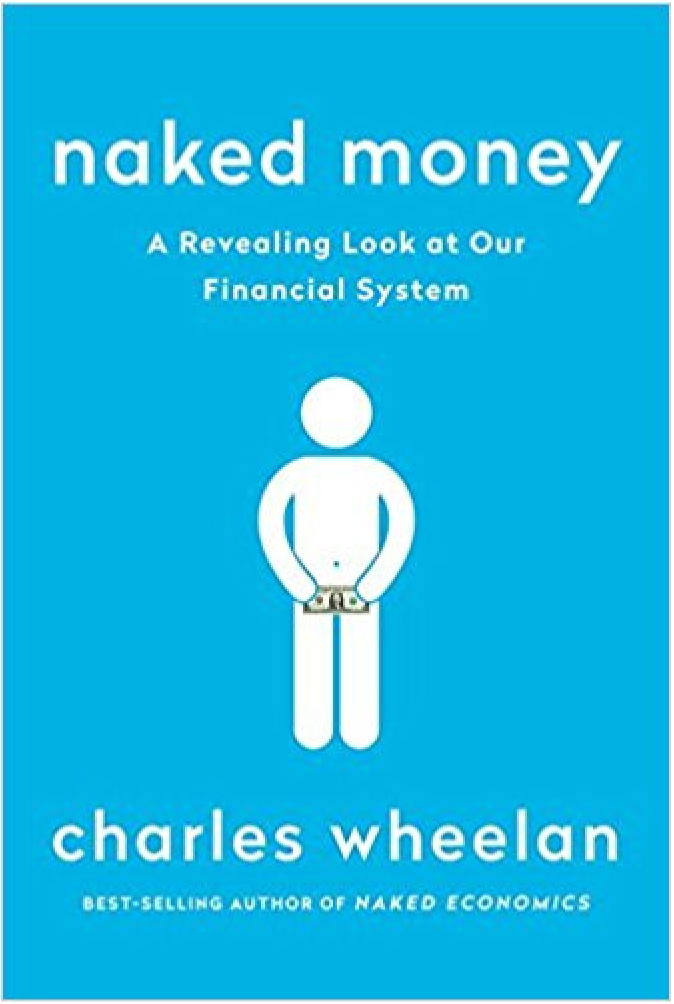
Naked Money: A Revealing Look At Our Financial System



Synopsis

Charles WheelanÃ¢â ¬â„¢s wonderfully whimsical, best-selling Naked series tackles the weird, surprisingly colorful world of money and banking.Consider the $20 bill.It has no more value, as a simple slip of paper, than Monopoly money. Yet even children recognize that tearing one into small pieces is an act of inconceivable stupidity. What makes a $20 bill actually worth twenty dollars? In the third volume of his best-selling Naked series, Charles Wheelan uses this seemingly simple question to open the door to the surprisingly colorful world of money and banking.The search for an answer triggers countless other questions along the way: Why does paper money (Ã¢â ¬Å“fiat currencyÃ¢â ¬Â• if you want to be fancy) even exist? And why do some nations, like Zimbabwe in the 1990s, print so much of it that it becomes more valuable as toilet paper than as currency? How do central banks use the power of money creation to stop financial crises? Why does most of Europe share a common currency, and why has that arrangement caused so much trouble? And will payment apps, bitcoin, or other new technologies render all of this moot?In Naked Money, Wheelan tackles all of the above and more, showing us how our banking and monetary systems should work in ideal situations and revealing the havoc and suffering caused in real situations by inflation, deflation, illiquidity, and other monetary effects. Throughout, WheelanÃ¢â ¬â„¢s uniquely bright-eyed, whimsical style brings levity and clarity to a subject often devoid of both. With illuminating stories from Argentina, Zimbabwe, North Korea, America, China, and elsewhere around the globe, Wheelan demystifies the curious world behind the paper in our wallets and the digits in our bank accounts. 15 illustrations

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Customer Reviews

Charles Wheelan is the author of the best-selling Naked Statistics and Naked Economics and is a former correspondent for The Economist. He teaches public policy and economics at Dartmouth College and lives in Hanover, New Hampshire, with his family.

ÃƒÂ¢Ã â ¬Ã Å“Naked Money,ÃƒÂ¢Ã â ¬Ã Â• by Charles Wheelan, has a primary goal and two secondary goals. The primary goal, admirably accomplished, is to simply, but not simplistically, explain monetary policy. One secondary goal, also well accomplished, is to defend fiat money against those who call for going back to a currency backed by gold or some other physical asset. The other secondary goal, less well accomplished, is to justify aggressive government action, in particular by central banks, to shore up the American financial system during the 2008 crisis.Wheelan says this was a difficult book to write, and I believe him. I certainly struggle with understanding money and monetary policy. It is easy enough to say abstractly what money is, though even that is often attended with confusion. It is harder to precisely grasp how, especially in a world of fiat money that can be created or destroyed at will, money affects society, both the overall economy and individual lives. Of course, attempting to get too firm a grasp on economics concepts is a foolÃƒÂ¢Ã â ¬Ã â„¢s errand, since economics is not a science (despite frequent claims to the contrary), and trying to pin down a precise, linear answer to a specific question is often like grasping smoke. But WheelanÃƒÂ¢Ã â ¬Ã â„¢s book occupies a middle groundÃƒÂ¢Ã â ¬Ã â•clearly explaining undisputed concepts, without making too broad claims for that knowledge.Wheelan begins, in his Introduction, by clearly laying out the topics he intends to cover. He divides the book into two major parts: Part I covers ÃƒÂ¢Ã â ¬Ã Å“What It IsÃƒÂ¢Ã â ¬Ã Â• (money, that is) and ÃƒÂ¢Ã â ¬Ã Å“Why It Matters.ÃƒÂ¢Ã â ¬Ã Â• Thus, Part I is focused on descriptions and economic analysis; Part II is focused on history through the lens of that analysis, coupled with recommendations for the future based on that history. Naturally enough, he begins by defining money, distinguishing it from cash and assets, and noting its traditional role as unit of account, store of value, and medium of exchange. He imparts interesting facts such as that prisoners in the federal prison system use foil packs of mackerel as money, ever since smoking was banned several years ago. Wheelan notes that ÃƒÂ¢Ã â ¬Ã Å“modern money depends on confidence,ÃƒÂ¢Ã â ¬Ã Â• as well as on social customs in a given locationÃƒÂ¢Ã â ¬Ã â•thus, torn notes are accepted by people in the US, but not in India, even though the banks accept them equally in both places, and in Somalia, money issued by the defunct central government is still accepted as money. It is also here that he introduces his convincing objections to the gold standard, on which he expands in later chapters. And he points out that a suggested alternative, a currency backed by a basket of commodities, is in many ways exactly what we have nowÃƒÂ¢Ã â ¬Ã â •after all, you can in fact exchange your money for those commodities, and what you receive for a set amount of dollars does not fluctuate much.The next chapter covers inflation and deflation. This, like almost all of the book, consists of crystal clear exposition free of ideological cant. (Wheelan seems aligned with no particular school of economists; he says as much positive about Paul Krugman as Milton Friedman, though he says nothing about the Austrian School. Thus, the book is not at all a polemic, other than perhaps with respect to justifying government action in the 2008 crisis). Wheelan illustrates inflation and its impacts with, among other pithy examples, airline frequent flyer miles. Most importantly, to me at least, he gives a clear explanation of velocity and its impact on inflation, noting that it is poorly understood and impossible to use as a clear prediction or calculation device, which explains, perhaps, why IÃƒÂ¢Ã â ¬Ã â„¢ve never understood it (but I think I do now). Velocity at least in part explains why not all spending is equal; where the money ends up and how it is treated affects the economy as a whole. Finally, Wheelan notes that while mild, predictable inflation is beneficial for a variety of reasons high, unpredictable inflation is a disaster for most people. This topic anchors much of his discussion about central banking, along with its evil cousin, deflation.Wheelan then turns to price calculation, including the CPI and its variants, and its effects. Here shows up, though, the only annoying part of this book, which is that literally way more than half of the quotes, cites and attributions in the book are to the ÃƒÂ¢Ã â ¬Ã Å“EconomistÃƒÂ¢Ã â ¬Ã Â• magazine. I am not exaggerating. It is almost like this book is an advertisement for the magazine (to which, as far as I know, Wheelan has no connection). Sure, the magazine has some clever phrases, but really, so does Wheelan, and the ÃƒÂ¢Ã â ¬Ã Å“EconomistÃƒÂ¢Ã â ¬Ã Â• is not some Nobel Prize-winning authority on economics, so the reader gets tired of references to it. Anyway, here Wheelan continues his argument that a countryÃƒÂ¢Ã â ¬Ã â„¢s goal should be to achieve mild, predictable inflation, basically because it (falsely) makes everyone feel richer and better off (the ÃƒÂ¢Ã â ¬Ã Å“money illusionÃƒÂ¢Ã â ¬Ã Â•), it prevents slipping into deflation, and it gives central banks more room to maneuver using simple mechanisms to affect the interest rate and money supply, rather than more aggressive ÃƒÂ¢Ã â ¬Ã Å“quantitative easing.ÃƒÂ¢Ã â ¬Ã Â•Following this, Wheelan pivots to ÃƒÂ¢Ã â ¬Ã Å“Credit and Crashes.ÃƒÂ¢Ã â ¬Ã Â• He gives an excellent explanation of the mechanics of central banking, showing that the Federal ReserveÃƒÂ¢Ã â ¬Ã â„¢s main tasks are managing the money supply and acting as a lender of last resort. He discusses how open market operations work to affect the money supply, and therefore interest rates, as well as the mechanics of other tools such as reserve ratios for banks. Using ÃƒÂ¢Ã â ¬Ã Å“ItÃƒÂ¢Ã â ¬Ã â„¢s a Wonderful Life,ÃƒÂ¢Ã â ¬Ã Â• he explains how financial crashes work, for banks or for the broader universe of financial firmsÃƒÂ¢Ã â ¬Ã â •sometimes ÃƒÂ¢Ã â ¬Ã Å“people want their money now.ÃƒÂ¢Ã â ¬Ã Â• He distinguishes liquidity and solvency, such that a firm can be solvent but not adequately liquidÃƒÂ¢Ã â ¬Ã â •and in particular, how ÃƒÂ¢Ã â ¬Ã Å“In a crisis, illiquidity can turn into insolvencyÃƒÂ¢Ã â ¬Ã Â•ÃƒÂ¢Ã â ¬Ã â •just like George BaileyÃƒÂ¢Ã â ¬Ã â„¢s bank would have become insolvent had depositors withdrawn their money (because banking means illiquid loans are made with theoretically liquid actual deposits, and fractional banking means loans exceed deposits, which is good when times are good and not so hot in a bank run). It is this possibility of insolvency, widespread across the system, that Wheelan fears would have occurred in 2008 absent government action.Unfettered praise for such government action is my main problem with WheelanÃƒÂ¢Ã â ¬Ã â„¢s book. Wheelan feels very strongly that central bank action, in the United States and abroad, saved the world in 2008. A threshold problem is definitionÃƒÂ¢Ã â ¬Ã â •Wheelan doesnÃƒÂ¢Ã â ¬Ã â„¢t adequately distinguish between providing liquidity in the crisis, in order to prevent illiquidity from metastasizing into insolvency (like George Bailey), and the bailouts/handouts that characterized programs such as TARP and ÃƒÂ¢Ã â ¬Ã Å“cash for clunkers.ÃƒÂ¢Ã â ¬Ã Â• In fact, he deliberately conflates the two. The former, done through lowering interest rates and then further increasing the money supply through quantitative easing, certainly risked future harms, such as massive inflation, but did not directly reward bad actors and is a traditional central banking mechanism. TARP, on the other hand, was a new tool designed to address insolvency directly while benefiting the people, equity holders, who created the problemÃƒÂ¢Ã â ¬Ã â •as well as their friends in government. These two things are very different.ÃƒÂ¢Ã â ¬Ã Å“Naked MoneyÃƒÂ¢Ã â ¬Ã Â• tells us, again and again, that the entire globe would have come crashing down had the government not, through TARP, rescued firms that might become insolvent. We are told that Bernanke, advising Congress, ÃƒÂ¢Ã â ¬Ã Å“came in with Secretary Paulson and a couple of staff. They sat down, and without any sort of opening remarks, Chairman Bernanke simply said, ÃƒÂ¢Ã â ¬Ã Å“If Secretary Paulson doesnÃƒÂ¢Ã â ¬Ã â„¢t get what heÃƒÂ¢Ã â ¬Ã â„¢s asking for, and he doesnÃƒÂ¢Ã â ¬Ã â„¢t get it within seventy-two hours, the entire banking system of the United States will fail, and it will bring the world banking system down with it.ÃƒÂ¢Ã â ¬Ã Â• We are told that ÃƒÂ¢Ã â ¬Ã Å“Alistair Darling, British chancellor of the Exchequer at the time, has said ÃƒÂ¢Ã â ¬Ã ËœI think we came within hours of a collapse of the banking system.ÃƒÂ¢Ã â ¬Ã â„¢ÃƒÂ¢Ã â ¬Ã Â• We are told that DarlingÃƒÂ¢Ã â ¬Ã â„¢s staff told him

ÃƒÂ¢Ã â ¬Ã Å“ÃƒÂ¢Ã â ¬Ã â„¢Chancellor, we donÃƒÂ¢Ã â ¬Ã â„¢t know exactly how, but we think that there is a significant probability that every credit card in the world and every cash machine will stop working tomorrow.ÃƒÂ¢Ã â ¬Ã â„¢ÃƒÂ¢Ã â ¬Ã Â•Buried in that last quote is the realityÃƒÂ¢Ã â ¬Ã â •none of these people ÃƒÂ¢Ã â ¬Ã Å“knew exactly how.ÃƒÂ¢Ã â ¬Ã Â• More accurately, they were just guessing, in a self-interested way, where the actions demanded of the politicians would cost the bankers nothing and would hugely benefit them, whereas not acting had no possible upside to them, since no reward is given for good results following from inaction, and inaction might have easily saved the financial system but still wiped them and their friendsÃƒÂ¢Ã â ¬Ã â„¢ assets out.Wheelan endlessly compares the 2008 crisis to a fire, where to save the neighborhood we must also save the house of the fool who stored gasoline next to the furnace. But nowhere at all are we told why or how this parade of horribles would actually have happenedÃƒÂ¢Ã â ¬Ã â •why the fire would have spread if not for TARP. We are assured, by way of a hypothetical rice merchant in a hypothetical village, that small individual businesses would have been ÃƒÂ¢Ã â ¬Ã Å“wiped out.ÃƒÂ¢Ã â ¬Ã Â• How is not explained, other than vague references to being unable to ÃƒÂ¢Ã â ¬Ã Å“get even a basic, well-collateralized loan to keep his business running.ÃƒÂ¢Ã â ¬Ã Â• But most small businesses do not need loans (and usually cannot get loans). The reality is that if Goldman Sachs went bankrupt, and its equity holders were vaporized, the firmÃƒÂ¢Ã â ¬Ã â„¢s assets would still have had the same value, just under new ownership, and there is no reason that liquidity for normal-course business loans would have dried up, for long if at all.Instead of vaporizing the equity holders, though, Congress, as demanded by Treasury and the Fed, handed them unlimited money and absorbed their bad assets so they did not have to deal with the consequences of their actions. If Goldman had been declared bankrupt, new investors (say, Warren Buffett) could just have assumed ownership of GoldmanÃƒÂ¢Ã â ¬Ã â„¢s assets, and continued its profitable lending activities, while those who invested in now worthless assets took the consequences on the chin, sold their houses in the Hamptons to meet their personal debts, then moved to Des Moines to work at Target. Sure, there would likely have been a variety of short term disruptions to society and operating businesses. But Wheelan adduces no evidence or arguments that they would have been particularly dramatic or long term. He only give us hysterical conclusions made by people with massive personal conflicts of interest, demanding action by bankers and political leaders with their own massive personal conflicts of interest, to use the money and resources of the people at large to insulate risk takers from the consequences of their risk taking and allow them to keep their rich rewards. We should not forget that PaulsonÃƒÂ¢Ã â ¬Ã â„¢s TARP proposal, which as we saw above he demanded be accepted right now by Congress, or else, included such gems as ÃƒÂ¢Ã â ¬Ã Å“Decisions by the Secretary pursuant to the authority of this Act are non-reviewable and committed to agency discretion, and may not be reviewed by any court of law or any administrative agency.ÃƒÂ¢Ã â ¬Ã Â• Congress didnÃƒÂ¢Ã â ¬Ã â„¢t bite on that, but the gall is literally unbelievable, and gives a window into the Master of the Universe thinking of men such as Paulson (that is not a compliment). Yes, Wheelan sees clearly, and fully admits, the moral hazard to future decision making resulting from the bailouts. But he ignores the moral hazards confronting the government in its 2008 decision making, and, more importantly, the overwhelming conflicts of interest.The reality is that no liquidation of financial firm equity holders would actually have destroyed value. Any value destruction had already occurred. So what if this ÃƒÂ¢Ã â ¬Ã Å“was an old-fashioned financial panic,ÃƒÂ¢Ã â ¬Ã Â• where ÃƒÂ¢Ã â ¬Ã Å“firms and institutional investors were demanding their cash back from financial firms like Bear Stearns, Lehman Brothers, Citibank, and the other names youÃƒÂ¢Ã â ¬Ã â„¢ve seen in the news.ÃƒÂ¢Ã â ¬Ã Â•? After all, the first two disappeared and their assets were redistributed. So what? Why not do that to everyone?ItÃƒÂ¢Ã â ¬Ã â„¢s not just me who thinks along these lines. Take, for example, Luigi Zingales, professor at the University of ChicagoÃƒÂ¢Ã â ¬Ã â„¢s Booth School of Business (which Wheelan loves, since he keeps citing its professors as authorities, and also itÃƒÂ¢Ã â ¬Ã â„¢s my own business school, so I agree with Wheelan on that) and author of ÃƒÂ¢Ã â ¬Ã Å“A Capitalism For The People.ÃƒÂ¢Ã â ¬Ã Â• He says, criticizing the bailouts, ÃƒÂ¢Ã â ¬Ã Å“The problem is that people who have spent their entire lives in finance have an understandable tendency to think that the interests of their industry and the interests of the country always coincide. When Treasury Secretary Paulson went to Congress in the fall of 2008 arguing that the world as we know it would end if Congress did not approve the $700 billion bailout, he was serious. And to an extent he was right: his worldÃƒÂ¢Ã â ¬Ã â •the world he lived and worked inÃƒÂ¢Ã â ¬Ã â •would have ended had there not been a bailout. Goldman Sachs would have gone bankrupt, and the repercussions for everyone he knew would have been enormous. But Henry PaulsonÃƒÂ¢Ã â ¬Ã â„¢s world is not the world in most Americans live in or even the world in which the economy as a whole exists.ÃƒÂ¢Ã â ¬Ã Â• Zingales also notes that all decision-makers only were able to obtain information and advice from the same insular group of people, creating self-reinforcing groupthink.In fact, Wheelan himself notes that now ÃƒÂ¢Ã â ¬Ã Å“Dodd-Frank requires institutions to create a ÃƒÂ¢Ã â ¬Ã Ëœliving will,ÃƒÂ¢Ã â ¬Ã â„¢ which is a hypothetical bankruptcy plan showing that the institution can collapse without bringing down the rest of the financial system.ÃƒÂ¢Ã â ¬Ã Â• ItÃƒÂ¢Ã â ¬Ã â„¢s pretty obvious, at least to someone not in bed with Goldman Sachs, that if this is possible now, it would have been equally possible to create a bankruptcy plan on the fly for Goldman Sachs (and other institutions) in 2008. After all, thatÃƒÂ¢Ã â ¬Ã â„¢s what bankruptcy is forÃƒÂ¢Ã â ¬Ã â •to wipe out equity holders and replace them with new owners who will run things better. In fact, many normal course bankruptcies are done in great haste. Wheelan claims that ÃƒÂ¢Ã â ¬Ã Å“Bernanke reckoned . . . there was no orderly process for allowing a handful of giant troubled firms to go bankrupt in a way that would not cause the rest of the system to unravel.ÃƒÂ¢Ã â ¬Ã Â• Maybe. But more likely, as Zingales said, is that the cushy, insular world of Bernanke and Paulson would have unraveled, and the system would have done just fine, even in the short termÃƒÂ¢Ã â ¬Ã â •and it was that prospect of his world unraveling that, magically, made Bernanke unable to see an alternative orderly process for bankruptcy.Wheelan makes a great deal of the role of a central bank as a lender of last resort, and claims this was the role of the Fed in the crisis. But if the central bank does that, and itÃƒÂ¢Ã â ¬Ã â„¢s necessary (a somewhat different question than TARP as executed, but closely related) why canÃƒÂ¢Ã â ¬Ã â„¢t it lend in exchange for equity, wiping out the guilty and then reselling the equity to new owners? ThatÃƒÂ¢Ã â ¬Ã â„¢s how many prepackaged bankruptcies are structured. Or, as Paul Krugman suggested, equity capital could be provided to the banks directly in exchange for preferred stock, again harming common equity holders without affecting the broader financial markets. Or why couldnÃƒÂ¢Ã â ¬Ã â„¢t Congress place a 100% tax on equity held by stockholders in firms accepting last-resort lending, say, above a value held of $100,000? Or, as Zingales suggested at the time, we could add a new section to the bankruptcy code to simply and easily convert bank debt to equity, diluting existing equity holders involuntarily. Instead, the government simply absorbed bad assets and left the existing, responsible equity holders with the benefits of their bad acts. Why?IÃƒÂ¢Ã â ¬Ã â„¢ll tell you why (my background as a lawyer is largely in this world, as is my M.B.A. education, and I could probably pretty easily have worked for Goldman had I chosen to do so). The reason is because a tight, insular clique of people who all basically know each other, view the world the same way, and have parallel financial motives and incentives, made all the decisions and received all the benefit. If Ben Bernanke had wiped out equity holders, he wouldnÃƒÂ¢Ã â ¬Ã â„¢t have been invited to all the right parties, and his friends would have cut him off. How terrible. Much better that the little American get screwed, both now and in the future as a result of moral hazard not having any consequences. All you need to know, really, is that the man chosen to administer the 2008 TARP bailout, Neel Kashkari, was a 2002 Wharton M.B.A. (before which he was an engineer), whose only job in school and thereafter was working for Goldman Sachs, until he went to Treasury in 2006, as the hand-picked aide to the Secretary of the Treasury, Paulson. Paulson, of course, also worked for

Goldman his whole life, including as CEO and chairman, and held hundreds of millions of dollars in Goldman stock until the instant he became Secretary. Paulson (surprise, surprise) brought along numerous other Goldman employeesÃƒÂ¢Ã â ¬Ã â •I bet every single person in PaulsonÃƒÂ¢Ã â ¬Ã â„¢s meeting with Congress referred to above was a former Goldman employee. And Paulson actually also hired Goldman to be his formal external advisors. To nobodyÃƒÂ¢Ã â ¬Ã â„¢s surprise, after his TARP work, Kashkari then got a job with the investment firm Pimco, where his performance was miserable but his compensation was not. Again to nobodyÃƒÂ¢Ã â ¬Ã â„¢s surprise, as the ÃƒÂ¢Ã â ¬Ã Å“New York TimesÃƒÂ¢Ã â ¬Ã Â• noted, ÃƒÂ¢Ã â ¬Ã Å“PimcoÃƒÂ¢Ã â ¬Ã â„¢s publicly stated strategy [during the TARP program] was to invest money in areas that would benefit from the governmentÃƒÂ¢Ã â ¬Ã â„¢s rescue efforts.ÃƒÂ¢Ã â ¬Ã Â• ItÃƒÂ¢Ã â ¬Ã â„¢s almost like itÃƒÂ¢Ã â ¬Ã â„¢s all a nasty little circle where those outside the charmed group are milked for the benefit of the in-group. Certainly, by OckhamÃƒÂ¢Ã â ¬Ã â„¢s Razor (or its debased modern usage), thatÃƒÂ¢Ã â ¬Ã â„¢s the most likely explanation. True, IÃƒÂ¢Ã â ¬Ã â„¢m picking on Goldman. Although it is the worst offender with the smartest people, the problem is, of course, much more widespread (though confined to a relatively small world and group of people). But Goldman is the ringleader and one should always begin with monsters by chopping off their heads.Wheelan ignores all this. (He also, in passing and without explanation, rejects that lenient government policy toward Fannie Mae and Freddie Mac, or forced lending by banks to bad credit risks as the result of the Community Reinvestment Act, had any significant role.) Moreover, by not distinguishing liquidity increases from TARP bailouts, he fails to make clear that TARP was not technically a central bank action at all. It was a Congressional actionÃƒÂ¢Ã â ¬Ã â •one dictated to the peopleÃƒÂ¢Ã â ¬Ã â„¢s representatives by self-interested central bankers, screaming that the sky was falling. Furthermore, that TARP supposedly, in the long run, made a small profit is meaningless. First, itÃƒÂ¢Ã â ¬Ã â„¢s probably false, since thatÃƒÂ¢Ã â ¬Ã â„¢s a self-interested government calculation where lying would involve no penalty at all and the benefits to the liars are immense. Second, any profit does not alleviate the structural and moral defects of the program. All of this passes by Wheelan in silence, doubtless with Wheelan absentmindedly rubbing the head of his brass statute of Bernanke for good luck in the future.Anyway, next Wheelan turns global, explaining exchange rates and the international monetary system. He discusses purchasing power parity, the impact on businesses of exchange rate fluctuations, and the benefits and costs of a ÃƒÂ¢Ã â ¬Ã Å“strongÃƒÂ¢Ã â ¬Ã Â• currency. He then launches a powerful attack on the gold standardÃƒÂ¢Ã â ¬Ã â •ÃƒÂ¢Ã â ¬Ã Å“The gold standard is awesomeÃƒÂ¢Ã â ¬Ã â •until it wrecks the global economy and imperils humanity.ÃƒÂ¢Ã â ¬Ã Â• In the context of international exchange, his complaint is that the gold standard makes it necessary to raise interest rates in a downturn to prevent outflow of gold, whereas the opposite is usually deemed the correct course to benefit the economy. More integrally to gold, he notes that gold is subject to inflation (just ask 17th Century Spain); it tends to create and exacerbate deflation; it gives dubious countries like China, Russia and South Africa too much power over us, since they control the gold supply; its tie to purchasing power is extremely volatile, at least in the short term; and there just isnÃƒÂ¢Ã â ¬Ã â„¢t enough gold to fix its conversion at any reasonable amount. Wheelan freely admits the validity of the complaints by those who push the gold standard, from the possible abuses of fiat currency and lack of transparency of the Fed, to the creation of moral hazards and inadequate stability of the international monetary system. He just thinks gold doesnÃƒÂ¢Ã â ¬Ã â„¢t solve the problems. ÃƒÂ¢Ã â ¬Ã Å“Reverting to gold during a time of economic distress feels like the right thing to doÃƒÂ¢Ã â ¬Ã â •then again, so did burning witches after a bad harvest. Centuries of evidence suggest that neither is likely to fix the underlying problem.ÃƒÂ¢Ã â ¬Ã Â• Ha ha.This concludes Part I. The second Part begins with a ÃƒÂ¢Ã â ¬Ã Å“quick tour of American monetary history,ÃƒÂ¢Ã â ¬Ã Â• including Colonial deficit spending, the troubled history of central banking, Bretton Woods and stagflation. The primary goal of the American portion of this Part is, again, to claim that central bank action saved the world during 2008. Wheelan (following Bernanke) claims that the 2008 crisis was a re-run of the steps leading to the Great Depression, only with a different result due to sound policy. Wheelan here repeats much of his earlier praise for the Fed in 2008 (a minor problem with this book is a tendency to repetition, perhaps because Wheelan tries hard, and successfully, to be clear).Then Wheelan offers several chapters explaining and analyzing Japan (again focusing on deflation); the Euro (he basically thinks itÃƒÂ¢Ã â ¬Ã â„¢s stupid because ÃƒÂ¢Ã â ¬Ã Å“EuropeÃƒÂ¢Ã â ¬Ã Â• is not an ÃƒÂ¢Ã â ¬Ã Å“optimal currency zoneÃƒÂ¢Ã â ¬Ã Â• in the Robert Mundell sense); China (where he says itÃƒÂ¢Ã â ¬Ã â„¢s not at all clear that China is a ÃƒÂ¢Ã â ¬Ã Å“currency manipulatorÃƒÂ¢Ã â ¬Ã Â• or that the yuan is undervalued); and bitcoin (it fails as any of a unit of account, store of value, and medium of exchange, unless, for the latter, if youÃƒÂ¢Ã â ¬Ã â„¢re a drug dealer or citizen of a failed state). Finally, Wheelan offers his advice on ÃƒÂ¢Ã â ¬Ã Å“Doing Central Banking Better.ÃƒÂ¢Ã â ¬Ã Â• Most of this flows logically from his exposition, and is moderate advice to increase central bank transparency, keep a lid on inflation but not eliminate it, consider having Bretton Woods II, and evaluate regulation, while realizing itÃƒÂ¢Ã â ¬Ã â„¢s subject to corruption and is ÃƒÂ¢Ã â ¬Ã Å“like playing whack-a-mole.ÃƒÂ¢Ã â ¬Ã Â•My long TARP diatribe above makes me sound like I disliked this book. Nothing could be farther from the truth. It was fantastic for what I wantedÃƒÂ¢Ã â ¬Ã â •a clear exposition of monetary policy and its effects. My own education has been substantially advanced by this book, and I highly recommend it to all potential readers.

I hear the author on a financial show and the topic sounded interesting. He explains the issues in a simplistic and understandable way. I have found only a few parts to be dry but every book is that way. I would recommend reading this bookIn college I took two quarters of Econ but it only solved my insomnia. The author presents the material in a way that will NOT put you to sleep.

While on a dry subject, wheelan does a good job of introducing the importance of money and, more importantly ,monetary policy omn our world and economy. For anyone interested in a base understanding in the decision making around interest rates, inflation, currencies, etc. Should give this a read.

This goes well as a second book for HS students who use Naked Economics as a text. A bit too much (and too biased) on the value of the Federal Reserve in my opinion.

Readers with an interest in banking, macroeconomics and central banking will find this book delightful. I wish I had his examples available when I was a student. He includes enough economic analysis to make it not too easy and enough down to earth examples to make it not too hard. Highly recommended.

This is great book for anyone who would like a basic understanding of how money works and how the institutions play a role in keeping money flowing.

pretty decent coverage of money, even if the author is clearly biased towards certain understandings.

Easy to read and has some funny bits! I'll be reading it again and taking notes - the author has several books I'm now interested in

Naked Money: A Revealing Look at Our Financial System Naked Money: A Revealing Look at What

It Is and Why It Matters Personal Finance: Budgeting and Saving Money (FREE Bonuses Included) (Finance, Personal Finance, Budget, Budgeting, Budgeting Money, Save Money, Saving Money, Money) How to Have Outrageous Financial Abundance In No Time::Biblical Principles For Immediate And Overwhelming Financial Success: Wealth Creation,Personal Finance, Budgeting, Make Money,Financial Freedom Study Guide for The Economics of Money, Banking, and Financial Markets and The Economics of Money, Banking, and Financial Markets Business School Edition Fiverr-Best Gigs to Make Money on Fiverr With Proven Money Making Gigs And Ways for Making Money That Work (Fiverr.com Books, Make Money With Fiverr Gigs, Ideas, Tips, SEO Book 1) Naked Women : Explicit And Lustful Naked Women Pic Bound To Get You Aroused. (Adult Picture Books) Naked Magazine's Worldwide Guide to Naked Places - 8th Edition Naked Magazine's Worldwide Guide to Naked Places Naked Women Pics : Sexy Naked Women Pics With Them Getting Hot And Randy. (Adult Picture Books) The Naked Roommate: And 107 Other Issues You Might Run Into in College (Naked Roomate) The Naked Guide to Bath (Naked Guides) FINTECH: Simple and Easy Guide to Financial Technology(Fin Tech, Fintech Bitcoin, financial technology fintech, Fintech Innovation, Fintech Gold, Financial services technology,equity crowdfunding) Inheritance: How Our Genes Change Our Lives--and Our Lives Change Our Genes The Mind-Gut Connection: How the Hidden Conversation Within Our Bodies Impacts Our Mood, Our Choices, and Our Overall Health Passive Income: The Ultimate Guide to Financial Freedom: (Multiple Passive Income Streams, Quit Your Job, Passive Income Ideas, Make Money Online, Financial Freedom) The Ask Suze Financial Library, Comprehensive Answers to Essential Financial Questions - 9 Book Set, Ask Suze About Social Security, Love & Money, Stocks & Bonds, Mutual Funds & Annuities, Insurance, Real Estate, Planning Future, Debt, Wills & Trusts (9 Book Set) Islamic Finance and the New Financial System: An Ethical Approach to Preventing Future Financial Crises (Wiley Finance) The Death of Money: 2 in 1. The Death of Money and Debt Free. The Prepper's Guide for Your Financial Freedom and How to Survive in Economic Collapse Passive Income: Learn How to Make Money Online through Affiliate Marketing: Passive, Income, Money, Forex, Sales, Financial, Entrepreneurship