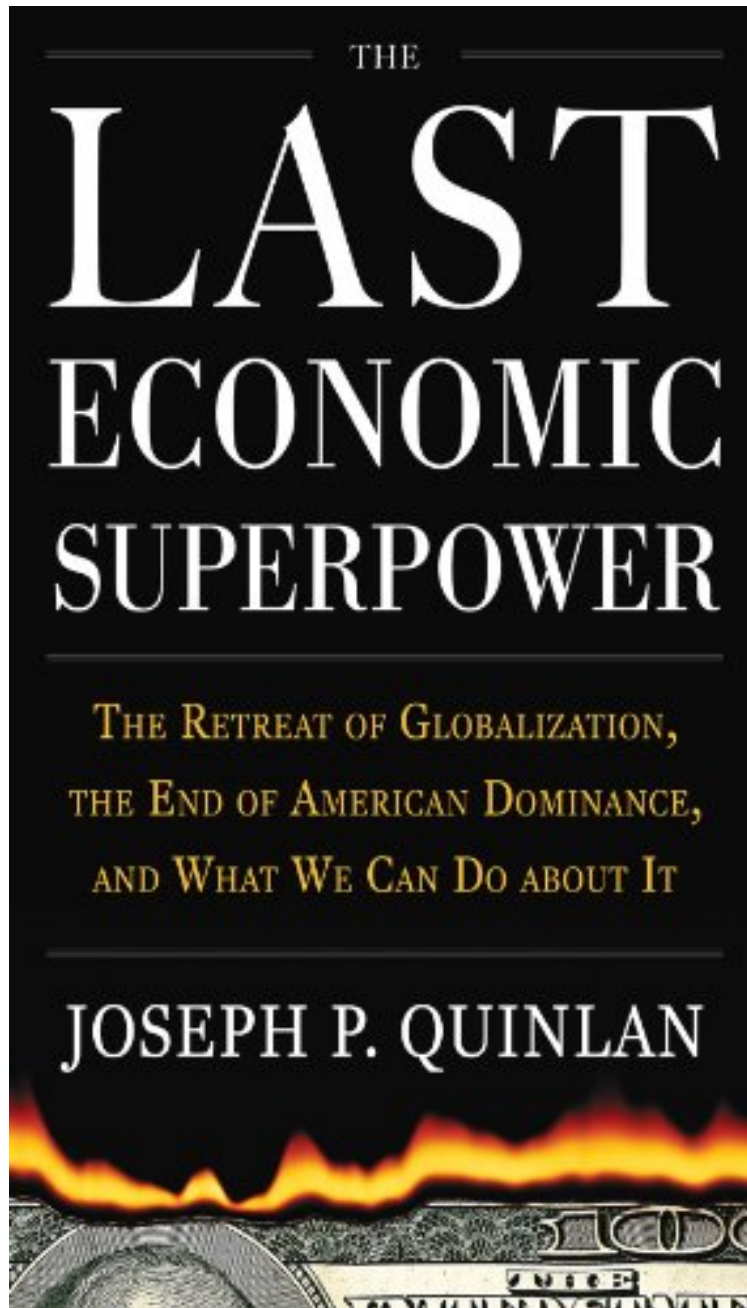


[FREE] The Last Economic Superpower: The Retreat of Globalization, the End of American Dominance, and What We Can Do About It (Business Books)

## **The Last Economic Superpower: The Retreat of Globalization, the End of American Dominance, and What We Can Do About It (Business Books)**

*Joseph P. Quinlan*

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3 of 4 people found the following review helpful. A Book shapes your view on GlobalizationBy Isaac ShiEvery solution for a problem could be the starting point for the next problem, this is true in software engineering, it's true in world economy. Mr Quinlan pointed out in the book, in order to prevent a future financial crisis, the new regulations will start to "cage" the cross border capital flow, once caged the "plumbing" of the globalization, the retreat of the globalization will be come inevitable.I was born and raised in China, I recall, every day I could not finish reading a serious newspaper/magazine without seeing news/stories about the US, nowadays, I cannot finish a serious magazine without seeing a piece of story about China.America is stronger than most news portrayed, I learned from Chapter 9, that US is still the manufacture juggernaut, still making "stuff", good stuff. The other important trump card US to deal with the deficit is the Exorbitant Privilege of the greenback, which was backed 12 aircraft carrier battle groups around the world.But, how a so divided political system let any political leader survive if he is to make political unpopular decision for the long-term benefit of US (like trade)? The leadership deficit --- dare I say this --- is derived from the knowledge deficit of the constituents.On the contrary, in China, they take busload of economic, science, nanotechnology experts to Zhong Nan Hai (China's white house) every week, to educate the leaders to make right decisions. China is making extremely political unpopular decision to delay raising people's living standard, use the resources to invest in fast railroads network, airports, and national infrastructure, to leapfrog a generation, albeit that's a morally debatable issue. The irony is the "non-democratic" system has been pragmatic for China's growth.The shift of the commanding heights has happened, the world still belongs to the West, but the Rest is coming, it's a whole new world out there.2 of 2 people found the following review helpful. Wrong Message, Wrong TimeBy Kenneth ZimmermanUnfortunately Quinlan's book misses the mark from beginning to end. He begins with a false picture of why the financial crisis of 2008 happened, and then proceeds to diagnose a fix for problems that do not exist. It is not "living beyond its means" or "accumulating too much debt" that created the 2008 crisis. It is rather allowing a bunch of modern day pirates and bandits called "the financial community" to design and run most of the world's economy that ultimately proved the undoing of Europe and the US. And China, India, Brazil, etc. are not the new "big fish" of the world's economy, since they too are financially "fenced in" by the ultimate limitations of those to whom these nations must sell. In other words unless China, India, Brazil, etc. can develop internal sales markets quite quickly to replace lost export sales and at the same time manage to control the pressures inside their own countries (e.g., the Communist Party in China, lack of basic industrial infrastructure in India, and inequality in Brazil) these countries will fall faster than a fly ball at Candle Stick Park. The big question facing the world is can China and the US avoid open conflict? That's partly an economic issue as the US must decide eventually how far it will allow China to go in stealing patents, blueprints, industrial and military secrets, and money from the US to feed its economy. Right now the US has no nerve to confront China, not the least because so many American Banks make a lot of money from China. If that changes and a trade or actual shooting war develops between China and the US the US will have to change the rules to win. That means the financial business dominance in the US will go by the boards and industrial/military production will take first place. As that happens China will lose most of its external investments and will begin to feel isolated. China's actions then could be frightening. It is this potential crisis, not the loss of US globalization that should concern us. This Quinlan misses.17 of 19 people found the following review helpful. Interesting -By Loyd EskildsonQuinlan's "The Last Economic Superpower" provides several valuable new perspectives and a short summary of recent U.S. economic history up to the collapse of September, 2008. Unfortunately, it also serves up several doses of contradictory statistics, and oversimplified and invalid remedies for our current economic problems. Overall, however, it is still well worth reading.Quinlan sees the 1950-73 years as our 'golden era,' ending when OPEC's developing nations decided to raise the price of oil by 70%, inflation surged from 3.4% in 1972 to over 12% by 1974 (thanks to government pursuit of 'guns and butter,' and incessant union pressures for wage increases; inflation reached 18% by 1975), and the DJIA fell 40%. The 1979 Arab Oil Embargo didn't help either, nor did Iran's revenge for our earlier interfering in their government. Unemployment went on to hit 10.8% in 11/1982. Reformers took advantage of the crises to implement deregulation, privatization (U.K.), globalization, and free markets (China - 1979, Russia - 1989, Brazil - 1990s [began by breaking away from military dictatorship], and India - 1991 [began by lowering tariffs from 85% to 25%]). Another component of the shift from government's 'directing hand' to Adam Smith's 'invisible hand' was the dismantling of capital controls in the mid-1970s. Gross international capital flows hit \$11 trillion in 2007, vs. \$500 billion in 1980. (Unexplained, was why Japan froze-up in the late 1980s - my guess is that revaluing it's currency per U.S. request, combined with recovery from its property bubble and the ascendancy of the other Asian tigers, put Japan's economy into prolonged stalemate.) Other 'bumps' included the Peso crisis of 1982, the brief stock market crash of 1987, the SL Crisis of the late 1980s, the 1997 Asian crisis, the 2000 dot-com crash, Greenspan's worry over federal budget

surpluses in 2001, and 9/11. The 'New Millennium' then brought homes becoming ATMS, with owners taking out nearly \$1 trillion at the peak. No one needed to save. ARMs, no-doc, interest-only, no-down, ninja (no income, no job or assets), and liars' loans were leveraged by banks at 30:1 levels and then miraculously transformed into AAA-assets through financial alchemy and blind bond-raters. Regulators stood idly by, admiring the 'wisdom of the free-market,' though there may not have been much they could have done given the rise of unregulated shadow-banking to 3.5X the size of the regulated sector. Not surprisingly, the financial sector bulked up to employ 20% of Americans, while generating 41% of the profits. September 15, 2008, the house of cards collapsed and by 2009 we owed other nations \$2.7 trillion for oil, toys, and our biggest export - Treasury-notes. Wall Street 'spin-doctors' bragged that this was due to the underlying attractiveness of our economy, while apologists blamed China and others for 'excess global savings.' (My explanations - Arthur Laffer's supply-side 'voodoo economics,' and irresponsible government.) Whatever the reason, international reserves of developing nations had jumped from \$885 billion in 1998 to nearly \$6 trillion in 2008, and we'd transformed ourselves from the world's largest creditor nation to its largest debtor. Quinlan now sees the economic pendulum as swinging back towards more state intervention - rising subsidies to support recovery, increased portions of economies under direct or indirect control of the state, restrictions on bank lending and constraints on international capital flows, and emphasis on economic nationalism. (The latter includes increased use of tariffs, restrictions on government procurement, product specifications that advantage local producers, mandatory technology transfers, currency manipulation, limiting the export of natural resources, locking up external supplies of key mineral and energy supplies, boosting education and infrastructure, and various subsidies - eg. RD, 'going-out' to manufacture and market in other nations.) Quinlan cites several examples of the U.S. following this trend - it remains to be seen if that will continue under the new Congress in 2011. Quinlan reports that sales by foreign affiliates of U.S. firms (\$5.2 trillion in 2008) greatly exceeded (5X) the value of U.S. exports, and that most of those sales were in Europe (55%), and only 1.3% in China. This is a misleading distinction, however, ignoring the enormous volume of contract manufacturing that takes place in China under American sponsorship. Regardless, China is now investing in improving European ports (Netherlands' Rotterdam, Greece's Piraeus), and strongly pushing the establishment of high-speed (250 m.p.h.) rail from China into Europe. You don't have to be a Warren Buffet to see serious economic implications for American firms in the near future. Quinlan worries about a coming economic cold war involving China and the U.S. Some hope to preclude further tensions between the two nations by encouraging China to increase internal consumption. The author, however, points out that this is unlikely in the near term - lacking strong current government retirement, education, and health care funding, the Chinese people naturally save for those needs. The 'good news,' is that China is working hard on improving the provision of these services. However, China also has a major unemployment problem - 30% of its 2010 new college graduates have been unable to find work, millions of rural residents are grossly underemployed, and millions more migrants roam the nation looking for work. Thus, not unexpectedly, it continues to stress what it already does quite well - use low-costs, and learning and scale economies to build sustainable export advantage. Last week this brought approval for Samsung and LG to set up advanced LCD plants in China costing \$6.5 billion, while during the prior week it made a \$10 billion turbine sale to India, opened a new Intel chip-making plant, took the world's supercomputer crown (great advertising), and established a new train speed record (252 m.p.h. - more great advertising). Meanwhile, China has already established itself as the world-leader in 'green' manufacturing, electronic assembly and manufacturing, ship-building, high-speed train transportation, and dockside cargo-handling equipment, clothing, genetic research, pianos, and toys, and will soon take the world's manufacturing crown from the U.S. and export leadership from Germany. Continuing to emphasize exports offers China the surest route to improving its RD, high-technology, and marketing skills, and ultimately improving its citizens' quality of life; unfortunately, it also continues, even expands, its economic challenge to the U.S. Quinlan also raises concerns about India, and American immigration policy. China has actively recruited its overseas science and technology graduates to return for several years, offering excellent pay, scientific freedom, and facilities. India is now doing the same, and has brought 40,000 overseas Indian IT experts back in that area alone. Quinlan also notes that Indian emigres founded about one-third of U.S. start-ups in high-technology areas during 2004-05, while 60% of our engineering doctoral and 40% of our master's graduates are foreign graduates. Meanwhile, post 9/11, it has become more difficult to obtain H-1B visas. He fails to point out, however, that India is likely to pose a much greater outsourcing threat in the future - former Federal Reserve Vice-Chairman Alan Blinder sees as many as 40 million service jobs vulnerable to outsourcing, many to India, already a sought-after provider of IT, call-center, and innovative design and service provision (eg. the \$3,000 auto, \$50/eye cataract and \$2,000 open-heart surgeries, major reductions in the costs of AIDS medications). IBM already employs more people in India than the U.S. ("Economist," 11/6/10), and India also has a major unemployment problem. Unfortunately, Quinlan's recommendations fail to address problem 'root causes,' are not thought through very well, and are overly vague. He's an unquestioning apostle for free trade - a major contributor to our economic problems. He fails to recognize how "soaring health care costs have become the greatest threat to the country's long-term solvency" - Dr. Atul Gawande; 17.3% of U.S. GDP, vs. about 4% for China, plus \$40 trillion in unfunded liabilities. Then there's our very expensive diplomatic and military initiatives that cause more economic problems (eg. China conducts important trade with Afghanistan, Iran, Iraq, and Venezuela) while we

fight in or berate them. It's true that we improve pupil achievement levels, but this will require a paradigm change from spending more money - we've more than doubled inflation-adjusted per-pupil spending in the last four decades, adding trillions to our deficit and accomplished little if anything. (We need to change the emphasis from more spending to demanding more of parents and pupils.) Finally, Quinlan also recommends that we improve leadership and make decisions for the global good. The latter is not about to happen, anywhere, while Quinlan does not elaborate on how to improve the former. Unfortunately, there's no easy way to improve America's economic strength because we're already mired in enormous debt at all levels, have large capacity surpluses in manufacturing, commercial, retail, and multi-family real-estate, have hollowed-out manufacturing (Quinlan disagrees, despite eg. global semiconductor production capacity in the U.S. down to only 14% in 2009, vs. 75% in Asia) and are en-route to doing the same with RD, and face an array of lower-cost, high-quality competitors - China, India, South Korea, Taiwan; even Germany, a higher-cost producer, is a major force to contend with. We haven't even mustered the resolve to prevent the tens of million unskilled illegals and their innumerable 'anchor babies' et seq from Mexico etc. from taking American jobs. Worse, our political leadership is atrocious - immobilized by self-interested ideologues pulling in every direction at once, dominated by a short-term financial focus and large donors, conducting decision-making in an environment dominated by distortions, lies, incomplete information, emotions, and general ignorance, and largely blinded by myths of American exceptionalism, Manifest Destiny, the full applicability of 1776 personal freedoms in a less complicated world to today, and the superiority of Adam Smith's 'invisible hand.' Improving our leadership requires confronting reality, and emphasizing facts and fiscal responsibility.

The Risks and Rewards for the West in the Coming Multipolar World "A marked shift has occurred in the tone and assumptions surrounding our national fortune. Nowhere is this better seen than in the second generation of books dealing with America's financial crisis, particularly Joseph P. Quinlan's *The Last Economic Superpower*." New York Journal of Books The global economy, designed by Western powers with the United States as lead architect, is in the process of reconfiguration. The 2008 global financial crisis has terminated America's reign as sole economic superpower and opened up important new spheres of influence to developing nations. Does this signal the retreat of globalization as we know it? Has an economic "cold war" already begun? Will the West ever exert the kind of control and influence it enjoyed just a few short years ago? In *The Last Economic Superpower*, Joseph P. Quinlan, a Wall Street veteran and expert on global economic affairs, addresses these questions and many others. Presenting his vision with refreshing clarity and objectivity, Quinlan examines: How America went from being a major creditor to the world's largest debtor nation in only two decades Five critical issues America must face in order to prevent permanent fragmentation of the global economy What the fading appeal of Europe and Japan means for the future of globalization What China, India, and others have that the West doesn't--and why this gives them unprecedented leverage Decisions made now will shape the course of history. *The Last Economic Superpower* outlines critical choices that must be made in order to recast, reinvent, and reenergize a new style of globalization. *The Last Economic Superpower* lays bare the issues and challenges that will decide whether the world builds a new, functional system that serves all or fragments into separate spheres of influence, which benefits no one.