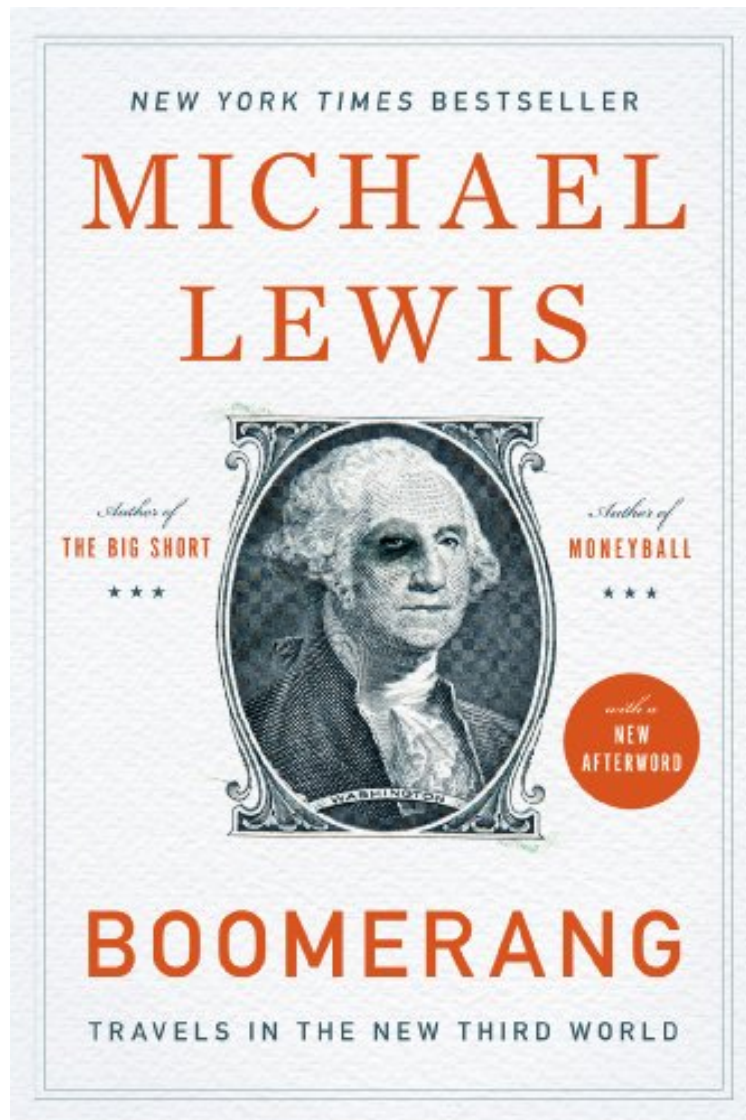


Boomerang: Travels in the New Third World

Michael Lewis

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Michael Lewis : Boomerang: Travels in the New Third World before purchasing it in order to gauge whether or not it would be worth my time, and all praised Boomerang: Travels in the New Third World:

909 of 944 people found the following review helpful. The Financial Crisis Moves From the Private Sector to the Public Sector. By Adam Smyth I admit to being a fan of Michael Lewis' books, so take that into consideration as you read this review. Lewis earned a masters degree in economics from the London School of Economics and went to work as a bond trader for Salomon Brothers before its scandals. His education and investment experience qualified him to write "Liar's Poker" in 1989, though I have no idea what qualified him to write such an entertaining and lucid description of the Wall Street culture of that time. Subsequently, I have read Lewis' "Moneyball" (in 2003), "The Blind

Side" (in 2006), and "The Big Short" (in 2010). All of these books are very easy to read and hard to put down. They tell well-researched, interesting stories. In the case of "The Big Short" it helps to illuminate the origins of the financial crisis that broke starting in 2007. In Lewis' latest book, "Boomerang," the subtitle is, "Travels in the New Third World." Lewis is not referring to Asian or Latin American countries here. He's talking about European countries that drank the elixir of seemingly endless and cheap credit prior to the bursting of the recent financial bubble. To say that cheap credit transformed the economies in Greece, Ireland and Iceland, for example, is to understate the impact of the financial bubble on these countries. Talk about a timely book--I am writing this during September 2011, and yet this book refers to the recent downgrade of U.S. debt, which occurred only last month, beginning on page 171. As in many of Lewis' books, there's a new person who you probably never heard of before to meet. In "Moneyball" it was Billy Beane, the general manager of the Oakland Athletics baseball team, and in "The Big Short" it was Steve Eisman, Michael Burry and others. This time it's Kyle Bass, the manager of a Dallas-based hedge fund, who Lewis makes sound both very insightful and eccentric. What would you call a man who owns a 40,000 square foot ranch located on thousands of acres in the middle of nowhere with its own water supply and an arsenal of automatic weapons? Or someone who would recommend "guns and gold" for his mother? Anyway, the gist of Bass' financial analysis is that mountains of shaky debt (arising from borrowings during 2002 - 2006 by people who couldn't repay) was essentially transferred from private institutions (like banks, etc.) to various governments, to the point that eventually markets would question the credibility of these governments. Put differently, the public debt of certain countries wasn't just the official public debt, but also that which came from supporting various private institutions. Bass, Lewis tells us, visited Harvard professor Ken Rogoff (coauthor of "This Time is Different: Eight Centuries of Financial Folly," which I recommend), and found even Rogoff to be surprised by the magnitude of the public debt problems. Just as Bass bought credit default swaps on subprime mortgages prior to the financial crisis, Bass later bought credit default swaps on Greek government bonds, because he was convinced that Greece would be one of the first countries to experience real problems. Bass expected the swaps he purchased for 1,100 per year per million to eventually be worth 700,000. Anyway, Lewis interviewed Bass years ago in preparation for writing "The Big Short," but he "left Kyle Bass on the cutting room floor." Lewis returned to Dallas two and a half years later, this time to find that Bass was betting most heavily against Japan and France at the time. Bass also had literally bought 20 million U.S. nickels (don't ask how), because he said the value of the metals in each nickel was worth 6.8 cents. The majority of this book is devoted to Lewis' travels in Iceland, Greece, Ireland and Germany, and to his discoveries during his travels. To get a flavor for the book and Lewis' writing style, here are some of Lewis' passages, in his own words: Iceland: "Iceland instantly became the only nation on earth that Americans could point to and say, 'Well, at least we didn't do that!'" Greece: "As it turned out, what the Greeks wanted to do, once the lights went out and they were alone in the dark with a pile of borrowed money, was to turn their government into a pinata stuffed with fantastic sums and give as many citizens as possible a whack at it." Ireland: "But while the Icelandic male used foreign money to conquer foreign places--trophy companies in Britain, chunks of Scandinavia--the Irish male used foreign money to conquer Ireland. Left alone in a dark room with a pile of money, the Irish decided what they really wanted to do was buy Ireland. From each other." Germany: "Either Germans must agree to integrate Europe fiscally, so that Germany and Greece bear the same relationship to each other as, say, Indiana and Mississippi (the tax dollars of ordinary Germans would go into a common coffer and be used to pay for the lifestyles of ordinary Greeks) or the Greeks (and probably, eventually, every non-German) must introduce 'structural reforms,' a euphemism for magically and radically transforming themselves into a people as efficient and productive as the Germans." Quoting Lewis quote UCLA neuroscientist Peter Whybrow in the book's last chapter (on California's financial problems, not European countries), Lewis writes, "Human beings are wandering around with brains that are fabulously limited. We've got the core of the average lizard." Wrapped around this reptilian core is a mammalian layer (associated with maternal concern and social interaction), and around that is wrapped a third layer, which enables feats of memory and the capacity for abstract thought. "The only problem is our passions are still driven by the lizard core." Even a person on a diet who sensibly avoids coming face-to-face with a piece of chocolate cake will find it hard to control himself if the chocolate cake somehow finds him. Every pastry chef in America understands this, and now neuroscience does, too. "In that moment the value of eating the chocolate cake exceeds the value of the diet. We cannot think down the road when we are faced with the chocolate cake." ... Everywhere you turn you see Americans sacrifice their long-term interests for a short-term reward." Love him or not, Michael Lewis is a talented writer, and I truly believe that most readers will have a hard time putting this book down. If you have enjoyed his earlier books, the decision to purchase this one seems to be a no-brainer. If you haven't read one of his earlier books, this one is worthy of your consideration.

0 of 0 people found the following review helpful. Great read

By Tanay Girish Salpekar

This book does a great job of highlighting the differences and similarities between various foreign governments and their addiction to debt financing. Michael Lewis talks about situations that perfectly describe the error of big banks and relates them at a macro level and a micro level, ranging from city governments to the EU.

I don't know much about finance and certainly found myself looking up terms as well as mechanisms behind how markets generally behave and why the market behaviors he describes are so bad. But I learned a lot and plan on reading his other books.

0 of 0 people found the following review helpful. Fascinating.

Irreverent. Insightful. By Jeffrey E Ellis BOOMERANG by Michael Lewis follows in the ironic, satirical, funny and insightful footsteps of his previous best-sellers about Wall Street; Liar's Poker and The Big Short. Lewis is a smart-aleck. But he is a smart aleck with excellent instincts for the truth, a determination to get to the bottom of the matter, and the wit to reveal the preposterous and ridiculous. Michael Lewis writes about Wall Street in its underwear. There are several excellent reviews already on about Boomerang which deserve reading. I will only add that in Boomerang, Lewis sets the stage for the final act of the collapse of international finance. Spain, Portugal, Italy and Ireland are likely to follow Greece into the mire of default, he maintains. Which begs the really big question, "Can the United States be far behind?" The ailments which plague those nations (entitlements, budget deficits, corruption, political cowardice, overspending, etc.) are setting the stage in the US for the same fate as being played out in Athens. BOOMERANG is a must-read for every observer of the international financial and political drama being played out, in real time, on the global stage.

As Pogo once said, "We have met the enemy and he is us." The tsunami of cheap credit that rolled across the planet between 2002 and 2008 was more than a simple financial phenomenon: it was temptation, offering entire societies the chance to reveal aspects of their characters they could not normally afford to indulge. Icelanders wanted to stop fishing and become investment bankers. The Greeks wanted to turn their country into a pin infested with cash and allow as many citizens as possible to take a whack at it. The Germans wanted to be even more German; the Irish wanted to stop being Irish. Michael Lewis's investigation of bubbles beyond our shores is so brilliantly, sadly hilarious that it leads the American reader to a comfortable complacency: oh, those foolish foreigners. But when he turns a merciless eye on California and Washington, DC, we see that the narrative is a trap baited with humor, and we understand the reckoning that awaits the greatest and greediest of debtor nations.