The Forces Of Culture Behind Economies' 'Fortunes' 
by GLENN C. ALTSCHULER
Containerized cargo is stacked high on a China Shipping Line freighter in 2006 in Miami Beach, Florida. Despite China's growing economy, author Daniel Altman believes cultural and demographic factors will prevent it from overtaking the United States as an economic power.

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These days, most of our troubles can be explained away by the phrase, "It's the economy, stupid." We await the latest numbers on unemployment, inflation, imports, exports and government deficits. We go up and down with the stock market. Nonetheless, according to author Daniel Altman, we don't pay nearly enough attention to the deep structural factors that underpin the world's economies.

In his new book, *Outrageous Fortunes*, Altman analyzes these factors — including natural resources, demography, geography, climate, culture and politics — in an effort to "refocus economic prediction" on the longer term, decades away. Informative and accessible, penetrating and provocative, his book is a first-rate guide to global trends.

Altman, founder of the consulting firm North Yard Economics and an instructor at New York University's Stern School of Business, is nothing if not bold. Despite its phenomenal recent growth, China, he predicts, is not likely to overtake the United States as the world's leading economic power. Still a hierarchical culture, rife with corruption and lacking a first-rate technology infrastructure, China is not at all receptive to start-up businesses. Even more importantly, thanks to the "one-child policy" instituted in 1979, China's population is increasing by less than 0.7 per year, making it the fastest aging country in the world. By 2050, as China feeds hundreds of millions of senior citizens, average incomes will grow at lower rates than in the U.S. Its moment in economic history, Altman asserts, "will be impressive, but brief."

The writer also addresses risks to global prosperity. Economic regulation in wealthy nations, he
suggests, will lead to off-shore black markets. ("If you thought the Cayman Islands was notorious as a tax haven," he notes, imagine it as a financial haven with "huge skyscrapers filled with currency and derivative traders," doing business on the Internet.) Global warming will hit tropical regions especially hard. And, alas, even if it reduces overall emissions, a "cap and trade system," which provides financial incentives to businesses to reduce emissions of pollutants, may make poor and dirty countries poorer and dirtier.

Altman isn't always persuasive. An ability "to transcend cultural differences by isolating the lowest common denominator," best exemplified in the entertainment industry, may not, as Altman suggests, make Americans the premier sales force in the world. Nor does it seem all that certain that as the global economy integrates, the go-between in international trade "will survive and thrive" as a recruiter of outsourcers and, "lamentably, [a] people smuggler."

Altman doesn't claim to be a Nostradamus. After all, economics is by no means an exact science. But readers of Outrageous Fortunes are likely to conclude that they have learned some important things about a global economy that will have an ever-more profound impact on their lives.

Excerpt: ‘Outrageous Fortunes’
by DANIEL ALTMAN

Introduction

The global economy is changing more quickly than ever before in its history. The technologies that have made it more integrated—primarily those that have improved transportation and the exchange of information—continue to develop, and the number of interactions among people from all parts of the world is growing exponentially. These changes are having a profound effect on our lives. In the past two decades, we have seen hundreds of millions of people escape poverty, but we have also seen a severe deterioration in our natural environment and the bursting of huge financial bubbles.

Despite the refinement of economic policies designed to manage the business cycle, the volatility of commodity prices, trade flows, government budgets, and many other important indicators of the global economy continues to increase. As a result, it is easy to get caught up in the stream of numbers that spew out every second and to lose sight of the long term. That's a problem for our future. Personal fortunes may be gained and lost in a day, but national fortunes are gained and lost because of deeply ingrained economic factors that take years to develop and, if necessary, to change. Certainly, idiosyncratic events can push countries to one side or the other of their long-term economic paths. But over the course of decades, those paths tend to be determined by economic factors with very deep roots indeed.