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Martin Wolf

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Martin Wolf : Fixing Global Finance (Forum on Constructive Capitalism) before purchasing it in order to gage whether or not it would be worth my time, and all praised Fixing Global Finance (Forum on Constructive Capitalism):

1 of 1 people found the following review helpful. i nice addition to crisis literatureBy A. MenonMost books on the mechanics of financial crisis have taken a focus on either the Minsky type instability that was building up from the securitization business or the micro level greed that many percieve as the foundation for the housing bubble and subsequent collapse. This book tackles a different issue, primarily global finance and balance of trade. The financing of that trade and the embedded "reserve value" of currencies and how they can deviate from their purchasing power.As a subject most people read about the topics Martin Wolf describes either from a either defending or dismissing the

value of the dollar. The subject Mr Wolf tackles is extremely important, and very open ended in terms of perspectives as well as solutions. And the currency volatility that has been witnessed (in terms of aggregate high/low moves) has been strong evidence that global finance is not nearly as stable as it ought to be under exchange regimes in which agents act under purchasing power or balance of trade perspectives studied by economists. Most of the "problems" and crises that Wolf describes originate from the fact that capital and in particular the sentiment that drives the capital flows can move faster and more violently than it ever should in terms of underlying economics when uncertainty (from capital loss perspective) spikes. In particular the stability of reserve currencies can impact and lower cost of funding relative to pure return on capital maximization (manifestation of US deficits despite low economic growth) and beg the question of what is the steady state for these dynamics? In a sense wolf shows examples of the "madness of crowds" that can take over cross border capital flows instead of the "wisdom of crowds" that most economics presumes. There are solutions to this problem nor do we even have much predictive power (at all) of where the capital flows will go or when- there are some handwavy type arguments about only ever funding local long term project with local currency and thus the need for local bond market depth (which would help but i think unrealistic as an endgame). This book does highlight an area of research that needs more work on both, how should one match their dependency on foreign capital and the benefits of open markets, with the volatility that it can create in periods of heightened fear and uncertainty, and what the steady state of the lower long run reserve cost of capital will be (for say the US). I doubt there exist systematic solutions, but we can undoubtedly do better than we have in the past. This book gives a good starting point to understand the risks and rewards of global open market finance, with a highlight on the risks of course.

0 of 0 people found the following review helpful. A first try at the history of the Credit Crunch
By Customer
Ever since the credit crunch started in mid 2007 I have been looking for real explanations of what actually went wrong. I was dissatisfied with what I was reading in the MSM and was sure that there was a bigger story. In Martin Wolf's book I found the best and most convincing explanation of what went wrong that I have found to date. It is not an easy "journalistic" read, but persevere - it's well worth the effort.

0 of 0 people found the following review helpful. a balanced analysis
By Koo Tat Keewhile
it is all too easy to lay blame on the US for the current financial crisis the world is in, the author offers a balanced and unbiased analysis of how the crisis comes about and what we should do about it in the future. In the globalized world, we always share prosperity and distresses together.

Since 2008, when *Fixing Global Finance* was first published, the collapse of the housing and credit bubbles of the 2000s has crippled the world's economy. In this updated edition, Financial Times columnist Martin Wolf explains how global imbalances helped cause the financial crises now ravaging the U.S. economy and outlines steps for ending this destructive cycle -- of which this is the latest and biggest. An expanded conclusion recommends near- and long-term measures to stabilize and protect financial markets in the future. Reviewing global financial crises since 1980, Wolf lays bare the links between the microeconomics of finance and the macroeconomics of the balance of payments, demonstrating how the subprime lending crisis in the United States fits into a pattern that includes the economic shocks of 1997, 1998, and early 1999 in Latin America, Russia, and Asia. He explains why the United States became the "borrower and spender of last resort," makes the case that this was an untenable arrangement, and argues that global economic security depends on radical reforms in the international monetary system and the ability of emerging economies to borrow sustainably in domestic currencies.