

# Index

- AARP, 168–169, 171  
 ABSs (asset-based securities), 77  
 ABX index, 85, 86, 378  
 Acquisitions, 210, 443  
 Active managers, 361–362  
 Adjustable-rate mortgages (ARMs), 4–5, 59, 116, 150, 151  
 Ads, Internet/new-tech company, 49–50  
*After the Crash* (Shilling), 38, 397, 410  
 Agricultural productivity, 299–301, 302  
 AIG (American International Group), 91, 143–145, 192, 194, 377–378  
 AIG Financial Products, 143–144  
 Allstate, 480  
 Alt-A loans, 117  
 American International Group (AIG), 91, 143–145, 192, 194, 377–378  
 Analysts, 15, 49  
 Angelides, Phil, 192–193  
 Antiques, art, and other tangibles, 372–373  
*Antiques Roadshow* (television program), 372–373  
 Apple, 277, 459  
 Argentina, 195, 398, 469  
 ARMs (adjustable-rate mortgages), 4–5, 59, 116, 150, 151  
 Asset-based securities (ABSs), 77  
 Asset classes, correlations among, 443–447, 451  
 Australia, 200, 228  
 Austrian School of economists, 216  
 Automobile industry. *See also specific companies*  
   capacity utilization, 385  
   China, 405  
   deflation and, 304, 305–306  
   as investment to sell/avoid, 365, 366  
   labor agreement, 175–176  
   luxury brands, 456–457, 459–460  
   prices, 276  
 Bagehot, Walter, 21  
 Bailouts:  
   banks and similar financial institutions, 373  
   cost estimate for, 203  
   Fannie Mae, 131–132, 134–136, 189–190  
   financial bubble and, 99–100, 113–114, 147–148  
   Freddie Mac, 131–132, 134–136, 189–190  
   preparation for, lack of, 133–134  
 Bair, Sheila, 81, 201  
 Bank for International Settlements (BIS), 106, 182–183  
 Bank of America:  
   capitalization, 148  
   CEO forced out, 373  
   Lehman Brothers and, 136  
   Merrill Lynch merger with, 24, 26, 132, 141  
 Bank of England, 144, 194–195, 199  
 Bank of Japan. *See also* Japan  
   credit market freeze, 145–146  
   currency inflation/deflation, 291  
   independence of, 194, 195  
   inflation, 245  
   interest rates, 162, 416  
   Japanese bubble, 38  
   monetary response to economic slump, 411

- Bankruptcy code, 261
- Banks. *See also specific banks*  
 bailout of, 373  
 central, 194–195, 245–248  
 commercial, 149–150, 375  
 consortium, 129  
 exposure abroad, 197–198  
 investment, 149–150, 191–192  
 as investment to sell/avoid, 373–380  
 mergers among, 210  
 mortgage buybacks, 374  
 pay policies, 201–202  
 regional/community, 374–375  
 reserves, excess, 312–314, 316–317
- Barclay's, 136, 137
- Battles, military, 125
- Bear market, 288–289, 346, 347–348. *See also*  
 Bull market; Stock(s)
- Bear Stearns, 112, 117–122, 124, 126, 130
- Belgium, 465, 473
- Benchmark contracts, 390
- Beneficiaries, government, 325–334  
 decrease in, 329–330  
 dependents, 327–328  
 future trends, 330–334  
 increase in, 326–328  
 percentage of population, 325–328  
 private sector and, 327  
 welfare reform, 330
- Bent, Bruce, 139–140, 141
- Bernanke, Ben. *See also* Federal Reserve (Fed)  
 deflation, 248  
 Fannie Mae and Freddie Mac, 131  
 financial crisis, 153  
 fiscal restraint, 215  
 Great Depression, 314  
 lending to investment banks, 191  
 monetary policy, 315  
 power of, 192
- Bies, Susan, 86
- Big Mac Index, 477
- BIS (Bank for International Settlements), 106,  
 182–183
- Blanchard, Oliver, 247
- Blank check companies, 20, 115
- Blinder, Alan, 237
- Bond(s). *See also* Treasuries  
 coupon, 430–431  
 covered, 183  
 developing country, 392–410  
 junk, 113, 381–382  
 long, 428–429  
 state/local government defaults on,  
 259–261  
 stripped, 431–432  
 yields, 147  
 zero-coupon, 431–432
- Bonuses, 200, 203
- Borrowing. *See* Debt
- Borrowing-and-spending binge, 159–166,  
 287–288, 349
- BP, 284, 488
- Bradford & Bingley, 148
- Brazil, 397–398
- Britain. *See* United Kingdom
- Brown, Willie, 262
- Bubbles. *See also* Dot-com bubble; Financial  
 bubble; Housing bubble  
 anatomy of, 22–27  
 characteristics of, 1–3  
 commodity, 211–212, 283  
 electric lighting, 23  
 history of, 18–22  
 inventory, 4, 9–11, 33  
 Japanese, 37–39, 396–397  
 length of, 3  
 overenthusiasm and, 23  
 railroad, 20  
 reassurances and, 24–26  
 short sales and, 13–16  
 South Sea, 19–20  
 tulip bulb, 18–19
- Budget(s):  
 federal, 54, 199–200  
 state/local, 252–254, 258–259
- Buffett, Warren, 149–150, 362
- Bull market. *See also* Bear market; Stock(s)  
 dividends and, 440–441  
 financial asset inflation/deflation and,  
 288–289  
 follies taught by, 44–45  
 saving rate and, 160–161, 165  
 secular, 346, 348–350
- Business Cycle Dating Committee of the  
 National Bureau of Economic Research, 6
- Buy-and-hold strategy versus market timing,  
 356–362
- California Proposition 13, 188, 258–259
- California Public Employees Retirement System  
 (CalPERS), 255, 448, 450, 451
- Calls, great:  
 characteristics of, 3–4, 29  
 disinflation, 33–37  
 dot-com blow-off, 40–52  
 financial bubble, 95–122  
 housing bubble, 53–94  
 inventory bubble (early 1970s) and recession  
 (1973–1975), 33  
 Japanese bubble, 37–39  
 list of, 5  
 missed calls, dealing with, 6

- negativity involved in, 6–7
- recession (1969–1970), 29–32
- CalPERS (California Public Employees Retirement System), 255, 448, 450, 451
- Canada, 199, 228, 233, 301–302, 491–492
- Capacity utilization, 97, 98, 383–386, 406–408
- Capital equipment producers, low- and old-tech, 383–386
- CardioNet, 14–15
- Carry trade, 56
- CDOs. *See* Collateralized debt obligations (CDOs)
- CDs. *See* Credit default swaps (CDSs)
- Central banks, 194–195, 245–248. *See also specific banks*
- Charcoal, 390–391
- China:
  - bank bonuses, 200
  - capacity utilization, 406–408
  - central bank, 195, 401–403, 409
  - currency, 234–235, 293, 402–403, 476, 477, 478–479
  - currency reserves, foreign, 292
  - as developing country, 399–410
  - domestic spending, 392–393, 395–396, 404–405, 406, 408
  - economic growth, 306
  - economic policy, 408–410
  - economy type, 403
  - exports, 189, 393, 408
  - fascination with, 396, 397
  - fiscal policy, 223
  - GDP, 396, 407, 409
  - global recession and, 154–155
  - overheating fears, 400–401
  - protectionism, 226, 231–232, 234–235
  - protectionist measures against, 230–231, 232–233, 404
  - real estate, 403–404
  - saving, 405–406
  - stimulus program, 395–396, 399–401, 405
- Christie, Chris, 256, 266–267
- Chrysler, 366, 383, 385
- Churchill, Winston, 248, 380
- Citigroup, 129, 148, 183, 185, 193
- CMBX indexes, 378–379
- Coal, 489–490
- Cockroach theory, 121–122, 129
- Coleridge, Samuel Taylor, 1
- Collateralized debt obligations (CDOs):
  - financial bubble, 114, 118, 119–121
  - Goldman Sachs, 374
  - housing bubble, 61, 82, 92, 94
  - mark-to-market approach, 380
  - pricing models, 120–121
- Commercial banks, 149–150, 375
- Commercial mortgages. *See* Mortgages, commercial
- Commercial paper market, 146
- Commercial real estate, 289–290, 378–379, 386–389
- Commodities, 9, 211–212, 281–285, 389–392
- Companies. *See also specific companies*
  - blank check, 20, 115
  - drug, 485
  - flailing, 382–383
  - insurance, 480
  - limiting size, scope, and complexity of, 209
  - nonfinancial, 107–108
  - special-purpose acquisition, 20, 115
- Composition, fallacy of, 173, 180, 181
- Computers, 296–297
- Consortium banks, 129
- Constellation Brands, 244, 457
- Consumer(s):
  - borrowing-and-spending binge, 159–166, 287–288, 349
  - debt, 102–103
  - lenders to, 368–369
  - net worth, 57, 98
  - purchases, big-ticket, 365–368
  - retirement by, 151–153, 159–181, 351, 463
  - saving, 159–181, 175–177, 351
  - spending and GDP, 165, 179
  - staples for, 453–456
  - wealthy, 367, 456–457
- Consumer price index (CPI). *See also* Prices
  - deflation, 296
  - forecasts, 275
  - historic, 16
  - inflation, 282, 295
  - money supply and, 280, 281
  - Treasury yields and, 16
  - upward biases, 276–277
- Contango, 390
- Contrarians, 12
- Corn, 390, 447
- Corporations. *See* Companies
- Cost-cutting by business, as paradox, 180–181
- Coupon bonds, 430–431
- Coupon usage, 178
- Covenant lite loans, 113
- Covered bonds, 183
- CPI. *See* Consumer price index (CPI)
- Cramer, Jim, 356
- Credit cards, 152–153, 171–172, 368–369
- Credit default swaps (CDSs):
  - AIG, 143–144
  - housing bubble, 91, 92, 93–94

- Credit default swaps (CDSs) (*Continued*)
  - Lehman Brothers bankruptcy, fallout from, 138–139
  - prices on each country's debts, 229
- Credit market freeze, 145–146
- Credit rating firms. *See* Rating agencies
- Crude oil. *See* Oil
- Currency. *See also* Dollar (U.S.)
  - competitive devaluations of, 234
  - East Asian pool, 479
  - euro, 463–464, 471, 476, 477
  - exports and, 270–271
  - inflation/deflation, 291–294
  - pound sterling, British, 475–476
  - reserve, 214–215, 462, 475, 479
  - swaps, 145–146
  - yen, 291, 292–293, 476
  - yuan, 234–235, 293, 402–403, 476, 477, 478–479
- Current accounts:
  - Japan, 337, 338, 421, 423
  - United States, 179
- Daimler, 366, 452–453, 460
- Debt. *See also* Collateralized debt obligations (CDOs)
  - consumer, 102–103
  - corporate, 383
  - eurozone, 467–468
  - federal, 108–109
  - Greece, 464, 468–470
  - increase in rate, 160
  - Japan, 337, 412–413, 414
  - postwar babies, 171–172
  - repayment of, 335–336
  - Spain, 472
  - state and local government, 109–110
  - total net, 103–104
- Debt-to-equity ratios, 210
- Decoupling, 225, 392, 395
- Defaults, state/local government, 259–261
- Deficits:
  - deflation and, 334
  - financing of, 335–336, 337
  - forecasts, 318
  - Germany, 216–217
  - housing bubble and, 54
  - inflation and, 334
  - Japan, 337, 412–413, 414
  - tax increases to reduce, 203–204
- Deficit-to-GDP ratio, 214, 218, 219–220, 221
- Deflation. *See also* Disinflation; Inflation
  - automobile industry and, 304, 305–306
  - bad, 306–309
  - cause of, 279
  - central banks and, 245–248
  - commodity, 281–285
  - CPI, 296
  - currency, 291–294
  - current evidence of, 277–278
  - expectations of, 250–252
  - factors influencing, 250–251
  - federal deficit and, 334
  - financial asset, 287–289
  - good, 296–306
  - growth and, 244–252
  - interest rates and, 376
  - Ireland, 278
  - Japan, 245–246, 309
  - as peacetime phenomenon, 274–275, 281
  - productivity and, 297–301, 304–306
  - projections, 309–310
  - standard, 295
  - tangible asset, 289–291
  - types, 281–296
  - wage-price, 285–287
- Deflation: How to Survive and Thrive in the Coming Wave of Deflation* (Shilling), 47, 51, 181, 274
- Deflation: Why It's Coming, Whether It's Good or Bad, and How It Will Affect Your Investments, Business and Personal Affairs* (Shilling), 45–46, 51, 181, 274
- Depression (1839–1843), 307, 308. *See also* Great Depression
- Derivatives:
  - central clearinghouse for, 209
  - financial bubble and, 103, 104, 105–106
  - over-the-counter, 317–318
  - pension fund exposure to, 452
- Deutsche Bank, 92, 93, 94
- Developing country stocks/bonds, 392–410
- Disinflation, 33–37. *See also* Deflation; Inflation
- Diversification, 445–446, 451
- Dividend(s):
  - bull market and, 440–441
  - changes in, 452–453
  - importance of, 438–439, 441–442
  - yields, 41, 42, 344–345, 439, 441–442
- Dodd, Christopher, 190
- Dollar (U.S.):
  - attitudes toward, 460–461
  - consumer retrenchment and, 463
  - currency inflation/deflation and, 292–293, 294
  - investments to buy, 460–479
  - other currencies compared to, 214–215
  - as reserve currency, 214–215, 462, 475, 479
- Dot-com bubble:
  - accounting gimmicks, 439–440

- advertising by Internet/new-tech companies, 49–50
- bursting of, 48–49
- conditions leading to, 40–41
- declines after, 47–48
- excesses of, 43–44
- as financial asset inflation example, 287, 288
- follies taught to investors during, 44–45
- forecast of, 2, 45–47
- as great call, 40–52
- recovery from, 50–52
- speculation, 41–43
- Wall Street analysts during, 15, 49
- Dow, Charles H., 439
- Down payments, house, 58–59
- Drugs, prescription, 278, 485
- ECB. *See* European Central Bank (ECB)
- Education expenses, 258, 267
- Electricity, 23, 278, 304, 305, 488
- Ellis, Charlie, 356, 357
- Endowments:
  - attitude change by investors, 443–445, 451–452
  - diversification in, 445–446
  - investment strategies of, 449–450
  - returns of, 447–449
- Energizer Holdings, 458
- Energy, 391–392, 487–492
- ETFs (exchange-traded funds), 146
- Euro, 463–464, 471, 476, 477. *See also* Eurozone
- European Central Bank (ECB):
  - bank exposure, 198
  - euro, 471–472
  - fiscal control, 196
  - goal of, 465
  - Greek financial crisis, 468, 470
  - independence of, 194, 195
  - interest rate, 471
  - responsibilities of, 463–464
- European Commission, 195, 199
- European Parliament, 200
- European Union, 233, 236. *See also specific countries*
- Eurozone. *See also specific countries*
  - crisis, 195–199, 469–474
  - differences in individual countries, 463–474
  - government debt-to-GDP ratio, 467–468
  - retirement age, 467
  - sick leave, 473
- Exchange-traded funds (ETFs), 146
- Experts, denial of housing bubble by, 69–71
- Exports. *See also* Protectionism
  - China, 189, 393, 408
  - currency fluctuations and, 270–271
  - Japan, 420–421, 422–423
  - net, 269–270
  - protectionism and, 226, 230–236
- Extraordinary Popular Delusions and the Madness of Crowds* (Mackay), 18–19
- Exxon Mobil, 379, 489
- Factory-built housing, 75–79, 480–483
- Fannie Mae. *See also* Freddie Mac
  - bailout of, 131–132, 134–136, 189–190
  - housing bubble, 62–63, 65
  - as housing support, 205–206
  - Lehman Brothers bankruptcy, fallout from, 138
  - mortgage buybacks, 374
  - as powerful constituency, 158
  - real estate speculation, 99
- Farm equipment, 300–301, 302
- Farrell, Bob, 1–2, 31
- Fed. *See* Federal Reserve (Fed)
- Federal Deposit Insurance Corporation (FDIC), 81–82, 140–141, 147, 150, 201–202
- Federal Housing Finance Agency, 135, 202
- Federal Reserve (Fed):
  - AIG and, 192, 194
  - bank/financial institution regulation, 373–374
  - credit tightening, 43
  - currency swaps, 145–146
  - deflation, 245–247
  - discount rate, 315–316
  - disinflation, 36
  - excess bank reserves at, 312–314, 316–317
  - Fannie Mae and Freddie Mac bailouts, 131
  - financial bubble, 97, 99, 100–101
  - fiscal restraint, 215
  - housing bubble, 81, 82
  - independence of, 194, 195
  - investment bank regulation, 191–192
  - liquidity, actions to ensure, 130–131
  - money market funds, 140
  - rate cuts in reaction to financial crisis, 127–128
  - recession (2001), 162
  - role, expanded, 190, 191–192
- Federal Reserve Bank, 5, 54–56, 247, 315
- Feinberg, Kenneth, 200
- Financial asset inflation/deflation, 287–289
- Financial bubble, 95–122. *See also* Great Recession
  - bailouts, 99–100, 113–114, 147–148
  - Bear Stearns, 112, 117–122, 126, 130
  - capacity utilization, 97, 98
  - cockroach theory, 121–122, 129
  - collateralized debt obligations, 114, 118, 119–121

- Financial bubble (*Continued*)  
 covenant lite loans, 113  
 debt, consumer, 102–103  
 debt, federal, 108–109  
 debt, state and local, 109–110  
 debt, total net, 103–104  
 derivatives, 103, 104, 105–106  
 disconnect, signs of, 102–103  
 financial sector leverage, 104–105, 111  
 financial services industry and, 96–97  
 government policies and, 97, 99–101  
 household sector leverage, 106–107, 111  
 housing bubble and, 99, 100, 106–107, 115–119, 125–126  
 inflation unwinding and, 96  
 junk bond spread, 113  
 leverage, 103–104, 110–111  
 market capitalization as percentage of GDP, 102  
 move-up market, 117  
 nonfinancial corporations, 107–108  
 rating agencies, 119, 120  
 reasons for, 101  
 rescue financing, 113–114  
 special-purpose acquisition companies, 115  
 speculation, 95–96, 112  
 subprime mortgages, 115–119
- Financial Crisis Inquiry Commission, 192–193
- Financial instability hypothesis, 22
- Financial institutions. *See also* Banks; Financial sector; *specific institutions*  
 bailout of, 373  
 bonuses, 200, 203  
 debt-to-equity ratios, 210  
 financial bubble and, 96–97  
 government regulation of, 202–203  
 as investment to sell/avoid, 373–386  
 protectionism, 226–230  
 stress tests, 147–148, 198  
 subprime mortgage-related securities, write-downs on, 129
- Financial planners, 480
- Financial reform bill, proposed, 194
- Financial sector. *See also* Financial institutions  
 deleveraging of, 182–186  
 leverage in, 104–105, 111
- Financial Services Authority (United Kingdom), 199
- Financial standards, 198–199
- Firms. *See* Companies
- Fiscal restraint, 212–223
- Fisher, Irving, 24
- Fitch Rating, 387, 464
- Follies taught by bull market, 44–45
- Food and other consumer staples, 453–456
- Ford, Henry, 305–306, 308–309
- Forecasting principles, 7–13
- Fortis, 155
- 401(k) plans, 170–171
- France:  
 bank bonuses, 200  
 bank exposure abroad, 197  
 central bank independence, 195  
 eurozone countries and, 465–466, 467  
 financial standards, 199  
 fiscal policy, 221  
 global recession and, 153  
 GNP growth, 301  
 protectionism, 227, 229, 233, 236
- Frank, Barney, 62–63, 192
- Freddie Mac. *See also* Fannie Mae  
 bailout of, 131–132, 134–136, 189–190  
 housing bubble, 62–63, 65  
 as housing support, 205–206  
 Lehman Brothers bankruptcy, fallout from, 138  
 mortgage buybacks, 374  
 as powerful constituency, 158  
 real estate speculation, 99
- Friedman, Milton, 36, 230, 461–462
- Fuld, Richard Jr., 137, 138, 142–143
- Full disclosure, 49
- Funds. *See also* Pension funds; *specific funds*  
 hedge, 56, 446–447, 450, 451–452  
 Internet transfer of, 148–149  
 money market, 139–141, 279
- Futures contracts, 365, 390, 446–447
- G-20, 198–199, 214, 217
- Gade, George A., 7–9
- Gamblers ruin paradox, 361
- Gas, natural, 488–489
- Gasoline. *See* Oil
- Gaugamela, Battle of, 125
- GDP. *See* Gross domestic product (GDP)
- Geanakoplos, John, 451
- Geithner, Timothy, 206, 434
- General Electric (GE), 149–150, 380
- General Motors (GM), 146, 383, 385
- Georgia-Pacific, 458–459
- Germany:  
 bank exposure abroad, 197, 198  
 central bank independence, 195  
 deficit spending, 216–217  
 eurozone countries and, 465–466, 468–469  
 financial institution protection, 227, 228, 229  
 financial standards, 199  
 fiscal policy, 196, 221  
 global recession and, 155, 156  
 GNP growth, 301, 302

- hyperinflation, 293
- Gillette Fusion razors, 458
- Glass manufacturing, 298–299, 302
- Glass-Steagall Act (1933), 150, 187, 188
- Globalization of recession, 153–156
- Globe Permits, 20
- GM (General Motors), 146, 383, 385
- GNP (gross national product), 301–302, 308
- Gold, 147, 462–463
- Golden West, 151
- Goldman Sachs:
  - Allstate and, 480
  - Buffett's investment in, 149
  - collateralized debt obligations, 374
  - conversion to traditional bank holding company, 148, 149
  - Fed regulation of, 191–192
  - financial bubble, 119
  - Financial Crisis Inquiry Commission hearing, 193
  - housing bubble, 70
  - Lehman Brothers bankruptcy, fallout from, 138
- Government, federal. *See also specific agencies*
  - budget, 54, 199–200
  - debt, 108–109
  - economy, involvement in, 34–35
  - financial bubble and, 97, 99–101, 156–158
  - job creation by, 324–325, 333
  - as support to growth, 271
  - wastefulness of, 208–209
- Government, state/local. *See also specific locales*
  - budgets, 252–254, 258–259
  - contraction of, 252–268
  - debt, 109–110
  - defaults on bonds/other obligations, 259–261
  - labor costs, 261–264
  - pension costs, 254–255, 264–265, 266–267
  - service cuts, 257–258
  - spending as share of GDP, 267–268
  - tax increases, 255–257
  - taxpayer revolt, 258–259, 265–266
  - unionization, 262–263
- Government spending multiplier, 216–217
- Graham, Benjamin, 452
- Great Depression:
  - deflation, bad, 306–309
  - end of, 34
  - government interventions, 100, 187, 188, 211
  - productivity, 323
  - reassurances before, 24
  - short sales, 15
- Great Recession, 123–158. *See also Financial bubble; Housing bubble*
  - AIG, 143–145
  - bailouts, 131–136
  - banks, investment versus commercial, 149–150
  - calling of, official, 6
  - credit market freeze, 145–146
  - crisis rates, 147
  - Fannie Mae and Freddie Mac bailouts, 131–132, 134–136
  - Fed actions, 127–128, 130–131
  - funds, transfer of, 148–149
  - globalization of, 153–156
  - government actions, 156–158
  - investors, 126–128
  - land development loans, 129–130
  - Lehman Brothers, 136–138, 142–143
  - Lehman Brothers bankruptcy, fallout from, 138–139
  - liquidity, 130–131
  - Merrill Lynch, 141–142
  - money market funds, 139–141
  - moral hazards, 134, 141, 158
  - reaction to, 147–148
  - respite, short, 128–129
  - retrenchment by consumers, 151–153, 159–181, 351–463
  - SEC shortcomings, 124
  - subprime mortgage-related securities, write-downs on, 129
  - underestimates of, 132
  - Vachovia, 151
  - Washington Mutual, 148, 150
- Greece:
  - bank deposit guarantee, 227
  - debt rating, 464
  - eurozone countries and, 465–467
  - fiscal policy, 196, 218
  - government funding crisis, 468–470
- Greenspan, Alan, 43, 97
- Gross, Bill, 434
- Gross domestic product (GDP):
  - China, 396, 407, 409
  - consumer spending and, 165, 179
  - corporate profits and, 341, 342
  - deficit-to-GDP ratio, 214, 218, 219–220, 221
  - market capitalization as percentage of, 102
  - real, 302–303
  - saving rate and, 180
  - Social Security, Medicare, and Medicaid as percentage of, 318
  - S&P operating earnings and, 342–343
  - S&P reported earnings and, 341–343, 346
  - state/local government spending as share of, 267–268
  - unemployment and, 320–323
- Gross national product (GNP), 301–302, 308

- Growth, slow global:  
   causes, overview of, 181–182  
   commodity crisis and, 211–212  
   deflation and, 244–252  
   financial deleveraging and, 182–186  
   fiscal restraint and, 212–223  
   government regulation and, 187–211  
   housing market and, 239–243  
   offsets to, 268–271  
   protectionism and, 225–239  
   saving and, 159–181  
   state and local government contraction and, 252–268
- HAMP (Home Affordable Modification Program), 370
- Hand-to-Mouth Buying and the Inventory Situation* (Gade), 7–9
- Health care, 483–486
- Health insurance, 484, 485
- Hedge funds, 56, 446–447, 450, 451–452. *See also specific funds*
- Heisenberg uncertainty principle of investing, 450
- Henkel-Clauss, 11
- Holder, Eric, 193
- Holland, 154, 220–221, 292, 467, 474
- Home Affordable Modification Program (HAMP), 370
- Homes. *See* Housing
- “Home Sick” (Shilling), 65
- Hong Kong, 87–89, 156, 200, 292
- Hoover, Herbert, 214, 308
- Hotels, 386, 387, 459
- Households, 240–241, 243
- Household sector leverage, 106–107, 111
- Housing:  
   builders/suppliers, conventional, 79–80, 369–372  
   factory-built, 75–79, 480–483  
   homebuyers, first-time, 58–59  
   homeownership rate, 58, 59  
   inflation/deflation, 291  
   inventories, 239–240, 242–243  
   market for, 239–243  
   prices, during housing bubble, 56, 57, 63–64, 73–74, 89–90  
   prices, historical, 4  
   prices, projected, 242–243  
   size trends, 371–372  
   value of primary residence, median, 164
- Housing bubble, 53–94. *See also* Great Recession  
   denial of, 69–71, 79–80  
   down payments, tiny, 58–59  
   end of, 84–85  
   factory-built housing, 75–79  
   financial bubble and, 99, 100, 106–107, 115–119, 125–126  
   forecast of, 3  
   inventory problem, 71–72  
   as investment opportunity, 89–94  
   leverage, 56–59, 68, 87–88, 92  
   mortgage lending standards, 60, 77, 78  
   mortgages, interest-only, 59–60  
   mortgages, subprime, 60–62, 65, 86–87  
   peak of, 3, 4, 69–70  
   problem, basic, 87–88  
   rating agencies, 82–84  
   regulation, lax, 62–63, 81–82  
   saving rate and, 161, 163–165  
   securitization, 60–61, 77
- HSBC (bank), 85, 93, 125, 451
- Hubbert, M. King, 283
- Hypo Real Estate Group, 155
- Iceland, 154, 229
- ICICI Bank, 155–156, 394
- IMF. *See* International Monetary Fund (IMF)
- Immigration, 236–237, 418
- Imports, 226, 230–236, 420–421, 422–423. *See also* Protectionism
- Income-producing securities, 438–453
- Income shares, 337, 338, 367
- India, 155–156, 204, 232–233, 394, 395
- Industrial Revolution, 298–301, 393–394
- IndyMac, 150, 201
- Inflation. *See also* Deflation; Disinflation  
   bank reserves and, 313–314  
   biases, 275–276  
   by fiat, 294–295  
   cause of, 279  
   commodity, 281–285  
   CPI, 282, 295  
   currency, 291–294  
   federal deficit and, 334  
   financial asset, 287–289  
   forecasts, 311  
   interest rates and, 376  
   money and, 280  
   post-World War II, 344  
   self-feeding, 249  
   standard, 295  
   stock prices, effect on, 30–31  
   tangible asset, 289–291  
   types, 281–296  
   unwinding of, 16–17, 96  
   wage-price, 285–287  
   as wartime phenomenon, 274–275, 280–281
- Inheritance, 168–169
- Initial public offerings (IPOs), 49

- Insurance, 480, 484, 485. *See also specific companies*
- Interest spreads of lenders, 376
- International Monetary Fund (IMF):  
     bubbles, 22  
     central bank independence, 195  
     deflation, 247  
     financial institution protection, 229  
     Greek financial crisis, 468, 470  
     Spanish fiscal policy, 219  
     yuan, 476
- Internet bubble. *See* Dot-com bubble
- Internet/new-tech company ads, 49–50
- Internet transfer of funds, 148–149
- Inventory bubble, 4, 9–11, 33
- Inventory-building, 7–9
- Investment advisers, 480
- Investment banks, 149–150, 191–192
- Investments, correlations among, 443–447, 451
- Investments to buy, 425–492  
     dollar (U.S.), 460–479  
     energy, North American, 487–492  
     food and other consumer staples, 453–456  
     health care, 483–486  
     housing and rental apartments, factory-built, 480–483  
     income-producing securities, 438–453  
     investment advisers and financial planners, 480  
     luxuries, small, 456–460  
     productivity enhancers, 486–487  
     Treasuries and other high-quality bonds, 426–438
- Investments to sell/avoid, 364, 365–424  
     antiques, art, and other tangibles, 372–373  
     banks and similar financial institutions, 373–380  
     capital equipment producers, low- and old-tech, 383–386  
     commercial real estate, 386–389  
     commodities, 389–392  
     companies, flailing, 382–385  
     consumer purchases, big-ticket, 365–368  
     credit card and other consumer lenders, 368–369  
     developing country stocks and bonds, 392–410  
     home builders and suppliers, conventional, 369–372  
     Japan, 410–424  
     junk securities, 381–382
- Investors:  
     confidence of, 166  
     financial bubble and, 96–97  
     follies taught to, 44–45  
     Great Recession, 126–128  
     institutional, 352–353, 443–452  
     overenthusiasm of, 23  
     speculation by, 95–96
- IPOs (initial public offerings), 49
- Ireland:  
     deflation, 278  
     eurozone countries and, 465–466  
     financial institution protection, 226–227  
     fiscal policy, 197, 220  
     global recession and, 155
- Is Inflation Ending? Are You Ready?* (Shilling and Sokoloff), 36–37, 188, 348
- Italy, 219–220, 227–228, 465–466, 467
- Japan. *See also* Bank of Japan  
     bubble, 37–39, 396–397  
     character of people, 414–415  
     currency, 291, 292–293, 476  
     current account, 337, 338, 421, 423  
     debt, 337, 412–413, 414  
     deficits, 337, 412–413, 414  
     deflation, 245–246, 309  
     demographics, 417–418, 420  
     economic slump, 410–411  
     fascination with, 396–397  
     financial institution protection, 229  
     fiscal policy, 222–223, 412–413, 416–417  
     forecasts, 410  
     GNP growth, 301, 302  
     immigration policy, 418  
     imports and exports, 420–421, 422–423  
     interest rates, 416, 423–424  
     as investment to sell/avoid, 410–424  
     monetary response, 411  
     protectionism, 226, 236  
     real estate prices, 39  
     saving, 413, 415–418, 419, 421  
     stock prices, 38–39  
     trade balance, 337, 338  
     trade treaty with U.S., 418–419  
     U.S. compared to, 336–338, 412–413, 419–420, 421–422
- Japan Post, 412
- Jefferson County, Alabama, 260
- Jobs, 237, 319–320, 324–325, 333. *See also* Unemployment
- JPMorgan Chase, 118, 130, 150
- Junk securities, 113, 381–382
- Kamei, Shizuka, 195
- Kan, Naoto, 222–223
- Kanas, Dave, 445
- Kempner, Jonathan, 88
- Kennedy, Brian, 14–15
- Keynes, John Maynard, 96, 180, 217
- Keynesian theory, 216, 217

- King, Mervyn, 194–195, 199  
 Kohl, Helmut, 464  
 Kohn, Donald, 316  
 Kudlow, Larry, 428
- Labor. *See* Unionization; Wages  
 Lamy, Pascal, 199  
 Land development loans, 129–130  
 Landsbanki Islands, 154  
 Las Vegas Monorail, 259–260  
 Law, John, 19  
 Lawler, Tom, 82–84  
 Layaway financing, 178, 369  
 Layoffs, 287, 319–320  
 Lehman Brothers, 136–139, 142–143  
 Lenders. *See also specific types*  
   consumer, 368–369  
   interest spreads of, 376  
 Lereah, David, 69–70  
 Leverage:  
   financial bubble, 103–104, 110–111  
   financial sector profitability from, 185  
   housing bubble, 56–59, 68, 87–88, 92  
   investment versus commercial banks, 149  
 Lighting, electric, 23  
 Lincoln Electric, 287  
 Lippmann, Greg, 93–94, 362  
 Liquidity, 130–131, 136, 380  
 Livestock production, 299–300  
 Loans. *See also* Mortgages; Mortgages,  
   commercial; Mortgages, subprime  
   Alt-A, 117  
   covenant lite, 113  
   future, 178  
   land development, 129–130  
 Long bonds, 428–429  
 Long-Term Capital Management, 99, 113, 120,  
   144–145, 450  
 Luxuries, small, 456–460
- Mackay, Charles, 18–19, 20  
 Madoff, Bernie, 207, 208  
 Malabre, Alfred L., Jr., 31  
 Mandelcorn, H., 32  
 Manufactured housing, 75–79, 480–483  
 Market capitalization as percentage of GDP, 102  
 “Market Timing” (Shilling), 356  
 Market timing versus buy-and-hold strategy,  
   356–362  
 Mark-to-market approach, 377–380  
 Mark-to-model approach, 377, 378  
 Medicaid, 254, 318, 331, 332  
 Medicare, 318  
 Mergers and acquisitions, 210, 443  
 Merkel, Angela, 195, 216–217, 221, 468
- Merrill, Charlie, 141, 142  
 Merrill Lynch:  
   financial bubble, 132, 141–142  
   inflation and stocks, 30–31  
   reassurances from, 24–26  
   recession (1969–1970) forecast, 6–7, 29–30  
   research analysts, 15  
   as retail brokerage house, 149  
   subprime mortgage-related security  
     write-downs, 129  
 Mexico, 234  
 Middle classes, 393–394  
 Mieno, Masushi, 38  
 Models, failure of, 143–145  
 Money market funds, 139–141, 279  
 Money supply, 279–280, 281, 312–313  
 Moody’s, 382, 424, 434  
 Moral hazards, 134, 141, 158  
 Morgan Stanley, 138, 148, 149, 183, 191–192  
 Mortgage Bankers Association, 70, 88–89  
 Mortgages. *See also* Mortgages, commercial;  
   Mortgages, subprime  
   adjustable-rate, 4–5, 59, 116, 150, 151  
   buybacks of, 374  
   delinquencies, 152–153  
   interest-only, 59–60  
   lending standards for, 60, 77, 78, 167  
   modifications of, 201, 370  
   postwar babies and, 171–172  
   private-label, 376  
   rates, 54–55  
   refinancing of, 370  
   underwater, 370–371, 375, 389  
 Mortgages, commercial:  
   bank exposure to, 183–184  
   rates, 388  
   refinancing, 386, 387  
   regional/community banks and, 374–375  
   underwater, 375, 389  
 Mortgages, subprime:  
   ABX index for, 85, 86, 378  
   collapse of, 4–5  
   financial bubble and, 115–119  
   housing bubble and, 60–62, 65, 86–87  
   Merrill Lynch write-downs on, 129  
 Move-up market, 117  
 Movie attendance, 178  
 Multiplier, government spending, 216–217
- National Association of Realtors, 62, 69  
 National Bureau of Economic Research,  
   Business Cycle Dating Committee, 6  
 Neiman Marcus, 152, 457  
 Netherlands, 154, 220–221, 292, 467, 474  
 Net worth, 97, 98, 169

- New Century, 85–86, 93  
 New Jersey, 109, 253, 265  
 Newspaper ads by Internet/new-tech companies, 49–50  
 New York City, 257, 265  
*New York Times* ads for Internet/new-tech companies, 50  
 Nifty Fifty, 21  
 Nikkei stock index, 38–39  
 Nonconsensus forecasts, 12–13, 16–17  
 Noyes, Alexander Dana, 21–22  
 Nuclear energy, 490–491  
  
 Obama, Barack:  
     budget, 199–200  
     financial firms, 202–203  
     financial reforms, 211  
     fiscal restraint, 214, 215  
     protectionism, 230, 235  
     taxes, 203, 204, 442  
 Obama administration, 337, 367, 488, 490  
 Office of the Comptroller of the Currency (OCC), 81, 82  
 Office of Thrift Supervision (OTS), 81, 82, 208  
 Office space, 387  
 Oil:  
     consumption of, 389–390  
     drilling and exploration, 408  
     embargo, 282  
     prices, 250, 283–284, 391  
     sands, 491–492  
 Okun, Arthur, 321  
 Okun's Law, 321  
 O'Neal, Stan, 24, 142  
*On the Beach* (movie), 430–431  
 Options, stock, 443  
 Orange County, California, bankruptcy, 99, 140, 259  
 OTS (Office of Thrift Supervision), 81, 82, 208  
 Over-the-counter derivatives, 317–318  
  
 Palm Harbor Homes, 75–76, 78  
 Paradoxes, 180–181, 361  
 Paulsen, Jim, 70–71  
 Paulson, Henry, 132, 136–137, 189–190, 210, 228  
 Paulson, John, 89–90, 93, 362  
 Paulson & Co., 89–91, 92–93  
 Paulson Credit Opportunities Fund, 89–90, 93, 94  
 Payout ratio, 42, 441  
 Pelosi, Nancy, 187, 192  
 Pension funds. *See also* Retirement  
     attitude change by investors, 443–445, 451–452  
     diversification in, 445–446  
     investment strategies of, 449–450  
     returns of, 447–449  
     state and local government, 254–255, 264–265, 266–267  
     trends, 170–171  
 Perry, Matthew C., 418–419  
 P/Es (price/earnings ratios), 343, 344–347, 353–354, 355, 440  
 Pew Center, 254–255  
 Pickens, T. Boone, 488, 489  
 Polaroid, 21  
 Ponzi scheme investigations, 207  
 Portugal, 218–219, 278, 465, 466  
 Postwar babies, 168–169, 171–174  
 Pound sterling, British, 475–476  
 PPP (purchasing power parity), 476–477  
 Pressed-glass industry, 298–299, 302  
 Price/earnings ratios (P/Es), 343, 344–347, 353–354, 355, 440  
 Prices. *See also* Consumer price index (CPI)  
     automobile industry, 276  
     decelerating, 250–251  
     historical, 8–9  
     home, historical, 4  
     home, in housing bubble, 56, 57, 63–64, 73–74, 29–90  
     home, projected, 242–243  
     oil, 250, 283–284, 391  
     quality-adjusted, 275, 276, 277  
     real estate, commercial, 290, 291  
     stock, 30–31, 38–39  
 Prince, Charles, 193  
 Procter & Gamble, 177, 277, 458  
 Productivity:  
     agricultural, 299–301, 302  
     deflation and, 297–301, 304–306  
     enhancers for, 486–487  
     Great Depression, 323  
     projections, 323–324  
     United Kingdom, 474–475  
     United States, 164, 475  
 Profits, corporate, 40–41, 341, 342, 352  
 Protectionism, 225–239  
     devaluations, competitive, 234–235  
     financial institutions, 226–230  
     import-export arena, 226, 230–236  
     stealth, 236–237  
 Purchasing power parity (PPP), 476–477  
 Putin, Vladimir, 235  
  
 Quality improvements, 275, 276, 277  
 Quantitative easing, 140  
 Quilted Northern Ultra Plush toilet paper, 458–459

- Railroads, 20, 299–300, 302
- Rating agencies. *See also specific agencies*  
     financial bubble, 119, 120  
     housing bubble, 82–84  
     Japan, 424  
     junk bond forecast, 381–382  
     SEC and, 200–201
- Razors, 458
- Reagan, Ronald, 188, 329
- Real estate. *See also* Housing; Housing bubble;  
     Mortgages  
     China, 403–404  
     commercial, 289–290, 378–379, 386–389  
     Japan, 39  
     speculation in, 98–99
- Real estate investment trusts (REITs), 389, 483
- Recalls, product, 189
- Recession (1920–1921), 7–9
- Recession (1937), 214, 314–315
- Recession (1969–1970), 7, 29–32
- Recession (1973–1975), 7, 10–11, 13, 21, 33
- Recession (2001), 162
- Recession (2007–). *See* Great Recession
- Regan, Donald T., 7, 31–32
- Regional/community banks, 374–375
- Regulation, government:  
     banks and similar financial institutions,  
         373–374  
     financial regulatory plan, 209–210  
     growth and, 187–211  
     history of, 187–189  
     housing bubble and, 62–63, 81–82  
     inflation by fiat and, 294–295  
     problems with, 206–208  
     rebellion against, 188
- Regulation FD (Full Disclosure), 49
- REITs (real estate investment trusts), 389, 483
- Rental units, 371, 481–483
- Rescue financing. *See* Bailouts
- Reserve Management, 139, 140, 141, 279
- Reserve Primary Fund, 140, 141, 279
- Residential mortgage-backed securities (RMBs),  
     61, 120
- Resolution Trust Corporation (RTC), 100, 206
- Retail space, 386–387
- Retirement, 171, 173–174, 467. *See also* Pension  
     funds
- Rio Tinto, 232
- RMBs (residential mortgage-backed securities),  
     61, 120
- Roaring Twenties, 304–306, 410
- Roosevelt, Franklin Delano, 214, 314
- “Roosevelt Depression,” 214, 314–315
- RTC (Resolution Trust Corporation), 100, 206
- Russia, 155, 236
- Sarkozy, Nicolas, 195, 229, 233, 467,  
     468, 473
- Saving and saving rate:  
     bull market and, 160–161, 165  
     China, 405–406  
     consumer, 159–181, 175–177, 351  
     decrease in, 159–160  
     financial bubble and, 114–115  
     fiscal stimulus programs and, 167–168, 180  
     forecast concerning, 178–179, 180  
     GDP and, 180  
     historical, 41, 42  
     housing bubble and, 161, 163–165  
     increase in, 159–181, 351  
     Japan, 413, 415–418, 419, 421  
     popularity of, 177–178  
     postwar babies, 171–173  
     retirement, 171  
     stocks and, 160–161, 165  
     unemployment and, 175–177  
     young people, 176
- Schapiro, Mary, 207–208
- Schick Hydro razors, 458
- Schwarzenegger, Arnold, 257, 448
- SEC. *See* Securities and Exchange Commission  
     (SEC)
- Securities:  
     asset-based, 77  
     income-producing, 438–453  
     junk, 113, 381–382  
     residential mortgage-backed, 61–120  
     subprime mortgage-related, 129  
     Treasury Inflation-Protected, 433
- Securities and Exchange Commission (SEC):  
     Bear Stearns and, 124  
     financial crisis, shortcomings during, 124  
     full disclosure, 49  
     Goldman Sachs CDOs, 374  
     Ponzi scheme investigations, 207  
     rating agencies, 200–201  
     short sales, 124, 201
- Securitization, and housing bubble, 60–61, 77
- Service cuts, by state/local governments,  
     257–258
- Shakespeare, William, 11–12
- Shiller, Robert, 354, 355
- Short sales, 13–16, 124, 201, 359–360
- Sick leave, 473
- Siegel, Jeremy, 339–340, 426–427
- Silius Italicus, 13
- Singapore, 174, 236–237, 403
- Smith, Winthrop H., Jr., 142
- Social Security, 318, 331, 332, 333
- Sokoloff, Kiril, 36–37
- Solvency, 131, 136

- Soros, George, 362, 447
- South Korea, 156, 195, 394
- South Sea bubble, 19–20
- S&P 500 Index:
  - earnings, operating, 342–343
  - earnings, reported, 341–343, 346
  - earnings/price ratio, 353
  - financial bubble, 96
  - inflation, corrected for, 285
  - investor confidence and, 166
  - price/earnings ratio, 354
  - returns, total, 357
  - survivor bias, 340
- SPACs (special-purpose acquisition companies), 20, 115
- Spain:
  - debt restructuring, 472
  - deflation, 278
  - eurozone countries and, 465, 466, 467
  - financial forecasts, 213–214
  - financial institution protection, 227
  - fiscal policy, 196–197, 219
- Special-purpose acquisition companies (SPACs), 20, 115
- Speculation:
  - dot-com bubble, 41–43
  - financial asset inflation/deflation and, 288
  - financial bubble, 95–96, 112
  - increase in, 446–447
  - real estate, 98–99
- Spending binge, 159–166, 287–288, 349
- Spiking, 265
- Spinning, 49
- Stagflation, 33, 285
- Stanford, R. Allen, 207, 208
- Steel industry, 10, 26–27
- Stimulus programs:
  - China, 395–396, 399–401, 405
  - failure of, 167–168, 180
  - Japan, 411, 412–413, 416–417
  - saving and, 167–168, 180
- Stock(s):
  - appeal of, 339–341
  - bottom-line growth, 385–386
  - buy-and-hold strategy versus market timing, 356–362
  - buybacks of, 442–443
  - developing country, 392–410
  - growth, 385–386, 440
  - holdings, median value of, 165
  - institutionalization of, 345–346
  - investor confidence and, 166
  - market capitalization as percentage of GDP, 102
  - options, 443
  - price/earnings ratios, 343, 344–347, 353–354, 355, 440
  - prices, 30–31, 38–39
  - rationale for, 341–342
  - returns, average annual, 339–340
  - returns, projected, 355
  - saving rate and, 160–161, 165
  - short selling of, 359–360
  - Treasuries versus, 426–427, 435–436
- Stress tests, 147–148, 198
- Stripped bonds, 431–432
- Subprime mortgages. *See* Mortgages, subprime
- Summers, Larry, 203
- Supermarkets, 244, 367, 453
- Survivor bias, 340
- Sweden, 228
- Tangible assets, 289–291, 372–373
- TARP (Troubled Asset Relief Program), 147–148, 375, 376
- Taxes:
  - federal deficit and, 203–204
  - increases in, 203–204, 255–257
  - as percent of personal income, 163
  - revolt against, 258–259, 265–266
  - state/local government, 255–257, 258–259, 265, 266
  - United Kingdom, 204
  - taxpayer Relief Act of 1997, 63
- Technologies:
  - new, 49–50, 296–297, 486, 487
  - old, 383–386
- Telephone usage, 297
- Templeton, John, 22, 445
- Thain, John, 24–26, 132, 141, 142
- Thomas, Bill, 193
- Thrift, paradox of, 180
- Thurman, Randy, 14
- TIPS (Treasury Inflation-Protected Securities), 433
- Toilet paper, 458–459
- Toll, Robert, 79–80
- Total (oil company), 233, 489
- TPG (firm), 150, 452
- Trade. *See also* Exports; Imports
  - carry, 56
  - intra-Asian, 392
  - Japan, 337, 338, 418–419
  - merchandise trade balances, 269
  - United States, 179
  - world, 238–239
- Treasury Inflation-Protected Securities (TIPS), 433

- Treasurys:  
   coupon bonds, 430–431  
   foreign holders of, 434–435  
   as investment to buy, 426–438  
   long bonds, 428–429  
   qualities, 433–434  
   stocks versus, 426–427, 435–436  
   Treasury Inflation-Protected Securities, 433  
   yields, 16, 286, 353, 426, 430, 432  
   zero-coupon bonds, 431–432
- Trichet, Jean-Claude, 195, 196, 468
- Twelfth Night* (Shakespeare), 11–12
- Troubled Asset Relief Program (TARP), 147–148, 375, 376
- Tulipomania, 18–19
- Turkey, 293–294
- Turner, Adair, 186
- Twenties, Roaring, 304–306, 410
- UBS (bank), 228
- Unemployment, 34, 175–177, 307, 319, 320–323. *See also* Jobs
- Unionization, 175, 262–263, 320, 382–383
- United Kingdom:  
   bank bonuses, 200  
   bank examiners, 190  
   financial deleveraging, 186  
   financial institution protection, 227, 228–229  
   financial standards, 199  
   fiscal restraint, 221–222  
   global recession and, 153, 154, 155  
   GNP growth, 301  
   productivity, 474–475  
   protectionism, 233  
   tax increases, 204
- United States. *See also* Dollar (U.S.); *specific topics*  
   bank exposure abroad, 198  
   financial institution protection, 227, 228, 229  
   Japan compared to, 336–338, 412–413, 419–420, 421–422  
   productivity, 164, 475  
   protectionism, 230–231, 233, 234, 235, 236  
   trade and current account deficits, 179
- Uptick rule, 15–16
- U.S. Commerce Department, 231
- U.S. International Trade Commission, 230–231
- U.S. Justice Department, 190, 193
- U.S. Quarterly Economic Outlook*, 50
- Van Hook, Bob, 11
- Vietnam, 398–399
- Volcker, Paul, 36, 150, 193
- Volcker Rule, 150, 193
- Wachovia, 151
- Wage-price inflation/deflation, 285–287
- Wages:  
   average weekly, decrease in, 320  
   corporate earnings and, 40–41  
   good deflation and, 303–304  
   Great Depression, 307, 308–309  
   state/local government, 261–264  
   two-tier systems, 175–176
- Wall Street Journal* ads for Internet/new-tech companies, 50
- Wal-Mart, 152, 277, 278
- Washington Mutual (WaMu), 148, 150
- Watches, 459
- Welfare reform, 295, 330
- Wen Jiabao, 234, 235, 404
- Wheat-growing industry, 300–301, 302
- Wind-generated power, 488
- World Bank, 22, 466, 472
- World Has Definitely Changed, The* (Shilling), 461
- World Trade Organization (WTO), 199, 236
- World War II, 34, 36, 280–281, 343–346
- Yen, 291, 292–293, 476
- Yield(s):  
   bond, 147  
   dividend, 41, 42, 344–345, 439, 441–442  
   Treasury, 16, 286, 353, 426, 430, 432
- Yuan, 234–235, 293, 402–403, 476, 477, 478–479
- Zero-coupon bonds, 431–432