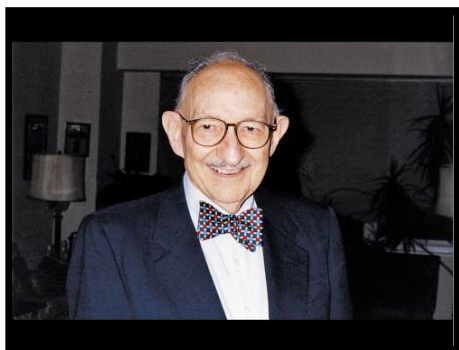


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Peter Bernstein, Consultant, 'Capital Ideas' Author, Dies at 90

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By David Wilson



June 8 (Bloomberg) -- **Peter L. Bernstein**, an economic consultant and historian whose prolific writing built a bridge between academic theory and practice in the financial world, has died. He was 90.

He died after contracting pneumonia, according to the New York Times, citing his family.

Bernstein had run his New York-based consulting **firm** and produced Economics & Portfolio Strategy, a twice-monthly newsletter, since 1973. The publication's readers own or manage more than \$5 trillion, according to the firm's Web

site.

He wrote 10 books on economics and finance, including "Capital Ideas: The Improbable Origins of Modern Wall Street" (1991), which is considered a landmark work on modern investment theories and practices.

"In Wall Street's herd of narrow and twitchy minds, he is patient wisdom personified," Money magazine wrote about Bernstein in 2004. "Over the vast sweep of his long career, he has probably learned more about more aspects of investing than anyone else alive."

Bernstein brought an investor's perspective to his writing. Before starting his namesake firm, he spent 16 years working at Bernstein-Macauley Inc., an investment company co-founded by his father. He also worked as chief investment strategist at Cogan, Berlind, Weill & Levitt Inc., whose principals included future Citigroup Inc. Chief Executive Officer **Sanford Weill**.

"The biggest mistakes I made were after I was right," he once said in an interview when asked about his investing. "I overstayed positions," or owned securities too long.

Top Honor

Bernstein won the Association for Investment Management and Research's highest honor, the Award for Professional Excellence, in 1997. The group, now known as the **CFA Institute**, promotes education for investment professionals.

The association also presented him with the James R. Vertin Award, recognizing his body of research, in 2000, and the Graham & Dodd Award, given each year for the most outstanding article in the Financial Analysts Journal, in **1997** and **2002**.

Peter Lewyn Bernstein was born in Manhattan on Jan. 22, 1919, to Allen M. and Irma Bernstein. He went to high school at the Horace Mann School for Boys in Riverdale, New York.

At Harvard University, where he was a classmate of **John F. Kennedy's**, he majored in political science before switching to economics. He received a bachelor's degree, magna cum laude, in 1940 and was elected to the Phi Beta Kappa academic honor society.

New York Fed

After graduation, he joined the **Federal Reserve Bank of New York** as a research assistant to John Williams, who had taught him at Harvard. He then moved to Washington and served in a civilian capacity at the Office of Strategic Services, the Central Intelligence Agency's predecessor.

Bernstein served in the Air Force during World War II, reaching the rank of captain. He was stationed in London, where he gathered intelligence on Europe's economy.

His postwar career started at Williams College in Williamstown, Massachusetts, where he taught economics for a year. He then spent five years at a commercial bank in New York before joining Bernstein-Macaulay in 1951.

Bernstein became chief executive officer of Bernstein-Macaulay after his father died. He sold the investment company to Weill's firm, then known as Carter, Berlind & Weill Inc., in 1967 and stayed there until he struck out on his own.

Journal Founder

By the time Bernstein began his consulting firm, he had written three of his books on economics and finance. The first was "The Price of Prosperity," published in 1962. "A Primer on Money, Banking and Gold" followed in 1965 and "Economist on Wall Street" in 1970.

In 1974, he founded the **Journal of Portfolio Management**, a monthly digest of scholarly articles on institutional investing. He was the first editor of the journal and later served as a consulting editor.

Institutional Investor Inc., the journal's owner, put out three books by Bernstein: "Portfolio Management and Efficient Markets" (1977), "Security Selection and Active Portfolio Management" (1978) and "International Investing" (1983)."

His best-known work, "Capital Ideas," outlined the development of theories on risk, returns and valuation and explained how they were put into practice. Seven years later, "**Against the Gods: The Remarkable Story of Risk**" recounted the history of efforts to manage risk, starting in ancient Greece.

Erie Canal

Bernstein returned to the subject of gold with "The Power of Gold: The History of an Obsession" (2001) before coming out with "Capital Ideas Evolving" in 2007, which showed how money managers built on the concepts he profiled in his seminal work 16 years earlier.

In between those two books, he took a detour into U.S. history. "**Wedding of the Waters: The Erie Canal and the Making of a Great Nation**," published in 2005, showed how the building of the canal played a key role in the country's development.

Articles written by Bernstein appeared in the Harvard Business Review and the Financial Analysts Journal as well as the Wall Street Journal, the New York Times and Worth magazine.

Bernstein also co-wrote two books about U.S. government finance with **Robert L. Heilbroner**, a classmate at Harvard who died in 2005, and edited or co-edited five others.

As an adjunct professor at the **New School for Social Research** in New York, Bernstein taught economics to graduate students. He also served as a trustee of the College Retirement Equities Fund, part of TIAA-CREF, which manages money on behalf of college and university professors.

Survivors include his wife, Barbara, who was also his business partner, and her grandson and three great grandchildren. He had a previous wife, Shirley, who died in 1971.

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