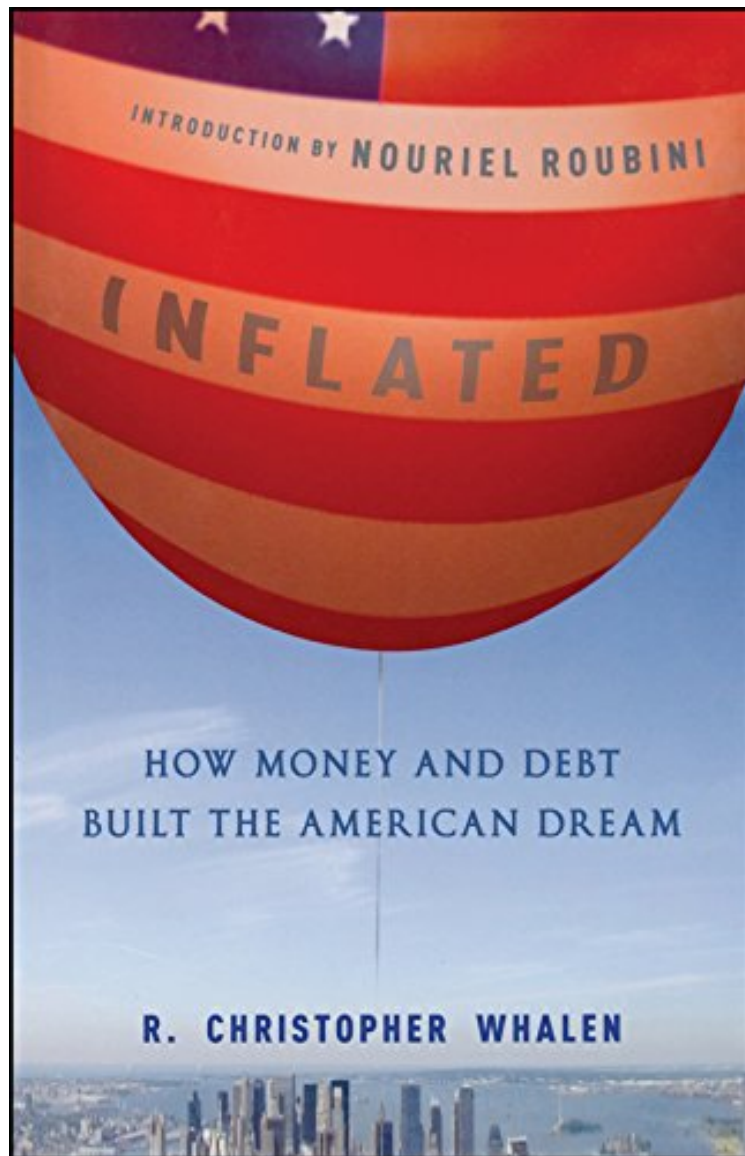


(Download pdf) Inflated: How Money and Debt Built the American Dream

Inflated: How Money and Debt Built the American Dream

R. Christopher Whalen

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R. Christopher Whalen : Inflated: How Money and Debt Built the American Dream before purchasing it in order to gauge whether or not it would be worth my time, and all praised Inflated: How Money and Debt Built the American Dream:

63 of 64 people found the following review helpful. A Must Read!By Brandon G. AdamsI've read an insane number of books on the current economic crisis (I was Michael Lewis' research assistant for The Big Short) and this is one of the few that I would put in the "must read" category. Very few of the recent published books on the US economic crisis have an adequate historical perspective. In Inflated, Chris gives us a very full history -- he starts at the founding of the

Republic! The book is nonetheless extremely entertaining. I found myself captivated by it, and finished it fairly quickly. Chris is an endearing narrator who is obviously more detail-oriented than many of his fellow commentators -- he clearly brings a high level of understanding to this work. The book is very much of the Austrian School. I don't fully agree with some of Chris' views -- I think I'm generally more tolerant of inflation and inflation risk than he is. Chris is quite pessimistic about the long future of the American economy, but I think I'm more pessimistic. He believes that austerity measures are required in the US and that the US will be able to weather these austerity measures fairly well socially and politically. I believe that the US cannot deal with austerity measures socially or politically -- therefore, they will not occur. The consequences of a lack of austerity are anyone's guess. Chris believes that high rates of inflation are inevitable without austerity -- I think high inflation and declining living standards are likely but not inevitable. I find Chris' overall views on debt and inflation quite similar to those of Peter Warburton, author of the truly incredible book, *Debt and Delusion*. The views of both of these authors are wholly different than the New Keynesian thinking of Ben Bernanke. I tend to slightly favor the Warburton/Whalen side of the debate. Brandon3 of 3 people found the following review helpful. Whalen: *The Smartest Guy in the Room* By D. B. Collum As usual, this was first posted on another site, which explains reference to reviews in the last paragraph.... I thought this was going to be another crisis book--I must have read 20 of them--but it turned out to be an exceedingly pleasing historical treatise on intersection of money, debt, politics, and monetary policy over the two centuries. (I decided to read it out of my deepest respect for Chris' analytical skills.) Although much of the material will not be new to connoisseurs of fine economic history, I thought it was tied together very nicely. I, for example, found the discussion of bimetallism and the underlying political currents fascinating. (I realized that I had failed to understand William Jennings Bryan's famous "cross of gold" speech.) Chris generally does an excellent job of describing the political cross currents underlying important political events. I also think this book dovetails nicely with Reinhart's and Rogoff's "This Time is Different" in that it delves into the slow, methodical undermining of our monetary system--a single case study of sorts. As I was nearing the end of the book, I began to see what I would call the "praying mantis model." We got handed the reserve currency and a globally profound position. We got to run the world. As debts accrued, our creditors kept assuring us that, as masters of the universe, we were good for it. ("You guys just keep spending.") We didn't understand the end game: It's a suicide mission. (The male praying mantis gets eaten after copulating.) Whalen finishes with a few words of encouragement, but I am not convinced he believes them. To use Mauldin's term, we are going to muddle our butts off. As usual, I went to see what others had to say. Of course, there were strong reviews from Chris' friends (Rickards, Laggner, and probably a couple others). Looking at the weakest reviews, there were aspersions to his political ideology--don't read this if you love FDR--but I would say that Chris kept me on my heels with his ability to show layers of the onion. The typos were also omnipresent, which I personally care about but was not distracted by. Somebody demanded a fusillade of charts and data, but I enjoyed the reliance on prose often characteristic of the Austrians. Everybody who reviewed the book comments about Chris' intellectual firepower and analytical skills. 2 of 2 people found the following review helpful. Forgive the writing, it is much needed historical perspective. By a Whalen is, in my opinion, possibly the best banking analyst working in the US today, for the reasons mentioned in other reviews - his honesty, straight-forward presentation of fact and, oddly, his ability to present the frightening truth with a dose of friendly optimism that keeps average people from burying their heads in the sand. The strong side of this book is the historical perspective, that our predicament is not nearly as new as we may wish to believe. He properly makes the case that the fight for soft/hard money, the extreme political/economic power of the national banking oligarchy and short-sighted/corrupt/destructive politicians as the norm, not the exception are all part of the long and rich history of America. This seems to me to be extremely important to those attempting to make sense of what is happening in America and across the globe today. The writing is not the best. It's not 'entertaining', it could be better organized, have a stronger 'unified' line throughout the book, be less dependent on footnotes or glorify the author as an oracle. All valid criticism of a writer. But, Whalen's not really a writer, he's an analyst - maybe now a financial historian. It seems to me that he did what he set out to do, to present to a wide audience how we got here, and not simply a case of the last 5-10 years like every other pop-financial writer out there who worked in an Ibank, or hung out with those who did. I believe this is a very important book, with appropriately geeky zits. It is true to its author's approach to analysis. I am taking the lack of writer polish as a positive.

Americans as a whole view themselves as reasonably prudent and sober people when it comes to matters of money, reflecting the puritan roots of the earliest European settlers. Yet as a community, we also seem to believe that we are entitled to a lifestyle that is well-beyond our current income, a tendency that goes back to the earliest days of the United States and particularly to get rich quick experiences ranging from the Gold Rush of the 1840s to the real estate bubble of the early 21st Century. Inflated examines this apparent conflict and makes the argument that such a world view is so ingrained in us that to expect the United States to live in a "deflated" world is simply unrealistic. It skillfully seeks to tell the story of, money inflation and public debt as enduring (and perhaps endearing) features of American life, rather than something we can one day overcome as our policy makers constantly promise. Features interviews with today's top financial industry leaders and insiders. Offer a glimpse into the future of the Federal Reserve and the

role it will play in the coming years Examines what the future may hold for the value of the U.S. dollar and the real incomes of future generations of Americans The gradual result of the situation we find ourselves in will inevitably lead to inflation, loss of economic opportunity, and a decline in the value of the dollar. This book will show you why, and reveal how we might be able to deal with it.

takes the reader on a journey through more than two centuries of monetary and fiscal policy and banking. (The Economist, December 2010). From the Inside Flap When it comes to matters of money, most Americans tend to view themselves as reasonably prudent people, reflecting the puritan roots of their European ancestors. Yet, at the same time, Americans also seem to feel entitled to a lifestyle, individually and nationally, that is well above the rest of the world's, and well beyond our current means. *Inflated: How Money and Debt Built the American Dream* explores more than two hundred years of American politics and monetary policy to examine this conflict. In doing so, it asks whether the current understanding of the American Dream, one of entitlement, is so ingrained that to expect Americans willingly to live in a "deflated" world is unrealistic. This book simply and directly tells the story of inflation and public debt as enduring, and perhaps even endearing, features of American life. It describes: The Gold Rush and how dreams of instant wealth replaced the notions of hard work and saving as the national ideal How Congress's deficit spending is a direct legacy of Abraham Lincoln's presiding over the first legal tender laws, which gave the federal government control over the issuance of "money" How the financial crisis of 1893 led to the creation of the Federal Reserve System, ultimately confirming the cautionary views of Thomas Jefferson and Andrew Jackson that a central bank would prove antithetical to democracy and individual rights The rise of investment trusts during the 1890s, and how those trusts were the precursors of hedge funds and complex financial derivatives How the dollar's role as the world's currency after WWII encouraged America's tendency to demand immediate gratification of national wants and needs Why the Gold Standard Act of 1900 was the high watermark for sound money in the United States, and why Richard Nixon's decision to end the dollar's gold convertibility in 1971 opened the door to vast inflation and debt in the decades that followed Whether taming the frontier in the 1800s, fighting poverty during the Great Depression, or bailing out private corporations deemed "too big to fail" in the twenty-first century, America's tendency to borrow from the future is a core ethic of American society. In the postmarket meltdown economy, *Inflated* explores the rich history of living beyond one's means, and whether Americans; an instinctively self-reliant, isolationist people; are more likely either to embrace fiscal stringency if other nations demand it or turn their backs on the rest of the world. From the Back Cover PRAISE FOR INFLATED "A thorough, highly readable history of the politics that have controlled banking, currency, monetary gold, and government debt since the founding. I am going to put *Inflated* on the short list of books that are given to our new traders and analysts." —PAUL TUDOR JONES II "From the revolutionary-era origins of the national debt, through Civil War era greenbacks, New Deal deficit finance, and Richard Nixon's severing of the dollar's link to gold, Chris Whalen's *Inflated* offers a wry, often comical account of America's long, crisis-prone love affair with inflation, debt, and the amazing dwindling dollar. His take-no-prisoners account of our latest financial crisis brings the story close to home. So does his timely conclusion: Americans must either find their way back to fiscal sanity and real, investment-driven growth, or risk a financial debacle that could make the 'Crash of 2008–2009' seem like the good old days." —BOB REYNOLDS, Chief Executive Officer, Putnam Investments "Chris Whalen leads a fast and insightful tour through the historical and current battlefields of U.S. fiscal and financial class warfare. A fascinating and rewarding read." —EDWARD J. KANE, Boston College "Chris Whalen is already famous for his stellar work articulated in his bank rating service and in the Institutional Risk Analyst. This book captures another dimension. He uses his family history, which starts in the Nixon administration. He embellishes on his personal interviews with prominent persons like Paul Volcker and Josh Rosner. His book documents the 'too big to fail' syndrome. Finally, he presents a view of the future and articulates what the confluence of central banking, government fiscal policy, and market vigilantes must confront ahead." —DAVID R. KOTOK, Chairman and Chief Investment Officer, Cumberland Advisors "In the Rothbardian tradition, Christopher Whalen fingers the bad guys and follows the money in his fast-paced history detailing the U.S. government's continual monetary debauchery. For those wanting the real story of why America teeters on the edge of a financial cliff, *Inflated* is the book to read." —DOUGLAS FRENCH, President, Ludwig von Mises Institute