

[Library ebook] Why Iceland?: How One of the World's Smallest Countries Became the Meltdown's Biggest Casualty

Why Iceland?: How One of the World's Smallest Countries Became the Meltdown's Biggest Casualty

Asgeir Jonsson

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Asgeir Jonsson : Why Iceland?: How One of the World's Smallest Countries Became the Meltdown's Biggest Casualty before purchasing it in order to gauge whether or not it would be worth my time, and all praised Why Iceland?: How One of the World's Smallest Countries Became the Meltdown's Biggest Casualty:

1 of 1 people found the following review helpful. A top-notch story of greed, foolishness, and failureBy KlipspringerIceland was the tip of the iceberg (no pun intended) that turned into the worldwide financial meltdown of

2007-2008. It was a microcosm of all that could, and did, go wrong within the world's banking institutions. It is a story of greed, of uncontrolled risk, of stupidity and of helplessness. "Why Iceland" is a step-by-step analysis of the forces that built up to a critical level, not unlike one of Iceland's famous volcanoes, until the financial and credit markets erupted. The book reads more like an adventure novel than a financial analysis, introducing the characters and their actions that caused the meltdown. It is a story of people and the failings of the institutions they built, and a story of what can happen when greed and shortsightedness cause a bandwagon effect. "Why Iceland" is not simple reading, especially if you are not a financial expert (which I am not), but it will give you a clear and riveting description of what went wrong, and why Iceland is where it started. If you have any interest at all in why the financial world brought so many people and institutions to ruin in 2007-2008, you will enjoy this book. The repercussions and aftershocks are still being felt today. 10 of 10 people found the following review helpful. A true Icelandic saga

By Bubba This wonderfully written story of Iceland--historical and contemporary--is a saga in the true sense of the word. It is an epic tale of single-mindedness and stubbornness that led to a disaster that continues into 2010. Jonsson is an astute observer--both of Icelandic economics and Icelandic culture. He neatly weaves economic and financial developments over the past decade into 1000 years of history to give context to Iceland's meltdown. By tracing the roots of Iceland's downfall to its deeply entrenched traditions, Jonsson's is also a tale of other countries hit by the current financial crisis and recession. Greed, hubris, resistance to regulation, asymmetric risk-taking, bubbles are all characteristics of Iceland and the United States. By learning about Iceland, we learn about the world financial system. The book is written at a level appropriate for any reader--expert or not. I recommend it heartily, to be read side-by-side with Reinhart and Rogoff's equally compelling history of banking crises. While Reinhart and Rogoff offer broader coverage of crises, Jonsson provides a deeper analysis of a single crisis, firmly establishing its roots. 13 of 17 people found the following review helpful. When Bankers Are Allowed To Fail

By Linksman What happens when arrogant financiers hijack an entire country and use it to game the world financial system? The answer is: it depends. In the case of Iceland, a democratic government refused to bail out the bondholders of its three swashbuckling international banks, whose aggressive empire building through foreign acquisitions, incestuous domestic equity coups and relentless grabs for overseas deposits left them sitting ducks for hedge fund speculators who could count things like the country's GDP and its tiny population of generally prosperous and conservative citizens. What the hedge funds did was short the country's stock market and currency, while buying leveraged insurance on the banks' bonds through credit default swaps. In the insane world of OTC derivatives, it was easy to bet on default without owning any bonds, and it was only a matter of time for the banks, despite the fact that on the whole their methods were if anything more conservative than those of British and American cousins. Iceland's banks had no subprime exposure and little involvement in securitization. What the banks had instead was the inevitable dependence on repo financing secured by dubious assets, a volume of overseas branch deposits which overwhelmed the country's existing deposit insurance scheme, and billions in overseas bond borrowings attracted by Europe's highest interest rates and the expectation that sovereign nations do not default. When the kreppa hit the fan, the debt free government of Iceland refused to save either the banks or the foreign bondholders. It left British depositors who had flooded into high interest "Icesave" accounts (offered by local branches of Icelandic banks) twisting in the wind. This last gambit was a definite defiance of international banking fair play. It led the Brits to nationalize Icelandic assets under its convenient antiterrorism laws, throwing the country quickly into chaos. What happened ultimately is quite interesting. The rock star banksters were wiped out and some were forced to decamp. Iceland's domestic depositors of modest means lost nothing, although the stock market lost 90% of its value and unemployment reached 10% while the currency cratered. Yet, the losses seem to have been concentrated where they should have been, in the class devoted to plunder and speculation. The country survived the crisis free of foreign debt, has since begun going back to work and is fortunately in a position to capitalize upon energy independence and a fully funded pension scheme under a Social Democrat government focused on concerns of the domestic population rather than reputation in global banking circles. It is too soon to tell how this will all turn out. For those impervious to cold weather, Iceland may prove a refuge in the financial crises sure to come. How it feels about immigration I have no idea. As for the book, it is not easy going but worth the effort for those with the background to read between the lines. The jargon of finance flows effortlessly across the author's pages, and for one having only the understanding of a determined financial amateur, there will be long stretches of nodding off and more than occasional rereading of paragraphs to decipher what is actually meant. I would have given Why Iceland five stars had I been certain I fully understood it. But I cannot help feeling the country did the correct thing in the circumstances. No doubt time will tell.

As late as the mid 1980s, Iceland's economy revolved around little else than a semi-robust cod-fishing industry. By the end of the century, however, it had transformed itself into a major player in world finance, building an international banking empire worth twelve times its GDP. The tiny island nation of 300,000 was one of the global economy's great success stories. And then everything came crashing down. Why Iceland? is the inside account of one of the economic meltdowns' most fascinating and far-reaching tragedies. As Chief Economist of Kaupthing Bank, the country's largest bank before the collapse, Aacute;sgeir Joacute;nsson is perfectly suited to examine

Iceland's collapse in painstaking detail. He witnessed behind-the-scenes events firsthand, such as an intriguing meeting in January 2008 when a group of international hedge fund managers gathered in a bar in Reykjavik to discuss Iceland's economy—an informal affair that eventually became the center of a criminal investigation by the country's Financial Supervisory Authority. This inside account examines the pressing issues behind history's biggest banking collapse: How did Iceland transform itself from one of Europe's poorest to one of its wealthiest countries? What happened to cause the destruction of the nation's banking industry during a single week of October 2008? Was it the result of a speculation "attack" by hedge funds on the nation's currency? Iceland remains the biggest casualty of the economic downturn, and the ramifications of its catastrophic failure reach deeply into the economies of Europe, the United States, and other global markets. Aacutegair Joacutensson offers a unique perspective and an expert's insight into the rise and fall of this once-proud banking giant. Why Iceland? provides the who, what, where, and when of Iceland's demise, serving as a fascinating read and providing the understanding necessary for forecasting when and where the aftershocks will shake up markets in other parts of the world. "Fearsome Vikings discovered Iceland. Hedge funds knocked it down. It was a humiliating tumble for the former financial powerhouse, which was proud of its status in Europe. A late bloomer, Iceland had been the last country in Europe to be settled, the Nordic nation rapidly caught up with its wealthier relations. It was all fine until October 2008, when country's banking system collapsed in a week. Written by an Icelandic economist, Why Iceland? chronicles the meltdown, in the context of the nation's history."--New York Post (A "Required Reading" Selection)