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The Accidental Super Power - The United States' Domination in the Future.

Greetings!

TriStar recently attended an event with Peter Zeihan giving a lecture on his book *The Accidental Super Power (the Next Generation of American Preeminence and Coming Global Disorder)*. The author is an international strategist and leader in the world of geopolitics, and his book outlines the truth of why the future of the world will be volatile while those inside the borders of the United States will thrive due to our unique geography. There are four concepts in the book which we feel highlight his thesis:

- **Geographical Superiority:** Natural Border protection and agricultural gold
- **Demographic Benefits:** Sustainability of a future economy
- **The Shale Revolution:** Leading to energy independence
- **Bretton Woods:** The system of rules adopted by the allied nations before the end of WWII, to govern monetary trade and relations between independent nation-states.

GEOGRAPHICAL SUPERIORITY

The United States is geographically protected on two sides by the Atlantic and Pacific Oceans. Our border countries are Mexico and Canada and we have been savvy in establishing collaborative trade agreements. Simply put, relative to other super powers, the United States is not distracted by natural enemies at our borders and the distance to travel to our country is a deterrent from invasion.

Deep water ports have long been a competitive necessity for cheap transportation throughout the world. The United States has navigable waters internally (think Mississippi Delta) that make us independent of more expensive transport options such as trucks or rail that are in needs of fossil fuels oil and coal. The book notes that the United States has six (6) times more rivers than the entire world combined. Our oceanic trade ports are also a benefit for both east trade (Atlantic) and West trade (Pacific). Why do you think Russia invaded Crimea? - Russia's limited access to deep water ports creates a global disadvantage in their trading infrastructure.

If one looks at the agriculture map of the world (in the book), one will see that at 12 million Hectares (?) the United States has the most fertile agriculture and sustainable water supply of any place on the planet. The large continents are very arid (Africa, the Middle East), frigid (much of Russia) or mountainous (China -less than 4 million Hectares?) and all have very little land for the growing of food. We live in a land of abundance without fear of supply where many countries are solely reliant on imports to feed their people.

DEMOGRAPHIC BENEFIT

An economy is supported by its people and much of it is driven by consumer spending. Simply put, those in their income producing years (20-45) are consumers who are growing the economy. The next generation (say 46-65) is looking to save money for retirement and the retirement generation is on wealth presentation mode and not producing in the economy. A producing economy pays taxes and affords social programs for the impoverished and retirees. The United States has a healthy, upcoming population called the millennials who will dwarf the size of the retiring Baby Boomer and continue to perpetuate a strong GNP.

Think of China as an example of country who had a "one child" policy years ago to control population. The effect that this has had over time can devastate an economy and its ability to sustain itself. If you look toward European countries and the social trend of dwindling families and shrinking populations, you will understand the fear of future dwindling economies. Who will support the tax base? Who will run the economy if there are no workers?

The book notes immigration policy changes of other countries. One of the most expensive components of an economy is educating its population to be contributing participants of a sustainable and thriving future. There are many social benefits to an economy that can import an educated workforce and the United States is in this unique position to attract young, educated immigrants from other countries.. Watch how and why countries change their immigration policies in the future for their own benefit to keep up with the United States. The United States has embraced Cuba and regardless of your politics - the reality is that they provide a pool of well educated workers who live on \$20 per month. Cuba can be a huge alliance for a willing neighbor.

THE SHALE REVOLUTION

The United States is close to becoming energy independent and a net exporter of energy due to fracking, advances in technology and the discovery of natural gas in huge shale fields around the country. This is a huge game-changer for our future geopolitics as our military and foreign policy has been centered on protecting interest with "oil friendly" trading partners. Our growing production is partially responsible for the lowering of oil prices; however, it is speculated that the Mideast cartels keep pumping oil as they see the inevitability of losing one of their biggest customers. Their flooding of oil to the market is seen as an attempt to drive our energy production into bankruptcy (certainly to bankrupt Russia). How will international policy and global geopolitics differ in the future if the United States no longer needs oil?

BRETTON WOODS

Bring out your history books! Before the end of WWII , the United States and 730 delegates from all 44 Allied nations met in Bretton Woods New Hampshire and organized a regulated system of money management for commercial and financial relations. Understanding the potential for post-war global chaos as exhausted Allies tried to rebuild their economies, the intent was to forge a global money order of fixed exchange rates and international security between independent nations to avoid trade warfare and associated global disruptions. In exchange for ratification of the agreement, all Allied member-nations would have access to trade in the lucrative United States consumer market and as the world's largest military power, the United States would guarantee military support to protect global shipping lanes (in a time when the world was fearful of the Soviets!!). As party of the Bretton Woods treaty, an international trade currency policy was created and the US Dollar was established as the standard currency for the exchange. Bretton Woods had far reaching and lasting effects on Global peace and prosperity. Unlike the pre-WWII economic environment, where a country's survival and power was based on its ability to open deep water trade routes and dominate the seas, Bretton Woods eliminated international security threats in shipping lanes, thus promoting peace and prosperity through global trade. In the modern world today, there is relatively no need for nations to build their naval power because of the reliance upon the United States and the Bretton Woods agreement. What a unique dependency the rest of the world now has on the United States! With that being said, as the United States becomes more energy independent, the need to protect its interest in the Middle East is no longer a priority. How many years and at what price would it take the rest of the world to replace the naval infrastructure provided for free by the United States? There is much speculation that the era of Bretton Woods is coming to a close as the United States and our North American allies achieve dependency from the world.

THE IMPACT OF THIS BOOK ON REAL ESTATE INVESTING THE FUTURE

TriStar watches future trends to understand their impact on our investments. What are some key questions?

1. Money and People will continue to migrate to the US? Both will be looking for real estate for safety, necessity or investment. How will it affect returns and prices? We anticipate the impact will be higher demand.

2. Energy Independence Means the Price of Oil will not drive the economy? How does this affect recession proof economies of the past like Houston? In investment of dollars previously targeted for the import of Middle Eastern oil will now be channeled to fuel domestic investment.

3. What do the Millennials Want? When they mature, will they flee to the suburbs? What will spending habits be like? Will they eventually leave the glut of apartments being built? The close of Bretton Woods could create a new global of instability during their lifetime.

4. Water and agricultural land as the new gold? Rumor has it China is desperately trying

to by purchase farm land in California and the United States heartland to feed its 1.2 billion people.

TriStar is seeking Investors for its next investment. Please call us at 404-698-3535 to learn more or email us at dgibbs@tristarinvest.com.

Sincerely,

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