

# Essay

## The United States of North America

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It is no surprise that in a free market economy the rate of economic growth and GDP of a country are tied to its population. As long as China and India were tied down by the constraints created by rigid socialism and a closed economy, the U.S. enjoyed economic supremacy on the strength of its consumerism. Its only competitors were the European countries and Japan. We should also remember that neither Japan nor the European countries threatened the U.S. hegemony on a global scene.

For better or worse, this has all changed. The U.S. is facing economic stagnation at home. The real growth is in China and India and other developing nations with large populations. China's economy is growing at a rate of 9% a year and India's at 8.1%. In the last quarter, the U.S. economy grew at an anemic rate of 2.3%. The real reason for the economic growth in China and India is consumerism. Both those countries have vast populations (36.78% of world's population) with an appetite to consume trillions of dollars worth of goods. Since most of their citizens live in utter poverty, they can consume more on their way to relative prosperity. In contrast, the U.S. population is only 303,676,298 (4.55% of world's population) and mostly affluent in comparison to the Chinese and Indians. Having most of the toys, the U.S. does not have the same appetite as the have-nots in the developing countries.

Let's not kid ourselves, remember that there **is power numbers**. The Chinese and Indian companies are growing in clout and are buying businesses in Europe and the U.S. every day. China and India will not hesitate in kicking out the European and American multinationals once they obtain the expertise or create their own mega corporations (Indira Gandhi did that in 1972). Their economy will survive and continue to grow despite the absence of the European and American corporations because of their own massive consumer base. At the same time, the U.S. will have a much smaller consumer base at home. The Chinese auto companies are already giving tough competition to the U.S. and the European companies in China. The Indian corporations like TATA, Reliance and others are shaping up to be like General Motors, Exxon, Procter and Gamble and Wal-Mart all rolled in one.

The United States will need a wider population base of have-nots in order for its economy to grow. The only way for the North American countries to meet this challenge is to unite



either as one country (call it the United States of North America) or to form an economic union with a common currency like the European Union has done. The European Union has a population of 495,128,529 (7.43% of world's population). The combined population of all the North American countries is 484,302,300 (7.28% of world's population). Out of the above, 106,535,000 live in Mexico and 42,382,000 live in Central American countries. Their combined population of

148,917,000 needs to come at par with the U.S. and Canada. This will give greater clout to America and resolve the problem of illegal immigration. That is the only way for the North American countries to maintain economic supremacy in today's global environment.

Alternatively, the United States can survive and remain prosperous on its own, but its power and hegemony will dwindle just like other prosperous nations such as Luxembourg, Austria and Iceland (See the chart below).

### Most Prosperous Countries

(IMF data 2006)

Ra nk	Country	Population in Millions	Percent of World Pop.
1	Luxembourg	0.467	0.007 %
2	Ireland	4.301	0.064 %
3	Norway	4.373	0.071 %
4	United States	303.676	4.550 %
5	Iceland	0.312	0.005 %
6	Switzerland	7.508	0.110 %
7	Netherlands	16.409	0.250 %
8	Denmark	5.457	0.082 %
9	Qatar	0.841	0.013 %
10	Austria	8.316	0.120 %

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