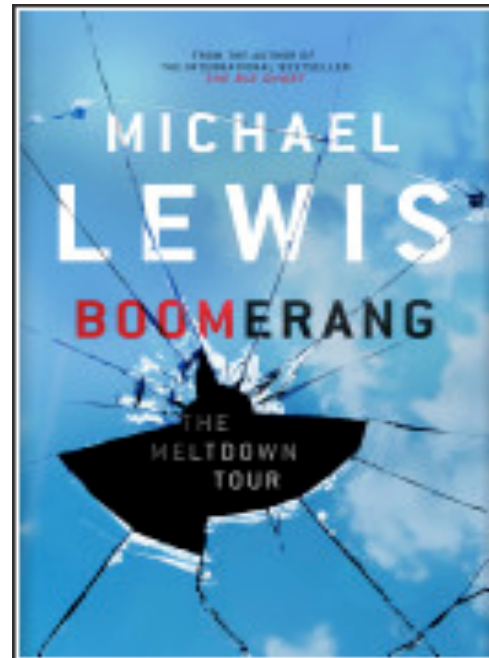

BOOK REVIEW

"Boomerang: The Meltdown Tour" by Michael Lewis

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[Hard Cover for around US\$12.85
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Reviewed by Dr Darryl Cross,
leadership & careers coach
& psychologist
www.DrDarryl.com



Michael Lewis is really amazing storyteller with the ability to make any subject easy to understand. In his book "Boomerang: The Meltdown Tour," he makes the topic easy to understand even to readers who have a lack of knowledge about business and economics. He explains topics about European sovereign debt, the IMF, and the European Central Bank in a way that people can generally relate to them. The book also came very timely to the worsening debt crisis in Europe. He clearly explains the reasons for Europe's financial crisis and how it started. He also cites detailed instances that contributed to the global disaster. The book shows that the author spent a good deal of time studying and travelling to different places that have been affected by the financial turndown. He interviews politicians, analysts, and even a former Irish prime minister. At the end part of the book, Lewis amazingly tells stories of people who now have to live with cutbacks in pay. As a result, you may realize that there are consequences to the desire for instant gratification.

The book brings readers on a tour of countries greatly affected by the fiscal financial crisis in 2008 such as Ireland, Greece and Iceland, describing how different kinds of people with different reasons run to the cheap credit in

the early part of the crisis. The book shows readers the global perspective of the debt crisis. Lewis talks about the fear of Greece to default. The world worrying about the possibility of Greece to walk away from \$400 billion in debt, about the possible downfall of European banks, and the idea that other countries that are affected by financial crisis might also destabilize. These possibilities could destabilize both regional and world economies. Lewis also provides the reason why Germany is reluctant to continue bailing out other nations especially to those they are consider as irresponsible.

In particular, the book cites issues on how this financial crisis developed.

1. Greece preferred instant satisfaction than long-term planning during the last decade. The country spent over a trillion dollars for high-paying government jobs and big pensions as well as for bribery and theft. The author points out that the wage bill of the Greek public sector has doubled in the last 12 years. The average government job was paying almost triple the average private sector job. Those people who have arduous jobs can retire as early as 50 for women and five years after for men. Additionally, over 600 Greek professions have somehow managed to get themselves classified as "arduous including hairdressers, radio announcers, musicians, and waiters and on and on and on."
2. In the start of 2008, British investors were tempted by the 14 percent annual returns and therefore handed over more than \$30 billion to dubious Icelandic banks. Oxford University alone lost \$50 million.
3. Ireland was experiencing property-related bank loses for about 106 billion euros and politicians and bankers in Ireland decided to guarantee debts of the biggest banks. As a result, Irish taxes were badly affected for the next four years.
4. Americans took what they could without considering the larger social consequences. Lewis points out that Americans played a big part in the 2008 economic financial crisis. Afterward, the people on Wall Street would privately bemoan the low morals of the American people who walked away from their subprime loans, and the American people would express outrage at the Wall Street people who paid themselves a fortune to design the bad loans."

Lewis introduces us to various people. For example there is Morgan Kelly who is a professor of economics at University College Dublin and who had already noticed something wrong with the Irish housing market in 2006. He also anticipated the downfall of Irish banks because of the staggering

amounts of money being loaned to property developers during the bubble of real estate of the country.

Another notable person in the book is an Icelandic fisherman, Stefan Alfsson, who quit fishing in 2005 to join a group of other young people becoming bankers, setting himself up as adviser to companies on currency risk hedging without any training at all.

Then there are the canny Greek monks who built up a vast real estate empire that started a scandal that according to the author, played a major role in bringing down Prime Minister Kostas Karamanlis in 2009. The new government then found out how less government money there was than expected. It had no choice but to publicly inform the situation that panicked investors and the only option left was new higher interest rates. The country then needed to borrow huge amount of funds to save its operation and became virtually bankrupt.

Lewis has a unique talent in being able to locate people who have the ability to suspect that something was going to happen in the future by examining the current situation. Most of us know that retrospectively there were issues – big issues. However, his book amazingly tells the stories from some far-sighted people in an easy to understand narratives that enable the readers to clearly realize the causes of the headlines about Europe's worsening debt problems and the risks they bring to this world.

[Dr Darryl Cross is a clinical and organisational psychologist as well as a credentialed executive and personal coach. He is also an author, international speaker and university lecturer. Dr Darryl assists people to find their strengths and reach their goals. Further information on Dr Darryl can be seen at www.DrDarryl.com]