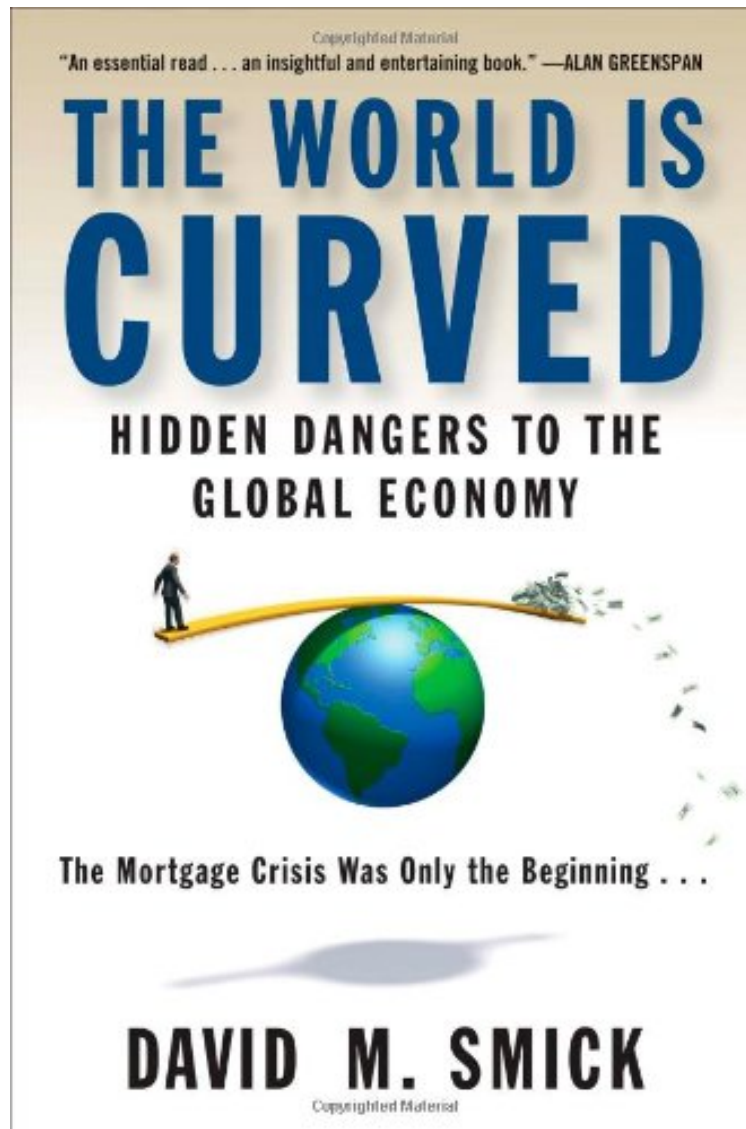


(Ebook pdf) The World Is Curved: Hidden Dangers to the Global Economy

The World Is Curved: Hidden Dangers to the Global Economy

David M. Smick

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David M. Smick : The World Is Curved: Hidden Dangers to the Global Economy before purchasing it in order to gage whether or not it would be worth my time, and all praised The World Is Curved: Hidden Dangers to the Global Economy:

6 of 6 people found the following review helpful. Offers Tremendous Insight to Today's Economic ChallengesBy CustomerDavid Smick's excellent book offers an insider's view of our current financial calamity mixed with a healthy dose of economic theory. This combination makes for a book that is both a page turner and instructive.Specifically, Mr. Smick makes several key points. These points are especially relevant given the current political tides we are

experiencing in the United States: First and foremost, he makes a very cogent and compelling argument for the importance of free trade. As opposed to more academic arguments for free trade such as those found in a macroeconomics textbook replete with supply and demand graphs, his case is made from first hand experience as an advisor to large hedge funds and proprietary trading departments of major financial institutions. Especially refreshing is his lack of bias toward one political party. Though having a belief system some might see as conservative, he credits the Clinton administration with doing an outstanding job of promoting free trade and positioning America as a country friendly to business in the modern international arena. (In fact, Mr. Smick argues persuasively that Bill Clinton was even more of a free-trader than Ronald Reagan, and that the U.S. political community, if it rejects free trade and the free market, is at risk of creating a global financial disaster.) In a time of great stress in the U.S. economy, which has led to unprecedented Government intervention, the free trade message and pro-capitalistic message is especially important and urgent. But it is Mr. Smick's real world experience that drives all this home. He fills his book with many first hand accounts of dealing with those in the inner circles, such as Alan Greenspan and Japan's Finance Minister Hashimoto. Here is an example: He discusses how hedge fund managers' earnings, which have been ridiculously prodigious, are taxed as capital gains rather than ordinary income. This amounts to a big tax break for already highly compensated individuals and sounds patently outrageous. But Mr. Smick then points out that were this tax law changed, in the flat global environment we live in, the hedge funds could with little more than a flick of a switch relocate overseas. And then the U.S. would get zero tax revenue and lose out completely. Second, he emphasizes the importance of maintaining an environment in which the US is friendly to entrepreneurial capital. He cautions against over-regulation of the financial markets, and argues that America's past success has stemmed precisely from Wall Street's cowboy like approach to risk and fast reactions to market developments. Regarding taxation, he emphasizes that during a period of fiscal imbalance, it is easy to resort to class warfare and raise taxes on the wealthy. He takes Warren Buffett to task for supporting massive tax hikes conveniently after Mr. Buffett has accumulated his fortune. The danger of class warfare is that everyone loses as the US becomes less competitive as a place to attract capital and locate businesses worldwide. Third, his concept is the world is "curved" in that one, no matter how smart or well informed, can see over the horizon. With massive oceans of global capital flowing around the world today under free market conditions, the economy becomes quite volatile and impossible to prognosticate - like the weather. This is brought home by the speed and surprise of the magnitude of the world economic disaster that recently began with a small crisis in the US subprime real estate market. And I find an additional meaning in the "world is curved" metaphor: Perhaps things are more complicated than they seem, and easy answers (like the Government bailouts and calls for increased regulation of the financial markets) may not be as clear cut as one would think. Fourth, Mr. Smick examines several foreign countries, including Japan and China. Especially enlightening is his look at China, which he sees as a kind of totalitarian bureaucratic oligarchy, and his view of China's future, which is rather pessimistic compared to many more rosy forecasts. I recommend this book. It throws light on the most difficult issues facing us today. It corresponds with my view that for America to prosper economically, it is necessary to make the US a competitive place for business to locate and operate. If not, America will continue to lose wealth and jobs to our global competitors.

3 of 4 people found the following review helpful. world is curved
By Richard N. Stretton
excellent book about the current economic and credit crisis- what to do and what not to do in solving it. the future dangers (and possible opportunities ?) are discussed as is the dangerous disconnect between the political system and economics, somewhat mirroring Friedman's ideas in "The Earth is Flat." The dangerous delusion that impotent governments and central banks can control economies and credit with oceans of money that can move anywhere virtually instantly with a mouse click is discussed.

3 of 5 people found the following review helpful. Wide ranging, authoritative, timely, insightful
By John E. Drury
Smick goes beyond the mainstream media's elements of subprime crisis 101 and focuses on the crisis as a phenomena of international economics, global liquidity and money flow. Prescient, he fingers potential weakness in China banking, the withering of power of central banks, the huge growth of global liquidity, a possible repeat in the US of a Japanese banking scandal as in the 1990s, the rapid movement of money across borders and a credible even handed explanation of the deft monetary management and policies of Alan Greenspan. Mixing personal anecdotes and conversations with the world bankers and investment leaders, his sharp analysis and criticism is coupled with a centrist viewpoint tied to a strong advocacy for free market economic policy. His support for entrepreneurial initiative is convincing and highly readable. Defending the free trade policies of Reagan and Clinton and warning of the threat of class warfare, he targets the greed of the Wall Street bankers and their "off the books" securitization as the root cause of a lack of trust in the financial world today. Sensing a Democratic takeover in November, he warns against the recent populist attacks on free trade and governmental overregulation and interference. This is a book chocked filled with good sense and sound advice.

David Smick keeps a low profile, but experts consider him one of the most insightful financial market strategists in the world. For more than two decades, he has conferred with central bankers (such as Alan Greenspan and Ben Bernanke) and advised top Wall Street executives and investors, from George Soros to Michael Steinhardt to Stan Druckenmiller. Political leaders (from Bill Bradley to Jack Kemp) have regularly sought his policy advice. The World Is Curved picks

up where Thomas Friedman's *The World Is Flat* left off, taking readers on an insider's tour through the private offices of central bankers, finance ministers, even prime ministers. Smick reveals how today's risky environment came to be—and why the mortgage mess is a symptom of potentially far more devastating trouble. He wrestles with the two questions on everyone's mind: How bad could things really get in today's volatile economy? And what can we do about it? Drawing on riveting anecdotes in language anyone can understand, Smick explains: Why the churning cauldron we call China (the next great bubble to burst) represents a powerful threat to everyone's pocketbook; How Japanese housewives have taken control of their nation's savings, and why it matters to us; How greed-driven bankers and investment bankers have put everyone's pensions and 401(k)s at risk; Why today's "incredible shrinking central banks" may not be able to save us when the next crisis hits; Why the big-money Russian, Chinese, Saudi, and Dubai sovereign wealth funds represent a tectonic shift in global financial power, away from the United States, Europe, and Japan; Why the world desperately needs a "big think" financial doctrine to guide today's dangerous ocean of money. *The World Is Curved* is the rare book that speaks simultaneously to the Wall Street, Washington, and London elite, yet its apt storytelling shows Main Street readers how to survive in these turbulent times.

From Publishers Weekly: With this illuminating book, Smick revisits Thomas Friedman's description of the "flat" world produced by globalization, arguing instead that the uncertainty produced by globalized financial markets has created a world that is curved, where events and their consequences are unpredictable. Smick begins with a puzzle: why did the subprime mortgage crisis, an event that directly impacted a relatively small piece of the global market, have such a catastrophic impact on the world market as a whole? From there, the author turns to topics as complex and varied as the potential 21st Century Chinese financial bubble and the policy dilemmas currently facing the Fed. Throughout the book, the author returns to the argument that political trends are increasingly at odds with the forces driving the globalized world economy. Smick brings expertise and lucidity to many difficult subjects, and while his book's appeal will likely be limited to those with some background in the field, it will undoubtedly stir interest and debate amongst investors, policymakers and strategists alike. Copyright © Reed Business Information, a division of Reed Elsevier Inc. All rights reserved.

From School Library Journal: The 2007–08 subprime financial crisis is the jumping-off point for Smick's (Johnson Smick International) examination of current threats to global prosperity. He explains that although the subprime losses are small in the context of world financial markets, a lack of transparency has diminished investor confidence, dried up financial liquidity, and threatened the very foundations of our world financial system. He says that the growth of global financial markets has made it more difficult for central banks like the U.S. Federal Reserve to intercede effectively in times of crisis. Smick compares the subprime crisis to past events like the UK's forced devaluation of the pound in 1992 and Japan's economic stagnation in the 1990s. He warns of pending dangers like an overheating of the Chinese development juggernaut and the present calls for protectionism by U.S. politicians. He favors a global financial system built on transparency and trust. Smick's role for some 30 years as an economic adviser to central bankers and legislators of all stripes gives him a solid perspective on the global financial system. This summing-up of the subprime debacle and other global financial threats, aimed at general readers, is first rate; highly recommended for all public and academic libraries.—Lawrence Maxted, Gannon Univ. Lib., Erie, PA Copyright © Reed Business Information, a division of Reed Elsevier Inc. All rights reserved.

"*The World Is Curved* is an essential read for those who wish to understand the workings, politics, and distresses of the global financial system. David Smick has done an outstanding job in drawing on his interactions with many of the key players in international finance to produce an insightful and entertaining book." —Alan Greenspan, former chairman of the Federal Reserve Board; author of *The Age of Turbulence* "David Smick understands, as few do, that international finance depends on politics and passions as much as on policies. Agree or disagree, his sense of where we have been and where we are going deserves close attention. He writes in a way that makes giving close attention a pleasure." —Lawrence H. Summers, former U.S. secretary of the treasury "Smick is a world-class thinker. Any serious investor must read what he has to say." —Barton M. Biggs, Traxis Partners; author of *Hedgehogging and Wealth, War, and Wisdom* "*The World Is Curved* makes transparent all the challenges facing today's new global economy. Read along while Smick exposes the hidden global economic dangers and what steps must be taken to correct an imperfect system." —Bill Bradley, former U.S. senator "The *World Is Curved* affords an engrossing look at the edifice upon which global finance has been built. It's a vision we ignore at our peril." —George P. Shultz, former U.S. secretary of state "This is a very inspiring and intellectually stimulating book that makes remarkably transparent a number of factors behind the booms and busts of today's global finance." —Jean-Claude Trichet, president, European Central Bank "The *World Is Curved* is a brilliant, if disturbing, exposé of today's global financial minefields and an equally compelling description of possible remedies. The next president would do well to read this book." —Lawrence Eagleburger, former U.S. secretary of state