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John Caslione: America must go long on globalization efforts

By John Caslione

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For decades, we have been proselytizing and promulgating globalization to every corner of the Earth: inviting nations, people and cultures to come in under the tent and in so doing, advancing the ideals of the Western world.

And now that they've accepted our invitation, our future leadership cannot afford a soft, uninformed defense to tackle the changes that are occurring in our economy. It's time to plan and act for the long term, to "go long."

According to the World Bank's World Development Indicator data, the world's output grew 4.8 percent in 2006, half a percentage point faster than in 2005, to reach nearly \$59 trillion. This number is the global pie that is going to have more countries grabbing for their fair share as the world order shifts and changes. And while the United States is currently the largest and most sophisticated economy, at approximately \$13.9 trillion, that could all change in the blink of an eye.

Today, developing economies produce 41 percent of the world's output, and this year alone East Asia and Pacific more than doubled their output and increased their share of global output from 9 percent to 14 percent, and South Asia's share increased from 4 percent to 6 percent.

This shift that is occurring, the "rise of the rest" as MIT economist Alice Amsden dubbed it in the '90s and Fareed Zakaria expanded upon in his new book, "The Post-American World," is very real, and the G7 are on the verge of becoming a supernova in our history books if we don't quickly get our collective acts together.

There are economic powers such as China, India and Brazil that have quickly matured and will soon be in a position to join this elite group, making it the G10 or the G11 if we make permanent Russia's now provisional membership.

We are seeing a great reversal in roles as emerging markets are becoming more and more visionary, leaving the United States in a precarious position. This is clear when you consider that on the one hand you have Citigroup, which has had to quickly come up with a plan to restore profitability by shedding \$400 billion of assets within three years to boost revenue by up to 10 percent annually to satisfy analysts and investors.

And on the other hand, you have Tata Group Chairman and Chief Executive Officer Ratan Tata boldly telling the media that the next step in his strategy for its recently acquired British brands Land Rover and Jaguar is to "do nothing."

Tata will instead engage in a "learn only" strategy to better understand the premium automobile market segment, and to begin to learn how premium automobile markets will develop in emerging markets like India. During this "learn only" strategy, Tata expects Land Rover and Jaguar won't reach profitability for two to three years.

Going long is a strategic necessity that we must embrace because the new market makers from Asia, Eastern Europe and the Middle East are going long, and we in the West are going to have to have the foresight and vision to begin to trump, or even just to match, their extremely well-funded global growth strategies.

We are seeing this most notably in Africa and Latin America as government and business leaders from China, Iran and Russia arrive in such places as Brazzaville in the Congo and Caracas in Venezuela, ready to shake hands, sign trade agreements and dip into those deep investment pockets to grab their share of resources, minerals and energy.

These nouveau riche economies no longer feel subordinate to the Western World, nor should they. They belong under the great tent, just as much as any other nation, and because, quite frankly, we invited them under the guise of living in a free and capitalistic world. As the old expression goes, be careful what you wish for, as you might actually get it.

But this is what Ronald Reagan once called "a time for choosing." We can either choose to sleepwalk through our present, subordinating our interests and surrendering our future hopes, dreams and economic influence and prosperity to others, or we can choose to work with these rising nations and write the rules together because in short, come November we are choosing our global destiny.

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