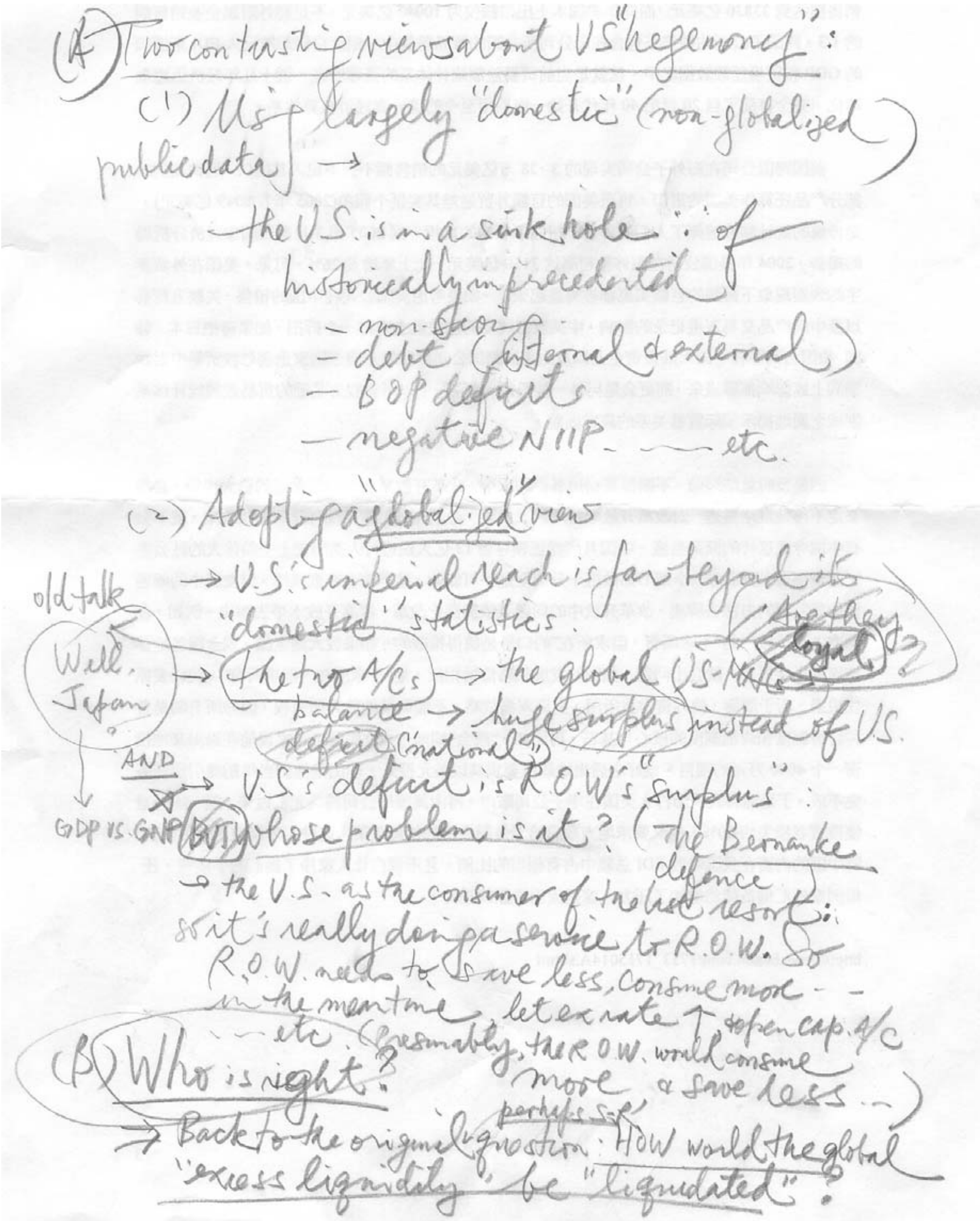
The emperor with clothes and loyalty of his MNCs

Tsang Shu-ki (8/2/07)


(A) Two contrasting views about US "hegemony":

(1) US's largely "domestic" (non-globalized) public data →

— the U.S. is in a sinkhole of historically unprecedented

— non-saving

— debt (internal & external)

— BOP deficit

— negative NIIP — etc.

(2) Adopting a "globalized" view

old talk → U.S.'s imperial reach is far beyond its "domestic" statistics

Well, Japan → the true A/Cs → the global US-MNCs — Are they loyal?

balance → huge surplus instead of U.S. deficit ("national")

AND → U.S.'s deficit is R.O.W.'s "surplus":

GDP vs. GNP

BUT whose problem is it? (The Bernanke defence)

→ the U.S. as the consumer of the last resort: so it's really doing a service to R.O.W. So R.O.W. needs to save less, consume more — in the meantime, let ex rate ↑ & open cap. A/C — etc. (presumably, the R.O.W. would consume more & save less — perhaps S-I)

(B) Who is right?

→ Back to the original question: HOW would the global "excess liquidity" be "liquidated"?

An interesting question is: if economics is "globalized", is corporate loyalty still national? What about politics? Should "democracy" also be "globalized"?