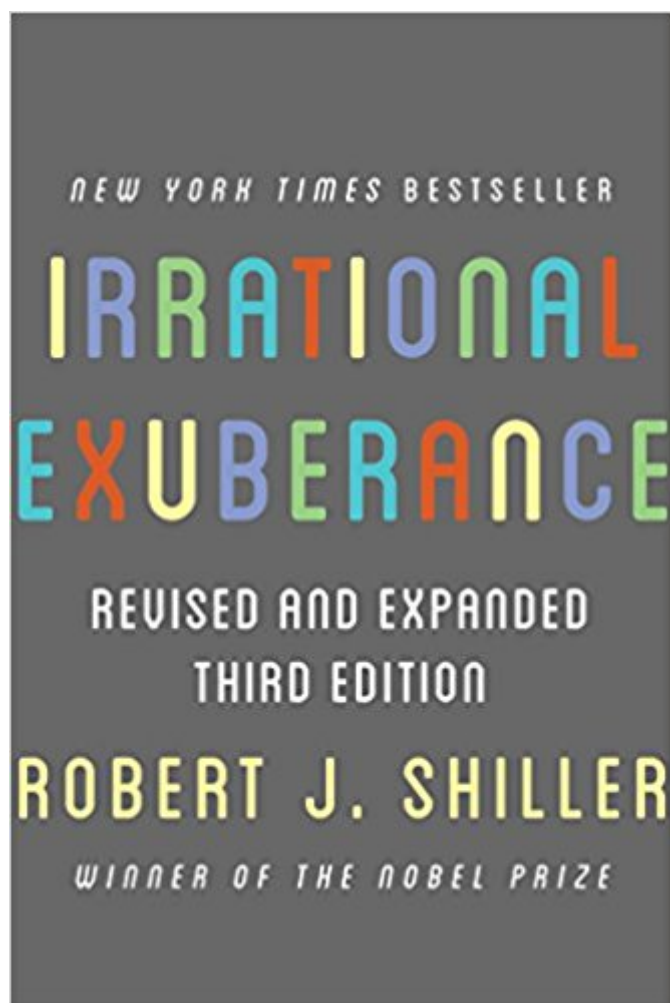


The book was found

Irrational Exuberance: Revised And Expanded Third Edition



Synopsis

In this revised, updated, and expanded edition of his New York Times bestseller, Nobel Prize-winning economist Robert Shiller, who warned of both the tech and housing bubbles, cautions that signs of irrational exuberance among investors have only increased since the 2008 financial crisis. With high stock and bond prices and the rising cost of housing, the post-subprime boom may well turn out to be another illustration of Shiller's influential argument that psychologically driven volatility is an inherent characteristic of all asset markets. In other words, *Irrational Exuberance* is as relevant as ever. Previous editions covered the stock and housing markets and famously predicted their crashes. This edition expands its coverage to include the bond market, so that the book now addresses all of the major investment markets. It also includes updated data throughout, as well as Shiller's 2013 Nobel Prize lecture, which places the book in broader context. In addition to diagnosing the causes of asset bubbles, *Irrational Exuberance* recommends urgent policy changes to lessen their likelihood and severity and suggests ways that individuals can decrease their risk before the next bubble bursts. No one whose future depends on a retirement account, a house, or other investments can afford not to read this book.

Book Information

File Size: 4908 KB

Print Length: 378 pages

Publisher: Princeton University Press; 3 edition (January 25, 2015)

Publication Date: January 25, 2015

Sold by: Digital Services LLC

Language: English

ASIN: B00P6ZJ6HC

Text-to-Speech: Enabled

X-Ray: Not Enabled

Word Wise: Enabled

Lending: Not Enabled

Enhanced Typesetting: Enabled

Best Sellers Rank: #62,524 Paid in Kindle Store (See Top 100 Paid in Kindle Store) #3 in Kindle Store > Kindle eBooks > Business & Money > Investing > Bonds #9 in Kindle Store > Kindle eBooks > Business & Money > Economics > Environmental Economics #14 in Books > Business & Money > Investing > Bonds

Customer Reviews

This first edition of this book, in 2000, was a broad study, drawing on a wide range of published research and historical evidence, of the enormous stock market boom that started around 1982 and picked up incredible speed after 1995. The book argued that the boom represented a speculative bubble, not grounded in sensible economic fundamentals. The second edition, in 2005, added an analysis of the real estate bubble as similar to the stock market bubble that preceded it, and warned that "Significant further rises in these markets could lead, eventually, to even more significant declines." Alas, both predictions turned out to be true, as we now all know. Will history repeat itself with this third volume? That is hard to say. In this latest edition, Professor Shiller updates his argument, and augments the text to reflect developments since the 2005 second edition. Of particular interest, he adds an important new chapter on the bond market, which many feel is also in bubble territory. The good news is that, while Professor Shiller says that returns in all asset classes are likely to be subpar for some years given today's elevated asset prices, the mood is less somber than in previous editions, and there are no warnings of imminent doom, as in previous editions. In particular, he does not see a classic "bubble" in bonds, due to the lack of "exuberance" -- prices for bonds are being bid up reluctantly by investors, he says, which is not the formula for a bubble. However, he certainly balances that somewhat comforting news with a realistic view of the risks that the current situation presents to investors and savers of all types, stocks, bonds, housing, and savings accounts. His main piece of advice to all Americans concerned about their financial future may be the most sensible piece of financial advice ever written: spend less, save more! Yes, we all know that, but when the winner of the 2013 Nobel prize says that, it really means something. I find Professor Shiller's writing style highly enjoyable, not at all like most economics books. The plain-spoken style is smart, wry, and often witty, and there are almost no mathematical formulas, except in the occasional technical notes in back. The book also talks about a lot of factors that are intrinsically interesting to non-economists. For example, it has chapters devoted cultural factors in investing; the effects of the news media; "new era" economic thinking; psychological factors; psychological anchors for the market and herd behavior. Professor Shiller ends by offering a lot of good, commonsense advice to both policymakers and investors, large and small. I highly recommend this book to anyone who wants to understand what's behind the current anxiety, turmoil, and hopes, for a brighter financial future for all Americans.

I read this not long after I had read Malkiel's *A Random Walk Down Wall Street*. Both books came out in new editions this year, and both had been on my long list of

books to read in the back of my head. Oddly enough, both books were compelling and believable. The reasons that this is odd is mostly because one would think that they are diametrically opposed. The entire argument of Malkiel is that you can't beat the markets consistently, so the best bet is to get into index. This is an acceptance of part of the efficient market hypothesis, where there is no free lunch and arbitrage opportunities disappear and are not predictable. I can be into Shiller too because there is another part of the EMF that says that market prices are the right prices, so the value of the market is the true value of the market. If this is true there should never be any bubbles. You should also never be able to short sell anything unless you had inside information. But alas, the market can stay irrational longer than you can stay liquid. Bubbles do happen, in all markets and everywhere. Shiller got a bit lucky by having the first edition of this book come out at the point where the dot com bubble was right at the top. Those who had gone all in on technology were not as lucky. As Shiller examines, bubbles can and do happen. So how can I reconcile the fact that the EMF is the tool I rely on for investing even though I have full knowledge that bubbles happen and massive dollar amounts are lost in them? I answer by saying that the markets are rational enough. Bubbles happen, but it is hard to know when you're in them and you can't time them. The prominent economist who called the housing bubble beforehand are small in number. If they were calling it, they were dismissed as bearish or too heterodox. Too many people had failed to read their Kindleberger. This time wasn't different and the bubble popped. Harder to know is when it will pop and at what level. That's where the EMF works. When it pops, you're going down with it, but so will everyone else. It makes me think of a couple of quotes. First, Keynes: "Worldly wisdom teaches that it is better for reputation to fail conventionally than to succeed unconventionally," and then Citi's Chuck Prince appropriates the last bubble: "As long as the music is playing, you've got to get up and dance." Sure, if you were in the main indices you lost half the value of your investments. Of course if you stayed in them you made them all back. Now imagine if you had put all your money into junior tranches of residential mortgage backed securities -- it seemed like a sure thing, but you would have ended up with nothing. It's not perfect, but the market is efficient -- enough.

[Download to continue reading...](#)

Irrational Exuberance: Revised and Expanded Third Edition
Irrational Exuberance Predictably Irrational, Revised and Expanded Edition: The Hidden Forces That Shape Our Decisions
Third Eye: Third Eye Activation Mastery, Easy And Simple Guide To Activating Your Third Eye Within 24 Hours (Third Eye Awakening, Pineal Gland Activation, Opening the Third Eye)
Lilly: Palm Beach, Tropical Exuberance, and the Birth of a Fashion Legend
Talking to

Crazy: How to Deal with the Irrational and Impossible People in Your Life Predictably Irrational: The Hidden Forces That Shape Our Decisions Sway: The Irresistible Pull of Irrational Behavior Is Religion Irrational? Irrational Man: A Study in Existential Philosophy Solve Your Child's Sleep Problems: Revised Edition: New, Revised, and Expanded Edition Organizational Behavior and Public Management, Third Edition, Revised and Expanded (Public Administration and Public Policy) Old Testament Parallels (New Revised and Expanded Third Edition): Laws and Stories from the Ancient Near East Introduction to Set Theory, Third Edition, Revised and Expanded (Chapman & Hall/CRC Pure and Applied Mathematics) Principles of Colloid and Surface Chemistry, Third Edition, Revised and Expanded (Undergraduate Chemistry: A Series of Textbooks) Haydn: A Creative Life in Music (Third Revised and Expanded Edition) Dealing with People You Can't Stand, Revised and Expanded Third Edition: How to Bring Out the Best in People at Their Worst (Business Books) On Doctoring: New, Revised and Expanded Third Edition Lubrication Fundamentals, Third Edition, Revised and Expanded

[Contact Us](#)

[DMCA](#)

[Privacy](#)

[FAQ & Help](#)