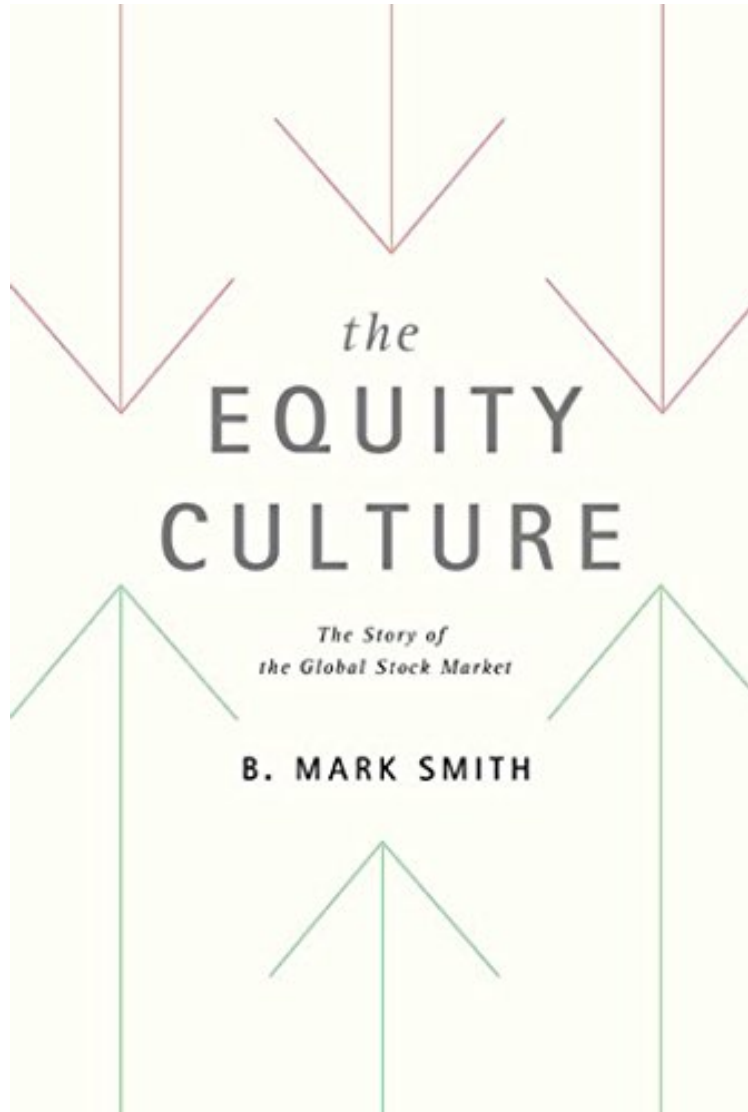


## The Equity Culture: The Story of the Global Stock Market

*B. Mark Smith*

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**B. Mark Smith : The Equity Culture: The Story of the Global Stock Market** before purchasing it in order to gauge whether or not it would be worth my time, and all praised *The Equity Culture: The Story of the Global Stock Market*:

4 of 4 people found the following review helpful. making sense out of irrational human behavior By K. P QUINN  
*The Equity Culture: The Story of the Global Stock Market* By B. Mark Smith  
Publisher: Farrar Straus Giroux; 1st edition, Hardcover (August 2003)  
B. Mark Smith gives the reader a history and economics refresher in *The Equity Culture: the Story of the Global Stock Market*. The book, 352 pages, is not hard to read and provides an interesting historical overview of the equity markets. Smith, a former stock trader with FS/Boston and Goldman Sach, is also the author of *Toward Rational Exuberance: the Evolution of the Modern Stock Market*. In *The Equity Culture*, Smith traces equity

market activity from the Mississippi Company in the 18th Century to the more academic and sophisticated computer models of today. Through it all, Smith shows the reader that while times may change, human behavior around a rising equity market does not. The real thesis of Smith's book is that equity market bubbles and busts contain three consistent historical trends(1) a new product or development; (2) increased purchasing activity by professional investors in the company or companies selling or providing the new product or development followed by investment by an expanding pool of inexperienced investors; and, (3) easy credit. Each significant downturn in an equity market, from the Romans to the recent technology bust, are preceded by these market elements, according to Smith. The Equity Culture provides an interesting and wide angle view of the seemingly senseless ups and downs of the equity markets. The book is no novel, but Smith makes what most would consider a pretty dry subject an interesting read. For market veterans, the book provides good perspective; for market rookies a good lesson: look out!!

1 of 1 people found the following review helpful. Insightful!

By Rolf Dobelli This book provides a concise and highly readable introduction to the development of the market economy. Beginning with ancient Rome and continuing to the first years of the twenty-first century, author B. Mark Smith traces the ups and downs of financial markets. He shows how and why trading began, explains the great bubbles and panics, and connects the course of markets to the evolution of such economic institutions as central banks. You will learn about some of the more colorful characters, the rogues and geniuses behind great frauds and great rescues. The book moves quickly and cleanly through the dense thicket of market analysis. The author identifies the great market theorists, from Joseph de la Vega through Louis Bachelier to Harry Markowitz and beyond. Moreover, he considers markets on a global scale, paying attention now to Paris, now to Japan, now to Taipei. This is a great deal of material to treat in a single book and any one of the subjects undertaken could easily justify not just one but several volumes. Thus, consider this to be something like a stroll through a market museum with a good docent as your guide. Those who have already read extensively about markets and economics will appreciate the book's light touch and amusing anecdotes. Those new to the field will appreciate its accessibility. We recommend this highly to all readers with an interest in finance.

1 of 2 people found the following review helpful. We're all owners now.....

By Gary C. Marfin B. Mark Smith has provided in The Equity Culture a readable account of the evolution of the global equity market. Emphasis on the word global. This is not the history of the U.S. stock market, or what he later refers to as the Anglo-American market, but an account of equity markets in Japan, Germany, Malaysia, and elsewhere, though invariably much of the focus is on Japan, the U.S., the U.K. and Germany. He is very good at weaving into his story the role of market theory from Markowitz on portfolio theory to more recent debates on the efficient market theory (the latter frankly I don't understand). Readers will also find here a more sophisticated treatments of so-called market "bubbles." In my view, he correctly limits the standard explanation of such events to stock markets that are sufficiently developed, or left un-regulated; hence, the so-called Japanese "bubble" is not a case of investors acting on emotion rather than reason because government policy had institutionalized high values. This is an excellent overview, and he is to be commended for managing to avoid the temptation to stray too far from the main story line. After all any number of tributary topics he covers might well themselves provide the basis of another volume -- including, the role of central banks in crisis periods, the growing influx of pension dollars into equity markets, the co-variance of global markets and, of course, the recurring problem, most recently manifested by Enron and the Italian holding company, Parmalat(?), of efforts to conceal losses through accounting machinations (see Japan's version in the discussion of Sanyo Special Steel (184-185). I think there is a small error regarding the U.S. crash and that is that "Black Tuesday" was October, not November 29th (see page 126), 1929. Not a big mistake when one bears in mind Galbraith's comment that the singular feature of the crash of 1929 was that the "worst continued to worsen." Overall, an excellent, very readable introduction to the global evolution of equity markets. Stay tuned, though, this history continues to evolve.....

An Expert Chronicle of the Market's Ever-Growing Role Worldwide The modern stock market, B. Mark Smith's new book makes clear, is only one component of a much broader "equity culture"-a lively and complex international market involving stocks, bonds, mutual funds; joint stock and limited liability corporations; and trading in grain, gold, diamonds, and currency. The Equity Culture is the story of how that market came about-from shipping magnates banding together in eighteenth-century India to the railroad robber barons of nineteenth-century America to currency traders such as George Soros. Smith's spirited and colorful telling makes two points especially clear: that the equity culture has always been international, with globalization as merely its current phase; and that the equity culture is often surprisingly self-adjusting, with "manias, panics, and crashes" making possible ever greater risk and innovation.

From Publishers Weekly At a time when most investors feel the stock market has been anything but equitable, Smith shows how global equity, or stock, markets have become one of the most powerful-and least understood-economic forces on the planet. Although similar to Smith's earlier *Toward Rational Exuberance*, the book details the increasingly interconnected and volatile nature of international capital flows. For example, when Thailand's economy stumbled in the late 1990s, it set off a chain of economic events worldwide that President Clinton termed "the worst financial crisis in fifty years." In the history of stock markets across the globe, Smith shows that booms and busts based on

international speculation are nothing new. For instance, the dangers of price fixing were well known to the Ducal Council in 15th-century Venice, which passed the first insider trading prohibition ever. And the infamous South Sea Bubble of 1720, which rocked both London and Paris, provided ample evidence that speculation abroad could bring ruin at home. Despite these ups and downs, equity markets are attracting investors across the globe. Individual stock ownership doubled in Germany between 1997 and 2000, and there are more than 70 million individual stock accounts open in China. These investors, in turn, are changing the way the world does business. Japan's lifetime employment traditions, Germany's stakeholder capitalism and Indonesia's crony capitalism are all being pressured by stockholders to do business the way Americans do. Smith's clear analyses of historical and recent economic events show that whatever their prices, stocks, globally, are on the rise. Copyright 2003 Reed Business Information, Inc. "A gripping combination of history, financial analysis, and leading figures in the world of shares since John Law and coming up to George Soros, covering Britain, the United States, East Asia." -- Charles P. Kindleberger, author of *Manias, Panics, and Crashes: A History of Financial Crises*