



## BOOKS ON THE HORIZON

Steven M. Backs

***Gold: The Race for the World's Most Seductive Metal* by Matthew Hart (New York: Simon & Schuster, 2013, 290 pp.)**

Cosmologists have long held that the origin of all gold on earth lies at the center of stars, created through massive explosions, supernovae, or perhaps during the collision of neutron stars, then cast off into space and ultimately flung to some other object such as an asteroid that falls from the sky. It is, of course, extremely rare; the total amount of gold on earth thus far scraped, mined, panned, or washed from the ground throughout human history may amount to a pile the size of a tennis court, rising perhaps 35 feet, with a total worth somewhere slightly more than six or seven trillion dollars. The proportion of the earth's mass taken up by gold is so small that it is practically inexpressible. Because it is rare, beautiful, and indestructible, humans have been mining, crafting, hoarding, and using gold as currency and jewelry since the Neolithic era. Our fascination with this rare element seems to have no limits. It has been the reason for genocide and the destruction of entire empires. Even today, the market for gold remains secretive and often corrupt, its allure clouding the better judgment of governments and normally astute investors alike.

Before writing about gold, Matthew Hart wrote about diamonds—humankind's most sought-after gemstone. He knows well the history of gems and precious metals and understands the modern markets through his work as a journalist and editor for the Rapaport Diamond Report. For both books he drew on his reporting experience, which has taken

him to mines, markets, and price-fixing banks across the world. The style of his earlier book, *Diamond: The History of a Cold-Blooded Love Affair*, is brisk and ranges widely from personal stories of figures who played important parts in the history of the diamond trade to the portrayal of the deplorable conditions under which those who mine the gems must work. There are many commonalities between the history of diamonds and gold, such as the destruction brought upon source nations by the powerful empires which sought wealth through exploiting—or wiping out—primitive cultures to get beneath the lands they occupied. In that sense, the books are very similar, so readers may want to follow up *Gold* with Hart's *Diamond*.

In *Gold*, Hart covers the history of the gold trade and the ways in which it has been intertwined with the economies of nations throughout human history. There is a certain durable belief about gold that makes our fascination with it difficult to explain. Hart was prompted to write about it after the price of gold spiraled to practically unbelievable heights following the economic crisis of 2008. During this period, investors—both the skittish and ordinarily seasoned traders—sought to shelter their wealth in gold rather than paper. In retrospect, seeking that protection seems reasonable; however, the mania for gold convinced Hart this was yet another asset bubble. As he explained in *Vanity Fair*:

Gold shone with the placid certainty of received tradition. Honored through the ages, the standard of wealth, the original money, the safe haven. The value of gold was axiomatic.

In the book, Hart follows gold from the deeply unsettling conditions of the South African mines to London, the center of gold trading. He is fascinated with the

---

E-mail address: [bushor@indiana.edu](mailto:bushor@indiana.edu)

role that gold has played in the shaping of western economies starting with the rise of the Spanish empire, which according to his telling seemed both vexed by gold and completely unprepared to manage its accumulated wealth from the Americas, and culminating with the decision by the Nixon Administration to go off the gold standard in 1971, which ended the stability of gold valuation previously maintained by the Federal Reserve. According to Hart, the Administration's decision set the modern context whereby the price of gold is free to rise and fall in reaction to the fevered cycle of speculation and panic.

Hart writes that the misplaced trust in gold has remained constant throughout history. Even though there is ample evidence that gold is almost never the fail-safe bet it is imagined, it still holds an allure as the safest place on earth to store wealth. In fact, within the last decade, it became enmeshed in the Tea Party narrative: Glenn Beck endorsed the company Goldline, predicting the collapse of the European Union and claiming that the federal government was poised to snatch up all the gold in the United States. Yet in 2011, Goldline executives were indicted for fraud for selling gold coins, not actual gold bullion. They were ordered to refund their customers up to \$4.5 million and to quit claiming in advertisements that the government was coming after America's gold supplies.

*Gold* is well written. A veteran journalist, Hart skillfully portrays the historical aspects of gold's complex place in society, chronicling events in a great storyteller's fashion. He takes readers down into the depths of one of the world's largest mines in South Africa where the heat, humidity, and crushing monotony of the work is enough to make one feel claustrophobic just by reading about it. The account of Pizarro's destruction of the Incan empire is riveting and heartbreaking, and Hart's description of the vastness and beauty of the dynasty prior to the arrival of the Spanish makes it difficult to not feel remorse for what was lost to the plundering of European conquerors. Hart also unveils the workings of the bullion market, which continues to operate as it may have for hundreds of years, with international prices set by just a few bankers in the wood-paneled suites of London's banking industry. *Gold* is an enjoyable, accessible, and revealing history of our most precious metal.

***The Frackers: The Outrageous Inside Story of the New Billionaire Wildcatters* by Gregory Zuckerman (New York: Portfolio, 2014, 416 pp.)**

What ever happened to Peak Oil? Nearly a decade ago major news outlets and books heralded the

prospect that perhaps the world had reached its limit on how many barrels of oil could be extracted from beneath the earth's surface. Peak Oil predictions held that global prices would rise and an energy crisis would occur as the demand for fuel in leading economies outstripped the potential flow of oil from below ground. Peak Oil has been used for more than just a description of a bleak future for the U.S. economy; it has also been used as a metaphor for a bad energy policy and a call for massive government investment to incentivize renewable energies. Thus, Peak Oil has also been a vehicle for protesting United States policy in the Middle East: If the U.S. was not reliant on foreign oil and could become 'energy independent,' then it could stop trying to build nations to secure friendly access to low-priced oil.

Likewise, when was the last time you heard the term 'wildcatting' outside of watching *Dallas* on television? It is a term from the boom days before Peak Oil, closely associated with the American Southwest, when charismatic men in boots and hats swaggered through small towns selling the idea that black gold was beneath every farm, and larger-than-life speculators staked everything on striking it rich from just a glance at the lay of the land and their own intuition about where oil could be found. Wildcatting is not a term heard much these days, at least not in the same sense that it was 50 years ago when easy oil was there for the taking—or is it?

Meet Harold Hamm, one of the richest men in the world. He is the largest holder of land in the North Dakota Bakken Oil Shales and 100% an old-school wildcatter. Hamm is a true rags-to-riches story: a small-town kid from a poor family, not well-educated or well-spoken but intensely sharp with extraordinary drive and guts, who got his start at the very bottom of the oil industry—choking on the dust of Oklahoma farmland as a delivery boy to oil rigs—and emerged on the other end as its biggest kingpin. Hamm's story is comparable to the young fellow who starts in the mailroom of a big urban corporation and ends up running the company: the classic Horatio Alger tale of American corporate mythology.

Opposite of Harold Hamm are Aubrey McClendon and Tom Ward—both college educated and prepped for the oil and gas industry—who together created Chesapeake Energy, the largest producer of natural gas in the world. They started in their twenties with just \$50,000. Like Hamm, the extraordinary lengths to which Ward and McClendon were willing to go and the enormous amounts of risk they assumed to bet on the future of shale is staggering. This is the stuff of wildcatting.

Other individuals made the fortunes of these men possible, including the technicians, geologists, and field hands; furthermore, these were the people

Download English Version:

<https://daneshyari.com/en/article/1013940>

Download Persian Version:

<https://daneshyari.com/article/1013940>

[Daneshyari.com](https://daneshyari.com)