19-Feb-17 – Can America reverse its decline?

Description

It’s about Trump. It’s about America. And it’s about America’s role in the world.

Can Trump make it? Can America recover? In an ideal world, what would the magic solution be for America’s revival? As it is, America is just chugging along, at over $1 trillion in Federal debt alone, per year, plus state and local debt, and consumer loans such as mortgages, student loans, car loans and credit cards. At an average of 1.5% economic growth per year, for the last eight years[1], (as opposed to the average post WWII of 2.9%) while the population alone has been growing at 0.8%, this is actually, close to negative growth and it is self-destructive. But when the debt growth is added, it is negative both in relative and absolute terms.

Another ten years of this, and there is nothing left of the US. So again, in an ideal world, what would the magic solution be?

Besides cutting down on the over-extended military reach, and the corporate welfare (including the wastefully comprador health industry, 20 percent of the GDP), what would be the engine of growth?

Trump is proposing $1 trillion spending on infrastructure, such as highways, airports and bridges. But how would that be an engine of economic growth?

When a city’s port is too small to handle the traffic of the growing economic activity, spending on doubling the port capacity does represent a capital investment which is part of the government/business expansion. But building a beautiful boulevard in the middle of the city is a luxury, and it only offers an enhanced lifestyle. More highways, more fast trains, by themselves, cannot generate more productive forces.

If we look at the old book of the Soviet regeneration after the First World War, the programmatic manifesto, which was the basis of their economic revival, was the Leninist call to develop “the heavy industry with the machine-building industry as its pivot.” In the industrial age, “heavy industry” meant steel production and its derivatives, while the machine-building industry meant tool factories.

Industrial England was the model where the ultimate productive branch of the economy, let’s say, the textile industry, or nail making factories, were premised on the condition of having textile machinery at hand, which presupposes a textile machine fabrication, which presumes an iron- and steel-making industry, Which is also conditioned on having a mining industry to produce the raw material for all of this, which was iron, coal, etc.

So the shortcut for a country like Russia or China was to start with the primordial industry: the extraction/mining industry which included oil and gas, and, for decades, pumping resources into the upstream industrial development.

If we look at today’s situation, what are the equivalents? What is the industry of the future that can

build an economic powerhouse? Probably it is the robot industry. So where do you start with the robot industry? Definitely not with highways and infrastructure; but with the same paradigm: energy resources (that is extraction/mining, oil and gas industries), the heavy industry (such as steel, pipe-making industry, in the words of Trump), and the machine-building industry. One then needs qualified engineers and technicians.

Now, look at the US education system today. The only engineers that the US has are imported from India, China, Russia, etc. Where are the indigenous technicians? They are all getting Bachelor's in business (19%), health (10%), social sciences (9%), etc. Master's: MBA's (25%), education (21%), health (13%). Doctorate degrees: health (39%), legal (25%), education (6%), engineering (5%), biology (5%), psychology (4%), physical sciences (3%) [2].[3]

So, what are the chances of President Trump putting all this together? So far, his emphasis seems to be on the generals, law and order, and the "fake news media" epidemic – which is all to the good, at least as far as a wake-up call and a minimal re-establishment of the framework for going forward with a new plan, but it's nowhere near to affecting the deep roots of the US malaise and its path to recovery.

Where are the builders of the future industry and of the new economy? **I don't see them as of yet.**

[1] https://hudson.org/research/12714-economic-growth-by-president

[2] Of the 1,870,000 bachelor's degrees conferred in 2013–14, the greatest numbers of degrees were conferred in the fields of business (358,000), health professions and related programs (199,000), social sciences and history (173,000), psychology (117,000), biological and biomedical sciences (105,000), and education (99,000).

At the master's degree level, the greatest numbers of degrees were conferred in the fields of business (189,000), education (155,000), and health professions and related programs (97,000).

At the doctor's degree level, the greatest numbers of degrees were conferred in the fields of health professions and related programs (67,400), legal professions and studies (44,200), education (10,900), engineering (10,000), biological and biomedical sciences (8,300), psychology (6,600), and physical sciences and science technologies (5,800). https://nces.ed.gov/fastfacts/display.asp?id=37.

[3] Between academic years 2002–03 and 2012–13, the total number of postsecondary degrees conferred increased at all degree levels: certificates by 49 percent (from 646,000 to 966,000), associate's degrees by 59 percent (from 634,000 to 1.0 million), bachelor's degrees by 36 percent (from 1.3 million to 1.8 million), master's degrees by 45 percent (from 519,000 to 752,000), and doctor's degrees by 44 percent (from 122,000 to 175,000). Reflecting the overall increase in the number of postsecondary degrees conferred at each level, the number of postsecondary degrees conferred also increased for all racial/ethnic groups at each level between 2002–03 and 2012–13. https://nces.ed.gov/fastfacts/display.asp?id=72.