#### **MORAN REPORT 2008: Section 8**

# **Economic Freedom & Prosperity**In U.S. Foreign Policy And Operations

A Primary Foreign Policy Initiative Blueprint
(The Synergy Of The Free Market Place Applied)

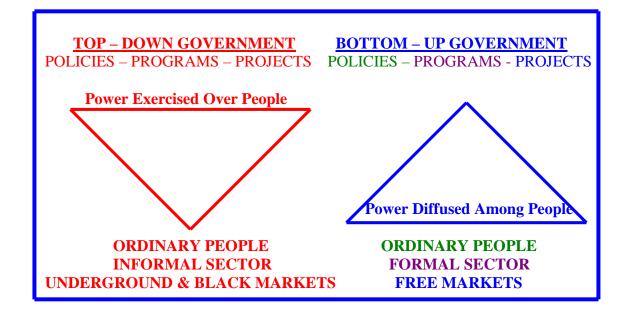
#### **Peace Through Prosperity**

## Regional Sustainable Development Programs [RSDP'S]

**Bottom-Up Versus Top-Down Governance** 

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#### **Introduction**

All throughout world history there have been various forms of Top-Down governments that abuse, repress, suppress, discount and marginalize Ordinary People. There have been powerful arduous and relentless Bottom-up struggles against Top-Down systems that cannot be denied, neglected, ignored, or put casually aside. Top-Down governments have taken on many forms and shapes. They have been run by dictators, monarchs, warlords, military juntas, totalitarian regimes, rogue nations, fascists, imperialists, communists and socialists who *power shape shift\** governments. Today we have a plethora of "shape shifting" struggles with Global Top-Down governance systems.

What the American public is not aware of is the relentless and constant struggle on the part of United States and its allies who are NOT keeping a diligent watchful eye on the power "shape shifting" that is taking place with Top-Down government powers, global governance advocates and allies of a *Supranational Power Formation* are now part of the big picture. These power struggles on the global scene are enshrined in a complexity of Global Top-Down intermingled disingenuous public policy battles. Geopolitical self-interests, countervailing economic platforms, tenuous precautionary trading principles, questionable and non-empirical environmental provisions are intermeshed with ambiguous and commingled by-laws, trade agreements and treaties.

Increasingly, as citizens outside a country's existing power structure interconnect with the outside world through contact with travelers, expatriots, Diaspora, television and the internet, they are discovering and reinventing ways and means to pursue happiness, security, freedom and prosperity. Regional Sustainable Development Program - Projects with Productivity Teams can be an avenue for accelerating the connectivity of the free market process. Free market venues will then progressively expand locally, regionally, nationally and internationally.

\* Power Shape Shifting is a phrase which denotes the on-going and insidious manipulation, control or domination of the political, social, economic or military landscapes.



#### **Economic Freedom & Prosperity**

(The Synergy Of The Free Market Place Applied)

**ISSUE:** How does the America and its allies deal effectively with various forms of Top-Down governance systems that are insinuating themselves amongst Ordinary People? How can the U.S. defend freedom and liberty globally without intervening with: 1) burdensome and costly military actions, 2) misguided economic development programs 3) ineffective public diplomancy and 4) counterproductive federal spending? As a world leader, the United States constantly faces multiple -- emanating forces -- of Top-Down governance shape shifting power plays. As a larger percentage of countries belong to the United Nations, each nation has its own self-interests at heart as well as its each sovereignty. However, a nation's sovereignty does not necessarily translate over into independence, freedom, liberty and sovereignty for a country's Ordinary People. In the past as well as now, Top-Down directed governance policy throughout the world [big or small in degree] has marginalized Ordinary People. Such Top-Down policy keeps Ordinary People repressed and often living in substandard conditions amidst economic instability, abject poverty, disease, high unemployment, genocide, stark human rights violations, crime, and unfettered corruption.

**RATIONALE:** When natural leaders of Ordinary People in one or more countries 1) adhere to, 2) work in accordance with or 3) host an Economic Freedom & Prosperity Initiative, the country(s) begins to mold solid incountry principles and institutions into a framework of good governance, transparency, Rule of Law, enforcement and Property Rights. This fertile environment allows Ordinary People to realize their hope and dreams. Ordinary People begin taking control of their own lives. They protect and defend one another to secure their families, friends, homes, neighborhoods, occupations and businesses. They create and collaborate with elected officials to form a rich groundwork for opening up liberal business conditions which move them out of the informal sectors, underground economies and black markets. These conditions are the fertile grounds for terrorism, drug and arms running, money laundering and other illicit activity.

**<u>BOTTOM LINE</u>**: A U.S. Economic Freedom & Prosperity Initiative including Regional Sustainable Development Programs [RSDP's] with Productivity Teams is the missing and essential synergistic component of a coherent U. S. Foreign Economic Freedom Policy and a National Security



#### **Economic Freedom & Prosperity**

(The Synergy Of The Free Market Place Applied)

#### **BOTTOM LINE con't:**

Strategy. The policy should advance liberty and freedom to directly serve U.S. National Security interests which will undergird the United Nations. The Initiative can stimulate a collaborative effort with the United Nations to fulfill its humanitarian mission.

Without decisive action taken collaboratively by the United States with the United Nations with an Economic Freedom & Prosperity Initiative, 3<sup>rd</sup> world nations, emerging countries, and failed states become further handicapped and deprived in a downward spiral of economic instability, abject poverty, disease, high unemployment, genocide, stark human rights violations, crime, and unfettered corruption. Without decisive country led actions, Ordinary People are marginalized and are deprived of their opportunities for realizing their inherent individual God-given liberty, freedom, independence and sovereignty.

"Prudence, indeed, will dictate that governments long established, should not be changed for light and transient causes; and, accordingly, all experience [has] shown that mankind are more disposed to suffer while evils are sufferable than to right themselves by abolishing the forms [global governance] to which they are accustomed. But, when a **long train of abuses and usurpations**, pursuing invariably the same object, evinces a design to reduce [the people] under absolute despotism [global governance], **it is their duty**, **to throw off such government**, and to provide new guards for their future security."

Thomas Jefferson



**Presidential Candidates-Economic Freedom:** Seldom if ever is the case made by U.S. Presidential candidates to stop Global Top-Down governance by applying Bottom-Up "Economic" principles and institutions. Those U.S. Presidential candidates who decry the Iraq war or its aftermath, do NOT exhibit clear prescriptions for capabilities to stop the unseemingly endless problem of guerilla warfare, terrorism, poverty, disease, crime, genocide, and crimes against humanity. Bottom-Up economic reform hardly hits the radar screen.

As former President Thomas Jefferson made clear during the Revolution, the *long train of abuses and usurpations* must stop. It is a *people's right and duty to act in accordance... for future security.* 

Our National Security strategy has not been rounded out to advance a sound, principled Foreign Policy Economic Initiative. An Economic Freedom & Prosperity Initiative not only bridges this economic strategic foreign policy gap, but will provide the needed groundwork -- globally reducing the need for entering conflicts with our U.S. troop intervention -- to check, neutralize and stop the spread of global Top-Down government abuse. Top-Down global governance is surfacing and establishing itself through the United Nations, U.N. entities, European Union [Precautionary Principle], in Russia, South America, in treaties like the UNCLOS, and in U.N. Environmental Programs.

Changing Foreign "Economic" Policy is about understanding the dynamics of Economic Freedom and Prosperity. Creating a new 'economic model' centered around Economic Freedom and Prosperity in the "expanding" global markets has not been done. "Globalization" is the centerpiece of Candidate discussions and debates, but they are focusing on the old paradigms for analysis, design, review, and recommendations of our U.S. Foreign Policy. Of even greater concern, the Presidential candidates have not proposed for the American public definitive Action Plans for each of the 4 elements of our National Power as it relates to Foreign Policy.

4 Elements of National Power & National Security
"Diplomatic," "Economic," "Information," and "Military" Power

Quite importantly, when looking at Foreign Policy the public is "not only" asking Presidential candidates to clearly define what is to be done



[Action Plans & policy] for "Diplomatic," "Economic," "Information," and "Military" policy and programs. Candidates must also explain and address the newly evolving and established global "pockets of influence, power and strength" which are embedded and enshrined in "Top-Down" policy and programs. These foreign centers of power undermine, usurp, and dismantle 1) the foundations and provisions of our U.S. Constitution and Declaration of Independence 2) as well as sovereignty of budding "emerging" and 3<sup>rd</sup> world countries. It is important to reitereate that Top-Down global governance is surfacing and establishing itself through the United Nations, U.N. entities, the European Union [Precautionary Principle], Russia, in South America [Chavez, Castro & Correa], in treaties like the UNCLOS, and in U.N. Environmental Programs [See: Section 10 Treaties: RSDP's Versus Global Governance Pages 242 - 269].

First, what Presidential Candidate has called for our stronger in-country Economic Freedom & Prosperity Strategy for South America which will deal with Top-Down governments led by Presidents Chavez [Venezuela] and President Correa [Ecuador]? These Heads of State are now targeting the fledgling democratic government of Columbia under President Uribe.

With the Middle East dominating the political dialogue landscape we beg five questions regarding the Fragile Latin American Democracies [See Recommended Readings: Page 291]: 1) What happens when governments band together to cuddle and protect the - estimated 15,000 plus strong guerilla drug pushing Revolutionary Armed Forces of Columbia [FARC] on their borders? 2) What Presidential Candidates have ostensibly argued how Hard [Military] and Soft [Economic] Strategic Action Plans will deal with the terrorist FARC group? 3) How are the Presidential candidates going to deal with Chavez who is scheduled to open up a new AK-47 plant which can lead to further destabilization of parts of South America and Central America? 4) What are the Presidential Candidates' Action Plans for High Intensity Drug Trafficking Areas [HIDTA] in the United States, South America and Central America -- dealing with the flow of illicit drugs from the Columbia/Venezuela/Ecuador corridor and Mexico – in which the drug cartels have aligned [banded] themselves together? 5) What are Presidential Candidates' Action plans to counter Chavez's influence and power shape shifting throughout South America with special emphasis on Argentina and Bolivia [a major natural gas supplier for South America]?



## SEIZED LAPTOP SHOWS CHAVEZ'S REBEL TIES Frank Bajak, 03/05/08 AP

"BOGOTA, Colombia (AP) - Files in a laptop computer seized from the wreckage of a Colombian rebel camp in Ecuador offer new insights into Venezuelan President Hugo Chavez's desire to undermine Colombia's U.S.-allied government...

"If authentic, the computer files suggest Chavez has been in league with the rebels for more than a decade... While Chavez is not one of the correspondents, his sentiments are conveyed in numerous messages exchanged by the rebels...Venezuela contends the texts are lies and fabrications... If so, they are expertly done....

"Not only do they offer an unprecedented glimpse into the rebels' mindset, they also reflect deepening rebel contacts with European governments and even representatives of the United States, who have tried to negotiate the release of dozens of hostages. They are signed electronically by the most powerful men in the leftist Revolutionary Armed Forces of Colombia, or FARC the hemisphere's oldest and most potent rebel movement..."

"Those signing the documents include <u>Raul Reyes</u>, the FARC's foreign minister and public face ... Others who signed messages include Manuel Marulanda, the rebels' 77- year-old supreme leader; Jorge Briceno, their much-feared field marshal, and Ivan Marquez, the insurgents' apparent go-between with Chavez. Marquez is believed to live in Venezuela."

"They indicate that Chavez, seeking to raise the FARC's stature and relieve it of its international pariah status, shares their goal of isolating and discrediting Colombia's president, <u>Alvaro Uribe...</u>"But do they prove that Venezuela was actually financing the FARC's bid to overthrow a democratically elected government? That's not clear..." "Marquez also says Chavez is prepared to offer Venezuelan territory [to FARC]... which would be a huge embarrassment for Uribe...

"Chavez's ally, Ecuadorean President Rafael Correa, was similarly engaged with the rebels, the documents indicate...



## DEFENSE FOCUS: VENEZUELA'S KALASHNIKOV'S BY MARTIN SIEFF, 08/15/07 UPI (EXCERPTS)

"IMP [Izhevsk Mechanical Plant – Russia] announced last week it would construct two separate factories in Venezuela, one to make the AK-47s and the other to provide ammunition for the weapons, RIA Novosti reported. Both plants are scheduled to be completed by 2010, the report said.

"The Izhevsk Mechanical Plant has already manufactured and supplied 100,000 AK-103 assault rifles to Venezuela under an earlier contract and signed a new contract licensing production of Kalashnikov rifles with the nation, RIA Novosti said.

"We will begin construction of two plants in Venezuela at the end of 2007," Vladimir Gorodetsky, the IMP general director, told a news conference to celebrate the 60th anniversary of the AK-47.

"One plant will manufacture AK-103 assault rifles and another plant will produce 7.62-mm ammunition for the rifle," he said, according to the report.

- "The deal was in many senses no surprise. Venezuela's fiercely anti American President Hugo Chavez is awash with petrodollars as global oil prices remain around or well over \$60 a barrel [Over \$100.00 a barrel as of 03/01/08] And with China's industrial demand for oil growing by the hour and India rapidly following suit, the global market may stay tight for many years to come.
- "Also, Chavez has been buying arms on a large scale from Russia for some years now.
- **"RIA** Novosti noted that Venezuela in 2005-2006 purchased \$3.4 billion of weapons from Moscow, including 24 Su-30MK2V Flanker fighters, Tor-M1 air defense missile systems, Mi-17B multi-role helicopters, Mi-35 Hind E attack helicopters and Mi-26 Halo heavy transport helicopters.



## Economic Freedom & Prosperity Through Regional Sustainable Development Programs

These above cited Venezuela and Ecuador Global Top-Down policies and programs in South America have been established, designed and maintained to counter, offset, diminish and dismantle the security of America and its allies -- countries with Bottom-Up free market driven economies. The consequence can lead to economic instability and more frequent economic downturns and recessions around the world.

What is not being told to the American public is that economic battles for power, influence and strength are now being waged on the entire global stage. These battles are between powers like the United States where Bottom-Up "Ordinary People" based principles and institutions with liberalized, free-market driven economies are waged against those Top-Down powers who do not adhere to, discount or manipulate [transparent] liberal free-market principles and institutions [via non-transparency and non-enforcement]. The Top-Down players work within the liberal free market rules and institutions when it serves their purpose; and the Top-Down players work outside the free market rules and institutions for their pecuniary, security and power enhancing interests. The formula practiced is a win – win situation for Top-Down governments. It is a lose - lose proposition for the U.S. and its allies.

#### REGIONAL SUSTAINABLE DEVELOPMENT PROGRAM [RSDP]

– Bottom-Up Projects within a host country or in a Regional project offer a practical, sound and germane means to counter the ill-intentioned, ill-advised, misdirected and corrupt individuals who seek to promote Top—Down Development strategies and operations abroad. Accordingly, RSDP's enhance National Security interests.

#### What "A Regional Sustainable Development Program" signifies:

A Regional Sustainable Development Program [RSDP], launched with broad based infrastructure and practical education projects in one or more countries, is a political, environmental, economic, public policy and policing/military driven Initiative. The RSDP program has cross-country benefits and features Bottom-Up governance. It responds to and addresses the needs of the present without compromising the ability of future generations to meet their own needs.



#### Economic Freedom & Prosperity Through Regional Sustainable Development Programs

What "A Regional Sustainable Development Program" signifies - continued:

**A** particular RSDP project offers the opportunity for input [transparency and feedback] by provincial and local officials, natural country leaders and Ordinary People to the selection, design, and execution of the new endeavor.

A country launches a Regional Sustainable Development Program [RSDP], in order to provide sovereign citizens with a pathway for shaping and enhancing opportunities by engaging in regional projects. Aside from security and other immediate & severe issues [national disasters, pandemics, etc.], a key outcome of a RSDP is to open up cross-border trade and investment opportunities with liberalizing economies functioning on the local, regional, national and international level. The multiple country programs open up ways for citizens to participate in and to prosper in the global economy. It offers citizens a motive and path for breaking out of the informal sector, underground economy and black market.

Collaborative measures and resources started within a host country and augmented by resources and 'know how' of each country joining a RSDP will help instill the idea that a country is not alone when it acts to "reach out" to other countries to remove serious overriding constraints or problems it cannot handle alone. Such a country does not have to give up its independence, freedom or sovereignty to: 1) another nation 2) another regional authority or 3) a Supranational power. Simply stated, the resources, manpower and assembled [participatory] knowledge of the RSDP are stronger than any one nation, but each nation stands on its own two feet. Each nation develops and applies its own policies, Rules Of Law, Property Rights, Courts systems, and Constitution, in accordance to how its citizens are predisposed through their own historic and pragmatic traditions.

In emerging and 3<sup>rd</sup> world countries, Ordinary People live and work in the "shadow economy" i.e., informal sector, underground economy and black market. By involving people in 'decision making' from the beginning, RSDP – Projects address the "real factors" that keep Ordinary People operationally working in the "shadow economy."



## Economic Freedom & Prosperity Through Regional Sustainable <u>Development Programs</u>

What "A Regional Sustainable Development Program" signifies - continued:

Quite importantly, Top-Down – U.N. and bilateral economic Development Projects are not normally designed to take the Ordinary People out of the shadow economy. In the shadow economy, Ordinary People know and feel most comfortable working with extralegal rules and laws. They know the "rules of the street shadow economy" as well as they know the name of their first-born. A traditional U.N. and bilateral project is not apt to cause Ordinary People to give up making a "shadow economy" living that supports their families, and sends their kids to school. The informal sector, underground economy, and black market are how "Ordinary People' survive each and everyday. They will not give up their means of livelihood by joining a U.N. or bilateral Top-Down welfare state service project.

Even after certain Regional Projects are underway, the yeoman's work has just begun to bring Ordinary People out of the 'shadow economy' as players. For example, Regional RSDP irrigation infrastructure systems can be set up, but only become fully operational when the towns people have agreed upon and shape up watering distribution rights, locations, timing of water flows and local regulations.

It is important to remember that country initiated Regional Projects for infrastructure and education are not more important than the people they are servicing. People will make optimal use of the Regional Project's intended purpose if they have the opportunity and economic incentives which drive them to make frequent use of the project's facilities. Hence, in water irrigation system installations, provisions must be made for insuring people are educated in farming and marketing skills, farm equipment usage, building of storage bins [silos – grain elevators] for larger harvests and getting harvests efficiently to the marketplace

The overall singular goal of Regional Sustainable Development Programs is to enable a nation and "nations within a region" to achieve larger scale economic growth and opportunity, poverty reduction, good governance and peace through Economic Freedom and Prosperity. Regional Initiatives



## Economic Freedom & Prosperity Through Regional Sustainable Development Programs

## What "A Regional Sustainable Development Program" signifies - continued:

use sound, practical and culturally germane Action Plans which lead to a Civil Opportunity Society.

With bureaucratic management (administration) mishaps and large political missteps, the U.N. Top-Down government systems cannot be overcome in the future -- unless the U.N. decentralizes its power [to a Bottom-up directed Mission & strategy] in support of Economic Freedom & Prosperity Initiatives which deal with the Ordinary People and their leaders?

On their part, individual countries should ensure that innovative *projects* first work in their own region's RSDP's (backyards) i.e., where they have "worked out all of the bugs," before they are 'rolled out' beyond the region. Upon careful review, some RSDP countries may decide to handle issues differently amongst themselves. These issues may concern the environment, economics, politics, genocide, war crimes, woman and child abuse, poverty, humanitarian aid, self policing, and military intervention.

Self-correction of major regional problems, by countries, within regions, should be the order of the day. As we all know, the United States cannot keep being the policeman for the world. Countries need to act on their own accord [from the Bottom-Up], with countries in their region, to handle and stop grave problems that arise from time to time. It is understood that the United States can intervene when called upon if absolutely necessary, in accordance with American national interests.

Conversely, at the United Nations, it appears that Global Governance is becoming the fashion of the day, with certain E.U. countries taking the lead. They are NOT advocating, administering and instituting Bottom-Up astute and timely economic and security Initiatives which work hand-in-hand.



## Economic Freedom & Prosperity Through Regional Sustainable Development Programs

What "A Regional Sustainable Development Program" signifies - continued:

It would be far better if the United Nations and countries that support a Global Governance system allocate their resources, time and energy to regional stewardship. In this way, more countries would move toward Economic Freedom & Prosperity. No one knows a country's needs better than its citizens, and perhaps, also the peoples of neighboring countries. And also, who knows more about a country's troubles than its regional expatriates and Diaspora, who fled the country for political or religious reasons and now live in the surrounding areas?

It would serve humanity much better if U.N. resources were to be directed for regionally equipping countries to immediately handle critical and urgent problems. Such resources then can be appropriately applied to first address local needs, then regional needs. A U.N. Global Governance shield is not practical, sound, country-applicable, or regionally viable. Global Governance is impeded by a large bureaucratic foreign non-indigenous inaccessible system. This is a call for the United Nations to decentralize its power and to reduce its influence over country affairs, i.e., to stimulate giving the power and strength back to the local people where it belongs.

Unfortunately, Top-Down governance can serve as a cloak of invisibility for countries that do not want to take a real stake in endemic problems in local intra-border situations or regional matters as in Greater Serbia with the European Union. Neighboring countries and the U.N. stood-by watching as Slobodan Milosovec /Arkan "death squads" reeked havoc and destruction in Greater Serbia. Top-Down governance which provides a 'cloak of invisibility' is prevalent in smaller and third world nations as they become weaker and less politically, economically and militarily viable. The resulting situation leaves Ordinary People and their leaders subject to the will of exogenous Top-Down governing nations. Watching countries weaken and wither over time because of economic instability and unstable security is unconscionable and deplorable.



## <u>EXECUTIVE SUMMARY:</u> Regional Sustainable Development Programs – Productivity Teams

It is important to note: This constructive criticism regarding the U.N. is not directed at the stewardship of the new U.N. Secretary General Ban Ki-Moon. The General Secretary has his hands full dealing with many critical matters where the U.N. did not sufficiently reach out. This call is for the United Nations organization to straighten itself out and rally around U.N. Secretary General Ban Ki-Moon, giving him a chance to make headway in correcting the endemic problems that exist at the United Nations.

This is also a call for the U.N. and SG Ban to look closely at the Bottom-Up focus, components, strategies, tactics and funding for "Regional Sustainable Development Program [RSDP] soft strategies with natural country leaders and "Productivity Teams."

What "Productivity Teams" mean in the context of being an element of the Regional Sustainable Development Programs:

These Productivity Teams are work-study groups of 20 or more individuals who go on 2 week missions abroad for educational and orientation purposes. The group consists of entrepreneurs, natural country leaders, local public officials, labor leaders, and worker representatives.

Team members get practical and "hands on" exposure to see the interactions of foreign local/regional free market communities. The spontaneous interactions of "Productivity Team" members with free market entrepreneurs abroad create discoveries that exceed the sum of the parts: 1) How free market entrepreneurs lead their daily lives in working with each other and public officials; 2) How entrepreneurs mix talents to move goods and services across the board; 3) How entrepreneurs channel their goods and services through the points of the supply and distribution chain; and 4) How private entrepreneurs work with voluntary agencies — "people helping people."

While traveling to countries with free markets, Productivity Team members discover an array of institutions such as competent state and local governments, banking and financial institutions and Land Grant universities that serve farms and agribusinesses, as well as voluntary associations, civic



## <u>EXECUTIVE SUMMARY:</u> Regional Sustainable Development Programs – Regional Defense

societies and religious communities actively engaged in changing the lives of neighbors. Unquestionably, The Productivity Team is a Critical Component of "Economic Soft Strategy Implementation."

#### REGIONAL DEFENSE AGAINST TERRORISTS AND TYRANTS

On the local defense front, regional policing/strike forces could be maintained and deployed (called into action by neighboring countries) to handle terrorist(s) actions and stop terrorist(s) activities where smaller countries or newly formed elected governments do not have sufficient means to protect and defend themselves against oppressors and other enemies. Examples include: encroachments by small bands of military trained terrorists, and militias, or insurgents within a country.

In today's world with Weapon's Of Mass Destruction capability, Regional Policing and Strike Force deployment is the practical and sound way to go. Local and regional state police and military personnel know the lay of the land with the local people, the hiding and storage places, and places that offer offensive and defensive strategic and tactical advantages for asymmetrical guerilla warfare. For instance, U.S. Africa Command [AFRICOM] should not only be utilized for U.S. Military defense objectives, but also focus on RSDP strategy. AFRICOM can give the impetus and incentives for locals to support RDSP-projects and Productivity Teams. To this end, natural country leaders and Ordinary People work toward good governance practices in collaboration with their President, provincial leaders and mayors for economic sustainability and security. In other words, Joint Military Civilian Operations [JMCO] personnel collaborate and advance this effort.

#### **REGIONAL SUSTAINABILITY AND DEFENSE - DARFUR**

In the same light, neighboring regional policing/strike forces can be deployed to handle disaster relief, and provide humanitarian assistance, along with Non-Government Organizations [NGO's]. The policing/strike forces can ensure the goods and services are going to the intended people -- not moving into the hands of the Top-Down elite or the strong arming few

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## EXECUTIVE SUMMARY: REGIONAL SUSTAINABILITY AND DEFENSE - DARFUR

who will enrich themselves while letting deprived and needy people suffer even greater hardships -- as seen in Darfur.

## Darfur, Sudan – North Africa /Middle East Regional Sustainable Development Program

A good opportunity for the *North Africa/Middle East Regional Sustainable Development Program* is Darfur, Sudan. Darfur has a growing need for ongoing humanitarian relief. The deplorable living conditions in Darfur for country nationals and refugees will only change as Sudan becomes more economically stable and secure.

In December of 2007, Under-Secretary-General John Holmes indicated the current humanitarian relief for Sudan would be in the \$825 million range. Secretary Holmes indicated that he visited Darfur camps where displaced people were willing to leave the camps but security conditions were not stable enough which gave them the impetus to leave. Consequently, they fear for their lives and hesitate to go out.

Darfur is a very good example of where North African and Middle Eastern countries adjacent and regionally accessible to Sudan can form a North Africa/Middle East Regional Policing/Strike Force. The countries can send their local North Africa Middle Eastern troops to stabilize the region as well as helping the Non-Government Organizations distribute goods to the Sudanese people. The Force would also serve the Sudanese people well, if the North African/ Middle East Countries would band together to form a humanitarian-based North Africa/ Middle East Regional Sustainable Development Program to fulfill a larger share of the humanitarian relief requirement and encourage /engage each other (with) in the principles and practices of the 12 Living Elements of a Civil Opportunity Society [See point 5 for more details].

**R**egional country Presidents, Prime Ministers and Ambassadors, can create positive and 'compatible Economic Freedom value' conversations which embrace the country's local heritage, national customs and cultural traditions through "exploratory discussions" and "in-country dialogues" It is in this



## **EXECUTIVE SUMMARY:**REGIONAL SUSTAINABILITY AND DEFENSE - DARFUR

vein that all peoples in the region can come to understand, between themselves, how to protect and defend themselves politically, economically, environmentally and militarily rather than having to cow-tow or be subject to a Global Governance System or supranational power.

Likewise, if one country's internal problem is not handled with direct and effective measures to counter terrorists, militias and guerilla insurgents, the region can become destabilized:

#### Official: Darfur Destabilizing Region

## U.N. Humanitarian Chief Tells AP That Conflict in Darfur Is Destabilizing the Region

**B**y ALFRED de MONTESQUIOU Associated Press Writer: *The Associated Press* 4/1/2007

**"BANGUI, Central African Republic -** The U.N. humanitarian chief said Saturday that the conflict in Sudan's Darfur region was destabilizing neighboring Chad and the Central African Republic and a comprehensive solution to the region's problems was needed.

#### Official: Darfur Destabilizing Region

## U.N. Humanitarian Chief Tells AP That Conflict in Darfur Is Destabilizing the Region

John Holmes, the U.N. undersecretary general for humanitarian affairs, concluded a 10-day tour of the region by saying he was struck by "the magnitude of the humanitarian challenge in these three countries" and calling for a strong political effort to end the growing chaos."

NOTE: The United Nations Mission in the Sudan (UNMIS) was established by the United Nations under UN Security Council Resolution 1590 of the UN Security Council on March 24, in 2005, in response to the signing of the Comprehensive Peace Agreement between the government of the Sudan and the Sudan People's Liberation Movement on January 9, 2005 in Nairobi, Kenya.



## **EXECUTIVE SUMMARY:**REGIONAL SUSTAINABILITY AND DEFENSE

In summary, launching a Regional Sustainable Development Program (RSDP) framework together with Regional Policing and Military Strike Force capability offers great advantages and a viable solution for U.N. Secretary Ban, the U.N. Security Council and other bodies within the U.N. A Regional Sustainable Development Program (RSDP) may be effectively carried out in lieu of a grand design directed by a Global Governance system, which can only further perpetuate and spread to an already healthy region the endemic problems of other surrounding regions. Hence, sovereign, independent and free countries within a region can act individually or collectively in league with neighboring states on strategic issues and problems. This regional and local strategic planning is the manner in which the 13 original American colonies struggled and effectively worked issues out amongst themselves. The 13 colonies were not looking to the distant and far removed World Power England to solve their problems.

The same story is true for the growing numbers of countries that are now under the umbrella of the European Union that has grown in influence, power, strength and size. However, the E.U. has not sufficiently learned to use its influence, power, strength and size with wisdom and discretion; to promote cohesion and interaction between countries. To often, the E.U. has not exercised proper deference to smaller, weaker and third world nations. It promotes a faulty Global Governance System where a nation's individual sovereignty is foregone.

**R**eturning back to the quasi-old totalitarian, socialistic, oligarchic or colonial [Top-Down] type of governing systems, philosophical tenets, and politically controlled enforcement procedures under the umbrella of a Global Governance system or a *Supranational Power* is going backwards not forwards. It offers regressive, not progressive thinking -- especially for Ordinary People who are marginalized, discounted, less fortunate and deprived.

Over time, it is quite ironic that people in power tend to naturally gravitate to think they know what is best for people at large [Top-Down] rather than sticking to the basics of encouraging and building a ruling system of the people, by the people and for the people where Economic Freedom &



## **EXECUTIVE SUMMARY:**REGIONAL SUSTAINABILITY AND DEFENSE

Prosperity is the main course of direction. Maybe leaders of countries who do not grasp this message should spend quality time [as part of being in the U.N. and U.N. entities] each year among people [including their own] who suffer daily from abject poverty, disease, crime or war. Such leaders need to wholly immerse themselves, part and parcel, with the disadvantaged and the downtrodden, and with the victims of genocide/human rights violations in emerging or third world countries, to more clearly see where Top-down policies are not working. This experience would help convince them not to conjure up grandiose ideas and schemes that do not, in the end, reflect what is right for people who need immediate help, empowerment and opportunities. Being regularly in touch with "proper oversight" with what is going on down on the ground keeps leaders' eyes consistently on the ball – not far removed from where critical strategic and tactical decisions need to be made to stop problems at the source rather than to react in a knee jerk fashion when the situation has already gotten way out of hand.

In summary, our Founding Fathers when framing the Declaration of Independence and the U.S. Constitution learned hard and fast from the blood wrenching Revolution how a government is formed of the people, by the people and for the people. From their colonial experience and broad reading and study, they understood that Top-Down governance should be ruled out in favor of Bottom-up good governance, with checks and balances. Here good governance entails Rule of Law, enforcement of contracts, provision for protection and defense of property rights, transparency, just legal judiciary and police systems, respect for women and human dignity. They understood the devolution of power to the people is essential for liberty and general prosperity. The Founding Fathers clearly understood the importance of an individual's and a country's independence, freedom, liberty and sovereignty.

Today we are faced with inefficient, mismanaged, corrupted bureaucratic Top-Down systems whose purpose and intent is to establish, advance, oversee, manage, and dominate *power shape shifting* throughout the world. We are at a defining moment where we can change around with an Economic Freedom & Prosperity Initiative Blueprint Action Plan.

#### END EXECUTIVE SUMMARY



## **USG** NOT IN STEP WITH EXPONENTIALLY GROWING WORLD MARKETS:

#### PRESIDENTIAL CANDIDATES

The 2008 Presidential candidates are talking about globalization. They reiterate that the world now is a small 'interconnected' place. Much talk has centered on how our U.S. jobs, products and services are directly or indirectly internationally connected. The candidates understand that globalization directly affects our economy, trade, jobs, and overall productivity. But they fail to address why, how and to what extent emerging and 3<sup>rd</sup> world economies are NOT moving into liberalized free—markets or how moves in this direction would make America better.

ECONOMIC DEVELOPMENT PROGRAMS OVERSEAS DO NOT HAVE ECONOMIC - FINANCIAL METRICS ESTABLISHED WITH BENCHMARKS AND REQUIREMENTS THAT GUIDE U.S. POLICY MAKERS AND USG FOREIGN AFFAIRS PERSONNEL TO EFFECTIVELY SPUR OVERSEAS HEADS-OF-STATE, DIPLOMATS, GOVERNORS AND MAYORS, 1) CREATE OVERALL FRIENDLY BUSINESS CLIMATES, AND 2) TO GIVE NATURAL COUNTRY LEADERS AND ORDINARY PEOPLE THE IMPETUS TO MOVE OUT OF THE SHADOW ECONOMY – INFORMAL SECTOR, UNDERGROUND ECONOMY AND BLACK MARKET.

**P**residential candidates are not addressing the disastrous and unforgiving results of Top–Down thinking over the last 25 - 35 years in Africa, the Middle East, Europe [Greater Serbia – Milosovec /Arcane], South America, Asia [Miramar, Laos, Cambodia, & Vietnam] and other emerging and 3<sup>rd</sup> world nations.

Presidential candidates should be focusing on: 1) How Top-Down thinking has guided our spending of U.S. tax payer dollars overseas; and 2) How dollars are being misdirected and mismanaged at the U.N., U.N. entities, World Bank, or the IMF for "economic development programs" and "infrastructure projects" which normally do little to empower Ordinary People in foreign countries. Without addressing these two questions, *power shape shifting* will only reinforce systems, policies and programs where the Top-Down thinking of Global Governance guides and dominates the body



#### PRESIDENTIAL CANDIDATES

politic and economic landscape. <u>Regional Sustainable Development</u>

<u>Programs - Projects which create jobs and opportunities through</u>

<u>Economic Freedom & Prosperity [Bottom-Up] Initiatives are NOT</u>

<u>normally advocated, advanced and put into Action Plans to establish and</u>

<u>foster a middle class in the emerging and 3<sup>rd</sup> world nations.</u> Such efforts

would enable Ordinary People to become independent, free and sovereign -with a government of the people, by the people and for the people.

When positioning themselves to be the next leader of the United States, Presidential Candidates should be talking about the benefits of Bottom-Up governments to Heads of State. They should delineate how <u>Heads of State</u> will realize enormous advantages in the eyes of their people when their countries institute Economic Freedom & Prosperity Initiatives – and how, by doing so, they grow in stature, acclaim and respect. As fortunes of the people increase, opportunities for all country nationals to take part in free market ventures likewise grow. Morever, private exchanges between Americans and populations abroad exponentially increase – American trade and jobs grow at new levels. Heads of State will be acclaimed as leaders who provide hope and futures for the "Ordinary People" as well as provide new openings to prosper in the Global Markets.

EXECUTIVE ORDERS, CONGRESSIONAL APPROPRIATIONS, STATE DEPARTMENT POLICY, PROGRAMS & PROJECTS MUST BE GEARED TOWARD BOTTOM-UP STRATEGIES FOR FOREIGN POLICY TO SUCCEED:

#### U.S. ORGANIZATIONAL SYSTEMIC PROBLEMS WITH BUREAUCRACY:

No matter how the United States Government through Executive Orders and Congressional appropriations strive to coordinate and operationalize [Top-Down] foreign aid programs, taking account of private capital flows and NGO's, American planners will face a Herculean challenge to offset the systemic bias [group think] and bureaucratic problems that pervade foreign country governments. Throwing more dollars to ineffective [Top-Down] programs, is like putting more money toward a pork barrel project for a 'Bridge To Nowhere.'



#### PRESIDENTIAL CANDIDATES

#### **Ordinary People Overseas Need Transparency:**

At home, Presidential candidates and the USG are focusing on "transparency." This is important for tracking dollars being misspent, mismanaged and misappropriated at home. But it is not ONLY bureaucratic 'transparency" which is important abroad.

What critically matters is the transparency that unfolds amongst natural country leaders and Ordinary People overseas. Natural country leaders and Ordinary People must be in the position to keep "their" governments in check. Instead, the United States should diminish cutting checks [making allocations] for Top–Down bureaucratic foreign projects. This would cut down mistakes made by our own U.S. government, and foreign governments, doing so could influence the World Bank, IMF, U.N., U.N. entities, NGO's and bi-lateral country donors [or a combination thereof].

Ordinary People can provide key and important "feedback" essential for determining if a country program or a regional project is important, sound, practical, mismanaged, ineffective or corrupted in rural areas, local villages, municipalities, provinces or in entire regions. Ordinary People have a very sound and practical sense of the street – where they survive each and everyday. The "street communication grapevine" is alive and very well with Ordinary People. They can be called on to be part of their own nation's Economic Freedom & Prosperity Initiative through well thought out Regional Sustainable Development Programs springing from related or individual Country Projects. The RSDP - projects are guided and measured by sound and practical economic / financial metrics.

## ECONOMIC FREEDOM & PROSPERITY RDSP INITIATIVES ENGAGE NATURAL COUNTRY LEADERS AND ORDINARY PEOPLE.

Quite importantly, when included as part of a RSDP multi-nation or incounty decision making project process, natural country indigenous leaders and Ordinary People "see with their own eyes" through their daily encounters where a project is: a) running or not running efficiently, b) managed or mismanaged, c) practical or not practical, and d) corrupt or not



corrupt. If Ordinary People are not marginalized, discounted or ignored, they will put out the necessary effort to discover and identify concerns and problem areas that need to be addressed in projects. Many times they understand "how and how not" a project is working in their area and the various reasons for its not working.

It is important to note that: Natural country leaders and Ordinary People can assist [negotiate with others] ways as to pointing out inefficiencies in how monies are not being properly allocated, spent and distributed. Hence, the success of RDSP Bottom-Up driven projects is that the projects themselves are all inclusive. The project leaders, designers and planners get essential and important feedback for in-country projects and Regional Sustainable Development Programs – Projects e.g., such as 1) electrical power, 2) sewer, 3) street/highway, 4) agriculture and 5) water irrigation construction, maintenance and installation projects from natural country leaders and Ordinary People in their neighborhoods, local communities and towns.

FOREIGN POLICY INITIATIVES THAT DIRECTLY ADDRESS ECONOMIC / FINANCIAL METRICS BRING FORWARD SOUND MEASURES, STANDARDS & PRACTICES FOR "TRANSPARENCY" FOR NATURAL COUNTRY LEADERS & "ORDINARY PEOPLE" -- AS SUCH COUNTRY & REGIONAL STRATEGIES PROVIDE A STRONG IMPETUS FOR "ORDINARY PEOPLE" AND THEIR LEADERS TO COME OUT OF THE INFORMAL SECTOR, UNDERGROUND ECONONY AND BLACK MARKET:

How is the ebb and flow of public discourse in another country different from what occurs in the United States? One major disconnect is that, in deciding upon public projects abroad, U.S. decision makers, designers, and planners think in "formal sector" terms. They consider "economic development" and "infrastructure projects" without taking into consideration natural country leaders and the Ordinary 'Street Savvy" People abroad who are surviving in the informal sector, underground economies, and the black markets. Out of reach of prime ministers and governors, the disconnect that exists with natural country leaders and Ordinary People creates unrealized expectations for USG decision makers and planners whose "good intentions" and "good will" are not in line with what is transpiring on the ground.



In this respect, natural country leaders and Ordinary People are marginalized, discounted and ignored from the decision making process. With in-country or multiple nation Regional Sustainable Development Program - projects, neighboring countries begin to establish common goalposts, benchmarks, and practices for RSDP projects. Add to the mix provision for economic / financial metrics that set project standards for countries to connect with natural country leaders and Ordinary People. <u>The recommended framework for RDSP - Projects and in-country programs will counter, offset and neutralize the following disconnects with Americans:</u>

AMERICANS ARE MOST FAMILIAR WITH FORMAL ECONOMY 1. STANDARDS AND PRACTICES: One of the reasons for this disconnect is the fact that we, as Americans, are most fortunate. We have the fine luxury to forget lessons learned from two-three generations ago. Most nations do not have this luxury. Ordinary People in foreign countries are still living amidst great unemployment, poverty and disease with economic uncertainty, unlike the 5% unemployed American workforce. Americans are disconnected from the foreign informal sector, underground economies, black markets, the natural country leaders and Ordinary People. The economic /financial metrics [i.e., benchmarks, goalposts, standards and practices] that are called for in our Foreign Policy and operations are apt to stem from our American way of life. Through years of experience [lessons learned], American productivity metrics have been effectively drawn from a highly established, maintained and refined vibrant U.S. economic system. Our lessons learned via economic / financial metrics have not been broken out in greater detail for foreign countries to follow as common goalposts such has been done in the MORAN REPORT 2008: Economic Freedom & Prosperity Initiative Protocol- RSDP.



## 2. Most americans have no direct daily experience with the informal, underground and black market economy:

The second reason for this disconnect is that our great grandparents, grandparents and parents [those who came from 3<sup>rd</sup> world countries] knew or had their hands in touch with family members, friends or associates who could directly link them to the informal sector, underground economy and black markets. They knew how to keep their "eyes and ears" nailed to the street to find out what was happening on the ground -- to band together to counter and offset the immediate neighborhood and surrounding area hoodlums, thugs, gangs and strong armed politicians. Strong memories of past generations of World War I, II, the Great Depression and the repression overseas required great sacrifice, strength and will power to survive, giving them the motives and incentives for a better quality of life to remove themselves from the informal sector, underground economies and black markets. In contrast, in emerging and 3<sup>rd</sup> world nations today, natural country leaders and Ordinary People are still establishing new criteria [Rule of Law] property rights, transparency, accountability standards and enforcement procedures to deal with all different types of traditional long practiced illicit activities -- which are still common in the informal sector, underground economy and black markets in and around them.

# 3. AMERICANS COME FROM A SERVICE DOMINATED MIDDLE CLASS ECONOMY: A third reason is that today the larger segments of the American populace are no longer a part of true grit, toil and turbulent agrarian and industrial challenges of the 1920's through 1950's. We are now living in a very large, productive and influential middle class society with a robust economy with shopping malls and large discount stores. Most Americans are usually far removed from the informal sector, underground economies and black markets. Because of our technology and high living standards, most Americans have much



## 3. <u>AMERICANS COME FROM A SERVICE DOMINATED MIDDLE CLASS</u> ECONOMY con't:

discretionary time. We have many lifestyle choices. Most people around the world do not have the opportunity to make higher quality of life choices, let alone choose a quality of life they desire to work for and achieve. Overseas the daily goal of Ordinary People is to get through another hard day of trudging and toiling -- to get the basic life necessities secured. Most developing countries do not have a large thriving robust economy with a highly active working and educated middle class.

Our great grandparents, grandparents and parents developed a large influential [Bottom-Up] thriving middle class. They paved the way to where: 1) less security requirements are needed in our Civil Society where Ordinary People respect, honor, protect and defend one and other, 2) local neighborhoods are serviced and protected by interconnected municipal systems e.g., fire, police, streets and sanitation, 3) the towns, cities and metropolitan areas thrive and are accessible by transport e.g., for shopping, education, entertainment, hospital care, recreational activities, financial and banking services and 4) there are mass transit interconnecting systems of buses, trains and air terminals.

Americans today live in networks of families and friends who protect, defend and counsel them in times of personal trouble. Networks operate through dinner conversations, telephones, mail, internet, YOU TUBE, and rapid air/land transport.

Given the 1<sup>st</sup> world culture of U.S. decision makers, project designers & planners, a problem for U.S. administrators exists. No matter: a) how or what type of standards for "effective communication" for development



projects are applied in foreign countries and b) how better tracked and monitored monies are in foreign countries, Top-Down projects designed and run by bureaucrats and their personnel do not serve the intended purpose. Too often monies are not going into useful sound programs and projects where natural country leaders and Ordinary People provide critical feedback. Too often USG decision makers and personnel do not acknowledge or communicate how the project is important and essential to natural country leaders and Ordinary People – yet, the project's success most often depends on such affirmation.

#### MISSING: THE ECONOMIC DIMENSION OF U.S. FOREIGN POLICY AND OPERATIONS

The U.S. Foreign Affairs Corps has done a remarkable job of "keeping the doors open" for diplomacy at the U.N. and nation states. At the end of tour, an Ambassador's diplomatic effectiveness is measured on whether or not he or she leaves the door open with Heads of State and ministry officials.

The U.S. purpose and direction is well served on many fronts by the Diplomatic Corps. Unfortunately, "keeping the doors open" and transacting bi-lateral and international treaties does little to empower host country "natural leaders" and "Ordinary People" to build an enduring Civil Opportunity Society and free market infrastructure. These transformations must be strong enough to battle internal and external enemies. Accordingly, U.S. National Security interests, Economic Freedom, and human rights concerns may be impacted only in the short term not in the long term.

What we failed to do years ago was to introduce and pursue a U.S. foreign policy to establish "Peace & Prosperity" with an Economic Freedom & Prosperity dimension. This omission has come back to haunt us. Forgotten and lost in the sights of our Foreign Policy is the critical now urgent U.S. mission and purpose of spreading Economic Freedom and Rule of Law through the exercise of U.S. Foreign Policy and operations.



## MISSING: THE ECONOMIC DIMENSION OF U.S. FOREIGN POLICY AND OPERATIONS

The mission and purpose of United States Foreign Policy is to establish "Peace & Prosperity, as stated by former <u>Secretary of State George Schulz</u> during the Reagan administration. To this end, we act to protect, defend and advance the interests of the United States. What other new dimension is more important and needed now than an Economic Freedom & Prosperity Initiative? This dimension must be launched to engage foreign nations to advance freedom, independence, sovereignty and prosperity for all people.

Our Founding Fathers did not think it was such a bad idea to advance freedom, independence, sovereignty and prosperity for all people when they drew up the Declaration of Independence and the U.S. Constitution after a gut wrenching bloody Revolution. It wasn't such a bad idea when we entered World War I and II to protect and secure America's future – while defending Free people around the world from imperialism and fascism.

Now what "waste with haste" has been made by not "doing what we do best." There is no old-style world war, but there is a fight to stop global terrorism and to eradicate the spreading of asymmetrical guerilla warfare. The United States can now step into the breach to provide sound leadership and guidance to create, advance and actively foster "peace and prosperity" through an Economic Freedom & Prosperity Initiative.

It is quite important to note that even in war torn states and region/nations infested with drug and asymmetrical guerrilla warfare, the Economic Freedom & Prosperity Initiative acts as a framework for common guideposts and benchmarks for new fledgling sovereign nations and evolving independent liberalizing economic governments. By expanding opportunities for natural country leaders and "Ordinary People," the Initiative will spread hope, confidence and resoluteness.



#### MISSING: THE ECONOMIC DIMENSION OF U.S. FOREIGN POLICY AND OPERATION:

To this end, who in our Congress and Executive Branch, for instance, engages in thorough and illuminating conversations about the focus, strategies and outcomes for **Economic Freedom & Prosperity** or begins extended conversations about the Index of Economic Freedom (of the Heritage Foundation and Wall Street Journal)? What U.S. diplomats and representatives talk with foreign ministers, finance ministers and ministers of justice and human rights about the focus, strategies and outcomes for Economic Freedom & Prosperity -- and the greater rewards it has for them as leaders and the greater results is has for their people?

It is time to advance Economic Freedom & Prosperity from all quarters of the USG. We should actively cherish, protect and defend our liberty, freedom, heritage and sovereignty which we all grew up with. We cannot let these principles and practices slip away, to be replaced by other ideas that serve to dominate and control the political, social, economic and military landscape with Top-Down thinking, policy and programs. We cannot let America's representatives insinuate Top-Down policy and programs into fledgling democracies, emerging countries and 3<sup>rd</sup> world nations, when we should be offering them the choice of freedom.

The world is my country, all mankind are my brethren, and to do good is my religion.

**Thomas Paine** 



#### USG REEDUCATED, RETASKED, REORIENTED & RETOOLED

**T**o this end, the U.S. Foreign Affairs Corps must be equipped to handle the task by having economic / financial metrics at their fingertips. The U.S. Foreign Affairs Corps, military and intelligence liaison, and the Joint Civilian Military Operations Corps must be:

- 1) **REEDUCATED**: Learn economic / financial metrics as part of their induction process, continuing education, or educational requirements before filling new positions at the State Department and other areas of Foreign Service both at home and abroad. Likewise, U.S. universities which provide studies for the Foreign Service should design means and measures to incorporate economic / financial metrics as an essential and financial metric question and answer section on the Foreign Service Test that takes into account the U.S. mission, focus, strategies and outcomes for **Economic Freedom & Prosperity.**
- 2) RETASKED: Learn how to apply economic / financial metrics for Economic Freedom & Prosperity as part of the "exploratory discussions" and "in-country dialogue" with Heads of State, diplomats, natural country leaders, business associations, local mayors, elders of villages and towns, and "Ordinary People." Establish monthly reporting procedures back to the embassy and State / Treasury / Pentagon Departments which give Quarterly Progress Reports to Congress for use at open hearings. The American Public can be an "informed audience" on Foreign Policy that directly witnesses [transparency] in how [and to what extent] "country progress" is or is not transpiring through their embassies worldwide; and how monies are being appropriated and accounted for in each country. The Americian Public then can access the USG websites to view each country's background with the corresponding reports to acquire an overall view of a country's progress within the USG Economic Freedom & Prosperity Initiative.



#### USG REEDUCATED, RETASKED, REORIENTED & RETOOLED

Our USG Foreign Affairs Corps must be equipped to handle this task by having economic / financial metrics at their fingertips. The USG Foreign Affairs Corps, military and intelligence liaison, and the Joint Civilian Military Operations Corps must be:

3) **REORIENTED:** Learn to create, develop and advance case study reports on economic / financial metrics for **Economic Freedom & Prosperity** and make use of "exploratory discussions" and "in-country dialogue" with Heads of State, diplomats, natural country leaders, business associations, local mayors, elders of villages and towns, and "Ordinary People." Supply a case study database for the U.S. Foreign Affairs Corps. who can immediately access how individual countries Prosperity strategies (successes and failures by project topic and design) -- so other Corps members can advance the Embassy's mission from lessons learned.

**H**ence, Responding to Presidential and Congressional Directives and Appropriations guidelines, USG department leaders reorient staff by:

- A) Assigning key 'economically versed' personnel
- **B**) **D**efining clear objectives, strategies and tactics for performance
- C) Activating interagency reporting methods and feedback systems
- **D**) Establishing sound performance standards and ratings
- E) Setting up and applying benchmarks and systematic review criteria
- **F**) Working within the guidelines and standards of the White House -Hub Strategy Center [See: 4) Retooling P. 189]



#### USG REEDUCATED, RETASKED, REORIENTED & RETOOLED

3) **REORIENTED CON"T:** Learn to create, develop and advance case study reports on economic / financial metrics for **Economic Freedom & Prosperity.** 

Current Foreign Affairs personnel, once oriented in courses on freemarket systems and institutions that bring the informal sector on board, become the media for the Freedom and Liberty message.

Consequently, The Foreign Affairs Corps are Front Line Catalysts who will make known to peers worldwide the challenges and rewards of Economic Freedom & Prosperity as the foundations for individual Economic Independence.

To prepare U.S. Foreign Affairs Corps members to play the role, the Action phase of the Economic Freedom & Prosperity Dimension provides for the Reeducation, Retasking Reorientation and Retooling of the Foreign Affairs Corps. Individual duties and responsibilities (job descriptions) will include forming Economic Freedom Strategies and Action Plans for areas of assignment, with goals and timetables, evaluations of progress, and modes for communicating the spirit of Economic Freedom across "spheres of influence" in a viable and germane cultural context.



#### USG REEDUCATED, RETASKED, REORIENTED & RETOOLED

## 4) <u>RETOOLED THROUGH WHITE HOUSE REORGANIZATON:</u> CENTRALIZATION – MOBILIZATION - DECENTRALIZATION

Retooling Foreign Policy To Achieve A White House Economic Freedom & Prosperity [Bottom-Up] Initiative with Regional Sustainable Development Programs and In — Country - Project Goals, Focus, Strategies and Outcomes: WHITE HOUSE DIRECTION:

- White House Hub Centralization: Provide policy and oversight for plans and operations of departments and agencies as they develop, administer, and implement Economic Freedom & Prosperity Initiatives, with data base analysis, dissemination, and interagency feedback.
- White House Hub Mobilization: Provide policy and oversight for plans and operations of departments and agencies, giving directional finding tools for the Foreign Affairs Corps and the Joint Military Civilian Operations personnel on the President's mission, strategy and tactics in an Unified Economic Freedom & Prosperity Action Plan
- White House Hub Decentralization: The Economic Freedom & Prosperity Dimension Unified Action Plan is not only strategically and collaboratively administered, but is soundly handled logistically on the Unified Action Plan Tactical Level within each department and agency and with ground operations personnel.

Accordingly, The White House Director/Coordinator establishes a Senior Interdepartmental Group (SIG) and subordinate Interdepartmental Groups (IGS) to coordinate outreach to the public. (The Members of these SIG's shall be the senior speechwriters in each department and/or agency. The objective is to have the speeches of each agency reference and or echo the President's themes as appropriate.) He/ she collaborates with the SIGs and IGs to align and harmonize the content and context of each executive agency's current message with the President's relevant speeches and where relevant the theme of the President's Economic Freedom message for each of their respective agencies and departments.



#### USG REEDUCATED, RETASKED, REORIENTED & RETOOLED

<u>CABINET LEADERSHIP</u>: Quite importantly, to ensure the President's Economic Freedom & Prosperity Initiative is launched in each agency and department, Cabinet Level members will work directly with the White House Initiative Coordinator to convey the President's Directive and communicate policy, to undersecretaries and operations personnel.

Each Cabinet Level Official will take the President's Official words and speeches providing their own commentary on what this means in terms of "Official Policy" work of the departments or agencies they supervise.

With the "Official Policy" be communicated by each Cabinet level member, U.S. Foreign Affairs professionals in their educational and advisory capacity will encourage peers to build friendly business climates which offer and spur economic opportunity for "Ordinary People." This includes people in the informal sectors and underground economies in other countries around the world. The effort will include advancing Regional Sustainable Development Programs [RSDP] when appropriate. The U.S. Foreign Affairs Corps can share what we know about what brings success as well as the freedom institutions required for open, accountable and transparent conditions necessary for successful transition into a Civil Opportunity Society with free market institutions.

With "Economic Freedom & Prosperity" Bottom/Up RSPD Foreign Policy, U.S. Foreign Affairs Professionals now can engage in "Exploratory discussions" and 'In-country dialogue" with Heads of State, ministers, ambassadors, embassy officials, provincial leaders, mayors, tribal elders, local business leaders and 'Ordinary People." Discussions and dialogue can entail the basic free market financial/economic metrics which advance: 1) field operations of In-country and regional projects, 2) use of benchmarks and feedback loops for project success 2) setting accountability and transparency institutional standards, 3) ensuring that In-country Initiatives are established, maintained and sustained and 4) ascertaining the overall impact of an In-country or a regional Initiative.



It is important to reiterate that old fashion government run bureaucratic [Top -down] economic development programs and infrastructure projects have often been counterproductive. Likewise, too often Top-Down planning and policy with "economic development" programs and "infrastructure projects" have been counter-productive and unforgiving as practiced by U.N., E.U., international and regional agencies and banks. Natural country leaders and Ordinary People are left out of the communication link, a link which gives vital and essential information for a country's success for a Bottom-Up run society and government that are responsible to the people. Country leaders and bureaucrats [local to provincial to federal], one and all, seeing the advantages and effectiveness of Regional Sustainable Development Program - Projects will naturally gravitate toward making Economic Freedom institutional reforms. The reforms entail Bottom-up type policies for good governance. Again, the inherent weakness and design flaws in Top-down programs cannot be overlooked or disregarded. If Top-Down programs go on being part of our foreign policy and operations, what will remain for the next successive generations will be the highly consequential after effects of U.S. endeavors that create failed states – like those we see today.

CAUCASUS EXAMPLE: Let us keep in mind the Economic Freedom & Prosperity perspective experienced in the new Caucasus State of Georgia [2007]. Paata Sheshelidze, President of the independent free market Think Tank, "New Economics School-Tbilisi," adeptly pointed out: "Georgians and the whole Caucasus are in need of raising their families' income and enlarging their property by production and voluntary exchange of goods and services with all people of all nations, but not foreign aid and subsidies that corrupt and decrease incentives of hard working people. Georgian and South Caucasian Governments are in need of earnings-based consultancies and not irresponsible foreign bureaucratic advisers. Our economies need free enterprise and international trade, but not heavy tax burdens and tariff barriers. We need the elimination of regulation and licenses in production of all kinds of goods and services, but not discretionary government interventions, price control and overspending."



It should be duly noted that the "New Economics School" of Tbilisi, Georgia, received the Templeton Freedom Prize and Templeton Freedom Award during the Liberty Forum organized by the Atlas Economic Research Foundation and Manhattan Institute in Miami on 26-28 April 2005.

## REGIONAL SUSTAINABLE DEVELOPMENT PROGRAM [RSDP] VERSUS GLOBAL TOP-DOWN GOVERNANCE

When we think of RSDP's we can conclude that often that big bureaucratic country programs are not better for the Ordinary Person because the programs do not respond to the priorities and motives of the local people. Local needs and regional demands create the impetus for RSDP's which start from the Bottom-Up. Ordinary people with drive, ambition, discipline and dedication are what keep a country's economic health alive and well. In this, we see backward looking institutions and governments are not more important than people. We understand that vibrant, responsive institutions are created by people -- so Ordinary People can rise up when necessary to keep their governments in check, properly financed and sustained.

On the opposite end of the Bottom-Up spectrum, Top-Down systems are enshrined in a complexity of intermingled: 1) disingenuous public policy, 2) geopolitical self-interests, 3) countervailing economic platforms, 4) tenuous precautionary trading principles, and 5) questionable and non-empirical environmental provisions. They are intermeshed with ambiguous and commingled by-laws, trade agreements and treaties. Top-Down systems can maintain sway over weaker, less powerful nations. In this, their individual or collective Top-Down strength for social, political, and economic power by far supercedes the sovereignty of weaker or smaller nations. Consequently, small nations are less equipped to deal with countering these outside Top-Down forces who directly or indirectly economically, financially, militarily, and legally squeeze small countries into submission



by "shape shifting" rules, standards, by-laws, agreements and provisions insidiously woven with protectionism, isolationism, agri-dependency and trade barriers. Diffusion of economic and political power amongst small and large countries better serves U.S. interests of "peace and prosperity."

In countering, offsetting and stopping Global Top-Down Governance influence, strength and *power shape shifting*, systemic change happens more readily within countries when Economic Freedom & Prosperity is fully understood, embraced, well planned out, and applied across the board. The end goal is to see that all people within a country can and will rise up, protect and defend one another in a Civil Opportunity Society undergirded by free market based institutions.

**F**or instance, not much has been said by Presidential Candidates in countering and offsetting the influence and *power shape shifting* of Iran with Venezuela, Nicaragua, Ecuador and Bolivia whose false hope motto is "Death To U.S. Imperialism!":

#### Iran, Venezuela Agree To Thwart U.S. Domination Associated Press 01/14/07

... "It will permit us to underpin investments ... Above all in those countries whose governments are making efforts to liberate themselves from the (US) imperialist yoke," said Chavez ...

... "This fund, my brother," Chavez said referring to Ahmadinejad, "Will become a mechanism for liberation." "Death to US imperialism!" he said. Ahmadinejad called it a "very important" decision that would help promote "Joint cooperation in third countries," especially in Latin American and African countries ..."

No one has yet to directly fashion and fully implement an overall Economic Initiative to bring Ordinary People and their leaders out of the informal sector, underground economy and black market. Let us first look at following MORAN REPORT 2008: U.S. FOREIGN AFFAIRS: REGIONAL SUSTAINABLE DEVELOPMENT PROGRAM PROTOCOL below to see how this outcome can come about through *The Synergy Of The Free Market System Applied*:



#### OUTCOMES: COUNTRY STRATEGIC INITIATIVES FOR ENDURING ECONOMIC FREEDOM & PROSPERITY: 12 Living Elements of a Free-Market – Civil Opportunity Society

- 1. Constitutions are written with checks and balances;
- 2. Court systems are developed with honest judges who fairly and equally uphold the law for all citizens; and an efficient and a transparent Civil Service system is established
- 3. Even handed systems of sheriff and police enforcement are established; the Security Force is neutral and impartial
- 4. All-inclusive titled property rights are protected and defended;
- 5. Free independent press reigns;
- 6. Free elections are held with independent commissions;
- 7. Transparent governments are formed, an independent Central Bank is established; and a currency is established;
- 8. Standards and practices are instituted and enforced with a Rule of Law;
- 9. Individual ownership and individual enterprise flourish and are respected;
- 10. Privatization is viewed as a viable alternative;
- 11. Basic education is deemed essential and honored for all citizens;
- 12. Religious customs and cultural heritage are fully respected, honored and protected.

Source: Moran - Johnson SPI 2005.

#### 10 AREAS OF FOCUS FOR ECONOMIC FREEDOM & PROSPERITY:

- 1. Trade policy,
- 2. Fiscal burden of government,
- 3. Monetary policy,
- 4. Government intervention in the economy.
- 5. Capital flows and foreign investment,
- 6. Banking and finance,
- 7. Wages and prices,
- 8. Property rights,
- 9. Regulation,
- 10. Information market activity.

Source: Elements of Economic Freedom as defined by The Heritage Foundation and The Wall Street Journal "2007 Index Of Economic Freedom."

#### 11 PRIMARY INSTITUTIONS OF FOCUS ON ECONOMIC FREEDOM & PROSPERITY

- 1. Judicial Independence,
- 2. Confidence in Courts,
- 3. Political Stability,
- 4. Corruption Mitigation,
- 5. Legal Protection of Property Rights,
- 6. Registering Property,
- 7. Access to Loans,
- 8. Protection of Intellectual Property Right,
- 9. Patent Strength,
- 10. Copyright Piracy,
- 11. Trademark Protection.

Source: Economic Freedom Elements as defined by the Property Rights Alliance [PRA] "International Property Rights 2008 Index Report "Economic Freedom."

#### COUNTRY STRATEGY COMPONENTS FOR ECONOMIC FREEDOM & PROSPERITY:

- 1. Engage with Heads Of State and legislators in discussions about institutional political and economic systemic reforms which diffuse power to the local leaders and ordinary people;
- 2. Enable Governors to institute a comprehensive & all-inclusive titled property rights system introduced in stages and over time;
- 3. Enable provincial and local leaders to implement programs to create and manage Legal Property Rights Systems;
- 4. Give the poor access to property rights;\*
- 5. Address the most pressing economic and social problems;\*
- 6. Allow poor and marginalized people to govern their rights collectively by dividing labor, combining assets, and assigning responsibilities productively in their own enterprises;\*
- 7. Advance property rights and business organizations giving citizens the ability to obtain identity in the expanded market;
- 8. Allow both physical and intellectual assets to be converted into capital;
- 9. Provide an effective means to title small businesses:
- 10. Establish a means to enforce rules and contracts:
- 11. Move business and real estate holdings from the underground economy into the economic mainstream;
- 12. Provide a real solution to offset failure of various economic systems using media to demonstrate to each social group the benefits of property formalization, whether it be extralegal, the business community, the bureaucracy, or other specific groups;
- 13. Allow beneficiaries of assets easy transfer of entitled assets. Give beneficiaries of property rights ways to access instruments and systems that store and transfer the value of their assets, such as through, wills, shares of corporate stock, patent rights, promissory notes, and bills of exchange.
  - \* Not accomplished because of the failure of top-down governments e.g., programs policy projects
    Source of Economic Freedom Country Components: Institute For Liberty and Democracy, Hernando De Soto, President.
    Property Rights Reform

What more reasonable means can a society engage in to achieve "peace and prosperity" than to build a sound participatory economic base for all its citizens to enjoy in a Civil Opportunity Society. Neglecting the motives and needs of Ordinary People to move out of the informal sector, underground economy and black markets is like biting off one's nose to spite one's face. The consequence is: 1) Failed state status for fledgling nations. 2) Top-Down governments continuing to gain influencial political, economic and military space 3) Ordinary People being marginalized or exploited keeping them out of the dynamic free market environment -- where they can live, prosper and sustain themselves, and 4) Ordinary People are kept subservient to foreign powers and their own national government and elite power structure. This is by no means an acceptable alternative for Ordinary People and their natural leaders struggling around the world amidst genocide, poverty, disease, crime, corruption, fear, human rights violations and rampant repressive control of their daily lives. Nor are American, commercial and National Security interests served when these conditions prevail.

#### STIMULATE WORLD DEBATE ON ECONOMIC FREEDOM

As Presidential Candidates and World Leaders debate issues and concerns about good governance in the world, let those of us in the United States and free countries be aware that what we have achieved in creating domestic economic climates providing opportunity for all where elsewhere in the world turmoil erupts and prevails. And let us remember that we have considerable knowledge and experience in transferring open society fundamentals to others in less free countries. We cannot stay silent, unaware, misinformed, or on the sidelines. Why as free sovereign nations, do we not unite as one voice? We can voice our visions and concerns at the United Nations, calling for resolutions on the United Nations floor to bring forth an Economic Freedom and Prosperity Initiative -- so incrementally through RSDP's - we can help lead the way. Over time, all people around the world can benefit, grow and prosper from our tremendous historic toils and troubles and hard lessons learned.

Not one Presidential Candidate or World Leader has called for discussion and debate at the United Nations to iron out these Bottom-Up / Top-Down



#### STIMULATE WORLD DEBATE ON ECONOMIC FREEDOM

differences by calling for an Economic Freedom & Prosperity Initiative. If ever a time has come for World Leaders and aspiring Presidential Candidates to step into the breach it is now. They can debate and argue "Economic Freedom & Prosperity Initiatives with RSDP's" out on the floor of the U.N.; and debate and argue it out on the floor of the U.S. Congress. The stakes for losing "peace and prosperity" are too high for us to withdraw behind our borders to "Just Let Joe Do It!"

Let people around the world become informed so they know there are alternatives to the despair, hopelessness and depravity they are living in. Let people around the world know they, too, can aspire, dream and have their own personal vision of Economic Freedom and Prosperity with peace and hope – giving every man, woman and child the respect and dignity they so deserve.

What is not being discussed by Presidential Candidates, World Leaders, and foreign diplomats is what is NOT happening within unfree countries to prepare themselves for taking a larger part in "globalization" – sooner rather than later. There are so many unfree nations that are NOT doing what they can do to travel the road to Economic Freedom and Prosperity. They must do so if they want to become a fully free sovereign nation. The choice is theirs. To undertake the challenge they should use economic /financial metrics as common guideposts, benchmarks and barometers to establish and move their countries forward e.g. as in the Index of Economic Freedom.

**B**y not rigorously and actively moving down the "Road of Economic Freedom & Prosperity," Heads of State leave natural country leaders and Ordinary People in unfree countries marginalized or exploited, keeping them out of the dynamic free market environment -- where Ordinary People can live, prosper and sustain themselves. The metrics of Economic Freedom & Prosperity introduce government leaders and bureaucrats into moving toward a self sufficient sovereign nation by letting their decisions makers get feedback from natural country leaders and ordinary people. As they use the metrics, they learn that all people are important players in their country's success. Through RSDP projects, country leaders learn in practical ways about a Civil Opportunity Society with free market institutions and how it



#### STIMULATE WORLD DEBATE ON ECONOMIC FREEDOM

engages Ordinary People in project discussions and management and separation of powers between national, provincial and local organizations. It would be the honorable mission of the United Nations, if its purpose was geared toward the goal of viable, robust economically free nations -- so Ordinary People with their natural country leaders can thrive and prosper. It is quite evident that Nations pride themselves on their culture and heritage which are fashioned around their own unique way of expressing their sovereignty. Contrarywise, nations do not pride themselves on suppression, repression, poverty, disease, economic instability, crime and corruption – conditions which often prevail with Top–Down governance systems.

**T**oday with all the mismanagement, illicit manipulation of U.N. by-laws, and corruption, the U.N. and its entities are not only working at cross-purposes by NOT properly addressing the Sovereignty concerns and problems – it has now created. The U.N. has moved toward a heavily beleaguered form of bureauacracy that is embracing Global Governance Standards. *It would serve the United Nations well to follow the new United Nations Peacebuilding Commission* [2007] objectives extended it to all countries [not just countries in conflict or post conflict] with an Economic Freedom & Prosperity Initiative coupled with RSDP's - projects:

#### UNITED NATIONS PEACEBUILDING COMMISSION

The Peacebuilding Commission will marshal resources at the disposal of the international community to advise and propose integrated strategies for post-conflict recovery, focusing attention on reconstruction, institution-building and sustainable development, in countries emerging from conflict.

The Commission will bring together the UN's broad capacities and experience in conflict prevention, mediation, peacekeeping, respect for human rights, the rule of law, humanitarian assistance, reconstruction and long-term development [2007].



#### STIMULATE WORLD DEBATE ON ECONOMIC FREEDOM

What is not being discussed by Presidential Candidates and leaders around the world, is -- how the UNITED NATIONS is going TO CHANGE and REFORM ITSELF to be a positive force for individual freedom and liberty. One of the directions leaders can recommend is the Rules of the Road for Economic Freedom and Prosperity. These Rules lead toward a Civil Opportunity Society where Economic Freedom & Prosperity Metrics provide solid and practical guidelines for all countries to use in supporting the United Nations goals.

With Rules of the Road for Economic Freedom & Prosperity, Freedom and Independence become an integral part of the daily lives of Ordinary People when Economic Freedom and individual prosperity begin to take hold. As nations liberalize economic conditions, from small cottage industries to larger local businesses to big metropolitan area enterprises, everyone will improve their chance to exchange goods and services, secure their livelihoods, send their kids to school and contribute to the overall peace and general prosperity. These liberalized economic conditions are the dynamic synergy of the Free Market place in action.

With Rules of the Road for Economic Freedom and Prosperity, Ordinary People will be ready and willing to defend their neighborhoods and local communities against insurgents, malicious terrorists and cruel, underhanded dictators. The peoples' levers and tools of power will be safe secure streets, open viable markets, titled property rights and valid contracts, enforced through just law, independent judges, honest sheriffs, transparency and a free press.

Most importantly, populations in countries with Economic Freedom & Prosperity initiatives possess capabilities and drive to diminish, deter and eventually overcome Terrorism, Poverty, Crime and Human Rights Atrocities. They cause governors to serve the people. Governors then act in response to the "consent of the governed." Once discovering they are stakeholders in their own lives and livelihoods, patriots bond together with their governing leaders -- taking down their near-by and far-off oppressors. They will be more ready to work on "Regional Stewardship" through



#### STIMULATE WORLD DEBATE ON ECONOMIC FREEDOM

"Regional Sustainable Development Programs and Projects." Consequently, the U.S. military option or U.N. peacekeeping forces will not have to be exercised as often in countries where populations at large have individual Economic Freedom and Prosperity. Thus a synergy develops by Ordinary People within the nation itself and in the surrounding region for the dynamic of Free Market Action to evolve, maintain and sustain itself for "peace and prosperity."

#### **END**



#### TRADING PLACES

By Peter F. Drucker, National Interest, Spring 2005

THE NEW world economy is fundamentally different from that of the fifty years following World War II. The United States may well remain the political and military leader for decades to come. It is likely also to remain the world's richest and most productive national economy for a long time (though the European Union as a whole is both larger and more productive). But the U.S. economy is no longer the single dominant economy.

The emerging world economy is a pluralist one, with a substantial number of economic "blocs." Eventually there may be six or seven blocs, of which the U.S.-dominated NAFTA is likely to be only one, coexisting and competing with the European Union (EU), MERCOSUR in Latin America, ASEAN in the Far East, and nation-states that are blocs by themselves, China and India. These blocs are neither "free trade" nor "protectionist", but both at the same time.

Even more novel is that what is emerging is not one but four world economies: a world economy of information; of money; of multinationals (one no longer dominated by American enterprises); and a mercantilist world economy of goods, services and trade. These world economies overlap and interact with one another. But each is distinct with different members, a different scope, different values and different institutions. Let us examine each in turn.

#### The World Economy of Information

INFORMATION AS a concept and a distinct category is an invention of the 18th century--of the newspaper in England and the encyclopedia in France. Within a century, information became global with the development of the modern postal system in the 1830s, followed almost immediately by the electric telegraph and the first computer language, the Morse Code. But unlike the newspaper and the encyclopedia, neither the



postal service nor the telegraph made information public. On the contrary, they made it "privileged communication." "Public information" by contrast--newspapers, radio, television--ran one way only, from the publisher to the recipient. The editor rather than the reader decided what was "fit to print."

The Internet, in sharp contrast, makes information both universal and multidirectional rather than keeping it private or one-way. Everyone with a telephone and a personal computer has direct access to every, other human being with a phone and a PC. It gives everyone practically limitless access to information. And it gives everyone the ability to create information at minimal cost, that is, to create his own website and become a "publisher."

In the long run, the most important implication is probably the impact of information on mentality and awareness. It creates new affinities and new communities. The woman student in Shanghai who taps into the Internet remains Chinese, but she sees herself at the same time as a member of a worldwide, non-national "information society."

**B**usinesses and professional groups such as lawyers and doctors have, of course, had access all along to worldwide information in their own field. But the Internet gives such access to the ultimate customer. In the United States at least (but apparently also in Japan and Europe), the ultimate customer now gets his information about plane schedules and airfares from the Internet rather than from a traditional travel agent. And while a good many book buyers in the United States still pick up and pay for the book of their choice at a bookstore in their neighborhood, an increasing number of them decide what books to buy by reading about them online first. An automobile still has to be serviced by a local dealer. But increasingly, buyers first study both their choice for the new car and their options for trading in their old car online before visiting a dealer.

What is already discernible is that, like all new distribution channels, this new information economy will change not only how customers buy, but what they buy. It will change customers' values and expectations, and with them how to promote goods and



services, how to market and sell them, and how to service them online. In other words, Internet customers are becoming a new and distinct market. In the early years of the 21st century, power is shifting to the ultimate consumer.

There is no distance in this world economy. Everything is "local." The potential customers searching for a product do not know--and do not care--where the products come from. This does not eliminate or even curtail protectionism. But it changes it. Tariffs can still determine where a product or service has to be bought. But they are increasingly unable to protect the domestic producers' price.

One example: To get the industrial Midwest with its 140,000 steel workers to vote Republican in congressional elections, President Bush slapped a prohibitive tariff on imports of steel from Europe and Japan in 2001. He got what he wanted: a (bare) Republican majority in the Congress. But while the large steel users (such as automobile makers, railroads and building contractors) were forced by the tariff to buy domestic, they immediately set about cutting their use of steel so as not to spend more on it than they would have had to spend had they been able to buy the imports. Bush's tariff action thus only accelerated the long-term decline of the traditional midwestern steel producers and the jobs they generate. Tariffs, in other words, can still force users to buy domestic, but they are no longer capable of protecting the domestic producers' prices. Those are set through information and on the world-market level.

This development underlies the steady shift in protectionism: from tariffs--the traditional way--to protection through rules, regulations and especially export subsidies. World trade has grown spectacularly in the last fifty years. The largest growth has been in subsidized farm exports from the developed world: western and central Europe, Australia, Canada and the United States. Farm subsidies are now the only net income of French farmers, as their crops produce nothing but net losses and are grown only as the entitlement for the subsidies. These subsidies are in fact a major--perhaps the major--cement of the Franco-German alliance, and with it, of the European Union.



The international organization designed to set world economic policy is the World Trade Organization (WTO). But its meetings and agreements deal less and less with trade and tariffs, and instead with rules, regulations and subsidies. The discipline of international economics still, in large measure, concerns itself with international trade--that is, with the flow of money, goods and services. But the essence of the new world economy is that it is, above all, an economy of information and truly a global economy.

#### The Global Oligopoly of Money

THE NEXT major economic crisis will most probably be a crisis of the U.S. dollar in the world economy. It will put to a severe test the oligopoly of the central banks of the developed countries that now rules over the world financial economy.

Sixty years ago, in the Bretton Woods meetings of 1944, which tried to refashion a world economy that had been devastated by depression and war, John Maynard Keynes, the 20th century's greatest economist, proposed a supra-national central bank. It was vetoed by the United States. The two institutions that Bretton Woods established instead, the Bank for International Development (World Bank) and the International Monetary Fund (IMF), are, despite their impressive names, auxiliary rather than central--the former mainly financing development projects, the latter providing financial first aid to governments in distress.

The Bretton Woods system was never the stable, "non-political" system Keynes wanted. It could not and did not prevent currencies from being overvalued or undervalued. Still, although it limped from one crisis to the next, the Bretton Woods system worked for most of the half-century after World War II. And there was only one reason why it worked (however poorly): the commitment to it of the United States and the strength of the

#### U.S. dollar as the world's key currency.

The dollar is still the world's key currency. But the Bretton Woods system is being killed by the U.S. government deficit, which is fast becoming the sinkhole of the world



financial economy. The persistent U.S. deficit creates a persistent deficit in the U.S. balance of payments, which make both the U.S. economy and the government increasingly dependent on massive injections of short-term and panic-prone money from abroad. The U.S. savings rate is barely high enough to finance the minimum capital needs of industry. It could, in all likelihood, be raised considerably by raising interest rates. But that is not only politically almost impossible; it would also require that a larger share of incomes go into savings rather than into consumption, with an inevitable collapse of an economy based on consumer spending and low interest rates, as for instance, the U.S. housing market.

The government deficit is therefore being financed almost in its entirety by foreign investments in the United States, mostly in government securities like short-term treasury notes and medium-term bonds. The Japanese are converting most, if not all, of their trade surplus with the United States into dollar-denominated U.S. government securities and have thus become the largest U.S. creditor.

It is often argued, especially in Washington, that the deficit is mostly an accounting mirage. Defense spending--the main cause of the deficit--enables other free countries to keep their own defense spending low, which then generates the surpluses these countries invest in U.S. government securities. But this is a political argument. The economic fact is that the United States increasingly borrows short term (U.S. securities can be sold overnight) to invest long term and with very limited liquidity. This, needless to say, is an unstable and volatile system. It would collapse if the foreign holders of U.S. government securities (above all, the Japanese) were for whatever reason (such as a crash in their own economy) to dump their holdings of U.S. government securities. It certainly cannot be extended indefinitely, which, among other serious drawbacks, calls into question the long-term viability of the Bush Doctrine's goal of defending and extending the "zone of freedom" around the world.



#### The World Economy of the Multinationals

There were 7,258 multinational companies worldwide in 1969. Thirty-one years later, in 2000, the number had increased ninefold to more than 63,000. By that year, multinationals accounted for 80 percent of the world's industrial production.

**B**ut what is a multinational? Most Americans would answer: a big American manufacturer with foreign subsidiaries. That is wrong in almost every particular.

American-based multinationals are only a fraction -- and a diminishing one -- of all multinationals. Only 185 of the world's 500 largest multinationals--fewer than 40 percent--are headquartered in the United States (the European Union has 126, Japan 108). And multinationals are growing much faster outside the United States, especially in Japan, Mexico, and lately, Brazil.

Furthermore, most multinationals are not big. Rather, they are mostly small- to medium-sized enterprises. Typical perhaps is a German manufacturer of specialized surgical instruments who, with \$20 million in sales and with plants in eleven countries, has around 60 percent of the world market in the field. And only a fraction of multinationals are manufacturers. Banks are probably the largest single group of multinationals, followed by insurance companies such as Germany's Allianz, financial-services institutions such as GE Finance Corporation and Merrill Lynch, wholesale distributors (especially in pharmaceuticals), and retailers like Japan's Ito Yokado.

The traditional multinational was indeed a domestic company with foreign subsidiaries, like Coca-Cola. But the new multinationals are increasingly being managed as one integrated business regardless of national boundaries, and the managers of the "foreign subsidiaries" are seen and treated as just another group of "division managers" rather than as top managements of semi-autonomous businesses. Internally, new multinationals are often not even organized by geography, but worldwide by products or services, such as one worldwide division for cleaning products or short-term inventory loans. They are



increasingly organized by "markets": fully-developed markets (such as western and northern Europe or Japan); "developing markets" (eastern Europe, Latin America and parts of East Asia); and the "underdeveloped markets" and big "blocs" (China, Russia and India)--each with different objectives and strategies.

Finally, the new multinationals are increasingly not domestic companies with foreign subsidiaries, but are more likely to be domestic companies with foreign partners. They are being built through alliances, know-how agreements, marketing agreements, joint research, joint management development programs and so on. They require very different management skills; they must persuade, not command. The typical old multinational began planning with the questions: "What do we want to achieve? What are our objectives?" The first question in the new multinational is likely to be: "What do our partners value? What do they want to achieve? What are their competencies?" And in turn: "What do they need to know about our values, our goals, our competencies?"

We have almost no data on the world economy of the multinationals. Our statistics are primarily domestic. Nor do we truly understand the multinational and how it is being managed. How, for instance, does a multinational pharmaceutical company decide in what country first to introduce a new drug? How does a medium-sized multinational, like the German surgical-instrument maker mentioned earlier, decide whether to keep importing into the United States? To buy a small American competitor who has become available? To build its own plant in the United States and to start manufacturing there? Our dominant economic theories—both Keynes and Friedman's monetarism—assume that any but the smallest national economy can be managed in isolation from world economy and world society. With an estimated 30 percent of the U.S. workforce affected by foreign trade (and a much higher percentage in most European countries), this is patently absurd. But an economic theory of the world economy exists so far only in fragments. It is badly needed. In the meantime, however, the world economy of multinationals has become a truly global one, rather than one dominated by America and by U.S. companies.



#### The New Mercantilism

THE MODERN state was invented by the French political philosopher Jean Bodin in his 1576 book Six Livres de la Republique. He invented the state for one purpose only: to generate the cash needed to pay the soldiers defending France against a Spanish army financed by silver from the New World--the first standing army since the Romans' more than a thousand years earlier. Mercenaries have to be paid in cash, and the only way to obtain a large and reliable cash income over any period--at a time when domestic economies had not yet been fully monetized and could therefore not yield a permanent tax--was a revenue obtained through keeping imports low while pushing exports and subsidizing them.

It took 300 years—the time until the unification of Germany and Italy in the 19th century—before Bodin's political invention, the nation-state, came to dominate Europe. But his mercantilism was adopted almost immediately by every European government, large or small. It remained the reigning philosophy until Adam Smith showed the absurdity of believing (as mercantilism does) that a nation can get rich by robbing its neighbors. Twenty-five years after Smith, mercantilism was still the doctrine that underlay America's first and most important work in political theory, The Report on Manufacturers (1791) by Alexander Hamilton. And almost a century later, in the second half of the 19th century, Bismarck based the new German Empire on Bodin's mercantilism as adapted to Europe by Hamilton's great German admirer, Friedrich List, in his 1841 book, The National System of Political Economy. However discredited as economic theory, mercantilism, not Adam Smith's free trade, thus became the policy and practice of governments virtually everywhere (except for one century in the UK).

**B**ut mercantilism is increasingly becoming the policy of "blocs" rather than of individual nation-states. These blocs--with the European Union the most structured one, and the U.S.-dominated NAFTA trying to embrace the entire Western Hemisphere (or at least North and Central America)--are becoming the integrating units of the new world economy. Each bloc is trying to establish free trade internally and to abolish within the



bloc all hurdles, restrictions and impediments, first to the movement of goods and money and ultimately to the movement of people. The United States, for instance, has proposed extending NAFTA to embrace all of Central America.

At the same time, each bloc is becoming more protectionist against the outside. The most extreme protectionism, as already discussed, consists of rules with respect to agriculture and the protection of farm incomes. But similar protectionism is certain to develop for blue-collar workers in the manufacturing industry, and for the same reason: They are becoming an endangered species, the victims of productivity. In the United States for instance, manufacturing production increased in volume by at least 30 percent during the 1990s. It has at least doubled since 1960, and may even have tripled. (We have only money figures and have to guess at volume.) But manual workers in industrial production in the same period decreased from some 35 percent of the work force to barely more than 13 percent--and their numbers are still going down. Total employment in the manufacturing industry has remained the same proportion of the work force--it probably has even gone up. But the growth has been in white-collar work rather than the manual kind.

A mercantilist world economy, however, faces the same problems that led to the ultimate collapse of mercantilist national policies: It is impossible to export unless someone imports. This means, as Adam Smith showed 250 years ago, that the blocs must concentrate on those areas in which they have comparative advantages. In today's technology and world economy, that means concentrating on an area of knowledge work. Such concentration is already beginning. India is emerging as a world leader in applied-knowledge work--its comparative advantage is the 150 million well-educated Indians whose main language is English. China may similarly attain leadership through its world-class competence in manufacturing management--the legacy of the communist emphasis on output and production.

And just as it was for the mercantilists of 17th- and 18th-century Europe, an adequate home market (or access to one, as the Swiss and Dutch had to the markets of Germany



and central Europe in the 19th century) is the most effective base for being competitive in the world economy. This "home market"--small enough to be protected and big enough to be competitive--is what the "blocs" provide.

Thus, the European Union is already in the process of creating the institutions for its bloc to be effective in this world economy: a European Parliament, a European Central Bank, a European Cartel Office and so on. Even the French, reluctantly, are integrating their economy and their industries—and even their agriculture—into the economy, the industries and the agriculture of the EU (provided that the Germans foot the bill). The United States, of course, has been a genuine bloc and a nation-state all along. Its economic institutions have been federal, at least since the creation of the Interstate Commerce Commission and the Federal Reserve Banking System. U.S. institutions like the Federal Reserve Bank of New York also act, in emergencies (such as the recent collapse of the Mexican peso) as the agent of NAFTA.

WHAT, THEN, is likely to be the future relationship between these two blocs? The United States has openly announced its policy of extending NAFTA to all of Latin America. And while NAFTA means free trade within the bloc, it also means high protection externally, and especially high protection against Europe. Officially, the United States is still committed to worldwide free trade. But the actual result of its policies is that a zone of preferential trade agreements is gradually emerging around the United States--not unlike the bloc that is the EU. The world economy is thus fast coming to look far more like the mercantilism of Alexander Hamilton than like Adam Smith's free trade. It is fast becoming an "interzonal" rather than an "international" world economy.

But a new kind of mercantilist rivalry is emerging in this new economy--one in which the United States suffers from little-noticed disadvantages. For instance, the EU is seeking to export its regulations (and to impose its high regulatory costs on the United States) through international agreements, the reinterpretation of WTO rules, and the growing acceptance of EU standards in third markets. (1) It is also promoting its new,



currency the euro, as a rival and alternative to the dollar as the world's reserve currency-a step that, if it succeeded, would greatly reduce the U.S. government's ability to attract foreign funds to finance its deficit and thus maintain the Bush Doctrine. Nor can the United States be certain of maintaining the solidarity of its own bloc in competition with the EU. Several Latin American states are going slow" on the negotiations to extend NAFTA for political reasons. The EU is itself seeking closer trade and economic relationships with Latin America through partnership talks with MERCOSUR. And the recent trend of Latin American politics has been to drift away from "neo-liberalism" and towards a Left perennially tempted by anti-yanqui protectionism. What is different today is that the EU offers these political forces the ability to choose free trade while simultaneously resisting U.S. "hegemony." The United States could therefore find itself with a smaller "home market" than rival blocs, but with the same high-cost regulations, in a world of intense mercantilist competition.

For thirty years after World War II, the U.S. economy dominated practically without serious competition. For another twenty years it was clearly the world's foremost economy and especially the undisputed leader in technology and innovation. Though the United States today still dominates the world economy of information, it is only one major player in the three other world economies of money, multinationals and trade. And it is facing rivals that, either singly or in combination, could conceivably make America Number Two.

(1) For more, see Lawrence Kogan, "Exporting Europe's Protectionism", The National Interest (Fall 2004).

Peter F. Drucker is a writer, consultant and teacher. His most recent book is Managing the Next Society (2002). COPYRIGHT 2005 The National Interest, Inc. □COPYRIGHT 2005 Gale Group



#### **The Three Revolutions**

By Henry A. Kissinger Monday, April 7, 2008, THE WASHINGTON POST

The long-predicted national debate about National Security policy has yet to occur. Essentially tactical issues have overwhelmed the most important challenge a new administration will confront: how to distill a new international order from three simultaneous revolutions occurring around the globe: (a) the transformation of the traditional state system of Europe; (b) the radical Islamist challenge to historic notions of sovereignty; and (c) the drift of the center of gravity of international affairs from the Atlantic to the Pacific and Indian Oceans.

Conventional wisdom holds that disenchantment with President Bush's alleged unilateralism is at the heart of European-American disagreements. But it will become apparent soon after the change of administrations that the principal difference between the two sides of the Atlantic is that America is still a traditional nation-state whose people respond to calls for sacrifices on behalf of a much wider definition of the national interest than Europe's definition.

The nations of Europe, having been drained by two world wars, have agreed to transfer significant aspects of their sovereignties to the European Union. Political loyalties associated with the nation-state have proved not to be automatically transferable, however. Europe is in a transition between its past, which it seeks to overcome, and a future it has not yet reached.

In the process, the nature of the European state has been transformed. With nations no longer defining themselves by a distinct future and with the cohesion of the European Union as yet untested, the capacity of most European governments to ask their people for sacrifices has diminished dramatically. The states with the longest continuous histories, such as Britain and France, have been most willing to assume international military responsibilities.

The disagreement over the use of NATO forces in Afghanistan is a case in point. In the aftermath of Sept. 11, 2001, the North Atlantic Council, acting without any request by the United States, invoked Article 5 of the NATO treaty, calling for mutual assistance. But when NATO set about to assume military responsibilities, domestic constraints obliged many of the allies to limit the number of troops provided and to constrict the missions for which lives could be risked. As a result, the Atlantic alliance is in the process of evolving a two-tiered system -- an alliance a la carte whose capability for common action does not match its general obligations. Over time, one of two adaptations must take place: either a



### **SUPPLEMENTAL READING II -\_Kissinger Regional Sustainable Development Programs**

redefinition of the general obligations or a formal elaboration of a two-tiered system in which political obligations and military capabilities are harmonized through some system of alliances of the willing.

While the traditional role of the state in Europe is being diminished by the choice of its governments, the declining role of the state in the Middle East is inherent in the way those states were founded. The successor states of the Ottoman Empire were established by the victorious powers at the end of the First World War. Unlike the European states, their borders did not reflect ethnic principles or linguistic distinctiveness but the balances between the European powers in their contests outside the region.

Today it is radical Islam that threatens the already brittle state structure via a fundamentalist interpretation of the Koran as the basis of a universal political organization. Jihadist Islam rejects national sovereignty based on secular state models; it seeks to extend its reach to wherever significant populations profess the Muslim faith. Since neither the international system nor the internal structure of existing states has legitimacy in Islamist eyes, its ideology leaves little room for Western notions of negotiation or equilibrium in a region of vital interest to the security and well-being of the industrial states. That struggle is endemic; we do not have the option of withdrawal. We can retreat from any one place, such as Iraq, but only to be obliged to resist from new positions, probably more disadvantageously. Even advocates of unilateral withdrawal from Iraq speak of retaining residual forces to prevent a resurgence of al-Qaeda or radicalism.

These transformations take place against the backdrop of a third trend, a shift in the center of gravity of international affairs from the Atlantic to the Pacific and Indian Oceans. Paradoxically, this redistribution of power is to a part of the world where nations still possess the characteristics of traditional European states. The major states of Asia -- China, Japan, India and, in time, possibly Indonesia -- view each other the way participants in the European balance of power did, as inherent competitors even when they occasionally participate in cooperative ventures.

In the past, such shifts in the structure of power generally led to war, as happened with the emergence of Germany in the late 19th century. Today the rise of China is assigned such a role in much alarmist commentary. True, the Sino-American relationship will inevitably contain classical geopolitical and competitive elements. These must not be neglected. But there are countervailing elements. Economic and financial globalization, environmental and energy imperatives, and the destructive power of modern weapons all impose a major effort at global cooperation, especially between the United States and China. An adversarial relationship would leave both countries in the position of Europe after the two world wars, when other societies achieved the preeminence the nations of Europe sought through self-destructive conflict with each other.



No previous generation has had to deal with different revolutions occurring simultaneously in separate parts of the world. The quest for a single, all-inclusive remedy is chimerical. In a world in which the sole superpower is a proponent of the prerogatives of the traditional nation-state, where Europe is stuck in halfway status, where the Middle East does not fit the nation-state model and faces a religiously motivated revolution, and where the nations of South and East Asia still practice the balance of power, what is the nature of the international order that can accommodate these different perspectives?

What should be the role of Russia, which is affirming a notion of sovereignty comparable to America's and a strategic concept of the balance of power similar to Asia's? Are existing international organizations adequate for this purpose? What goals can America realistically set for itself and the world community? Is the internal transformation of major countries an attainable goal? What objectives must be sought in concert, and what are the extreme circumstances that would justify unilateral action?

This is the kind of debate we need, not focus-group-driven slogans designed to grab headlines.

