

"At last, a real book by a real risk-taking practitioner. You cannot afford not to read this!"

—Nassim Nicholas Taleb, Author of *The Black Swan*

"Investors of all kinds will find immeasurable value in this convincing and thoroughly researched book where Mark champions the roundabout."

—Paul Tudor Jones II, Founder, Tudor Investment Corporation

The
DAO
of
CAPITAL



Austrian Investing *in a*
Distorted World

FOREWORD BY RON PAUL

MARK SPITZNAGEL

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—**Nassim Nicholas Taleb**, Author of *The Black Swan*

“Investors of all kinds will find immeasurable value in this convincing and thoroughly researched book where Mark champions the *roundabout* of Austrian capital theory. Using thought-provoking examples from both the natural world and the historical world, *The Dao of Capital* shows how a seemingly difficult immediate loss becomes an advantageous intermediate step for greater future gain, and thus why we must become ‘patient now and strategically impatient later.’”

—**Paul Tudor Jones II**, Founder, Tudor Investment Corporation

“A timely, original, right-economic principles and history-based approach to investing. Drawing on impressive philosophical building blocks, *The Dao of Capital* illuminates the wellsprings of capital creation, innovation and economic progress. It also makes the point that government intervention to ‘help’ the economy is as destructive as the now-discredited policy of suppressing forest fires. Dazzling!”

—**Steve Forbes**, Chairman and Editor-in-Chief, Forbes Media

“This is a magnificent, scintillating book that I will read over and over again. It provides a theoretic and practical framework for understanding the insights of all the greats that a student of markets will encounter—Soros, Baldwin, Klipp, Buffett, Cooperman (albeit these greats might not realize or acknowledge it). It teaches you things about war, trees, martial arts, opera, baseball, board games. Every page is eye-opening, with numerous areas for testing and profits in every chapter. I will share the book with all my traders, friends, and circles of influence. Here’s an unqualified, total, heartfelt recommendation, which coming from me is a rarity, and possibly unique.”

—**Victor Niederhoffer**, Author of *The Education of a Speculator*

“*The Dao of Capital* is an impressive work. Spitznagel’s approach is refreshing—scholarly without being tedious. What a broad look at economic history it provides!”

—**Byron Wien**, Vice Chairman, Blackstone Advisory Partners LP

“Wall Street gamblers who believe the Fed has their back need to read this book. Mark Spitznagel provides a brilliant demonstration that the gang of money printers currently resident in the Eccles Building have not repealed the laws of sound money nor have they rescinded the historical lessons on which they are based.”

—**David Stockman**, Former U.S. Congressman, Budget Director under Ronald Reagan, and Author of *The Great Deformation*

“We live in a world warped by faulty assumptions and bad policies. Conventional wisdom explains very little because it’s more convention than wisdom. Mark Spitznagel assembles the best insights in human nature and economics to bring order out of the chaos. Economists, investors and lay persons alike will find abundant treasures in *The Dao of Capital*, one remarkably useful and exciting book!”

—**Lawrence Reed**, President, Foundation for Economic Education and
President Emeritus, Mackinac Center for Public Policy

“Spitznagel’s excellent book is a powerful presentation of how monetary policy deceives entrepreneurs and investors into making poor investing decisions. I highly recommend *The Dao of Capital* as a guide to avoiding these deceptions and thus to better investment results. As Mark says, in my native tongue, ‘*Wir sind jetzt alle Österreicher*.’”

—**Marc Faber**, Publisher of *The Gloom, Boom & Doom Report*

“In *The Dao of Capital*, Mark Spitznagel stresses sound analytical foundations combined with shrewd strategic thinking to provide the reader with a broad philosophy of investing, where understanding the process that puts you in a position to win is more important than simply stating the goal of winning. The Austrian economics he employs unlocks not only the mystery of market coordination, but explains clearly the distortionary consequences of the manipulation of money and credit. Spitznagel guides the reader, not with point predictions, but with pattern predictions and strategic positioning for long run success in wealth creation. I greatly recommend this book.”

—**Peter Boettke**, Professor of Economics and Philosophy,
George Mason University

“Mark Spitznagel has done a remarkable job summarizing, synthesizing, and extending the great Austrian tradition, and weaving it into a wonderful set of practical lessons. What’s more, he is a great writer and storyteller in the tradition of Bastiat, Hazlitt, and Rothbard, bringing subtle and sometimes complex ideas to life with memorable examples and sparkling prose. Highly recommended!”

—**Peter Klein**, Professor of Applied Economics, University of Missouri and Carl
Menger Fellow, Ludwig von Mises Institute

“In *The Dao of Capital*, Mark Spitznagel has undertaken a sweeping study of the Austrian School and its correlative thought throughout history. A highly successful investor, Mark brings Austrian economics from the ivory tower to the investment portfolio, by demonstrating that its principles of capital, roundabout production, and free markets can and indeed should be applied to entrepreneurial investment.”

—**Ron Paul**, Former U.S. Congressman (from the Foreword)

THE DAO OF CAPITAL

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AUSTRIAN INVESTING IN A
DISTORTED WORLD

MARK SPITZNAGEL

WILEY

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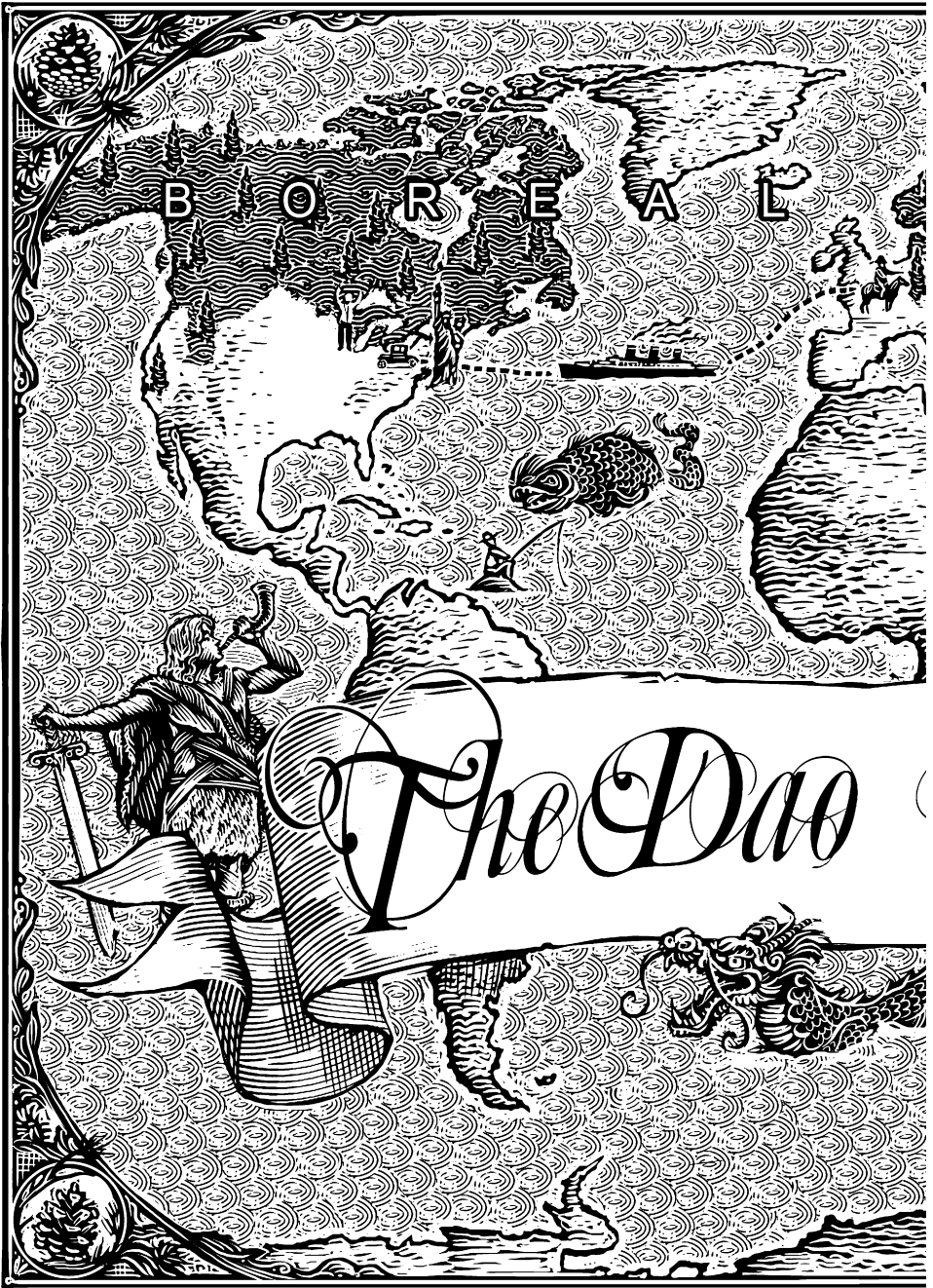
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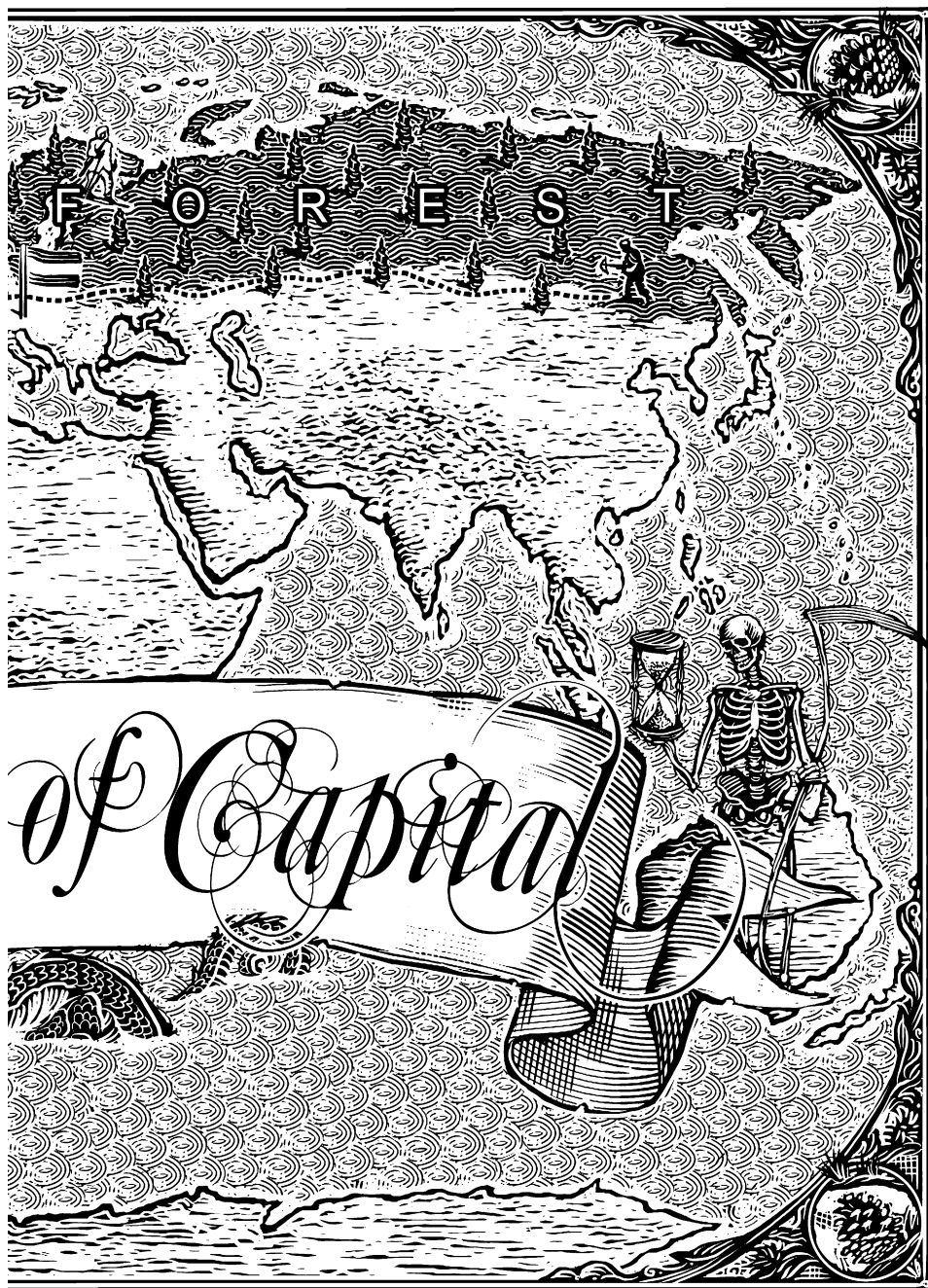
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*To my Kinder,
Edward and Silja—
My Grand Shi Strategy*





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