

Stay Hungry. Stay Foolish - How the USA should compete with the emerging power of China, India and Russia and maintain its economic supremacy - By Jerome Cedicci & Robin Trehan

2007-12-11

India, China and Russia are widely considered a three-tiered threat to the US in terms of economic supremacy, mostly because these three countries combined account for 40% of the global population and 20% of its economy. On the other hand, the US is in the midst of a serious trade deficit that many consider catastrophic.

The US emerged as a global superpower after World War II, mainly because of the role of the US dollar as the global reserve currency. In this role, the US was able to enjoy considerable control over international currency and freedom from the necessity of keeping any other currency in reserve, what is termed monetary hegemony. In history, this hegemony has been threatened periodically, the latest being the Japan threat in the 1980s, the astronomical economic rise proved to be unsustainable. Their edge was technology and work ethic discipline. In the end, the US economy recovered with as Japan went into decline through excessive consumption and bad credit policy.

The greatest threat to US economic supremacy today is the rise of yet other Asian countries. The rapid progress is in technology-based industries, with China followed closely by India leading the pack away from the West. These emerging economies are disciplined, highly educated, productive, dynamic and young, with huge populations fueling local markets and launching international trade from a solid economic base. And with economic power on the rise, the next step is geopolitical strength. But is it sustainable? Perhaps, because these two countries have huge populations unlike Japan, local industries will probably continue to thrive even without American consumerism although perhaps not at present levels. The US cannot count on these countries fizzling out because of the changing global economic structures.

What the US can count on are its resources: the land and the people. There is a need for the US to recognize that a major contributor to economic decline is the failure to invest in the future. Poor educational outcomes has shrunk the capabilities of the young to compete effectively in the global market with more disciplined, higher motivated, better educated Asians. The focus on education has been lost and needs to be given extensive support by the government as well as the general public as a national resource.

Another focus lost is the impetus for entrepreneurship, the pursuit of the American dream, mainly because of stringent corporate governance that makes it difficult for the little guy to make a dent in industry. Non-traditional businesses such as Internet-related industries still holds promise and generate many jobs, but the flexibility such industries enjoy should be carried over into other business sectors as well through tax incentives and favorable corporate governance regulations. This will encourage local businesses to invest at home, as well as multinational and foreign companies. Because Americans are the world's largest consumers, balance in terms of industrial trade-offs would have a significant impact on the GDP and other economic indicators such as employment rates.

In relation to consumerism, Americans also consume huge amounts of energy, which accounts for their dependence on oil and gas. But the huge resources available to the US make it possible to seek viable alternate sources of energy with the support of industry and government. Alternative renewable energy can be wrung from the water, wind or the earth (corn, sugarcane) with new innovations making them commercially and economically possible, which will enable the US to ease out from under the economic burden of acquiring oil to make the country run.

Regaining monetary hegemony may be more complicated in the global economy but the US still retains the capacity to turn this around if only its government and citizens realize that the best remedy is investment in future generations through education, business development and energy revolution and desire to learn. The desire to be the best is the desires of remaining unsatisfied. Success belongs to unsatisfied. 'Stay Hungry. Stay Foolish' as Steve Jobs said at Stanford University in 2005.

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This article comes from Hotel News Resource

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