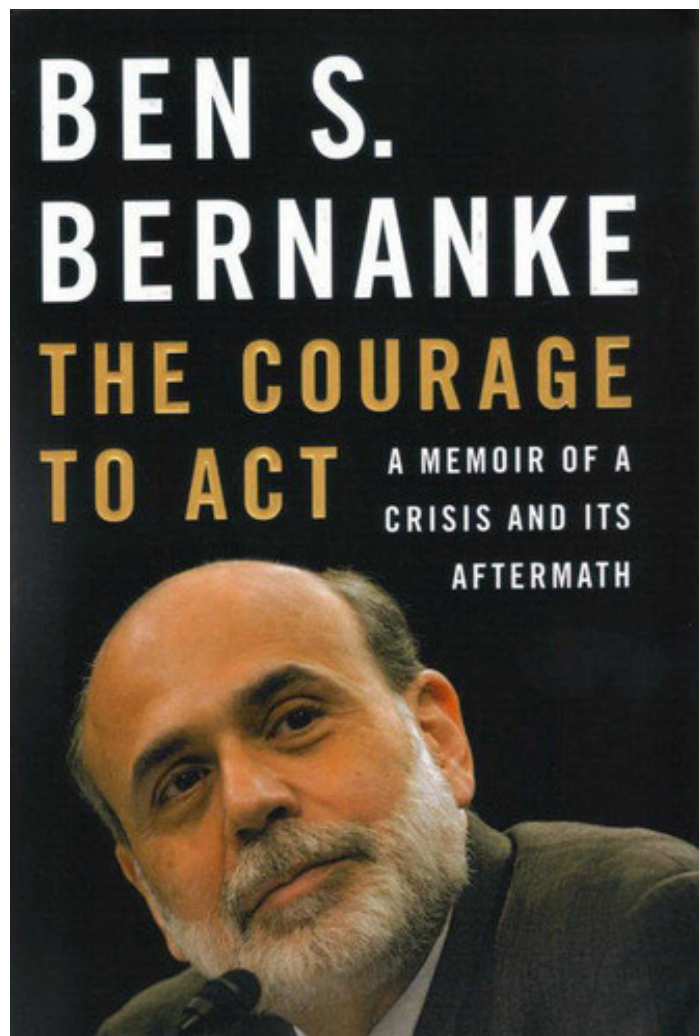


'Courage to Act' looks at economic crisis

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"The Courage to Act: A Memoir of a Crisis and Its Aftermath," by Ben S. Bernanke. New York: W.W. Norton & Co., 2015, 624 pages, \$35.



“By late 2007, however, it was clear that some practices had to be banned, unintended consequences or not,” Ben S. Bernanke explains in “The End of the Beginning,” the ninth chapter of “The Courage to Act: A Memoir of a Crisis and Its Aftermath,” his new book about the worst economic crisis since the Great Depression. “On Dec. 18, the board proposed a rule prohibiting lenders from making loans without considering borrowers’ ability to repay and requiring lenders to verify borrowers’ incomes and assets. These bits of common sense had been discarded in the frenzy of the housing boom and in a system in which loan originators could effectively pass any problems on to the unwitting purchasers of mortgage-back securities. We also proposed limits on penalties imposed on borrowers who prepaid their mortgages.”

Most of us remember the chaos that characterized our economy in 2007 and 2008, together with the consequences of that volatile era that still impact our financial security (individually and collectively) some eight years later.

Bernanke was at the center of the storm in many respects. The impacts of the decisions he helped orchestrate as chairman of the Federal Reserve continue to reverberate through all levels of the global financial system. As the meltdown was unfolding – and billions of dollars in wealth were vanishing – he was privy to information and details of which most of us were blissfully unaware. Whether that lack of transparency was to protect a greater good or to further the interests of a relatively few individuals or institutions remains a subject of intense debate. But in order to better understand and appreciate what happened during this tumultuous episode, it is essential to reflect on

the perceptions and perspectives of those who had a front-row seat and skin in the game. Bernanke is arguably qualified on both counts.

“The Courage to Act” consists of a prologue, 23 chapters arranged in three major sections (Prelude, The Crisis and Aftermath) and an epilogue. As might be expected, the book is extensively researched; in order to conserve space, Bernanke provides the chapter-by-chapter source notes as well as a selected bibliography only at the companion website at couragetoactbook.com. If you visit the site, you will understand why this was done. Including all the references in the book would have added significantly to the overall length of the tome – and at 624 pages, that is an apt description of this volume. Also included at two separate points during the narrative are a number of photographs that help the reader visualize the principal players who had pivotal roles in the economic crisis. They also give a sense of who Bernanke is as a human being and how his life trajectory brought him to the forefront of the battle to keep the worldwide economic system on track and moving forward.

As is usually the case with these kinds of semi-autobiographical efforts, I found myself drawn to the little anecdotes Bernanke scatters liberally through the sprawling text in order to make his storytelling more personally relatable to a wide audience – especially those without a working knowledge of economics. For instance, consider the following passage from “In the Groves of Academe,” the second chapter, keeping in mind that this is the future chair of the Federal Reserve System: “I returned to school for my sophomore year and to a new dorm – Winthrop House, my home for the rest of my stay at Harvard. Despite my summer earnings, money was tight. A roommate and I made extra cash by running a small grill in Winthrop’s basement. We tossed burgers and made milkshakes. The grill had a black-and-white TV, usually tuned to a Bruins or Celtics game. Boston, then as now, was a great sports town. Bobby Orr played for the Bruins, Dave Cowens and John Havlicek for the Celtics and Carl Yastrzemski for the Red Sox. We went to games as often as we could, and for many years I would be a die-hard Sox fan.”

Bernanke is currently a Distinguished Fellow in Residence with the Economic Studies Program at the Brookings Institution. From February 2006 through January 2014, he was chairman of the Board of Governors of the Federal Reserve System.

The most profound takeaways from “The Courage to Act,” at least for me, are not so much related to the author’s conclusions about the financial crisis, which generally seem to be valid. Rather, they come from the reflective commentary. Consider the following words of wisdom from “Looking Back, Looking Forward,” the epilogue: “I arrived in Washington as a quiet, reserved professor – with a research background that proved to be quite useful in the financial crisis. But I quickly learned that, in both the public and private spheres, how you lead is as important as what you know. I tried to lead in a way that was consistent with my personality and strengths but also appropriate for the situation.”

If you have an extra \$35 and a few hours to spend on a quest for greater insight into how we got to the present moment, you could do a lot worse than read “The Courage to Act.” I recommend it highly, but only for those who have a genuine desire to be enlightened.

— Reviewed by Aaron W. Hughey, Department of Counseling and Student Affairs, Western Kentucky University.

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