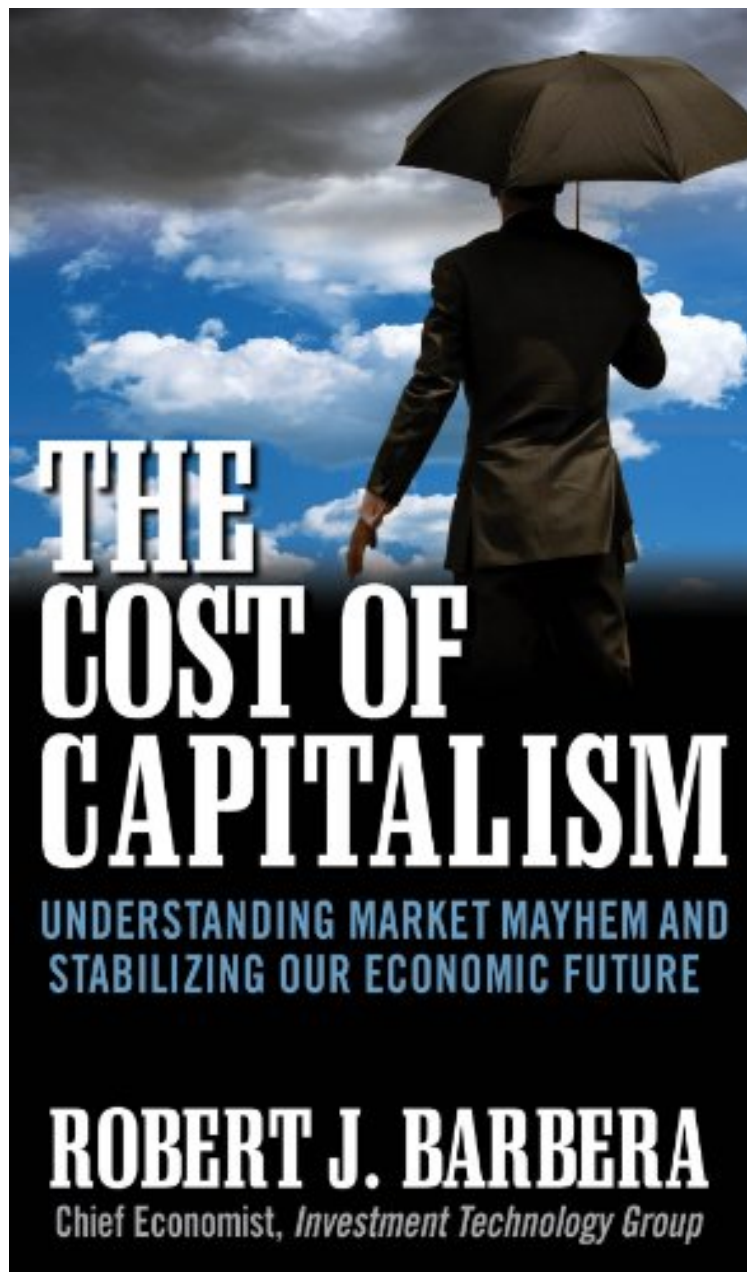


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The Cost of Capitalism: Understanding Market Mayhem and Stabilizing our Economic Future

Robert Barbera

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Robert Barbera : The Cost of Capitalism: Understanding Market Mayhem and Stabilizing our Economic Future before purchasing it in order to gage whether or not it would be worth my time, and all praised The Cost of

Capitalism: Understanding Market Mayhem and Stabilizing our Economic Future:

20 of 22 people found the following review helpful. A Breath of Fresh Air in a Stinky Economy By R. O. Palmer
Wouldn't you love to read a concise, entertaining explanation of the recent financial melt-down? Robert J. Barbera has written just such a book, an economic seminar that everyone will "get." Finance usually comes across as Dull (that's dull with a capital D), but *The Cost of Capitalism* is not boring. For example, Barbera uses hypothetical home-buying twins, Hanna and Hal, to explain why the mortgage bubble burst after a relatively small drop in property values and how the resulting pop disabled the banking industry--the case of "a small set back delivering cataclysmic consequences." Barbera believes that capitalism is the best economic system (no surprise there, he makes his living analyzing capitalism). He is also a disciple of Hyman Minsky. If you don't know who Minsky is, that's fine, because the book does a masterful job of placing Minsky in today's context, which lays the groundwork for a major theme of *The Cost of Capitalism*: Central financial planners must admit that players in the free market (from Main Street to Wall Street) make decisions based more on human nature than rational theory. The resulting behavior leads to booms and busts. The busts require government intervention--the cost of capitalism. The book uses historical analysis to focus on cause-and-effect relationships that have somehow been missed by the Federal Reserve. Barbera writes, "From 1945 to 1985 there was no recession caused by the instability of investment prompted by financial speculation--and since 1985 there has been no recession that has not been caused by these factors." Yet, as Barbera shows, the Fed behaved as if inflation were the economy's only enemy. He argues persuasively that American capitalism needs "a new paradigm," one that recognizes the wisdom of Minsky and extracts our proverbial head from the sand. *The Cost of Capitalism* is full of instructive charts and graphs, which simplify complex ideas as well as providing welcome visual breaks between analytical prose. My only complaint (any reviewer worth his/her salt has to have at least one) is that the notes and abbreviations with the graphs could have been better defined. (R.O. Palmer is the author of three novels, including his newest release, "Darress Theatre.")
2 of 3 people found the following review helpful. a helpful perspective on Wall Street By DSJ
This book should be required reading for any investor large or small. Anyone planning to assume any amount of risk, be that in the financial markets, real estate, business, just about anything, will benefit from its lessons. The book provides a very helpful perspective on Wall Street and how its twists and turns affect our lives. In uncomplicated terms the cause-and-effect relationship between Fed policy and a capitalist economy is well illustrated by the author, and sound recommendations are offered for fundamental changes in Fed policy decision making going forward. Not being a Wall Street practitioner or finance scholar, this book helped re-ground my general philosophies about risk, and I now feel better armed to make smarter choices about my own personal finances. The best part is the author has a wonderful sense of humor, turning a too often mundane subject into a fun, lively, and amusing narrative. The travails of Hal Hannah and the mortgage mess are worth the price of admission alone! Interestingly, the author recognizes common intrinsic human errors of judgment that have played a big part in the current financial crises; lessons that translate for many of life's situations. This is a must read, and certainly suitable for those in their late teens/early twenties as a solid foundational guide.
2 of 7 people found the following review helpful. Limited value By Arak32
The arguments in this book were not as developed backed up as much as some of the other books you find on the topic. It was ok though.

CNBC regular Robert J. Barbera offers a crystal clear explanation of the financial market crisis of 2008 While mainstream financial analysts are stringing together ad hoc explanations for the financial crisis of 2008, a relatively small group of economists saw this coming. In *The Cost of Capitalism*, Robert J. Barbera explains why. Barbera makes the case that investors and policy-makers can reduce the risk of truly gruesome outcomes if they better plan for the violent economic storms, which history confirms are always over the horizon. Investors will learn how to gird themselves for the roller-coaster ride that is free market capitalism; policy makers will find out how to plan for crises they know will occur at some point; and academic economists will rethink their pursuit of ever more elaborate mathematical models that bear no resemblance to the real world. The message is simple: Stop pretending that people are always rational and that markets are always efficient--and be prepared for market mayhem.