

**Lewis, Michael - Boomerang**

Penguin Books, 2011, [Economics] Grade ★★ ★

Michael Lewis latest success, *The Big Short*, is about the financial meltdown in the United States. *Boomerang* is a follow up, focusing on the international crisis of sovereign debt. As always, Michael Lewis is truly entertaining. This book is witty and worthwhile to read, but it's not up to the standard of some of Lewis' best books. Maybe it's because this book is a collection of articles originally written for *Vanity Fair*.

Michael walks us through five "countries" – Iceland, Ireland, Greece, Germany and finally California – with a common problem: a lot of debt (Germany indirectly), but with different approaches to handle it. I fear none of the books have a solution for this mess. That's the major take away for me. After reading the story about Greece, it is quite fascinating that many investors still believe the debt write down just will be 50%. 100% is a more realistic figure.

The chapter of California and Governor Arnold Schwarzenegger is great, but very depressing. Do we have a political system that makes it possible to get us out of this situation? It's easy to doubt it, and that terrifies me. Living far away, I'm also surprised to find out that Schwarzenegger seems to have as much guts on the political arena as on the screen. One can buy the book just to get this chapter, which is enlightening for a political layman.

My favourite part is about hedge fund manager Kyle Bass. One of the lessons from *The Big Short* was – at least for me – that it's tough to be a free thinker, a contrarian, and that it's tough to have a long-term perspective in today's short term, indexing world. Having respect for that, it is impossible not to be impressed by Bass & Co's investment approach. Their track record is impressive. Time will tell, but I would not bet against them on the situation in Japan and France. Japan might be tomorrow's Greece.

One of the strengths with this book is Lewis' dialogue with locals on their problems. That makes the book come alive, and it also make the situation more comprehensible. The purpose of this book is probably to tell us how we got into this mess, and where we are currently. There are some pointing fingers too, but it doesn't focus on how Mr. Jones perceives what happened, and who is to blame. Is it possible to prevent the emergence of another financial crisis in the future? It is obvious that the political and financial worlds walk hand in hand in this regard.

Michael Lewis' books are a pleasure to read. *Boomerang* is no exception. Although *Boomerang* is another of his financial books, it feels more of an exposé of mankind and its stupidity. Lewis' approach of being a traveller and talking with locals is a hit. Hopefully, next book will be about the solution of the sovereign debt crisis.

Michael Persson, March 23, 2012