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## The USA is Now Number 2

I congratulate all of you, my fellow Americans. We have succeeded in achieving the inconceivable. It is so preposterous, that twenty years ago I would have laughed at the thought. Unfortunately, humor is missing in action. In any event, it is a self-imposed agony with enormous consequences. Worse, our children and grandchildren will ultimately pay the price.

While Americans looked inwards, engaged in politics between Democrats and Republicans, the consequences of redistribution and downsizing are now real and absolute. China is the new world's Number One Superpower. They surpassed the United States in late 2014, in industrial output and Gross Domestic Product (GDP), by adjusted Purchasing Power Parity (PPP), measuring actual outputs on an equivalent basis.

Here are the numbers that tell the story. The first set is money reinvested back into the economy. While America invested only 1.85% of GDP, less than the rate of inflation, China invested heavily, 8.04% to grow their country. Countries, like individuals, that fail to invest resources for the future will ultimately wind up on the short end of the stick. In addition, our National debt is more than \$18 trillion dollars and

projected to grow as high as \$22 trillion. China owns a big chunk of that debt, and the banker is not always kind to the debtor.

### Economic Indicators : Investment (% of GDP) 2013 -Billions USD

|               | GDP Unadjusted | % Reinvested |
|---------------|----------------|--------------|
| China         | \$9,020.31     | 8.04%        |
| United States | \$16,237.75    | 1.85%        |

<http://www.economywatch.com/economic-statistics/>

The second set of numbers shows industrial production for the United States and China. Ten years ago China's output was less than 50% of the USA it is now 50% larger. This growth was the result of deliberately dismantling our economy and transferring it to China. The flight of manufacturing to China, precipitated by a unique set of circumstances, is detailed in my new book Freedom and Opportunity, Stop Redistributing and Downsizing America.

### Industrial Production By Country

| Country               | Level Ind Prod | Units       | As Of | 1Y Chg | ~5Y Ago  | ~10Y Ago |
|-----------------------|----------------|-------------|-------|--------|----------|----------|
| <a href="#">USA</a>   | 3,054.53       | Billion USD | 2013  | 2.88%  | 2,620.05 | 2,826.54 |
| <a href="#">China</a> | 4,008.35       | Billion USD | 2013  | 9.70%  | 2,529.54 | 1,262.09 |

<https://www.quandl.com/c/economics/industrial-production-by-country>

The third set of numbers, below, projects a bleak future for American power. We normally compare economies based on GDP (above), and using this measurement the United States is economically far ahead of China. This is the delusion of numbers. A far better, but more controversial measurement is Purchasing Power Parity, defined as:

"An economic theory that estimates the amount of adjustment needed on the exchange rate between countries in order for the exchange to be equivalent to each currency's purchasing power." (<http://www.investopedia.com/terms/p/ppp.asp>)

Using this measurement, sometime during 2014, China passed the United States in both output and national wealth.

| United States: Gross domestic product based on purchasing-power-parity (PPP) valuation of country GDP (Current international dollar) |           |           |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Yellow Shaded cells indicate International Monetary Fund staff estimates. Calculations from Affinity Systems LLC.                    |           |           |           |           |           |           |           |           |
|  | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      |
| United States  | 16,163.15 | 16,768.05 | 17,416.25 | 18,286.69 | 19,196.55 | 20,168.83 | 21,157.73 | 22,147.8  |
| China  | 14,774.38 | 16,149.09 | 17,632.01 | 19,230.29 | 20,933.27 | 22,780.30 | 24,756.23 | 26,867.4  |
| Delta (US Advantage)   | 1,388.78  | 618.96    | -215.76   | -943.61   | -1,736.72 | -2,611.47 | -3,598.51 | -4,719.60 |
| Percent Delta  | 8.6%      | 3.7%      | -1.2%     | -5.2%     | -9.0%     | -12.9%    | -17.0%    | -21.3%    |

<http://www.imf.org/>

[http://en.wikipedia.org/wiki/Purchasing\\_power\\_parity](http://en.wikipedia.org/wiki/Purchasing_power_parity)

Like it or not, money is power, and over the next five years, projections indicate that China will incrementally gain economic, military, and world power. Each year, our influence will shrink, and eventually become ineffective. At that point, the United States will lose control of future decisions and consequences, and become another failed experiment of democracy.

Our leaders have succeeded in redistributing and downsizing America, and this process continues unabated. Busy squabbling with each other, we ignored the approaching danger, and therefore, participated in the outcome. Arguments about big government or small, free-market or socialist, become useless concepts when liberties are lost. At the point of diminishing return (unable to sustain ourselves), there will be a new reality, whatever China wants it to be.

To those ignoring the consequences of a supreme China, I recommend studying their history. China calls their country the middle kingdom, the center of the universe, and they control the universe. There are no examples of true democracy in their history. The Chinese are hungry for wealth and power, and job formation is critical to the control of the populace. They have waited a long time to reach this point in history, and will do everything to advance the opportunity.

The following quote from "Freedom and Opportunity" sums up our challenge.

"Immersed in divisive social issues of race and political party, and split among ourselves, our focus is on the wrong priorities. We need to fix our economy, strengthen our position in global competition, and grow the economy to provide jobs and opportunities for every American. China is our enemy, ISIS is our enemy, and poverty is our enemy. Most Americans will agree - my neighbor, regardless of race, religion, political party, gender, or place in society, IS NOT MY ENEMY."

America has the resources to reverse the situation, and take a leadership role building a better world. This will not, and cannot happen unless we band together in a common cause to take back our future. We must stop being Democrats and Republicans and once again become united Americans. Together we can achieve the mission of building a better America and a free world.

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