

The Ascent of Money: A Financial History of the World. By Niall Ferguson. (New York: The Penguin Press, 2008. Pp. vi, 441. \$29.95.)

This book scans the financial history of the world from ancient Mesopotamia to the beginnings of the current sub-prime mortgage crisis. The author describes the primary objective of this exercise: “Like my last three books, The Ascent of Money was from its earliest inception a television series as well as a book” (360). The titles and subject matter of the six chapters of the book correspond to the six programs in the series narrated by Ferguson that appeared on Channel 4 in the UK and PBS in America. In turn, credit creation, the bond market, financial bubbles, risk, real estate, and globalization are examined in the stylish prose of the Laurence Tisch Professor of History at Harvard University, also a research associate at Jesus College, Oxford University and a senior fellow at the Hoover Institute. The numerous reviews that have already appeared for this book generally find the book to be enjoyable reading and a recommended addition for public libraries and undergraduate collections. The strongest criticisms come from two directions: those uncomfortable with the Milton Friedmansque economic conservatism which underpins all Ferguson’s published contributions; and, those most familiar with the financial subject matter being examined.

While explicitly recognizing that writing a financial history of the world is “an impossible task” (13), Ferguson takes inspiration from the groundbreaking 1973 BBC documentary The Ascent of Man which traces the impact of science and technology on human development. The connection of that project with The Descent of Man by Charles Darwin comes full circle in the “Afterword: The Descent of Money” (341-58) where Ferguson advances a Darwinian-like argument that financial practices and instruments evolve through a natural process of creation, selection and destruction: “I might equally well have called the book The Descent of Finance, for the story I have told is authentically evolutionary” (358). Unfortunately, such grandiose objectives are undermined by the

sometimes glaring lack of knowledge of finance theory and financial history that appears again and again throughout the book. “Feel a bit baffled? Can’t follow the algebra? To be honest, I am baffled too” (321). It would be possible to write a book detailing and correcting the scholarly inaccuracies, omissions and confusions in this book. Included in the inaccuracies are: the connection between Fibonacci and the decimal system (32); the relationship between current yield and market interest rates (67); the identification of joint stocks with limited liability (120); the omission of James Dodson, Richard Price and the Equitable from early history of insurance (191-199); the treatment of hedging (225); and, confusion about the composition of sub-prime mortgage borrowers (264).

Sacrificing historical accuracy to produce engaging stories that are readily understood by the uninitiated is not unique to this book. The broad brush needed to sustain a documentary television series does not usually translate well to the printed page and this book is no exception. Fortunately, Ferguson provides ample information about sources used (363-397). Scholarly accuracy is strongest in areas where Ferguson has made recognized contributions: the history of the House of Rothschild, starting from Nathan Rothschild financing the British war effort against Napoleon (78-88); and, the role of political risk in the international bond market in the later 19th and early 20th centuries (293-304). Unfortunately, essential sources on various historical topics, from the history of interest rates to scholastic usury theory to the development of derivative security markets, are often overlooked. Where the discussion addresses current affairs such as the sub-prime mortgage crisis, the rush to market leaves an uneven presentation that would have benefited from the volume of useful information that has appeared since this book went to press. While a stated purpose of the book is “to educate” (10), it is advisable to watch the documentary series first and use this book to assess the scholarly validity of the arguments made in that project.