Even if you are suffering from financial-crisis-retrospective fatigue, you should still read Alan Blinder’s After the Music Stopped: The Financial Crisis, the Response, and the Work Ahead. But it is perfectly acceptable to skim the first three-fourths and jump straight to the final section, “Looking Ahead.”

Time, after all, is short. 2013 was chock-full of five-year reminiscences and ruminations on the financial crisis. Lehman Brothers, AIG, “breaking the buck,” and TARP—been there, read that.

As a service to readers, here is a synopsis of After the Music Stopped, Parts 1-3: The crisis was caused by a housing bubble and a bond bubble; too much leverage; too little financial market supervision and regulation; too much complexity and opacity in financial instruments; the shadow banking system; and “disgraceful” subprime lending practices. Financial market reform is messy and continues.

The first sections I just described of After the Music Stopped unfold in mostly chronological and highly readable form. Unlike journalists who deal mostly in he-said/she-said accounting, Blinder focuses his attention on explaining the origins of the crisis. Readers looking for insider gossip would do better with David Wessel’s In Fed We Trust and Henry Paulson’s On the Brink. In taking time to carefully explain the “why” of the past, Blinder builds a coherent bridge to the future.

Our reviewer says this book is a keeper, with lasting importance about the origins of the financial crisis and 10 financial commandments for the way forward.
Now that you are caught up, we can discuss the lasting importance of *After the Music Stopped*. Even a year after its publication, the issues Blinder explores in his wrap-up section remain relevant and, for the most part, sadly unaddressed.

Blinder is a decorated Princeton University economist, author of multiple textbooks, and a former Federal Reserve governor and White House adviser. In other words, Blinder has a neat combination of academic chops and political savvy. This is no campus-bound theoretical discussion with little connection to the real world. Blinder speaks with the versatility of a man who can write a complicated model on a whiteboard, explain it in accessible terms in a *Wall Street Journal* op-ed, and then bring it to life in a back-room deal on Capitol Hill.

Although the initial mess from the financial crisis fallout has been cleaned up, there remains a lot on America’s to-do list. In the final sections, Blinder summarizes the lessons learned in a list of “10 Financial Commandments,” which include things like: people are forgetful, self-regulation doesn’t work, too much leverage is a bad thing, avoid complexity, and protect consumers. That these lessons are delivered so clearly is testament to Blinder’s skill as an analyst and communicator—he makes the causes of the financial crisis sound simple, or at least understandable.

Then, Blinder puts on his pragmatic policymaker hat with some rules of thumb for the way forward: Don’t try to do too much at once; explain yourself; set expectations low; and pay attention to the zeitgeist (i.e., people’s attitudes, prejudices, and misconceptions). These are words of wisdom from an experienced Washington hand.

Blinder doesn’t rely on vague heuristics, of course. He identifies health care costs as the single most crucial long-run problem for America to solve. He notes that the Federal Reserve’s bloated balance sheet puts us in uncharted and dangerous territory. The moral hazard problem (loosely, too big to fail) seems unlikely to be settled even with reforms under Dodd–Frank. And he faults everybody for letting the foreclosure epidemic inflict lasting damage on neighborhoods across the country. All of this is supported by data and tables presented in easily digestible bites.

Overall, Blinder doesn’t forecast economic ruination or redemption. He mostly acknowledges the challenges awaiting anyone wanting to take on seriously the enduring problems: “The experience in the United States in the years since the bubbles burst has been tremendously costly; the heavy price we paid was certainly too high for whatever we learned. But we did learn something. And we need to remember those lessons the next time big financial ructions strike. Sadly, the forgetting has already begun.”

**Blinder focuses his attention on explaining the origins of the crisis.**

Some critics of *After the Music Stopped* have called out Blinder for being overly optimistic about the government’s ability to make things better. And it is true that where others see opportunities for market discipline, Blinder observes the need for stepped-up government intervention. The essential paradox of the entire financial crisis episode, Blinder says, was that the government emerged as the villain, even as it was under-regulated markets that caused the crash and government that saved the day.

Another view of Blinder is that as an economist, he is pretty middle-of-the-road. It’s a sign of the times — and a cautionary note about the difficulty of finding common ground on the work ahead — that he is viewed as anything else.

Extras worth checking out in the book:

- Helpful sidebars explaining economic and financial terms such as “moral hazard” and “insolvency versus illiquidity.”
- A table highlighting the major events leading up to and during the financial crisis.
- A reference to the Cleveland Fed’s Joe Haubrich’s early work on understanding financial market “toxic waste.”