

Robinson, Lee (ed) & Young, Patrick (ed). – The Gathering Storm*DV Books, 2010, [Economics] Grade* ★★ ★

Economies are more fragile and volatile, and recessions will be more frequent after a credit crisis than during more “normal” supply-demand cycles (a.k.a. inventory-led). That much is near certain. To add insult the aftermaths of the credit crisis of our time will take place during the “Nervous Era”, when everybody from Ben Bernanke to Joe Cleaner feel repulsed by the very thought of economic downturns and stock market drawdowns. The Gathering Storm is a book that has been maturing on my bookshelf for a couple of years. It has promised to be a treat with the acclaimed purpose of taking the longer view of a very intense period in financial history (2007-08). It also came with another alluring attribute; a group of authors who had the foresight to warn of a financial meltdown long before 2008. They contributed one chapter each, bringing their own specific angle and expertise. They were given a chance to talk about the forest instead of describing the trees.

To top it all off, the title suggests the authors saw dangerous events lurking on the horizon. The book was compiled during a few hectic summer months in 2010 on the initiative of Lee Robinson, founder of Trafalgar Asset Management. And the roster of contributors is impressive indeed; James Ferguson, Albert Edwards, Dylan Grice, Howard Marks, Peter Tasker and David Rosenberg are but a few of the more well-known ones. But the book leaves me sorely disappointed. Unfortunately its shelf-life proved to be shorter than could be hoped for. I can't say I wasn't warned, however. The top recommendation on the inside cover was from Prince Albert II of Monaco...

What attracted me to the book when reading about the project in the fall of 2010, was the attempt to deal with the broader picture of the causes, effects and future of our generation's debt crisis. In an effort to lessen its true scope, we once referred to

this (remember?) as the “subprime crisis”, or – even worse – the “Lehman Crisis”. But no more than *The Great Depression* is referred to as “The Farm Debt Crisis” (its springing point), will people fifty years from now look at the 2010s and use the term “subprime”. No, the chronic damage to the wealth engine has already shown its ugly face in areas far outside the banking departments offering NINJA-loans.

Always being one to emphasize the risks and letting the upside take care of itself, I have read and agreed with a number of the authors in the course of their publishing of weekly or monthly publications. But the added length of a full book-chapter does you little good if all you do is reprint a previously written strategy note, or just slightly better; rehash what you previously have written. Periods like the one in 2007-08 are so intense in their chain of events that hardly anybody has the opportunity to put things in perspective. Eye-sight is seldom so myopic as in booms and busts. *What will this actually mean 5-10 years from now?* That's what this book should have been about. And it certainly had all the tools to fulfil the job, had it used a stricter mission statement to all involved parties, tighter editing and a less pressing time schedule. The nature of private-public debt restructurings are never settled smoothly in a year or two. It will take time – so much time that we will likely have “won” the war on debt and below-par growth three or four times before it's actually done.

There are of course a few golden nuggets in the book; given the All Star line-up it was inevitable that somebody would score a three-pointer. Grice on the merits of gold (not your ordinary buy-gold-because-of-the-low-correlation-analysis), Ferguson on banking before and after the crisis and John Veal on... well, anger & disappointment for lack of better words. However, the book's true potential – that of a reference piece – went to waste.

Henrik Andersson, February 23, 2013