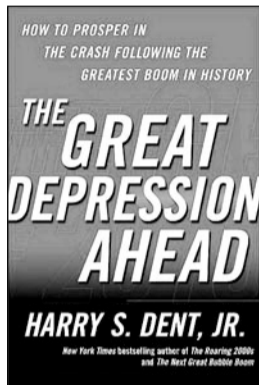


Business Books
TOP FIVE USA

1 The Snowball

In this compelling bio of Warren Buffett, one image stands out: a childhood portrait with his favorite toy — a moneychanger.
Alice Schroeder | Bloomsbury Publishing 2008 | 976 pg. | ISBN: 9780747591917

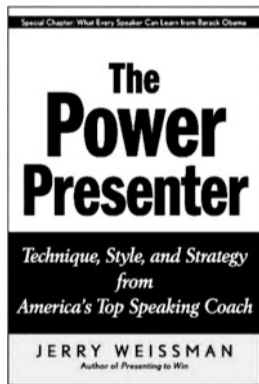


2 The Great Depression Ahead

Harry S. Dent tells you what issues will matter and what investment strategies you will need in the tough times ahead.
Harry S. Dent, Jr. | Copyright © 2008 by Harry S. Dent, Jr. Reprinted by permission of Free Press, a division of Simon & Schuster, Inc., N.Y. 2009 | 400 pg. | ISBN: 9781416588986

3 A Splendid Exchange

Columbus didn't find India, but he opened a new chapter in world trade; for more gripping chapters, sail on.
William J. Bernstein | Atlantic Books 2008 | 400 pg. | ISBN: 978-1843546689



4 The Power Presenter

Everything you need to know about making presentations — from where to stand to how to persuade your audience
Jerry Weissman | Wiley 2009 | 272 pg. | ISBN: 9780470376485

5 Bad Money

A devastating critique of U.S. politics and economics in the supposed twilight of the American empire.
Kevin Phillips | Viking Press 2008 | 256 pg. | ISBN: 9780670019076



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Behind America's ravenous rush to the precipice



Wan Lixin

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MANY are the books today dedicated to the unfolding economic crisis, but Kevin Phillips' new work is notable in its attempt to explicate the hidden intentions and motives.

By comparison most politicians and economists prefer to take refuge in obtuse figures and technicalities that are always abundantly available in hindsight.

Thus, Phillips' "Bad Money: Reckless Finance, Failed Politics, and the Global Crisis of American Capitalism" is very accessible to the general readership.

The book focuses on the disproportionate role of finance and oil dependence in the US economy, and concludes that America's political establishment is ill-equipped to meet the challenges of this crisis and beyond.

Although the work was published last year just before the American presidential election, the author looks beyond the immediate storm and seeks parallels in past empires.

"The most worrisome thing about the vulnerability of the US economy circa [September] 2008 is the extent of official understatement and misstatement — the preference for minimizing how many problems there are and how interconnected they are," Phillips observes.

The causes for this are the growing dominance of finance in the US

economy, its deficit and its indebtedness. The financial sector equals more than a fifth of the US GDP, while manufacturing is only a bit more than a tenth.

The government is unwilling to confront the facts because the financial sector and the politicians are mutually supportive.

"Adam Smith would have been amazed at the new financial services sector and its close interconnection with government, politics and power," Phillips claims.

The bottom line for both parties is fundraising, or money — this transcends bipartisan differences.

Thus, both parties are aggressively currying favor with powerful financial interests.

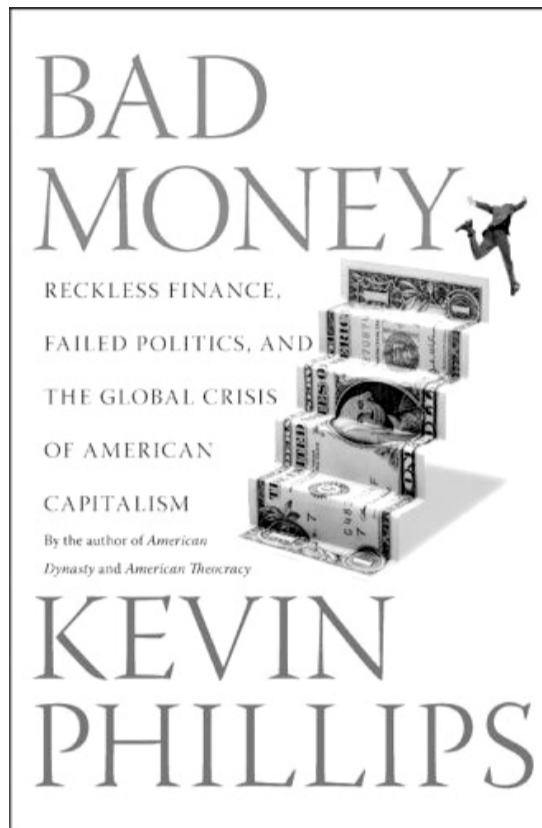
This also explains why the much-anticipated and hyped American bailouts of banks and financial institutions just provide another excuse for playing the old game of transferring money from those at the bottom to those at top, what Joseph Stiglitz calls "trickle-up economics."

The US dependence on oil is also a grave problem.

During the last century, abundant domestic oil sustained the lavish American way of life, but now it is dangerously dependent on oil produced and controlled by increasingly "hostile" entities.

Its greed for oil has been the major driver of US Middle East policies.

"Some opinion leaders in oil-producing nations believed that the invasion of Iraq mirrored a US



blueprint to pump and market large quantities of Iraqi oil ... to break OPEC and drive down petroleum prices," Phillips observes with great penetration.

He goes on to add that denying this motive is often wise, and sometimes necessary.

But it is unfair to say that President George W. Bush had committed an atrocity.

Great Britain invaded the neighborhood of Iraq in World War I and in 1941. The US stirred up a coup in Iraq in 1959.

The political alignment with strong

vested interests and American appetite for oil means that real reforms are out of the question.

As oil reserves are being depleted, and its production may have already peaked in 2005, the US is teetering on the brink of disaster. Before that, the struggle for oil will intensify.

Of course, these hidden motives can always be white-washed or camouflaged by citing economic or religious principles.

"Looking back a decade ... a perverse incarnation of millennial utopianism crested in ... 'market triumphalism' — the belief that history was 'ending' because near perfection has been achieved through the enthronement of English-speaking democratic capitalism," it says.

A higher form of vindication manifests itself in the "prosperity gospel," which preached to its eager, often uneducated, blue-collar con-

gregants that god wanted them to be rich, and would answer their prayers with prosperity.

Given these insights, the rescue the author recommends sound less convincing.

Phillips strikes an optimistic note by proposing that a re-emphasis on wealth creation through manufacturing, education and political reform may allow the US to step back from the brink of decline and recover.

Unless the US conducts a soul-searching examination of its ravenous lifestyle, and reform, any remedy is makeshift and simplistic.

A golden oldie spins tale of gold, dollars

Wan Lixin

PETER Bernstein's "A Primer on Money, Banking and Gold" is an old book first published in the mid-1960s.

Ironically this vintage feature actually enhances its relevance today.

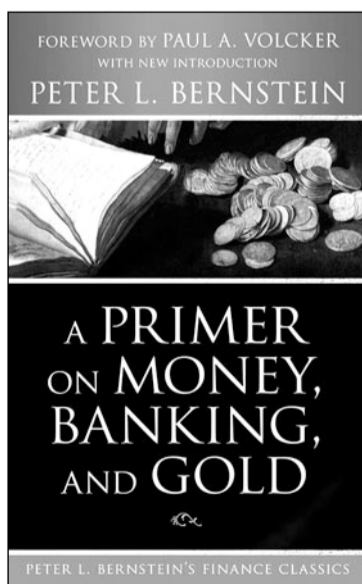
It is worth revisiting Bernstein's simple explanation of the fundamental workings of the Federal Reserve and the role of commercial banks, as the drama of "boom and bust," or "boom and Armageddon," is unfolding.

In this learned but accessible classic the author explains what creates and destroys money, how the Federal Reserve interacts with banks, and what role gold has played in global finance.

When the book was published, the Bretton Woods system that stabilized international currency around the gold-backed US dollar was still in place.

In 1971, US President Richard Nixon decided that those who held American dollars could no longer exchange them for gold.

That was when the United States needed money to support the Vietnam War, and its overseas investments.



With the end of gold convertibility, there was practically no check on spending by the United States — as there is now no fear of gold outflow.

All it needs to do is to turn on a printing press at the US Mint.

This new system has fueled hectic

global growth and a global assets bubble that was mistaken for prosperity, and in that "prosperity" were planted the seeds of the economic devastation.

As Joseph Stiglitz said recently, "It's clearly a very strange global economic phenomenon, that the global economic system requires the richest country to consume beyond its means to keep the global economy growing."

But politicians, economists, and market participants are too busy to be disturbed by these underlying imbalances — politicians are eyeing the next election, economists are paralyzed by negative GDP growths, and CEOs are concerned with their quarterly earnings.

China's central bank governor Zhou Xiaochuan recently suggested the need to create a "super-sovereign reserve currency" instead of using the currency of one nation as the global reserve currency.

A UN panel of financial experts also called for a basket of currencies to replace the greenback.

But US President Barack Obama said at a press conference last week that confidence in the US economy and

the dollar was "extraordinarily strong" and that he did not believe there was a need for a global currency.

What the US has done recently clearly does not encourage that kind of confidence.

Obama's astronomical economic stimulus plans is weakening the dollar, and eating into China's mammoth foreign reserve holdings.

As Bernstein says in the book, "Regulation of the supply of money ... is intimately involved with our prosperity and with our social tranquility ... a subject with the broadest political and economic implication."

There is little hope of the US willingly addressing deeper problems, even in a crisis.

At Stiglitz said, the deeper problem of the current crisis is the growing economic inequality as money and assets are moving from those who can spend it at the bottom to those who cannot spend it at the top.

A fundamental solution would mean the US would have to stop using global trade to plunder poor countries' resources and money to finance its destructive lifestyle.