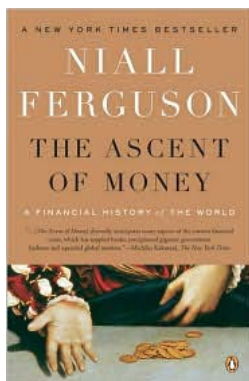


Book Review: *The Ascent of Money*



Some readers may have seen the television series based on the book *The Ascent of Money* by Niall Ferguson. Instead, I had already read the book when it was first published. There are many books published on the history of financial markets, but I found this to be one of the really good ones.

Niall Ferguson is professor of history at Harvard University and a senior research fellow of Jesus College, Oxford University. As well as being an excellent historian, he is a gifted writer in the sense that this work, which deals with somewhat arcane topics at times is very easy to read and understand by the layman.

The subtitle of the book is quite grand: *A Financial History of the World*. Normally this would put me off, because I mostly read these days for a depth of knowledge that is unlikely to be found in single volume histories of the world, which to me are like most television - skating superficially over a subject. Nevertheless I found the book difficult to put down and quite easy to read and understand. While Ferguson has avoided the endless detail of some histories, he has taken us through financial history like the narrative of a novel.

He begins in ancient times when money was first invented and we follow its progress through until today. In his final chapter and the Afterword, he also ventures a look into the future. However, this was the least satisfying aspect of the book, considering my philosophical view that explaining history well is a different skill to predicting the future, which is at best an entertainment.

Once you have read this book, you will understand where money started and how it has developed. You will learn about bonds, a security type which tends to be difficult for most beginners to get their mind around. Of, course, a major chapter is about stocks and the booms and busts that punctuate history.

After that Ferguson explains insurance, another concept of which most people have only the most superficial understanding. After reading this chapter you are unlikely to see insurance in the same light.

You will have by now been waiting for Ferguson to get to the global crisis of 2007-09, which he explains through a history of home owning, the financing of property ownership and right up to the US sub-prime crisis. Again, it is all superbly simply explained.

The final chapter *From Empire to Chimerica* is interesting and well written, but much of it moved from history based on fact to speculation of where history might be leading us.

The whole book is clearly very well researched and for those who wish to follow things up, there are extensive notes and references at the back of the book.

Even the most experienced investors will enjoy this delightful story and enrich their knowledge. However, my thought is that this book would be great for people who are just starting out on their journey from relative ignorance to mastery of the craft of investing. Much like starting a study of geography from the overall picture on a globe of the world, this book will be ideal for those who are just starting out as investors and need an overall picture of the key concepts in the financial world. It would make an ideal gift for children who are just finishing their education and beginning their working lives. One of the saddest things in

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investing is how many people waste all those early years in the workforce when they could be simply and painlessly developing the saving and investing skills that will enable them to retire rich, time that can never be made up later.