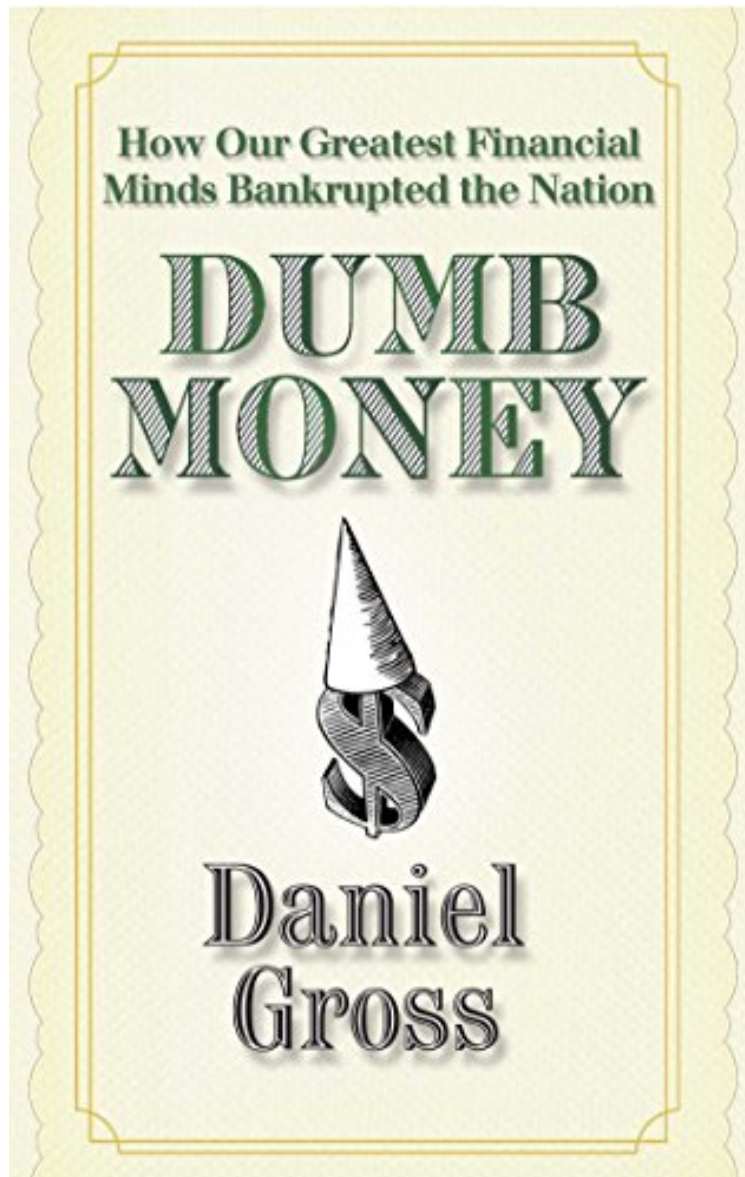


[Free] Dumb Money: How Our Greatest Financial Minds Bankrupted the Nation

# Dumb Money: How Our Greatest Financial Minds Bankrupted the Nation

*Daniel Gross*

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**Daniel Gross : Dumb Money: How Our Greatest Financial Minds Bankrupted the Nation** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Dumb Money: How Our Greatest Financial Minds Bankrupted the Nation:

1 of 1 people found the following review helpful. We should have listened to Shakespeare: "Neither a Borrower Nor a

Lender Be."By GirlScoutDadThis book is a really great starting place to begin to understand the financial cataclysm of 2008 that was so large that there don't even exist adjectives to span its enormity - words like "colossal", "monumental", "humongous", all seem too small or ordinary for this extraordinary financial castastrophe. Everyone should try to understand an event of this magnitude and for those like myself who are not finance professionals, this short (101 pages of surprisingly readable text) is a great place to start. Gross informs us at the outset that he set out to try to understand why "it suddenly became acceptable for the United States to start guzzling debt the way fraternity boys pound beers on spring break" and he mostly succeeds.It's all here: the steady loss of our manufacturing base to China, the rise of "cheap money" (loans at temptingly low interest rates), "securitization" (the packaging of high and low risk mortgage debt into "mortgage-backed securities"), Enron and Worldcom, the epidemic of sub-prime, risky home loans, the wanton use of debt as "leverage" to finance more and more absurd take-overs, soaring government debt levels fueled by the low cost of borrowing, and the addictive need for constantly rising values in all asset classes to prevent total collapse of over-leveraged hedge funds, private equity groups, and investment banks. Large investment banks inexplicably thought they could carry 30 dollars in debt for every dollar of capital. Sub-prime lenders offered no-down-payment home loans to borrowers with undocumentable income. Government regulators obligingly eased requirements for reserves in order to keep the party going.Faced with stagnating wages, average workers borrowed their way into affluence through refinancing mortgages and running up credit card balances until they could not longer safely get off the treadmill. Hungry for profits, the rest of the world joined in the frenzy and got burned as well. Gross gives the sense that the lethal overdose of borrowing was a juggernaut that no one individual or institution could control. In his somewhat underwhelming concluding chapter, Gross seems to think that the world financial crisis of 2008 is neither the first nor the last of an inevitable series of bubbles that inhere in free markets. He anticlimactically recommends we be "smarter" and more restrained in our investment choices.I learned many interesting specifics about the financial crisis of 2008, and overall, that it really was what most of us suspected it was: a lethal admixture of greed, narcissism, diabolical ingenuity, and lemming-like, imitative behavior on a grand scale. This is a great, painless introduction to a disturbing, complicated, important tale of capitalism gone wild.0 of 0 people found the following review helpful. I enjoyed the book as it was fairly clearly laid out ...By charlieI enjoyed the book as it was fairly clearly laid out and was easy to follow. However, much of the book seemed to be based on personal opinion. And of that personal opinion it seemed like a pretty strong liberal bias. However a good short read, but there are certainly better books on the financial crash.0 of 0 people found the following review helpful. EducationalBy John E. MichalsThis is a small book, and relatively easy reading (in a physical sense). Somewhat disturbing in an intellectual sense, but of course that's part of its purpose. It is explanatory rather than casting aspersions, though the author makes clear that there is plenty of fault to go around. It is a book that ought to be read -- studied, even -- by anyone interested in understanding how the richest nation in the history of the world could come to the edge of fiscal collapse in what seemed like (but wasn't) a matter of weeks or even days.

The financial crisis that has gripped this country since last September has had so many twists and turns, it would make for a great drama -- if it all were not so real and damaging. Companies are shutting down and laying off workers, 401ks are melting away, and the government is spending \$700 billion dollars to bail out banks and financial institutions -- and that's only the beginning. The financial services industry, and the many industries that depend on it -- from housing to cars -- is in intensive care. So what happened? How did we get to this point of financial disaster? Is the economy just a huge, Madoff-esque Ponzi scheme? It is a complicated and confusing story -- but Daniel Gross of Newsweek has a special gift for making complicated matters easy to understand and even entertaining. In Dumb Money, he offers a guide to the debacle and to what the future may hold. This is not so much a book about who did what, though that's part of the story. Rather, it pieces together the building blocks of the debt-fueled economy, and distills the theory and personalities behind our late, lamented easy money culture. Dumb Money is a book that finally lays it all out in an engaging way, and might just help people invest their money smartly until the gloom passes.

About the AuthorDaniel Gross is a journalist, author, and editor who specializes in business history, political economy, and the money culture. He writes the "Moneybox" column for Slate.com and contributes to the "Economic View" column of the New York Times. He has worked as a reporter at The New Republic and has contributed to more than 60 publications. Since 1999, he has edited STERNbusiness, the semi-annual management journal published by New York University's Stern School of Business. Gross has appeared on CNBC, CNN, Fox News Channel, The News Hour with Jim Lehrer, C-SPAN, and on more than 35 radio programs, including NPR's Fresh Air with Terry Gross (no relation). In 2001, he was a fellow at the New America Foundation.He is the author of three books: Forbes Greatest Business Stories of All Times; Bull Run: Wall Street, the Democrats, and the New Politics of Personal Finance; and Generations of Corning: 150 Years in the Life of a Global Corporation, 1851-2001, co-authored with Davis Dyer.A graduate of Cornell University, Gross holds an A.M. in American history from Harvard University.