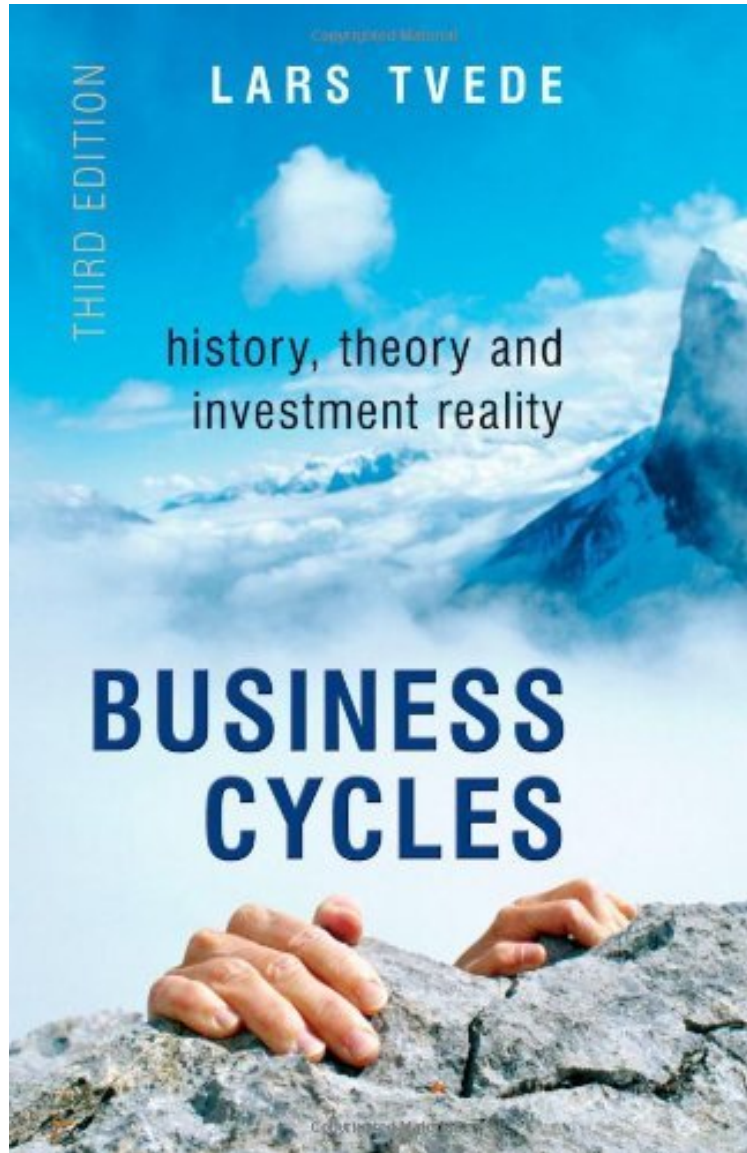


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Business Cycles: History, Theory and Investment Reality

Lars Tvede

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Lars Tvede : Business Cycles: History, Theory and Investment Reality before purchasing it in order to gauge whether or not it would be worth my time, and all praised Business Cycles: History, Theory and Investment Reality:

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3 of 4 people found the following review helpful. Covers little new ground, in desperate need of copy editingBy Glenn CoreyBusiness and other cycles

is a fascinating topic. The idea that many things, in both nature and the economy, are cyclical makes sense to me, and understanding the nature of cycles can have obvious advantages to investors and traders. Indeed, this is hardly a revelation as it is well-trodden ground. Tvede does a nice job bringing together a lot of different sources and pointing out what different theorists have said about its various aspects. Tvede is concerned only with business cycles, and believes that business cycles started largely with John Law, who introduced paper money into Western economies in the 18th century. Since I believe cycles start much, much earlier than that, I disagree with Tvede on his starting point, but to be fair, recordkeeping in the kind of detail Tvede discusses is somewhat lacking the further back you go. But at least Tvede provides a rationale for choosing the 18th century as his starting point. However, in the end, I felt like Tvede had spent a lot of time on things that could have been condensed and made the book quite a bit shorter. A big drawback for me was the writing. Tvede is obviously not a native speaker, and so the publisher, Wiley, should have had it copy edited. I'm pretty sure it wasn't copy edited (for a nonnative speaker of English, Tvede's English is very good, just not at the level of a polished native speaker, and for the price of the book, you would expect a more polished final product). Here are some examples of poor English or sloppy writing that I found very distracting: 1. p. 284: "However, the finished house or gemstone...will remind a bit of 'M.'" This should have been something like "somewhat calls to mind" or "recalls" or resembles somewhat." But "remind a bit" is definitely not good English. 2. In talking about Larry Summers, p. 184: "...the Harvard professor who would, in 1999, be appointed Secretary of Finance of the United States..." There is no Secretary of Finance in the U.S. federal government. The title is Secretary of the Treasury (or Treasury Secretary). A good copy editor would have caught this mistake (though a well-informed author shouldn't have made it in the first place). 3. Generally, when citing article titles, the author italicizes them (which is not standard; usually journal titles, books, reports, and other major long works are italicized; articles are usually put in quotation marks). But the author does put some article titles in quotation marks, which is inconsistent. 4. p. 402: Falling interest rates and low real interest rates have a strong, positive influence of the pricing..." Obviously, this should be "influence *on* pricing..." 5. Again on p. 402: "...business cycles from time to time create monetary environments that are conducive to asset bubbles." Obviously, "conductive" should be "conducive." 6. In talking about the early stages of an upswing in a cycle, the author says, "The central bank watches this with considerable concern, however, so they decide to take the foot off the speeder." The speeder? The spelling in the book follows American English, so if it's geared toward an American audience, this should be "gas pedal" (and "speeder" is not even the correct term in British English; it's "accelerator"). Also, there is a mismatch in "central bank watches...they." "They" should be "its." 7. At one point, Tvede is discussing the views of Friedrich Hayek and Ludwig von Mises and in one sentence conflates the two into "Friedrich von Mises." The book is full of mistakes related to grammar, spelling, and word choice that I found distracting after a while. (Perhaps I notice things like this more since I'm a copy editor myself, though.) If you can look past that, though, the book has information that would probably be helpful to investors, at least to keep in mind for the big picture and catch long-term trends.

This entertaining book describes the global history of economic fluctuations and business cycle theory over more than 300 years. It explains the core of the problem and shows how cycles can be forecast and how they are managed by central banks. The book concludes with detailed studies of how sub-sectors of stocks, bonds, hedge funds, private equity funds, gold, exchange rates, real estate, commodities, art and collectibles fluctuate over different categories of business cycles.

From the Inside Flap "The Intelligent Investor and The Warren Buffett Way are regarded by many as the two most important books written for equity investors. Lars Tvede's Business Cycles is the best ever written book about business and investment cycles. Reading this book will enhance investors ability to understand price swings in bonds, commodities, equities and real estate." - Jorgen Chidekel, President and founder of ProValue AG "The title Business Cycles may sound like a scientific lecture on high standing economic topics. In fact, the book addresses a series of economic themes and their historic evolution. Written in a fresh and catching language, the recounts are putting the reader's mind into the settings of the time. This book is definitely a value, great to read - and is fun at the same time,, for laymen and experts." - Thomas K. Escher, Vice Chairman Wealth Management, UBS "As a venture capitalist I often find myself exposed to the fluctuations in the general economy for both the good, and the bad. Lars Tvede's book is the best explanation of these cycles that I have ever read. His approach is clear and entertaining, yet without being simplistic. Its a great read. I strongly recommend this book to anyone relying on business cycles in their daily lives." - Frank Ewald, Partner - IVSA/S Denmark Acclaim from previous editions of Business Cycles "Economic theory does unfortunately not always follow a path of continues progress, where the latest theories always are better than the previous. Good theories are often put aside to leave space for some new ones that are vastly inferior. Valuable knowledge was, for instance, thrown overboard with the 'Keynesian revolution'. It is therefore well justified that Lars Tvede has included the history of theories; from the Sun King until present day, and that he emphasizes this in his book. That we are not only given these theories, but that these also are explained through instructive anecdotes about the economists and the environment that influenced them is only enhancing the understanding in an interesting way." -

Anders Fogh Rasmussen, Prime Minister, Denmark

From the Back Cover

During our lifetime we experience any number of business cycle crises which undermine our confidence and lead many to their ruin. We also experience the "happy days" when our faith in the future becomes almost limitless, and when we forget that tides always turn again. So how can we better understand and predict these cycles? To answer these questions Lars Tvede takes us through a story that moves back in time to the Scottish gambler and financial genius, John Law, and then on to the distracted Adam Smith, the stockbroker Ricardo, the investment banker Thornton, the extrovert Schumpeter, the speculator Gould and many others to trace the theory and reality of business cycles, as it has evolved over 300 years. Gradually we reach the computer jugglers of the modern day who, with giant networks of equations, try to solve the same questions that have attracted the attention of classical economists throughout the centuries. Lars Tvede concludes this historical journey with a summary of what the core of the problem is and how modern understanding of business cycles can be used to forecast economic fluctuations. The final sections of the book provide detailed studies and explanations to of how stocks, bonds, hedge funds, private equity funds, gold, diamonds, exchange rates, real estate, commodities, art and collectibles, and numerous sub-sectors of some of these markets each behave over different categories of business cycles.

About the Author

Lars Tvede, a Danish national, holds a master's degree in Engineering and a Bachelor's degree in international commerce. He spent 11 years as derivatives trader, portfolio manager and investment banker before moving to the telecommunication and software industries in the mid 1990s, where he co-founded and seed-funded a number high-tech companies. He returned to the financial industry at the start of 2005 to become general partner and fund manager in the Swiss hedge fund company Provalue (www.provalue.ch). Lars Tvede has published several books on general economics, marketing, telecommunication and trading, including his best-selling *The Psychology of Finance*, which has been translated to all major languages. He now lives Zug, Switzerland.