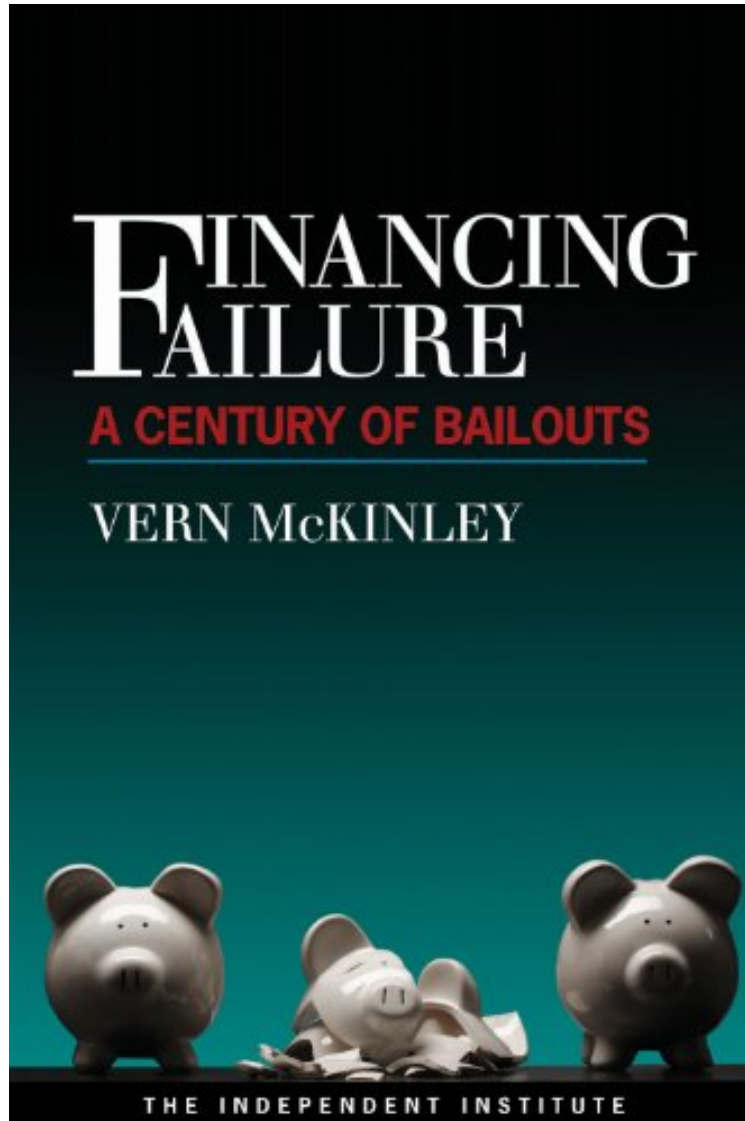


(Read free ebook) Financing Failure: A Century of Bailouts

## Financing Failure: A Century of Bailouts

*Vern McKinley*

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**Vern McKinley : Financing Failure: A Century of Bailouts** before purchasing it in order to gage whether or not it would be worth my time, and all praised Financing Failure: A Century of Bailouts:

2 of 3 people found the following review helpful. A thorough analysis from an experienced financial observerBy RPorterVern McKinley's deeply researched book on a century of financial bailouts shows the value of someone with a career background in both banking supervision and the legal framework for the American financial sector. His writing is clear (though the topic is rather dry), and he is especially good at explaining the complex American bank supervisory system as it really exists. While McKinley is obviously leading up to his concluding chapter on the near

evils of financial bailouts, he effectively lays out the groundwork going back as far as the Great Depression and key banking crises such as Franklin National in 1974 and Continental Illinois in 1984, both of which set precedents for events decades later. When combined, the extensive footnotes persuade the reader that no stone was unturned in researching the history of bailouts. There are some similarities in McKinley's book to Carmen Reinhart and Kenneth Rogoff's better known *THIS TIME IT IS DIFFERENT*, but McKinley's actual career places him better to give the 'inside baseball' point of view. As someone who has had a similar career to McKinley, I don't fully support his conclusions, but I am very impressed with his research and how he builds his case. This is not light reading but strongly recommended for those who have a deep interest in how we came to present financial sector policy.

14 of 15 people found the following review helpful. A Primer on the Exaggerations Self-Interests That Led Us to Today's Reliance on Government Bailouts: By Thomas M. Loarie "Financing Failure" is the sixth book I have read on 2007 economic crisis and one of the most important. In it, author Vern McKinley does not parrot the standard narrative: "The crisis is unprecedented" "Government agencies need to expand powers to respond to the crisis" "Main Street" will be severely impacted if the largest financial institutions were allowed to fail" Interventions are necessary to "save us" from a great depression But rather, focused on the public policy issues and "shows a century of public officials making vastly exaggerated claims regarding the effects of short-term government intervention (bail-outs) and of long-term legislative changes, dating from initial passage of the Federal Reserve Act in 1913 through the Dodd-Frank legislation in 2010." His brilliant historical analysis of bailouts shows why we have become so reliant on such interventions and why they get bigger with each financial crisis. Readers of "Financing Failure" will discover: "History is repeating itself." "There has never been any evidence of impending doom that the entire financial system was at risk.." "With each pressing crisis, interventions got broader and more entrenched." "The number of those bailed out were expanded" "The number of federal agencies were increased (permanent government intervention)" "Rife with regulatory breakdowns, agencies do little to instill confidence as they fly by the seat of their pants." "Agencies do everything in their power to hide and shield their actions." "Used all their powers at their disposal to prevent outside review." "Financing Failure" is different from the other books I have read as it focuses 1) on policymaking, not people, behind the decisions to bail out institutions, not just during the recent crisis but over history, and 2) on how decisions were made, the data that informed the decisions, and the justifications for legislative changes in the wake of financial crises. Previous books take as fact that government intervention was absolutely necessary without questioning it. McKinley, however, shows this is not true as he takes the gloves off and provides a critical analysis regarding the bailouts based on information retrieved through the Freedom of Information Act (had to bring suit to get data). He shows that the need for government intervention has been perpetuated by self-interested participants who have a stake in the financial collapse and in the government's response to it - the largest financial institutions, agencies which regulate the financial institutions and politicians who recommended and approved the bailouts. Interventions do not save the economy nor do they protect us from great recessions or depressions. Interventions only serve to reward self-interested parties, and, in doing so, greatly expand government to the detriment of personal liberty. While a hefty work, "Financing Failure" is a must read for those interested in the truth about what has transpired over many years...something that sorely needs to be reversed.

5 of 5 people found the following review helpful. Very Well Documented Read By David This book shows the reader the mistakes that have been made over and over again in dealing with problem banks, the politics that went into decisions that impacted all of us for many years, and the lack of information or misinformation that has been used in determining what actions to take with problem banks. It is very well documented in the footnotes, and allows the reader to determine whether regulators were right or wrong in taking specific actions when problems were noted. Mr. McKinley, as a former bank regulator and current banking consultant, tells the story with expertise, but in plain language for those who are not as familiar with banks and regulators. The book is an honest, unbiased account of the history of bank failures, void of any political slant, but rich in information that should be required reading for legislators, bank regulators, professors and students as it gives an account of how things work in the "real" world vs. how average people believe they work. This is a must read for people to see the mistakes of the past and to try to ensure that they will not happen again.

Probably no issue during the most recent financial crisis aroused more passion than financial institution bailouts. Focusing on the policymaking behind the decisions to bail out these institutions; not just during the most recent crisis, but also throughout history; this account argues that the genesis of financial crisis lies in government policy, whether in the mismanagement of monetary policy during the 1930s or in the extraordinary push of consumers into homeownership leading up to the current crisis. This detailed analysis is an essential read in order to understand why the United States has become so reliant on such interventions.

"Financing Failure shows us the appalling lack of logic in regulators' responses to financial crises and how, sadly, we can expect more of the same in the next crisis. McKinley has produced an excellent history of the flawed analysis of financial crisis policy of the last century." —Jean Helwege, professor of business administration,

