America for sale: Boost or bust for US economy?

It was a perfect American scene: a couple of buddies happily knocking back beers while watching a baseball game on a balmy summer's evening. Except for the fact that the beer they were gulping, the country's best-selling All-American Budweiser beer, is soon to be Belgian following the acceptance by Anheuser-Busch of a $52-billion takeover bid from Flemish brewing giant InBev.

Some fans are philosophical about the change. 'I don't care. It'll still taste the same,' said Charlie Powell as he watched his team, the San Francisco Giants, notch up an easy win over the Washington Nationals Wednesday night. 'It's not like the parking lot here is filled with American cars.'

But some see the downside. 'It's not great beer but at least it was ours,' said his friend Greg Willis. 'It seems that this country just can't compete anymore in anything.'

It's not only patriotic beer drinkers who are concerned about the latest spate of foreign buy-ups of American icons. In recent weeks, prize after prize has fallen into the hands of foreign investors - many of them oil-backed sovereign wealth funds which are allowing foreign governments to take advantage of America's loosely-regulated financial system.

It all brings to mind the traumatic 1980s when Japanese and oil rich investors created a wave of American angst by snapping up assets in the troubled US economy such as the Rockefeller Center, Universal Studios and Pebble Beach golf course.

According to Standard and amp; Poor's, last year foreign buyers set a record by purchasing $422 billion of US assets. Many of those deals involved sovereign wealth funds. So far this year, there have been more than $200 billion in announced deals with foreign buyers, and seven of the top 20 US mergers this year involve foreign buyers.

The iconic Chrysler Building in Manhattan was snapped up earlier this month by an Abu Dhabi sovereign wealth fund for $850 million, just a month after a Dubai company bought the well-known General Motors Building.

This week Swiss drug maker Roche announced plans to buy 44 percent of Genentech that it doesn't already own in a $44 billion deal. Elsewhere a consortium of sovereign investment funds from Saudi Arabia, Kuwait and Singapore bought a $12.5 billion stake in financial giant Citigroup, after the Abu Dhabi Investment Authority bought a $7.5-billion stake last year. In January Merrill Lynch raised money from the Kuwait Investment Authority as part of a $6.6-billion preferred stock deal.

Critics worry that the government controlled organizations behind most deals could base their decisions on political factors.

'I find it hard to believe that a foreign government is willing to invest billions and have no say,' Senator Robert Menendez of New Jersey said at an April meeting of the Senate banking committee. Senator Hillary Clinton routinely called for more oversight when running for the Democratic presidential nomination.

But Dan Ikenson, associate director for the Center for Trade Policy Studies at Cato, a libertarian think tank, argues that the US should thank these investors. 'There's no evidence that foreign investors, whether it be private investors or state-owned enterprises or sovereign wealth funds, pursue anything other than economic objectives when they invest,' he said. 'If we scare them away we will regret it because we really need access to international capital.'

Scott Wren, a strategist at Wachovia Securities, agrees and adds that the investment is a vote of support for America. 'I think what's really mainly driving foreign investment - and they are certainly taking advantage of a weaker dollar - is just that the growth prospects here in the United States are good. The United States still accounts for almost 25 per cent of global GDP. We're a market that foreigners want to be in.'

But William Pesek, a columnist for Bloomberg News, argues that those perceptions are wrong, especially as ongoing financial troubles erode confidence in the US system. 'Sovereign wealth funds and other pools of affluence created by surging commodity prices are moving their focus more and more away from the West' he notes.

'The focus has shifted to emerging markets and Asia where we see better opportunities,' Sameer al-Ansari, CEO of the $12 billion Dubai International Capital told Bloomberg. 'The world is changing fast. When we think about where the real growth will be in the years ahead, we are very much looking to Asia.'

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