

Fox, Justin. The myth of the rational market: a history of risk, reward, and delusion on Wall Street. HarperCollins, 2009. 382p index ISBN 9780060598990, \$27.99

In *Myth*, respected editor and columnist Fox pits two heavyweight adversaries against each other: creators and adherents of the rational market versus their skeptical behavioral finance opponents. Scholars from many fields have produced a slew of recent books on individual and market rationality. Of those, *Animal Spirits*, by George Akerloff and Robert Shiller (CH, Jul'09, 46-6301), and *The Irrational Economist*, ed. by Erwann Michel-Kerjan and Paul Slovic (CH, May'10, 47-5135), are the closest to this book by virtue of their main focus--macroeconomics and risk management, respectively. But Fox's volume, with its tantalizing chronological exploration of the eggheads and practitioners (from Irving Fisher and Paul Samuelson to Gene Fama, Fisher Black, Robert Shiller, Warren Buffett, and Alan Greenspan) and ideas (random walks, the efficient market hypothesis, portfolio and option pricing) will bring smiles and tears to readers' faces and should be a required complement for anyone interested in these debates. Given that Fox is quite objective, this reviewer's only quibble is with the title: "Myths and Realities ..." might have been more descriptively accurate, but then the book would have sold less well, perhaps adding emphasis to those who believe in well-informed, rational decision makers. Summing Up: Highly recommended. General readers; students, upper-division undergraduate and up; researchers; professionals. -- A. R. Sanderson, University of Chicago