

Tea Leaf

...weekly since 1976

May 30, 2007

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Global ABCs

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This is the companion piece to Domestic ABCs of May 16

- A**sia—still expected to be the location of roughly two-thirds of all additional global economic growth over the next 20 years
- B**udget Deficits—a serious issue in the U.S. and around the world. The French, the Germans, the Italians, the Japanese, and many others have similar challenges
- C**hina—powerful economic growth continues, with leaders still trying to slow the economy down. China could challenge Japan’s position as “number one” in the Pacific Rim within a decade
- D**ollar (the)—the national media would have you believe the dollar is getting trashed versus other major currencies. The truth? The dollar is down roughly 2% over the past year on a trade-weighted currency basis and exactly where it was 10 years ago
- E**urope—growth in 2006 and 2007 was/is the best in six years. Strong global demand for European exports helps, while greater European labor flexibility leads to rising new hires across the Continent
- F**rance—new pro-American political leadership should help melt the current icy relationship. A challenge? Too many industries remain “protected” from global competition
- G**ermany—by most measures still the global community’s third largest economy. The world’s largest exporter is enjoying strong global demand, despite a rising euro currency
- H**unger—an estimated 40,000 people around the world starve to death every day... a major travesty. Can’t we work together better to deal with this reality show?
- I**ndia—which country features the longest-standing democracy, the largest middle-class, the largest English-speaking population on the planet, and the nation dealing with the most severe crisis with AIDS? ...that’s right
- J**apan—the world’s second largest economic power has slowed after stronger performance over the past couple of years. Concerns regarding sick investment portfolios, an enormous national debt, and a declining population remain
- K**orea (North)—nuclear ambitions, massive starvation of its people, and a failed economic system... What a disaster! Meanwhile, Korea (South) enjoys solid economic growth
- L**atin (and South) America—economic growth is sporadic, especially in Argentina, Brazil, and Chile. Venezuela remains a political powder keg with declining oil output, food shortages, and a Castro-wannabe slowly but surely driving the economy into the tank
- M**exico & **M**igration—The illegal migration problem promises to be a major issue in ’08’s U.S. elections. Our Southern neighbor’s economy is stable, but needs to grow faster to meet the needs of a rising population.
- N**eighbor to the **N**orth—Canadian economic performance has been solid in recent years, with the energy-rich Western Provinces booming. The Canadian unemployment

rate of 6.1% in April was a 33-year low. However, Canadian dollar strength of recent years has hurt exports and tourism

Oil & OPEC—we expect greater oil price stability in coming years near \$52-\$58 per barrel... a price that consuming and producing nations can live with. Much higher prices would provide consuming nations stronger incentives to develop non-oil energy alternatives... exactly what the Saudis DON'T want

Poverty—your garbage disposal eats better than two-thirds of the global population. Can't we do better?

Quagmires—there never seems to be a shortage. Today's list still includes Afghanistan, the Middle East, Chechnya, Iraq, Sudan, and other parts of Africa. Who's next?

Russia—solid economic growth has occurred in this hotbed of political corruption, tied primarily to solid oil production and high oil prices. President Putin continues to strengthen his hand and punish his enemies. He says he will step down in '08. We'll see

Social Safety Net—we have anxiety in this country about the future affordability of Social Security, Medicare, and Medicaid. The challenges are much greater in Japan and "old" Europe

Terrorism—potentially the most serious threat to the U.S. and the global community. Any significant terrorist "successes" in major Western nations (especially the U.S.) could temporarily derail the global economy

U.N.—a largely ineffective institution that must step forward and assume more responsibility around the world. Wouldn't it be nice if the U.S. could just be one member of a more relevant and viable United Nations?

Volatility—pick any descriptor... political... economic... financial market

World Economic Growth—should approach 5.0% (after inflation) this year and next. Current weaker U.S. economic performance is offset by stronger European growth and a booming Asia

Exports—one of the "keys" to success for global companies... product quality is crucial... price is secondary in select cases. Despite all we hear about China as a major exporter, its appetite for goods from around the world is enormous. U.S. exports need to accelerate, while our appetite for global goods needs to slow. A modestly weaker dollar will help this process along

Young People (around the world)—facing a rising tax burden in coming decades to finance the retirement years of Baby Boomers (and Boomers' parents) if minor changes are not soon made

Zero Sum Game (which global trade is not)—any trade restrictions (protectionism) we impose on another nation are soon matched or exceeded by that nation. Democrats must be very careful

"TEA"ser

She got her looks from her father. He's a plastic surgeon.

—Groucho Marx

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