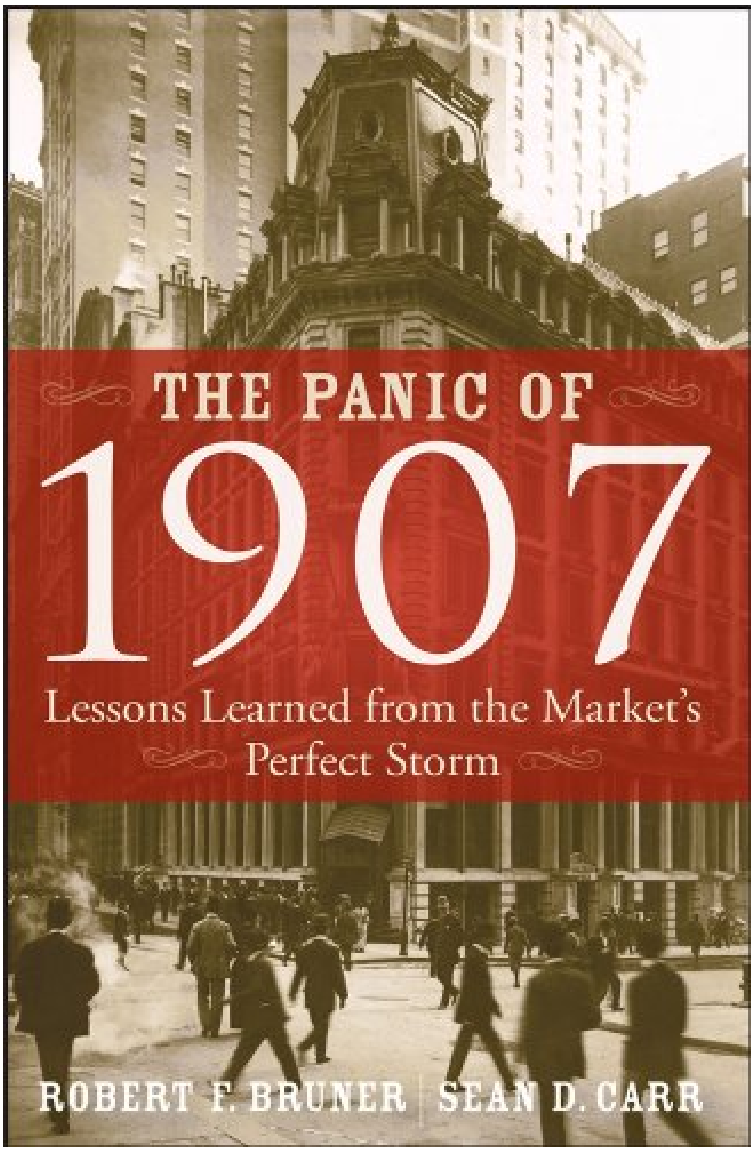
The Panic of 1907: Lessons Learned from the Market's Perfect Storm

Robert F. Bruner, Sean D. Carr



Robert F. Bruner, Sean D. Carr : The Panic of 1907: Lessons Learned from the Market's Perfect Storm before purchasing it in order to gage whether or not it would be worth my time, and all praised The Panic of 1907: Lessons Learned from the Market's Perfect Storm:

1 of 1 people found the following review helpful. I would have liked more time spent on the causes/effects then the resolutionBy RKMI bought this book because my knowledge of this economic event is basically nonexistent. Though I feel that has been alleviated to some degree, I feel that too much time was spent discussing the bail-out by Morgan

and what was done (or not done) by the government to resolve the situation. I would have liked more time spent on the causes/effects then the resolution. But as that is what I was seeking personally and not necessarily the authors, I don't hold that against him in the star department. The book is well-written, one "critic" pointed out in their review that Sinclair Lewis not Upton Sinclair was credited in this work for writing "The Jungle", which threw me off a little bit too when I read it and sent me rushing to my bookshelf, but overall I didn't notice gross errors that showed a lack of editorship/fact checking. I enjoyed reading the book and felt that I had accomplished my goal of learning about the causes of the 1907 financial crises. Would recommend.1 of 1 people found the following review helpful. Entertaining but lopsided and not deepBy D. B. CollumThe Panic of 1907--Lessons Learned from the Market's Perfect Storm"This was an easy and entertaining read. One gets a real sense of what a bank run feels like. A speculator in community banks goes insolvent, starts a run its primary creditor, and next thing you know you have panic spreading through the New Your banking system and, eventually, the nation at large. Many of the stories you may have heard in snippets throughout the blogosphere. It was a nice compilation of the stories in one place. The descriptions of what was going on in back rooms and at the teller windows was very entertaining. Of course, JP Morgan plays a prominent role (albeit painted in profoundly favorable light.)The authors briefly touch upon theories put forth aggressively by Griffin in "Creature from Jekyll Island" that the panic was intentionally induced by the large banks to elicit formation of the Federal Reserve. Unlike Griffin, these authors seem less convinced. Reading the narrative, you cannot help but wonder why anyone would trigger this kind of risk and carnage. There is also a shortage of credit given (excuse the pun) to excessive credit causing the booms. No matter how many we have, we never seem to figure out that credit excess is deadly.The author appears to have boxed and shipped the book right before the real panic occurred in 2008-09. It is entertaining to listen to his projections about potential future panics. He foresaw a hedge fund-induced collapse when, in fact, it really was the banks themselves with the hedge funds remaining largely intact. The only complaint I have is a tacit endorsement of centralized backstops in the form of central banks. This reviewer thinks the merits of the Federal Reserve are far more limited and debatable than implied by the authors. Overall, however, I have no regrets about reading the book.As usual, I went and scanned a few reviews after completing my assessment, paying particular attention to those giving it a poor rating. One singles out the support of JP Morgan as excessive as well as the tendency toward shallow explanation of causes; I cannot disagree. Another focused on the shallow analysis of the credit cycle. Again, I cannot disagree. One condemned the book in the context of "Creature from Jekyll Island" which certainly was a more detailed analysis but not lacking in assertions requiring confirmation from independent sources.As an aside, the number two in the hierarchy of bankers of the era seems to be George Fisher Baker. (Many agree with this although other famous characters play prominent roles.) I mention this because I am typing this review while sitting in a science complex built, in part, with money from Baker given right before the panic. Down the street I can see Weill Life Sciences building, paid for with money donated by Sandy Weill right before the most recent bank panic. There may be a "university building indicator" here that tells you when bankers donate buildings to colleges, panic!1 of 1 people found the following review helpful. A mixed bag, without a convincing analysisBy CustomerThis was an interesting book about a crisis that perhaps got overshadowed by 1929 in the popular imagination.However, I feel the authors did not do a very convincing job of analyzing what actually caused the crash, and what lessons could be learned. It feels more like the authors gathered up a bunch of material and lined it up without real insight. For example, in the final section where the authors try to present "lessons learned," Schumpeter and Keynes are simply presented together as though these two different economists simply offered different explanations of the ordinary business cycle, and could be used to understand 1907. It seems clear from the rest of the book that the panic was triggered by purely financial and liquidity problems that have very little to do with entrepreneurial investment or the business cycle.

"Before reading The Panic of 1907, the year 1907 seemed like a long time ago and a different world. The authors, however, bring this story alive in a fast-moving book, and the reader sees how events of that time are very relevant for today's financial world. In spite of all of our advances, including a stronger monetary system and modern tools for managing risk, Bruner and Carr help us understand that we are not immune to a future crisis." mdash;Dwight B. Crane, Baker Foundation Professor, Harvard Business School "Bruner and Carr provide a thorough, masterly, and highly readable account of the 1907 crisis and its management by the great private banker J. P. Morgan. Congress heeded the lessons of 1907, launching the Federal Reserve System in 1913 to prevent banking panics and foster financial stability. We still have financial problems. But because of 1907 and Morgan, a century later we have a respected central bank as well as greater confidence in our money and our banks than our great-grandparents had in theirs." mdash;Richard Sylla, Henry Kaufman Professor of the History of Financial Institutions and Markets, and Professor of Economics, Stern School of Business, New York University "A fascinating portrayal of the events and personalities of the crisis and panic of 1907. Lessons learned and parallels to the present have great relevance. Crises and panics are as much a part of our future as our past." mdash;John Strangfeld, Vice Chairman, Prudential Financial "Who would have thought that a hundred years after the Panic of 1907 so much remained to be written about it? Bruner and Carr break significant new ground because they are willing to do the heavy lifting of combing through massive archival material to identify and weave together important facts. Their book will be of interest not only to banking theorists and financial historians, but also to business school and economics students, for its rare ability to teach so clearly why and how a panic unfolds." mdash;Charles Calomiris, Henry Kaufman Professor of Financial Institutions, Columbia University, Graduate School of Business