

## Three Books to Read About Finance and Banking in the Real World

by Anne Emerson

Annie's position on what happens in a real-world business situation in contrast to more-typical economic models differs from what has been the mainstream in two main ways –

First, we should not assume that there is a “macroeconomy” or picture of a whole nation (or the world) in which everything moves in approximately the same direction. What we know of reality, about some businesses advancing while others decline is not a random type of restructuring. It is close to a one-way street into high-tech machinery at the expense of high-tech humanity.

Second, we CAN model a dual economy, or an economy in which different parts, or sectors, experience different financial circumstances. This idea has been no stranger to development economists, but has often been considered a characteristic of poorer countries which need to learn how to grow. Annie disagrees with some aspects of this point of view. Her main issue with the typical “dual-economy” analysis is that it operates with reference to price signals without giving due consideration to the impact of business revenues on the allocation of resources. That includes the control that a large business maintains over all of the many resources at its disposal.

Annie's model explains this in more detail. Annie suggests, here, two books for general readers and one technical book, that can help people get a handle on some of what goes on with money, lending, and investing in the real world. Her comments on these books serve to suggest what a reader might want to consider, rather than any advice regarding how they OUGHT to be read.

1. *Banker to the Poor: The Autobiography of Muhammad Yunus, founder of the Grameen Bank*, by Muhammad Yunus with Alan Jolis. Aurum Press Ltd. 1998 and Penguin Books India 2007. ISBN: 978-0-143-10291-5

This book is good reading both as autobiography and as a book about micro-credit for financing very small businesses. One caveat is that, while this was once touted as a brilliant movement to help low-income people, it might perhaps have been over-used so that the use of micro-credit in high volume might have eventually run into some of the issues identified in Annie's research and modeled by Annie's model.

2. *Red Notice: A True Story of High Finance, Murder, and One Man's Fight for Justice*, by Bill Browder (New York Times Bestseller). Simon and Schuster Paperbacks, Hermitage Media, 2015. ISBN: 978-1-4767-5574-8

This book shows how what looked like a wonderful series of investment opportunities in a foreign country (Russia) turned sour. Annie – now a senior citizen – wants to invite readers to consider how cultural misunderstandings, misperceptions, and focus on a goal that didn't consider the larger picture may have contributed to the way in which things developed. Yet, Annie has spent a lifetime seeing things like this “shake out,” and some younger readers may not see what she sees. The promotional comments say it is a bestseller. That might be recommendation enough – it reads like “a real-life thriller.” It really does.

3. *This Time Is Different: Eight Centuries of Financial Folly*, by Carmen M. Reinhart, Kenneth S. Rogoff, Princeton University Press, 2011. (Technical Book; also a best-seller.) ISBN: 978-0-6911-526