

7 lessons for America from around the world

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By Kishore Mahbubani - Special to CNN

Lesson 1: America must learn from the world

The first lesson that America can learn is that it has lessons to learn from the rest of the world. The great paradox here is that the major American Ivy League universities have produced thoughtful and well-educated elites in countries all around the world who believe that they have to study the world. Ironically, in America today, ignorance about the world is considered a virtue.

Many American congressman and congresswomen consider it a badge of honour not to have a passport. This may explain the thoughtless debate that the U.S. Congress is having about how to fix the U.S. economy.

The real issues are not about curbing U.S. expenses or raising taxes. The real issue is whether the American economy can adapt and become truly competitive in a much more competitive global environment. Ignorance about the world is a major liability here.

Lesson 2: Adapt to globalization

The second lesson that America can learn from the world is that many other countries are adapting more intelligently and successfully to the processes of globalisation that America created. Indeed, for several decades, American pundits and policymakers were the leading preachers of the virtues of globalization. They constantly called on other economies to open up and join the global economy.

Many did so, including China and India. Having promoted globalisation so well, American leaders forgot to ask themselves an obvious question: would the American economy also have to adapt and reform itself in the face of accelerating globalisation? The failure to address this question may explain why America now faces the challenge of persistent unemployment.

Lesson 3: Government is necessary

The third lesson that America can learn from the world is that the "invisible hand" of free markets does not work well on its own. It works better in unison with the "visible hand" of good governance.

This is the simplest explanation of why the Chinese and German economies have emerged as the two leading exporters of the world. Their governments encouraged both their companies and workers to adapt to the new competition and put programmes in place to help them. American policymakers continue to have blind faith in the "invisible hand".

Read: Kishore Mahbubani's piece, [Wake up, America! You're falling behind.](#)

In the land of the two-handed, the one-handed policy of the U.S. gives it a severe competitive disadvantage.

Lesson 4: Seize new economic opportunities

The fourth lesson that America can learn is to identify the obstacles within America that prevent it from taking advantage of new economic opportunities.

Global tourism is exploding. Within a decade, there could be 100 million Chinese tourists travelling around the world. Already they are becoming the biggest shoppers in London and Paris. But American visa and immigration procedures discourage travel to the U.S.

In an innovative move, America has put in place a global "Trusted Traveller Program". Why not use American sophistication in software to rapidly expand this program to cover all countries in the world? And why does the U.S. not join the well-established APEC Business Card Program?

Another black hole America has dug for itself is its absolute refusal to allow "transit" passengers to pass through their airports without going through painful American immigration procedures. Why not study the benefits that Heathrow and Frankfurt, Changi and Hong Kong get from their booming transit traffic?

Lesson 5: Encourage U.S. companies to create jobs for Americans overseas

The fifth lesson that America can learn is to take advantage of its globally competitive companies - from Coke to Pepsi and GE to Caterpillar - to create jobs for Americans all around the world. Many countries have decided that the best way to encourage their entrepreneurs to go abroad is to avoid taxing them on overseas earnings.

America's global taxation program discourages American companies from hiring Americans overseas and encourages hiring local nationals instead.

Thousands of Americans could be immediately employed overseas if America were to tame its global taxation program and encourage American companies to employ Americans overseas. Alternatively, a simple, moderate levy on overseas earnings could also encourage Americans employed overseas.

Lesson 6: Retrain U.S. workers

The sixth lesson that America can learn from the world is the importance of retraining its workers.

In the 1950s and 1960s, the community colleges flourished and delivered a competitive work force for America. Today, many have ossified. Their curriculum pales in comparison with the German and Singaporean vocational institutes, which have adapted to the demands of new industries.

Indeed, something has gone drastically wrong with the American educational system as a whole, as indicated by its **PISA** scores. Why not send American teachers to visit schools in Singapore, Seoul, Helsinki and Hong Kong?

Lesson 7: Take macroeconomics seriously

The seventh and most important lesson America can learn from the rest of the world is from the lessons that America used to teach the rest of the world so well: take macroeconomics seriously; balance your budgets; reduce and simplify tax burdens; welcome foreign investors; reduce barriers to trade and investment and so on.

It is hard to believe that barely a decade ago, American pundits and policymakers were given a royal welcome when they travelled around the world dispensing economic wisdom. America has exported more economic wisdom than any other country in the world.

The time has now come for America to import the economic wisdom it used to share freely with the world. The views expressed in this article are solely those of Kishore Mahbubani.