



**Strictly embargoed**  
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## **Fault Lines** – Raghuram G. Rajan wins the Financial Times and Goldman Sachs Business Book of the Year Award 2010



New York, 27 October 2010: **Raghuram G. Rajan** today won the Financial Times and Goldman Sachs Business Book of the Year Award 2010 ([www.ft.com/bookaward](http://www.ft.com/bookaward)) for **Fault Lines: How Hidden Fractures Still Threaten the World Economy**, published by Princeton University Press, which analyses the flaws in the economy that lead to the current financial crisis, and warns of changes essential for economic recovery.

The Award was presented today at a dinner in New York by Lionel Barber, Editor, Financial Times, and Lloyd C. Blankfein, Chairman and Chief Executive Officer, Goldman Sachs. The keynote speaker was Vartan Gregorian, President of the Carnegie Corporation of New York.

Rajan saw off strong competition to win the £30,000 prize. The Award, which was established in 2005, aims to find the book that provides 'the most compelling and enjoyable insight into modern business issues.' Each of the five runners-up received a cheque for £10,000, an increase of £5,000 over previous years, and can expect heightened interest in their influential books.

Lionel Barber said of the winning title: "*Fault Lines* is a comprehensive analysis of what went wrong, but it is also only the beginning of the conversation. Rajan offers insights into how to correct the flaws in financial capitalism and illuminates difficult choices in public policy. It is a serious and sober book, but in these times sobriety is a virtue."

"Raghuram Rajan has written a profound, compelling book," said Lloyd C. Blankfein, Chairman and Chief Executive Officer of The Goldman Sachs Group, Inc. "His analysis of what went wrong, and what needs to be done to address the structural flaws that caused the financial crisis, should be essential reading for policy makers and practitioners alike."

The judging panel for the 2010 Award was:

- Lionel Barber, Editor, Financial Times
- Liaquat Ahamed, Author
- Helen Alexander, President, CBI
- Lynda Gratton, Professor of Management Practice, London Business School
- Mario Monti, President, Bocconi University, Honorary President of Bruegel
- Jorma Ollila, Chairman, Nokia; Chairman, Royal Dutch Shell plc
- Shriti Vadera, Adviser to the G20 Presidency, Korea

Mr Gregorian said: "This is an era in which business and economics have taken center stage on both the national and international scene in ways that have substantially impacted the lives of men and women everywhere. But with courage, determination and conviction, the business press, along with journalists, authors and publishers across different media platforms have stepped up to the plate and made it a priority to better analyze and understand world markets and national business trends as well as to identify what's gone wrong and what can – and must – be put right in terms of getting the nation's financial house in order once again."

Photographs of Raghuram Rajan and shortlisted authors, keynote speaker Vartan Gregorian, the judges and the award ceremony will be available to download from <http://www.flickr.com/photos/financialtimes/> after 12 am EST on 27 October and upon request.

**For further information please contact:**

**UK:** Katrina Power/Steven Williams, Midas Public Relations  
T: +44 (0) 207 361 7860, +44 (0) 79639 62538  
E: [katrina.power@midaspr.co.uk](mailto:katrina.power@midaspr.co.uk)  
Follow on Twitter @Bizbookaward

**US:** Angela Hayes, Goldberg McDuffie Communications  
T: +1 212 446 5104  
E: [ahayes@goldbergmcduffie.com](mailto:ahayes@goldbergmcduffie.com)  
Follow on Twitter @Bizbookaward

Darcy Keller, Financial Times  
T: +1 212 641 6614  
E: [darcy.keller@ft.com](mailto:darcy.keller@ft.com)

Ed Canaday, Goldman Sachs  
T: +1 212 357 0005  
E: [ed.canaday@gs.com](mailto:ed.canaday@gs.com)

## **The Financial Times & Goldman Sachs Business Book of the Year Award 2010**

### **WINNER 2010**

**Fault Lines:** How Hidden Fractures Still Threaten the World Economy  
Raghuram G. Rajan (Princeton University Press)

#### *Publisher Synopsis*

Raghuram Rajan was one of the few economists who warned of the global financial crisis before it hit. Now, as the world struggles to recover, it's tempting to blame what happened on just a few greedy bankers who took irrational risks and left the rest of us to foot the bill. In *Fault Lines*, Rajan argues that serious flaws in the economy are also to blame, and warns that a potentially more devastating crisis awaits us if they aren't fixed.

Rajan shows how the individual choices that collectively brought about the economic meltdown – made by bankers, government officials, and ordinary homeowners – were rational responses to a flawed global financial order in which the incentives to take on risk are incredibly out of step with the dangers those risks pose. He traces the deepening fault lines in a world overly-dependent on the indebted American consumer to power global economic growth and stave off global downturns. He exposes a system where America's growing inequality and thin social safety net create tremendous political pressure to encourage easy credit and keep job creation robust, no matter what the consequences to the economy's long-term health; and where the US financial sector, with its skewed incentives, is the critical but unstable link between an over-stimulated America and an under-consuming world.

In *Fault Lines*, Rajan demonstrates how unequal access to education and health care in the United States puts the whole of the US in deeper financial peril, even as the economic choices of countries like Germany, Japan, and China place an undue burden on America to get its policies right. He outlines the hard choices we need to make to ensure a more stable world economy and restore lasting prosperity.

**Raghuram G. Rajan** is the Eric J. Gleacher Distinguished Service Professor of Finance at the University of Chicago's Graduate School of Business.

Dr. Rajan is also currently an economic advisor to the Prime Minister of India. Prior to resuming teaching in 2007, Dr. Rajan was the Economic Counselor and Director of Research (in plain English, the Chief Economist) at the International Monetary Fund (from 2003). Since then, he has chaired the Indian government's Committee on Financial Sector Reforms, which submitted its report in September 2008.

Dr. Rajan's research interests are in banking, corporate finance, and economic development, especially the role finance plays in it. His papers have been published in all the top economics and finance journals, and he has served on the editorial board of the *American Economic Review* and the *Journal of Finance*. He is co-author with Luigi Zingales of *Saving Capitalism from the Capitalists*.

Dr. Rajan is a senior advisor to Booz and Co, on the academic advisory board of Moodys, and on the international advisory board of Bank Itau-Unibanco. He is a director of the Chicago Council on Global Affairs and on the Comptroller General of the United State's Advisory Council. Dr. Rajan is the President (elect) of the American Finance Association and a member of the American Academy of Arts and Sciences. In January 2003, the American Finance Association awarded Dr. Rajan the inaugural Fischer Black Prize, given every two years to the financial economist under age 40 who has made the most significant contribution to the theory and practice of finance.

### **SHORTLISTED**

#### **The Art of Choosing**

Sheena Iyengar (Little, Brown, Twelve/Hachette Group)

##### *Publisher Synopsis*

An Apple Store customer asks for the latest iPhone in black but suddenly changes his preference to white when he sees the choices others are making. A resident of a former communist country is offered a fizzy drink from a wide selection but picks at random; soda is soda, he says. Though the child knows she shouldn't press the big red button (absolutely not!), she finds her hand inching forward. A young man and woman decide to marry – knowing that the first time they meet will be on their wedding day.

How did these people make their choices? How do any of us make ours? Choice is a powerful tool to define ourselves and mould our lives – but what do we know about the wants, motivations, biases, and influences that aid or hinder our endeavours?

In *The Art of Choosing*, Columbia University professor Sheena Iyengar, a leading expert on choice, sets herself the Herculean task of helping us become better choosers. She asks fascinating questions: Is the desire for choice innate or created by culture? Why do we sometimes choose against our best interests? How much control do we really have over what we choose? Ultimately, she offers unexpected and profound answers, drawn from her award-winning, discipline-spanning research.

Here you'll learn about the complex relationship between choice and freedom, and why one doesn't always go with the other. You'll see that too much choice can overwhelm us, leading to unpleasant experiences, from 'TiVo guilt' over unwatched TV programs to confusion over health insurance plans. Perhaps most important, you'll discover how our choices – both mundane and momentous – are shaped by many different forces, visible and invisible. This remarkable book illuminates the joys and challenges of choosing, showing us how we build our lives, one choice at a time.

**Sheena Iyengar** is the S. T. Lee Professor of Business at Columbia University and a recipient of the Presidential Early Career Award. She holds an undergraduate degree from Wharton School of Business and a doctorate in social psychology from Stanford University. Her innovative research on choice has been funded by the Institute for Advanced Studies, the Jerome A. Chazen Institute of International Business, the National Science Foundation, and the National Institute of Mental Health. Her work is regularly cited in periodicals such as the *New York Times* and the *Wall Street Journal*, *Fortune* and *TIME* magazines, and in books such as *Blink* and *The Paradox of Choice*.

**The Facebook Effect:** The Inside Story of the Company That Is Connecting the World

David Kirkpatrick (Simon & Schuster)

*Publisher Synopsis*

There's never been a website like Facebook; more than 350 million people have accounts, and if the growth rate continues, by 2013 every Internet user worldwide will have his or her own page. And no one's had more access to the inner workings of the phenomenon than Kirkpatrick, a senior tech writer at *Fortune* magazine. Written with the full cooperation of founder Mark Zuckerberg, the book follows the company from its genesis in a Harvard dorm room through its successes over Friendster and MySpace, the expansion of the user base, and Zuckerberg's refusal to sell. The author is at his best discussing the social implications of the site, from the changing notions of privacy to why and how people use Facebook – increasingly it's to come together around a common interest or cause (the eponymous Facebook Effect). Though significantly more informative, thoughtful, and credible than Ben Mezrich's *The Accidental Billionaires*, it may be hamstrung by its late entry; the furore over Facebook has more or less subsided, and potential readers are more likely to be using the site than to be reading about its origins.

**David Kirkpatrick** was for many years senior editor for Internet and technology at *Fortune*, which he joined in 1983. He specialized in the computer and technology industries, as well as in the impact of the Internet on business and society.

He wrote cover stories about Microsoft, IBM, Apple, Sun, Intel, and numerous other subjects, features on subjects including Facebook, MySpace, Second Life, the safety of cell phones and Technology in China, plus his weekly 'Fast Forward' column. Kirkpatrick is regularly ranked one of the world's top technology journalists.

He grew up in the suburbs of Chicago, Los Angeles, and New York, with a year at age 11 in Lagos, Nigeria. He attended Amherst College.

He created *Fortune's* Brainstorm brand, beginning with a 2001 conference in Aspen that ran for five years. Now, with a group of former *Fortune* colleagues, he is organizing a conference and media company called Techonomy, focusing on the centrality of technology innovation for all spheres of human activity.

Kirkpatrick appears frequently as a technology industry expert on TV, radio, and Net video. He has been a member of the World Economic Forum's International Media Council, consisting of 100 of global media leaders, since 2006, and is a member of the Council on Foreign Relations.

**The Big Short:** Inside the Doomsday Machine

Michael Lewis (Allen Lane/Penguin Press UK, WW Norton & Co US)

*Publisher Synopsis*

*The Big Short* tells a story of spectacular, epic folly.

It has taken the world's greatest financial meltdown to bring Michael Lewis back to the subject that made him famous. His international bestseller *Liar's Poker* exposed the greed and carnage of the City and Wall Street in the 1980s; he wrote it as a cautionary tale, but people seem to have read it as a how-to guide. Now, he wants to settle accounts.

In this visceral tour to the heart of the financial system, Michael Lewis takes us around the globe and back decades to trace the origins of the current crisis. He

meets the people who saw it coming, the people who were asleep at the wheel and the people who were actively driving us off the cliff. How could we have all been so deluded for quite so long? Where did it all start? Was it systemic? Was it avoidable? And who the hell can we blame? No one is better qualified to get to the heart of this labyrinthine story. And no one can make it such an enjoyable ride along the way.

**Michael Lewis** was born in New Orleans and educated at Princeton University and the London School of Economics. He has written several books including the *New York Times* bestseller, *Liar's Poker*, widely considered the book that defined Wall Street during the 1980s. Lewis is contributing writer for the *New York Times Magazine* and also writes for *Vanity Fair* and *Portfolio* magazine. He is married with three children.

**More Money than God: Hedge Funds and the Making of a New Elite**  
Sebastian Mallaby (Bloomsbury, Penguin Press)

*Publisher Synopsis*

Wealthy, powerful, and potentially dangerous, hedge fund managers have emerged as the stars of twenty-first century capitalism. Based on unprecedented access to the industry, this first authoritative history of hedge funds shares the inside story of their origins in the 1960s and 1970s, their explosive battles with central banks in the 1980s and 1990s, and finally their role in the financial crisis of 2007–9.

Hedge funds reward risk takers, so they tend to attract larger-than-life personalities. Jim Simons began life as a code-breaker and mathematician, co-authoring a paper on theoretical geometry that led to breakthroughs in string theory. Ken Griffin started out trading convertible bonds from his Harvard dorm room. Paul Tudor Jones happily declared that a 1929-style crash would be 'total rock-and-roll' for him. Michael Steinhardt was capable of reducing underlings to sobs. 'All I want to do is kill myself,' one said. 'Can I watch?' Steinhardt responded.

A saga of riches and rich egos, this is also a history of discovery. Drawing on insights from mathematics, economics and psychology to crack the mysteries of the market, hedge funds have transformed the world, spawning new markets in exotic financial instruments and rewriting the rules of capitalism. And while major banks, brokers, home lenders, insurers and money market funds failed or were bailed out during the crisis of 2007–9, the hedge fund industry survived the test, proving that money can be successfully managed without taxpayer safety nets. Anybody pondering fixes to the financial system could usefully start here – the future of finance lies in the history of hedge funds.

**Sebastian Mallaby** is the Paul Volcker Senior Fellow in International Economics at the Council on Foreign Relations and a *Washington Post* columnist. He spent thirteen years at *The Economist* magazine, covering international finance in London and serving as the bureau chief in southern Africa, Japan, and Washington. He spent eight years on the editorial board of *The Washington Post*, focusing on globalization and political economy. His previous books are *The World's Banker* (2004), which was named an Editor's Choice by *The New York Times*, and *After Apartheid* (1992), which was a *New York Times* Notable Book.

**Too Big to Fail: The Inside Story of How Wall Street and Washington Fought to Save the Financial System – and Themselves**  
Andrew Ross Sorkin (Allen Lane/Penguin Press UK, Viking/Penguin US)

*Publisher Synopsis*

From inside the corner office at Lehman Brothers to secret meetings in South Korea, Russia and the corridors of Washington, *Too Big to Fail* is the definitive story of the most powerful men and women in finance and politics grappling with success and failure, ego, greed, and, ultimately, the fate of the world's economy.

"We've got to get some foam down on the runway!" a sleepless Timothy Geithner, the president of the Federal Reserve of New York would tell Henry M. Paulson, the Treasury Secretary about the catastrophic crash of the world's financial system would experience.

Through unprecedented access to the players involved, *Too Big to Fail* recreates all the drama and turmoil, revealing never-disclosed details and elucidating how decisions made on Wall Street over the past decade sowed the seeds of the debacle. This true story is not just a look at banks that were 'too big to fail', it is a real-life thriller about a cast of bold-faced names who themselves thought *they* were 'too big to fail'.

**Andrew Ross Sorkin** is the award-winning chief mergers and acquisitions reporter for the *New York Times*, a columnist, and assistant editor of business and finance news. He is also the editor and founder of DealBook, an online daily financial report. He has won a Gerald Loeb Award, the highest honour in business journalism, and a Society of American Business Editors and Writers Award. In 2007, the World Economic Forum named him a Young Global Leader.

#### **Notes to editors:**

The closing date for entries for The Financial Times and Goldman Sachs Business Book of the Year Award 2010, invited from publishers or bona fide imprints based in any country, was June 30, 2010. Entries were invited from publishers of business books in the English language first published between 31<sup>st</sup> October 2009 and 15<sup>th</sup> November 2010. The judges reserved the right to call in titles additional to the published list. Details of the Terms and Conditions are available from [www.ft.com/bookaward](http://www.ft.com/bookaward).

Previous winners of the Award are: Liaquat Ahamed for 'The Lords of Finance' (2009); Mohamed El-Erian for 'When Markets Collide' (2008); William D. Cohan for 'The Last Tycoons' (2007); James Kynge for 'China Shakes the World' (2006); and Thomas Friedman as the inaugural Award winner in 2005.

#### **About the Financial Times**

The Financial Times, one of the world's leading business news organisations, is recognised internationally for its authority, integrity and accuracy. Providing essential news, comment, data and analysis for the global business community, the newspaper, printed at 24 print sites across the globe, has a daily circulation of 390,228 (ABC figures September 2010), while FT.com has over 2.8 million registered users and 189,022 digital subscribers. The FT's combined print and paid digital circulation is 579,249 (Deloitte assured, October 2010) and it has a combined print and online average daily readership of 1.9 million people worldwide (PwC assured, November 2009).

#### **About Goldman Sachs:**

The Goldman Sachs Group, Inc. is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in London, Frankfurt, Tokyo, Hong Kong and other major financial centers around the world.

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