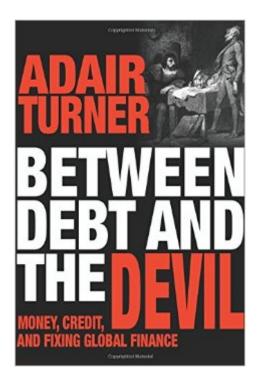
The book was found

# Between Debt And The Devil: Money, Credit, And Fixing Global Finance





## Synopsis

Adair Turner became chairman of Britain's Financial Services Authority just as the global financial crisis struck in 2008, and he played a leading role in redesigning global financial regulation. In this eye-opening book, he sets the record straight about what really caused the crisis. It didn't happen because banks are too big to fail--our addiction to private debt is to blame.Between Debt and the Devil challenges the belief that we need credit growth to fuel economic growth, and that rising debt is okay as long as inflation remains low. In fact, most credit is not needed for economic growth--but it drives real estate booms and busts and leads to financial crisis and depression. Turner explains why public policy needs to manage the growth and allocation of credit creation, and why debt needs to be taxed as a form of economic pollution. Banks need far more capital, real estate lending must be restricted, and we need to tackle inequality and mitigate the relentless rise of real estate prices. Turner also debunks the big myth about fiat money--the erroneous notion that printing money will lead to harmful inflation. To escape the mess created by past policy errors, we sometimes need to monetize government debt and finance fiscal deficits with central-bank money.Between Debt and the Devil shows why we need to reject the assumptions that private credit is essential to growth and fiat money is inevitably dangerous. Each has its advantages, and each creates risks that public policy must consciously balance.

### **Book Information**

Hardcover: 320 pages Publisher: Princeton University Press (October 20, 2015) Language: English ISBN-10: 0691169640 ISBN-13: 978-0691169644 Product Dimensions: 6.3 x 1.3 x 9.4 inches Shipping Weight: 1.6 pounds (View shipping rates and policies) Average Customer Review: 4.2 out of 5 stars Â See all reviews (20 customer reviews) Best Sellers Rank: #254,418 in Books (See Top 100 in Books) #56 in Books > Business & Money > Economics > Public Finance #192 in Books > Business & Money > Economics > Money & Monetary Policy #210 in Books > Business & Money > Processes & Infrastructure > Government & Business

### **Customer Reviews**

Too many books have now been written on the causes and consequences of the 2008 financial

crisis. Do we really need another? Most of the ground Adair Turner covers has already received exhaustive treatment in Martin Wolfâ <sup>™</sup>s The Shifts and the Shocks. Turnerâ <sup>™</sup>s view is very familiar: the financial sector is too big, we have too much debt, and the banking system should be heavily regulated. There is little surprising or original here. For example, Turner has virtually nothing to say about the interaction between the financial sector and technological innovation. The genuinely innovative ideas in Robert Shillerâ <sup>™</sup>s Finance & the Good Society, get passing mention.Turnerâ ™s real strength is the directness of his argument, and the relative brevity of his writing - unlike many post-crisis tomes, this book is reasonably short - and much of the familiar ground can be skipped. He correctly frames the current global macroeconomic problem as how to generate growth without ever-rising debt - public or private. He also gets close to reaching the right answer: no well-organised free-market economy which can print money should ever have a persistent shortfall in demand. Turner recommends that central banks should a cemonetise budget deficitsâ •, which amounts to financing budget deficits by printing money, rather than issuing bonds. Perhaps what is most significant, is that a supposedly radical policy is being endorsed by someone at the heart of the establishment - after all, Turner was Chairman of Financial Services Authroity (FSA) and may well have been Governor of the Bank of England, had the Canadian rockstar not been available. The need for genuine innovation in macro policy making is a clear theme. Turner should be applauded for this.

The literature surrounding the Financial Crisis of 2008 comes under two categories: (i) blow-by-blow accounts of the story as it happened and (ii) books that seek to understand how it came about. It is obviously the latter that one must turn to when it comes to exploring what we need to do from now on, and Adam Turner, who ran the UK Pensions Commission until 2008 and the UK Financial Services Authority for the next six years is uniquely placed to answer the question, because he not only lived the crisis from an amazing vantage point, but was additionally tasked with keeping the system safe. That was his job!His analysis of what happened is far from complete. He only mentions technological change in passing, for example. It is, regardless, extremely well-informed and it concentrates on the stuff the author learned in his tenure at the FSA. The crisis was a credit crisis, so he chooses to concentrate on credit, while acknowledging there were other possible causes.His recommendations, on the other hand, I find alarming.First, the findings on credit:1. It can make sense for a bank to extend credit which may not be socially desirable. So, for example, a loan against real estate is a super-safe loan for the bank to make because the collateral will not become worthless overnight. Even if the borrower disappears, recovery will be great. But if banks lend

mainly against real estate, thatâ <sup>™</sup>s less desirable than banks funding new productive ventures. To elaborate this point, the banking system has found it historically much simpler to lend to those seeking to invest in already existing assets.

Real estate accounts for more half of all wealth. That is the nub of the problem in global finance. Banks have switched from financing business to financing real estate, almost exclusively. They donâ <sup>™</sup>t care that this is non-productive; it is bigger, safer and more profitable. The banks have taken over from government in the creation of credit, and so control is nonexistent. We used to be afraid government would create inflation and financial crises. But government is no longer the biggest player, by a long shot. Banks continually inflate the money supply and the level of debt, even today. We are not better off for it. In Turnerâ ™s words, limited land doesnâ ™t mesh with the infinite capacity to create debt obligations. Left to the markets and the bankers, debt will continue to flourish, multiply, and overwhelm. Excessive debt is a œeconomic pollutiona •. This is powerful, damning stuff, from a man who has a seat the table. Of the sagging shelf of such books, Between Debt and the Devil is possibly the most lucid, intuitively correct and clear answer yet to the why of the financial crisis. Along the way, Turner tells us that one of the reasons no mainstream economist predicted the financial crisis is that their economic models do not include banks (!). Central banks, but not the hundreds of thousands of banks that create money by lending for real estate. Yet we base mission critical decisions on them.-We learn that real estate financing is a dead end. It does not produce new industry or new consumption; it produces more wealth for those who donâ ™t need it, and more debt for those who canâ <sup>™</sup>t afford it.-Those who donâ <sup>™</sup>t follow this system do far better. The catch-up successes of Japan, Taiwan and South Korea resulted from banks lending only to business, not consumers.

#### Download to continue reading...

Debt Free for Life: The Ultimate Guide to Get Out of Debt (FREE Bonuses Included) (Debt, Debt Free, Debt Free Forever, Debt Free for Life, Debt Free for Good, Debt Management, Get Out of Debt) Between Debt and the Devil: Money, Credit, and Fixing Global Finance Money: Saving Money: The Top 100 Best Ways To Make Money & Save Money: 2 books in 1: Making Money & Saving Money (Personal Finance, Making Money, Save Money, Wealth Building, Money) Personal Finance: Budgeting and Saving Money (FREE Bonuses Included) (Finance, Personal Finance, Budget, Budgeting, Budgeting Money, Save Money, Saving Money, Money) Improve Your Credit Score: How to Remove Negative Items from Your Credit Report and Raise Credit Ratings: Step-by-step Credit Repair Guide The Debt Escape Plan: How to Free Yourself From Credit Card

Balances, Boost Your Credit Score, and Live Debt-Free Money Management Tips: Control Money Don't Let It Control You (Budgeting your money, How to save money tips, Get out of debt fast, Live cheap, Debt free, Spend less) The Death of Money: Best Tips How to Survive in Economic Collapse and Get out of Debt (dollar collapse, prepper supplies, prepping, debt free, free money) ... self help, budgeting, money free Book 3) A Pragmatist's Guide to Leveraged Finance: Credit Analysis for Bonds and Bank Debt (paperback) (Applied Corporate Finance) A Pragmatist's Guide to Leveraged Finance: Credit Analysis for Bonds and Bank Debt (Applied Corporate Finance) Corporate Finance: Corporate Finance Guide To Understanding Corporate Finance With Strategies For Business Owners For Utilizing Corporate Finance Including ... Finance Business, Theory And Practice) RAPID RESULTS Credit Repair Credit Dispute Letter System: Credit Rating and Repair Book Improve Your Credit Score: How to Remove Negative Items from Your Credit Report and Raise Credit Ratings Credit Scoring Secrets (Credit Repair): How To Raise Your Credit Score 100 Points In 100 Days Credit Repair Ninja (A 5 Minute Guide) - 21 Ways To Fix Your Credit Score Lightning Fast - 2016: How To Fix Your Bad Credit Score In 30 Days Or Less Credit Repair Ninja (A 5 Minute Guide) - 21 Ways To Fix Your Credit Score Lightning Fast: How To Fix Your Bad Credit Score In 30 Days Or Less 33 Ways to Raise Your Credit Score: Proven Strategies to Improve Your Credit and Get Out of Debt Girl, Get Your Credit Straight!: A Sister's Guide to Ditching Your Debt, Mending Your Credit, and Building a Strong Financial Future How to Reduce Your Debt Overnight: A Simple System to Eliminate Credit Card and Consumer Debt Fast Rich Dad's Guide to Becoming Rich Without Cutting Up Your Credit Cards: Turn "Bad Debt" into "Good Debt"

<u>Dmca</u>