push the domino and lead to the Great Depression: the collapse of Clarendon Harty's empire, Bank of England's subsequent rate hike to prevent a knock on effect on sterling, and subsequent liquidation of US stocks by British investors who lost money in Harty's fraudulent scheme. Other parts of the book delve into Pre-World War II German economy, Gold standard, Roosevelt's market plan, British and French central banking and provide brilliant insights. Lords of Finance is a copious research piece and brilliant narration of early 20th century central banking - well deserved Pulitzer

1 of 1 people found the following review helpful. Great Men? or circumstances?By fitzallingThe parallels between our current economic conditions and those that arose after World War 1 are numerous. These parallels, the economic policies pursued by the different countries and the social and economic effect of the policies make the book worthwhile. The author quotes Herodotus for "Circumstances rule men, men do not rule circumstances." The economic and social devastation wrought on Europe by World War 1 and its aftermath provides the circumstances that ruled the financiers (Norman of Great Britain, Strong of the US, Schacht of Germany and Moreau of France) who attempted to rebuild the international financial order. Their failing, described in detail, arose from the commitment to the gold standard. Norman of Great Britain in particular was trapped by his adherence to gold. The gold standard had been economic orthodoxy prior to 1914 and had served Great Britain and international trade well. As generals tend to fight the last war, so the financiers seemed constrained by gold orthodoxy. However, in the financiers' defense, the issue of war reparations to be paid by Germany to Great Britain and France, and the United States' insistence on being repaid its loans to Great Britain and France frustrated rebuilding efforts. If the book has a hero, it is John Maynard Keynes, who refused to adhere to the gold orthodoxy. His arguments for expansive government action acted as counterpoints to the policies adopted by the four main protagonists. Even if you believe that Keynes's arguments are flawed, it is still instructive to see their advocacy in the history of the time. The book is well worth reading for parallels with current economic developments. As has been said, history may not repeat itself, but it does rhyme. The financiers did not pursue exactly the same policies and the policies produced different social and economic results, which may be helpful to know as we live through our own economic turmoil. As a part of the backdrop of the times, the book explores the U.S. Federal Reserve System's formation and practical operation. The importance of the New York Federal Bank has apparently been a feature of the System from its beginning. The use of the New York Fed by private bankers to influence, if not outright determine, U.S. banking policy arose very early in the development of the Fed. The book is enlightening on this point as well. The book provides an interesting interplay of the policy initiatives and personal lives of major figures in international finance during and after WWI. This was an unexpected element of the book, which made the protagonists more human.

Winner of the 2010 Pulitzer Prize "A magisterial work...You can't help thinking about the economic crisis we're living through now." --The New York Times Book Review It is commonly believed that the Great Depression that began in 1929 resulted from a confluence of events beyond any one person's or government's control. In fact, as Liaquat Ahamed reveals, it was the decisions made by a small number of central bankers that were the primary cause of that economic meltdown, the effects of which set the stage for World War II and reverberated for decades. As yet another period of economic turmoil makes headlines today, Lords of Finance is a potent reminder of the enormous impact that the decisions of central bankers can have, their fallibility, and the terrible human consequences that can result when they are wrong.

.com Exclusive: Liaquat Ahamed on the Economic Climate In December 1930, the great economist Maynard Keynes published an article in which he described the world as living in the shadows of one of the greatest economic catastrophes in modern history. The world was then 18 months into what would become the Great Depression. The

stock market was down about 60%, profits had fallen in half and unemployed had climbed from 4% to about 10%. If you take our present situation, 16 months into the current recession, we're about at the same place. The stock market is down 50 to 60 percent, profits are down 50 percent, unemployment is up from 4.5% to over 8%. Over the next 18 months between January 1930 and July 1932 the bottom fell out of the world economy. It did so because the authorities applied the wrong medicine to what was a very sick economy. They let the banking system go under, they tried to cut the budget deficit by curbing government expenditure and raising taxes, they refused to assist the European banking system, and they even raised interest rates. It was no wonder the global economy crumbled. Luckily with the benefit of those lessons, we now know what not to do. This time the authorities are applying the right medicine: they have cut interest rates to zero and are keeping them there, they have saved the banking system from collapse and they have introduced the largest stimulus package in history. And yet I cannot help worrying that the world economy may yet spiral downwards. There are two areas in particular that keep me up at night. The first is the U.S. banking system. Back in the fall, the authorities managed to prevent a financial meltdown. People are not pulling money out of banks anymore in fact, they are putting money in. The problem is that as a consequence of past bad loans, the banking system has lost a good part of its capital. There is no way that the economy can recover unless the banking system is recapitalized. While there are many technical issues about the best way to do this, most experts agree that it will not be done without a massive injection of public money, possibly as much as \$1 trillion from you and me, the taxpayer. At the moment tax payers are so furious at the irresponsibility of the bankers who got us into this mess that they are in no mood to support yet more money to bail out banks. It is going to take an extraordinary act of political leadership to persuade the American public that unfortunately more money is necessary to solve this crisis. The second area that keeps me up at night is Europe. During the real estate bubble years, the 13 countries of Eastern Europe that were once part of the Soviet empire had their own bubble. They now owe a gigantic \$1.3 trillion dollars, much of which they won't be able to pay. The burden will have to fall on the tax payers of Western Europe, especially Germany and France. In the U.S. we at least have the national cohesion and the political machinery to get New Yorkers and Midwesterners to pay for the mistakes of Californian and Floridian homeowners or to bail out a bank based in North Carolina. There is no such mechanism in Europe. It is going to require political leadership of the highest order from the leaders of Germany and France to persuade their thrifty and prudent taxpayers to bail out foolhardy Austrian banks or Hungarian homeowners. The Great Depression was largely caused by a failure of intellectual will the men in charge simply did not understand how the economy worked. The risk this time round is that a failure of political will leads us into an economic cataclysm.

From Bookmarks Magazine Almost all critics praised *Lords of Finance* for its command of economic history and engaging, lucid prose. Ahmed, noted the *New York Times*, illuminates wise parallels between the misplaced confidence that spawned the global depression in the 1930s and the illusory calculations of risk that led to the current financial crisis. His compelling biographies also personalize economic history. While critics disagreed about whether lay readers will, in a century's time, care about Norman, Moreau, and Schacht, the only negative words came from the *Wall Street Journal*, which criticized *Lords of Finance* for an imprecise understanding of the gold standard: "Harrumphing about the gold standard,' Mr. Ahmed reminds me of the fellow who condemned painting' because he had no use for Andy Warhol." Copyright 2009 Bookmarks Publishing LLC

A magisterial work As you learn how the world spiraled into depression you can't help thinking about the economic crisis were living through now. The *New York Times* Book The rich and charming story of the end of the world. Time *Lords of Finance* is highly readable .... That it should appear now, as history threatens to repeat itself, compounds its appeal. Niall Ferguson, *Financial Times* There is terrific prescience to be found in [*Lords of Finance*] portrait of times past [A] writer of great verve and erudition, [Ahmed] easily connects the dots between the economic crises that rocked the world during the years his book covers and the fiscal emergencies that beset us today. He does this winningly enough to make his book about an international monetary horror story seem like a labor of love Mr. Ahmed does a superlative job of explaining the ever-germane way the problems of one shyster, one bank, one treasury or one economy can set off repercussions all around the globe. Janet Maslin, *The New York Times* This absorbing study of the first collective of central bankers is provocative, not least because it is still relevant. *The Economist* This is narrative history at its most vivid, an epic portrait of how the predecessors of Ben Bernanke, Jean-Claude Trichet and Mervyn King helped shove economies into the abyss in 1929 His reportorial style has the Barbara Tuchman touch. Learned yet unpretentious, he dips into diaries, letters and cables to pull out evocative vignettes Central bankers, [Ahmed] says, can resemble Sisyphus in Greek mythology condemned to roll a boulder up a hill, only to watch it roll down again. Like Alan Greenspan, the four men described here saw their apparent successes melt into failure. Bloomberg News The parallels evidenced by Ahmed between state of the world financial system then and now add to the fascination of this remarkable achievement in history, biography and analysis. Fort Worth Star Telegram An outstanding book [Ahmed] found a fascinating frame for relating global economic history from the beginning of World War I until the dying days of World War II. The *Houston Chronicle* [Ahmed's] protagonists high-wire efforts to stave off national bankruptcies furnish Ahmed with plenty of drama to highlight his engrossing analysis of the complexities of monetary policy. Publishers Weekly Erudite, entertaining macroeconomic history of the lead-up to the Great Depression as seen through the careers of the West's principal bankers Spellbinding, insightful and, perhaps most important, timely. Kirkus

s (starred) Books grounded in history sometimes offer an eerie resonance for contemporary readers. Rarely has that statement seemed truer than with *Lords of Finance*. Steve Weinberger, *Dallas Morning News* [A] wonderful new history *Newsweek*