

OUR CHANGING **WORLD**

**DECLINING BIRTH RATES, GLOBALIZATION,
CAPITALISM, OUR FREE-MARKET ECONOMY &
TRANSPORTATION OPPORTUNITIES**



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Our Changing World - or Is It Us?

I am absolutely astonished at the changes that come our way in life as we go about our ways. Maybe it's not the changes themselves that are so shocking; maybe it's the changes in the way we perceive things. As kids we think of the world in certain ways. Then, as we mature, do we see things differently?

I've always felt impacted by political, economic and social events ever since I was a youngster.

For example, when I was a kid - 9 or 10 years old - I was so afraid that the Chinese were going to invade us. I thought they were going to dominate us and the world. I saw this movie - it might have been "Pork Chop Hill" where thousands and thousands of North Koreans were attacking the G.I. stronghold. And I learned how the Chinese were supporting the North Koreans.

I was afraid and fearful. Then, as an adult and to this day, I learned not to be afraid. In fact I've adjusted my perceptions. China is not going to invade us militarily. But they did invade us economically to the point of almost dominating the entire world. However, I have also learned that the robust Chinese economy of several years ago is headed for big trouble. (Hold on for a little while – I'll tie this into the freight broker industry).

Declining Birth Rates

China's policy of one-child, one-family has really taken hold. They now have an aging population and an unskilled workforce. These are going to be huge problems. These aging workers will have fewer and fewer people to support them. There will be less demand for goods and services despite a growing middle class. Chinese manufacturers are already being forced to outsource some of their manufacturing to other nearby countries because it's cheaper. Loans are hard to come by due to extremely high interest rates. Thousands and thousands of manufacturers have shut down in the past several years despite China's economic growth.

Okay, now let's look at Europe and Russia. They too have an aging population and their fertility rate is well below the replacement rate. Russia and other European countries are losing their population base. In Spain, if the trend continues, in 100 years they will have 1/8 of their population in the youngest generation than they do now.

Falling birth rates have powerful economic effects – and usually for the worse.

Some European countries jumped into socialism to cure their problems. Currently, however, various socialistic programs are not working and they are putting a huge burden on the workers in Europe. Consequently, there is a movement toward the “right” to deal with such problems as social benefits, health care and education, etc.

Here Is a Recent Unknown

Not to be ignored is another recent event that currently is a big unknown. It is Cuba's discovery of oil off their shore. They will be drilling less than 100 miles from our shore and they are expected to become totally independent regarding their oil needs. Right now they rely heavily on Hugo Chavez and Venezuela (as does the U.S.) for their oil needs.

But this new oil find, if it is correct, will supply more than the daily needs of every Cuban. Just stop and think what this will do to their economy and their political alignment. No one knows at this point what to expect. Questions loom. Will Cuba become better aligned with the U.S. or will they become more mal-aligned? Will they want U.S. technology to help or will they rely on support from their “normal” partners? Time will tell. Personally, I think with the aging Castro brothers and these new events, you can expect anything and it would not surprise me to see closer ties with Cuba – economically and politically.

What a powerful economic unit Cuba could be if they got off their current political and economic track that has kept their peoples impoverished for decades.

Where Does This Leave the United States?

Now, what about the U.S.? Well, the U.S. is not losing population like other developed countries. It is not entirely a rosy picture because our baby-boomer population has almost moved into retirement and who knows how much they will continue spending like they did in their peak years.

Generation X, right behind the baby-boomers is much smaller is not expected to spend collectively like the baby-boomers did.

Still, what this amounts to is a U.S. economy that is stronger than any other country. Other developed countries with shrinking population bases simply will not have the demand or the producers for goods and services as they once did. And the U.S. will be the force to deal with.

U.S. economic and military power will be bolstered by our population trends. The U.S. will become the 3rd most populated country in the world and with the highest per capital income.

The U.S. with its steady population growth will be the big kid on the block. Yes, the current Wall Street debacle and credit crises haven't helped. But they only go to show that there are cycles and our economy IS on solid footing for the long term.

Are Fewer People Better Than More?

As mentioned above, the Chinese with their one-child, one-family policy are losing their population base. Even with their emerging middle-class which is moving into a strong consumption phase, China will still falter. This new consumption will be more wishful thinking than anything else because the Chinese will spend most of their disposable income on food.

And let's look at our neighbor: Mexico. Their population trend as well as the rest of Latin America is decreasing at an alarming rate. It will fall below replacement level and trust me – we won't need a wall to keep them out because the torrents of illegal immigrants will fall to a trickle. Mostly because of their declining population. This won't happen overnight. But it's the trend.

Now, there may be some that think, "Good! Fewer people in the world mean more for us or more for me". But this is not true. It does not do the world well when countries loss their power to produce and to consume. It does not do the U.S. any good when other nations suffer economic or social defeats.

What About Globalization?

We live in a world economy whether people like it or not. Both good and bad events have a ripple effect to all four corners of the world. Globalization that began in the 80s is the only real answer to building and sustaining a healthy world economy. Why is this?

Those countries which are left desolate and without hope will become festering beds of terrorism and rogue behavior. Economic channels into these rogue countries by the mainstream core countries of economic power are the only hope.

Globalization does NOT mean one-world government. Globalization simple means bringing as many goods and services to the entire world as possible and encouraging and fostering economic growth throughout the entire world. But there are inefficiencies, political strife, unfair tariffs, etc., etc, and these will slow globalization but they won't impede its growth.

For there are far more efficiencies than inefficiencies. We have instantaneous world wide communications where knowledge and culture can be shared right from our kitchen or bedroom simultaneously.

We drive American cars where many of the parts have been assembled in foreign countries. We have Chinese and Australians eating Big Macs and Africans running in Nike shoes. You know as well as I that this list of examples is endless.

What Are the Engines That Drive Our Economic Growth & Quality of Life?

What the U.S. has more of than any other country is a social, political and economic environment that allows people to create and get ahead. A capitalistic free-market economy with competition is our second wave of economic growth. The first wave of economic growth occurred after the Second World War.

After World War II, and even before, the U.S. had big business that drove our jobs and the economy: steel, oil, automakers, large manufacturers, and telecommunications before the breakup etc. Nowadays we have small entrepreneurs that have evolved from "out of nowhere". This is the second wave.

Look at Google, Microsoft, Apple, Sun Microsystems, etc. Do you think they haven't changed our lives? If you think not, then think again.

I say all this to say that the engines of growth are capitalism and our free-market economy where people are rewarded for their successes. New jobs are created and the quality of our lifestyles is enhanced. The Wall Street greed that we see nowadays – while not to be diminished – is a byproduct, and nothing more, of our capitalistic system.

Individuals on Wall Street went awry not because of a lack of regulation but because of poor regulation. A highly regulated economy will always suffer for lack of “breathing room” that allows individuals to seek and create.

Fulfilling the American Dream

There is no perfect system but there are policies and organized groups that may impede economic growth and keep us from pursuing the great American dream due to over regulation.

Over regulation is far more dangerous than under regulation. If capitalism is so bad, as some people are beginning to clamor, where were their voices during the boom periods of the 60s, the 70s, the 80s and beyond?

I am so proud to be in a free-market country where perfection is not guaranteed but opportunity is there to be had. Dreams can become reality. Long live our country and our free enterprise system!

Even with high fuel prices and other sorts of obstacles, we will see groves of entrepreneurs starting new businesses in the transportation industry. This is turn will spawn other peripheral businesses such as freight brokers.

No other country in the world can offer the opportunities that abound for individuals in our country seeking to carve out their niche – to own their very own business.

For some people there is good reason to wait to begin a new venture. For others, it will be a fantastic opportunity to not only start their business but to succeed beyond their wildest dreams.

Again, long live our country and our free enterprise system!

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