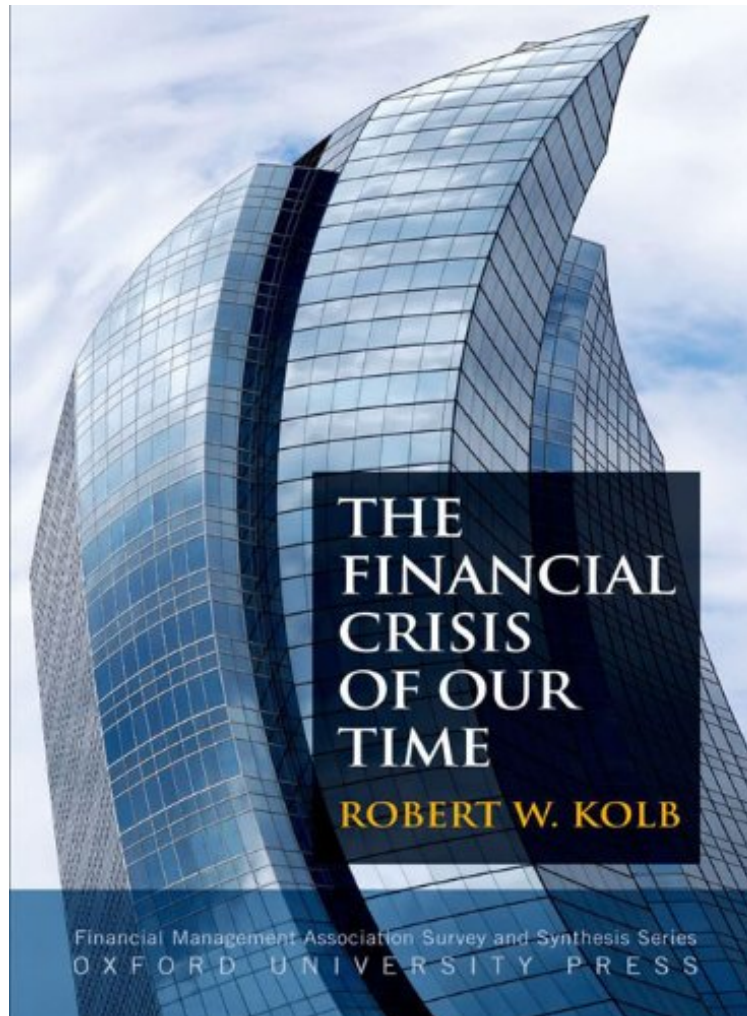


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The Financial Crisis of Our Time (Financial Management Association Survey and Synthesis Series)

Robert W. Kolb

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Robert W. Kolb : The Financial Crisis of Our Time (Financial Management Association Survey and Synthesis Series) before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Financial Crisis of Our Time (Financial Management Association Survey and Synthesis Series):

1 of 2 people found the following review helpful. Ignores the elephant in the RoomBy zaytoxOther reviewers have talked about the technical details of the meltdown--all critically important to an understanding--and Kolb does a better job, as a general subject, than any other writer I have read and he should be lauded for it. But his absolute insistence on not bringing politics into the story is a huge failing of the book. No, it is not possible to draw a line in the argument and say that "Republicans did it" or "Democrats did it" but to ignore the political aspects entirely is simply a matter of

writing poor history and poorer historical analysis. Kolb clearly writes from a rightist perspective from the standpoint that he takes government to task to a far greater degree than he takes business to task. He suggests that what was/is not needed is more regulation, but the proper execution of existing regulations and oversight duties as provided by existing laws. I don't think it is being non-objective to point out that at the time the SEC run by GW Bush appointees whose primary job was to NOT do any regulating. That's what Republicans of the Bush Cheney stripe "did" (witness Katrina, just as another example). So to not make a distinction between the regulatory agency (SEC) performance under past presidents and performance under the administration in office at the time of the meltdown is partisan, nonobjective, and poor history. We simply cannot escape the political nature of this discussion and have a complete understanding of it. That's one Truth Kolb does reveal, albeit by omission.

2 of 2 people found the following review helpful. Who's to Blame? By bookster Robert Kolb's *The Financial Crisis of Our Time* is an ideal book if you're looking for an objective, balanced explanation of what caused the near collapse of the financial markets starting in 2008. If you watched in horror as the value of your investments dwindled and sought for someone to blame, Kolb's book gives you an extensive cast of characters to pursue. Our financial system is based on a web of complicated inter-relationships. Kolb shows that nearly all of the major players in this web were to greater or lesser extents at fault. He does an excellent job of probing the motivation of the people making decisions, many of which now seem totally illogical and even contrary to the decision-makers' own best interests. For example, after reading *The Big Short*, I wondered why anyone in their right mind would have bought a lower-level tranche in a CMO (collateralized mortgage obligation). Having now read *The Financial Crisis of Our Time*, I know why. The causes of the financial crisis are complicated and varied. Kolb identifies six: (1) macroeconomic developments and federal policy, (2) the failure of regulatory agencies, (3) mortgage seekers and mortgage lenders, (4) the mortgage securitization process, (5) innovation in financial instruments, and (6) executive compensation and poor corporate governance. In addition to providing solid background about how the financial crisis came about, Kolb examines each of these causes in detail. Kolb writes clearly and with flair. If you are looking for a serious yet highly engaging explanation of the financial crisis in terms you can understand, this is a book for you.

1 of 1 people found the following review helpful. Puts "Inside Job" to shame By Wayne Ambler I just watched the film "Inside Job." Kolb's book is a perfect next step for those who found the film far too simplistic to have any serious claim to be an explanation of our financial system or what went wrong with it in the fall of 2008. The film successfully embarrasses a few folks who ought to be embarrassed, but is it not also embarrassing to take an issue of urgent national importance and turn it into a simple story of a few very bad guys and many, many good guys (who are also apparently clueless and defenseless)? As the other reviewers have also stressed, Kolb's book combines the virtues of being a gripping read while also being faithful to the complexity of the issues involved. As the crisis had multiple and complex causes, which Kolb lays out clearly and persuasively, so - alas! - it will lack a single and simple solution. To express one consequence of this point in the negative, when calling for "regulation" as the solution, we must acknowledge that there were many regulations before the crisis, ones that simply failed to function as they were intended. Kolb's patient discussion of the many challenges of designing a sound financial system often reminded me of the Founders' acute awareness of the challenges of designing a Constitution. Perhaps the most general of these challenges is traceable back to the nature of man himself. As Madison put it, "If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself." Like the Founders, Kolb is careful not to let moral anger cloud his vision, and the result is a book that will be worth reading and rereading for a long time to come.

In 2006 residential real estate prices peaked and started to fall, then threatened the world's financial institutions in 2007, and confronted the global economy with disaster in 2008. In the past few years, millions of people have lost very substantial portions of their wealth. And while the markets have rebounded considerably, they are still far from a full recovery. Now, professional economists, policy experts, public intellectuals, and the public at large are all struggling to understand the crisis that has engulfed us. In *The Financial Crisis of Our Time*, Robert W. Kolb provides an essential, comprehensive review of the context within which these events unfolded, arguing that while the crisis had no single cause, housing finance played a central role, and that to understand what happened, one must comprehend the mechanism by which the housing industry came into crisis. Kolb offers a history of the housing finance system as it developed throughout the twentieth century, and especially in the period from 1990 to 2006, showing how the originate-to-distribute model of mortgage financing presented market participants with a "clockwork of perverse incentives." In this system, various participants—simply by pursuing their narrow personal interests—participated in an elaborate mechanism that led to disaster. The book then gives a narrative of the crisis as it developed and analyzes all of the participants in the housing market, from the home buyers to investors in collateralized debt obligations (CDOs). At each step, the book explains in a nontechnical manner the essential relationships among the market participants and zeroes in on the incentives facing each party. The book also includes an extensive glossary and a detailed, authoritative timeline of the subprime financial crisis. Offering a unique look at the participants and incentives within the housing

finance industry and its role in the biggest financial catastrophe in recent history, Robert W. Kolb provides one of the most comprehensive and illuminating accounts of the events that will be studied for decades to come as the financial crisis of our time.

"Robert Kolb's *The Financial Crisis of Our Time* is an exceptional and comprehensive academic contribution toward a definitive analysis and understanding of what happened to the financial world during the 2007-09 meltdown. It provides the answers to the underlying conditions, the causes, and the principal participants that combined to create the greatest disaster of our time. For any serious researcher, Kolb's analysis is indispensable."--Leo Melamed, Chairman Emeritus, CME Group

About the Author Robert W. Kolb is Professor of Finance and Frank W. Conside Chair of Applied Ethics at Loyola University Chicago. He has been professor of finance at the University of Florida, Emory University, the University of Miami, and the University of Colorado, and has published more than 20 books, including *Lessons from the Financial Crisis: Causes, Consequences, and Our Economic Future* and *Futures, Options, and Swaps*.