

Losing Control- The Emerging Threats to Western Prosperity
By Stephen D. King:

Strong, smug biases mar an otherwise thoughtful book.

Let me name the biases. Pro-integration, pro income redistribution, naive belief in the ability of all people to benefit from education, constantly thumping the West for its contribution to global warming. Several times he equates Halliburton with the East India Company. Wish he had more examples, and I wish he were right! I was a Halliburton shareholder, and we didn't get rich through their support of the Iraq war. A personal aside – Halliburton owns RMK-BRJ (formerly Raymond-Morrison Knudson – Brown Root Jamison) which did extensive, and reasonably competent, logistics support in Vietnam. Halliburton is one bogeyman that everyone who wishes to discredit Bush's motives pulls out of the closet. The Iraq war is stupid, but involving Halliburton wasn't done in the interests of "state capitalism." They were simply the only company clearly qualified for the job, in a situation in which a contract had to be let quickly. The bottom line is that King didn't need to use this soapbox to flog all of his politically correct notions.

He correctly identifies the demographic disaster facing the wealthy nations – simply no kids. He naively assumes, no, argues that immigrants can fit into society and take roles interchangeably with the native born. This has certainly been true of examples he cites, such as Ukrainian Jews, Chinese and Southern Europeans as a group. It is worth noting that, freed of governmental constraints, these peoples are doing quite well in their lands of origin. The situation is not true of the countries now contributing immigrants. Africa, north and south, and Latin America have remained poor throughout their histories, with the exception of the southern cone areas established by Europeans and Japanese, however benign their governments. Unbounded immigration is an irreversible experiment, currently underway. One hopes that King's optimism about the outcome is well placed, but the evidence doesn't go that way. Encouraging it hardly seems like the prudent path.

All this out of the way, he does a good job of describing the limitations of central bankers and the difficulties governments, especially democratic, face in maintaining financial discipline. Also the many ways in which markets are not and have not been free, but are rather dominated by state interests, even in supposedly free societies. The alarm he sounds regarding corpulent westerners' comfortable retirements rings true. Also the notion that the US must in essence devalue its currency, discounting China's and other countries' vast holdings of US debt, because the US taxpayer will simply not honor them at par value.

One would hope for a bit of investment advice. If all transpires according to King's crystal ball, which seems to me to be clearer than most, there will be winners and losers. Where should one put one's money? He suggests dollar denominated assets which will nonetheless track real value, not the dollar, such as commodities. The emerging markets' demands, especially those of China, will put upward pressure on metals, oil, and other raw materials.