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U.S. STRATEGY FOR THE 21ST CENTURY

BY

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United States Army

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<p>This paper examines historical and proposes future U.S. national interests in light of the many ongoing changes in today's world. Revised national interests are then used to propose a modified national strategy with supporting domestic, foreign and military strategies.</p> <p>Most people will find the ideas in this paper somewhat controversial. In an attempt to generate new innovative thinking about the issues confronting our nation, some fairly radical alternatives are proposed for national consideration. Many are considered political suicide by today's elected leaders, but they are based on sound reasoning. And, I believe, the American public is looking for realistic answers that will work. These will.</p> <p>Chapter One reviews the development of U.S. national interests and presents a quick historical survey of our past domestic, foreign and military strategies.</p>					
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Chapter Two discusses the major trends that will shape the future of America and the rest of the world.

Chapter Three derives fundamental U.S. national interests and objectives using philosophy, psychology, and traditional American values. It also attempts to provide a logical argument for each interest and objective.

Chapter Four reviews present and projected threats to U.S. national interests in preparation for developing a national strategy. The final segment then proposes and defends two axioms that become the basis for the national strategy developed later.

Chapter Five, Six and Seven apply these two axioms to developing strategies for reconciling our national interests with the threats to each one and with major world trends.

Chapter Eight concludes with a review and summary of the fundamental ideas proposed in the paper.

In the past, the immediate post war years have been euphoric as nations contemplate their future. The larger the war effort and the greater the war damage, the greater the optimism about perpetual peace in the world. Writing a paper in this environment undoubtedly colors an authors viewpoint with a rosy glow. Never the less, we live in exciting times and the recent recanting by the Soviets of significant parts of their ideology has opened a window for peace not previously available. Let's hope that world peace takes another step forward as a result of DESERT STORM.

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U.S. STRATEGY FOR THE 21ST CENTURY AN INDIVIDUAL STUDY PROJECT

by

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United States Army

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Project Adviser

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ABSTRACT

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Chapter One reviews the development of U.S. national interests and presents a quick historical survey of our past domestic, foreign and military strategies.

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CHAPTER ONE - INTRODUCTION

The World is Undergoing Dramatic Changes

In the winter of 1989-1990 the Earth rotated upon its axis and changed once again - forever. The Berlin Wall, a symbol of the East-West Cold War, came tumbling down on the 9th of November 1989 and the Warsaw Treaty Organization crumbled. In less than one year, the East German Army was subtracted from the Warsaw Pact and added to NATO. Had this prognostication for 1989 been postulated to New Year's Eve revelers on the 31st of December 1988, they would have dismissed the speaker as an idiot or lunatic. Yet, as we begin the last decade of the 21st century, the world continues to change in ways unimaginable just a few short months earlier. What are the implications for the United States?

For the last 45 years the United States (U.S.) has pursued a steady and consistent national strategy to contain the spread of communism. In Korea and Vietnam, American soldiers fought the "Communist hordes." In Latin America, Africa, Asia, Europe, and the Middle East we provided economic aid and military assistance to prevent the spread of the "Evil Empire." Now, in 1991, the Cold War is over. We have won! Communism, as an ideology, is dead. Its adherents have capitulated and are scrambling for solutions to their numerous economic crises. The planet is standing on the doorstep of its future and we, its citizens, must now shape and mold the events of today and tomorrow to create the ideal world for our children.

The United States is at a decision point. Like a traveler

**If you don't know where
you're going, any road
will take you there.**

approaching a fork in the road,
the surest way of selecting a
path is to review our past to
determine how we arrived at the

present, reaffirm where we want to go, and then select the most
direct route to our objective.

How We Got to This Fork in the Road

Our forefathers struggled with concepts of government from the
mid 18th century to the beginning of the 19th century. They were
the sons, grandsons and great grandsons of an extremely diverse
group of people, from opportunists looking for a fast buck to
pilgrims searching for religious freedom, to farmers looking for
better land. As we know, the first efforts at establishing a
national level government were time consuming and fractious. Some
wanted rovalty, others a republic and still others wanted to remain
subordinate to England. The end result of their lengthy
deliberations was the U.S. Constitution.

The authors of the U.S. Constitution were farmers,
businessmen, blacksmiths, newspaper editors, lawyers and much more.
They represented their hometowns, their neighbors and their
colonial (state) governments. Some were well educated. Others
could barely read and write. They all, however, shared a belief in
the importance of the individual and in the concept that government
should serve the people. As they gathered in Philadelphia in 1789,
their task was to capture their ideals in writing and provide the
fundamental principles under which their national government would

operate. The Preamble to the Constitution best captures their thoughts.

We the People of the United States, in order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.

These eloquent words summarized, in just a few short phrases, the purpose and goals of the U.S. government as seen by its authors. In other words, the principal function of the U.S. government was to protect the legal rights of individuals, maintain law and order, protect the country from foreign intervention, and improve the standard of living of its citizens. Over the intervening 200 plus years, many Americans would argue that our government has far exceeded its initial authority. Others claim that it should have done more for its citizens or that it has failed to lead the rest of the world to democracy. The truth lies somewhere in the middle.

From the vantage point of history, our government has had numerous great successes and some failures, however most Americans would agree with the following assessment:

Ten years after the signing of the Declaration of Independence our founding fathers created what historians have called the greatest single document struck off by the hand and mind of man. For the first time in history, power was granted by the people to the government, and not by the government to the people. The freedom unleashed by the Constitution allowed Americans to develop their talents and abilities to the fullest. And attain what is now known the world over as the American Dream.¹

Regardless of perspective, everyone should agree that the national interests of the U.S. have expanded over the years; and

now encompass not only our initial concerns, but also include a strong emphasis on international matters.² In a period of significant change, it is time to reconsider our national goals and objectives as well as the strategies for achieving them.

Development of U.S. Foreign Policy.

In the 19th century, the United States' foreign policy could best be described as isolationist. Public sentiment was such that in 1892, The New York Herald suggested abolishing the State Department, since it had so little business to conduct overseas.³ However, by 1914, U.S. policies were necessarily changing. Foreign trade had increased to 8% of Gross National Product (GNP) and trade surpluses were almost \$500 million per year.⁴ The increasing importance of international commerce mandated a more assertive diplomatic effort to establish favorable trade agreements.

Our political interests were also expanding. The war with Spain in 1898 resulted in acquisition of the Philippines. We sent 2,500 troops to restore order in China in 1900. And, during the first few years of the new century, Theodore Roosevelt acted as a mediator in the resolution of the Russo-Japanese War and negotiated with Japan and other interested countries to maintain the "Open Door" in China. Subsequent administrations would attempt to withdraw from these "foreign entanglements" but our growing foreign trade and economic interests in Europe virtually guaranteed our increased involvement in foreign affairs.⁵

The advent of World War I first indicated the dominant role that the U.S. would play in world politics during the 20th century.

World War II and the subsequent Cold War cemented the United States' position as the most powerful nation in the world both militarily and economically. From 1900 to the present, U.S. GNP has been nearly double that of our nearest economic competitors, while per capita GNP has remained substantially higher than any other country.⁶

Thrust into the position of world leader, the U.S. began to expand its international involvements. From 1948 to 1990, U.S. foreign interests were threatened by communism, more specifically the Soviet Union. During this era, the central theme in American foreign policy was denial of any advantage to the USSR, not only in relations with the U.S. and the Western World, but with respect to the entire Third World. We became the protector and promoter of Western civilization.

With the demise of communism, U.S. interests have changed again. Today exports constitute over 6% of GNP and imports are more than 8% of GNP.⁷ World trade has become essential to our continued well being. Perhaps, the Persian Gulf crisis of 1990-1991 best illustrates future U.S. foreign interests. We are the largest consumer of oil in the world and more than 50% of our annual requirement is imported. When instability in the gulf threatened our oil supply, we responded for two reasons. First, world peace was disrupted and if unchecked might have spread to other regions, further damaging U.S. trade interests. Second, we and many of our trading partners were endangered economically by the potential loss of oil. Our successful intervention has

improved prospects for peace in the world and guaranteed a continued supply of oil for the Western world at competitive prices.⁸

Maturation of U.S. Domestic Policy

The United States' domestic policies have also evolved over time. Starting with the U.S. Constitution, individual rights and freedoms were paramount and the role of central government was to uphold these ideals with minimum interference in the lives of citizens. The budget of our early government attests to its limited role. From 1789 to 1913, the primary sources of government revenue were consumption taxes, with a temporary income tax during the Civil War. With the exception of the war years, federal spending did not exceed five percent of Gross National Product until 1935.⁹

Few changes were made in this policy until the 1930s in the midst of the Great Depression. With President Franklin D. Roosevelt's "New Deal" policies, the U.S. government began to provide a "safety net" for its citizens who were temporarily or permanently on the bottom of the economic scale. Welfare, jobs programs, Social Security and other programs originated during this era. From nearly zero in 1935, U.S. expenditures on Social Security and Welfare have grown to almost 28% of the annual budget.¹⁰ The underlying principle is that the U.S. government underwrites a minimum standard of living for every citizen.

U.S. Military Strategy Supports Foreign Policy

U.S. military strategy has followed the changes in U.S.

foreign policy. Basically protectionist and isolationist in the 19th century, military strategy expanded in the 20th century to include protection of U.S. international interests. More recently, winning the Cold War has been the objective of U.S. military strategy. The communist threat from the Soviet Union provided the rationale for U.S. military strength around the world. As in foreign policy, the threat of communism has expired and our military strategy must now refocus on present and potential threats to American interests around the world.

Concluding this section, the national interests of the U.S. started small and expanded to their present form as U.S. power and involvement with foreign nations expanded. As our national leaders perceived threats to the U.S., they expanded our stated goals and objectives to protect our international position. For the last 40 years we have focused on the containment of communism. Now, with its demise, it is time to revise our national interests for the future.

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CHAPTER TWO - THE FUTURE

Major Historical Trends

We could unequivocally state our national interests, if we but knew the future. In the absence of omniscience, we can only look at past trends and project them forward. Therefore, cognizance of events shaping the future is critical to formulation of national interests and a national strategy. As with all predictions based on a chronology of past events, using longer periods of time provides better results. For example, in the short term, the stock market is often quite volatile, but over the longer term it is fairly predictable. Human events and trends pertinent to this discussion seem to be equally predictable in the long run.

There are six historical trends that will affect our future national interests: demographics, increases in human productivity, the information explosion, spreading democracy, changes in the marketplace, and a shrinking world. Some of these trends are observable over all of history and others only over the last few centuries. However, at present, they seem destined to continue through several more decades, if not centuries.

The World is Exploding with People

World population is growing steadily and the result is a massive strain on governments and social structures in much of the world. In the 50 years between 1900 and 1950, the world's population grew by 900 million, to a total of 2.5 billion, a 56% increase. Forth years later, the world's population stood at 5.3 billion and was increasing at the rate of 1.7% a year.¹ In 20

years the world's population will exceed 6.0 billion -- 80% will live in the Third World. Never before in history has there been such enormous growth in population, with compounding pressures on social, political, and economic institutions.²

The average world citizen is also getting older. In 1960 the life expectancy of a citizen in the U.S. was 67.7 years. Today it is 75.6 years and by 2010, if present tendencies continue, it will be 78 years.³ Not surprisingly, the number of citizens over 65 will also increase. Currently there are 31.5 million Americans over age 65; in 20 years there will be over 40 million.⁴ Statistics for worldwide increases are even more startling. In 1990 there were 183 million people over 65, by 2010 there will be an estimated 500 million people over that age -- nearly a 300% increase!⁵

This phenomenal increase is attributable to better health care, more abundant food supplies, and a safer environment for living and working. The net result is a higher percentage of people living well beyond their most productive years and in many cases eventually requiring some form of societal care. Ideally, most citizens will save for their old-age to assure a higher standard of living. Many will not and for those, their government will have to divert tax dollars to their care. Well endowed societies can normally afford to care for their senior citizens. However, in many maturing nations, care of older citizens comes at the expense of the current generation and inevitably reduces the productivity of the entire country as resources are diverted to

caring for materially nonproductive citizens.⁶

The implications for the U.S. seem clear. Social Security payments will require more revenues from those working. The number of people working will decrease. And, hopefully, our more mature workforce will also be better trained and more reliable. Outside the U.S., Third World countries will continue to struggle just to feed their rapidly expanding populations. Where they fail, poverty stricken, hungry people will consider the use of violence to secure a better standard of living for themselves and their children.

Human Productivity Continuously Increasing

Before the dawn of history, i.e. before people had time to develop a written language and write down what was happening to them, life was hard. Earliest man hunted for his food and was able to store little, if any, for future use. Virtually every waking moment was spent on survival. As humans became more sophisticated, they started farming to supplement their foraging. They also learned to store meats, grain, fruits and vegetables for future use and life became a little easier.

Our early ancestors worked less and lived better than their progenitors because they managed to produce more of their daily needs in less time. In other words their productivity was increasing. Unfortunately, along with their productivity in creating a better life came the capability to support more people. As hunger was receded, the human race expanded to take up the slack in excess productivity. Only with industrialization were we humans able to finally produce more than we could consume.⁷

At the beginning of the Industrial Age, most of the world was working six days a week with Sunday off. Of course, after working from sun up to sun down for six days, most people needed a day to recover. Reducing their work week to hours, the current measure, the sun-up to sun-downers were putting in between 70 and 80 hours a week. By the turn of the last century, we were well into the Industrial Revolution and the average workweek was down to only 60 hours. The quality of life was also better. Mass produced industrial products were making life easier and more enjoyable for virtually everyone. Equally important, there was more leisure time for personal enjoyment.

Today the standard workweek for industrialized nations continues to shrink. After World War II, the American industrial workweek was reduced to 40 hours and has remained there for the last several decades. In Germany, the workweek has been reduced even further, to 36 hours. Friday afternoon is now part of the weekend for most of the German labor force. More importantly, the fewer hours came without a reduction in weekly pay. Consequently, the purchasing power of most employees has not declined, yet their leisure time has expanded. Presumably, they are enjoying a higher standard of living.

Productivity has not only reduced the time required to earn a living, it has also improved the world citizen's quality of life. In the last two hundred years, productivity gains have been truly dramatic. With the advent of the steam engine, animal power was replaced with inanimate power and the consequences were stupendous.

By the 1820s someone operating several power-driven looms could produce twenty times the output of a hand worker, while a power-driven "mule" (or spinnin machine) had 200 times the capacity of a spinning wheel. A single railway engine could transport goods which would have required hundreds of packhorses, and do it far more quickly.⁸

Productivity gains have resulted in significantly better standards of living. Using England as an example, from 1815 to 1850 average real wages in Britain rose between 15 and 25%. During the next half century they increased another 80%.⁹ These rates of growth continued up until World War II, for England as well as the rest of the industrial world. Then productivity really took off. Between 1830 and 1900 world manufacturing production tripled. It tripled again between 1900 and the start of World War II, but from 1953 to 1983 world output doubled every ten years. The recovery of war damaged economies, development of new technologies, "planned economies," and the spread of industrialization to the Third World combined to account for these tremendous achievements.¹⁰ World productivity will undoubtedly continue to escalate, providing an ever improving standard of living for the world.

While productivity generally leads to more comfortable living, there are growing pains to be endured and the automobile industry provides a good illustration. The price to be paid for a better and cheaper automobile is the dislocation in jobs; caused by the entry of the Japanese into the American market and by the increased productivity of our own American automobile industry. The General Accounting Office recently reported that Japanese owned factories in the U.S. cost Americans 36,000 jobs in 1988 and 1989. The reason -- Japanese factories are generally more efficient and

require fewer laborers.¹¹

The long term trend is clear. Increased productivity yields a higher standard of living, not just for the producer, but for everyone in the modern world. Japanese auto workers, American farmers, Latin American clothing manufacturers, European drug and electronics firms, and large and small producers all over the world are putting out more and better quality products in less time and for lower costs. ***

The Information Explosion

The growth of information available in the world increased slowly and steadily until the development of the Gutenberg press. Then it expanded almost exponentially. Prehistoric man was limited to the information he could store in his memory and could only share ideas that could be expressed in his language. As languages developed into writing, past events were recorded, history began, and the knowledge of the human race grew. However, the requirement to manually write or transcribe data, restricted knowledge to a very few intellectuals.

The Gutenberg press was developed in the mid-15th century and had a profound effect on the distribution of knowledge and ideas. Mass producing information made it cheaper and available to more people. Reading and writing became more commonplace and recorded knowledge soon spread. At about the same time, formal postal systems were instituted and thoughts and ideas flowed more rapidly and in more directions. By the beginning of the 19th century knowledge and ideas were moving smartly around most of the world.

Printing presses were producing books and newspapers. Sailing ships, horses and horse-drawn wagons were moving not only people, but printed words throughout entire continents, as well as between them. Word of the American Revolution spread around the world and stirred similar ideas in people everywhere. Advancements in government, agriculture, engineering, mathematics, and other disciplines were being recorded and distributed to the world.

The Industrial Revolution quickened the pace of information exchange even more. First, literacy increased dramatically in the 19th century, in concert with industrialization. Movement of people and ideas was enhanced by the invention of the steam engine and the advent of trains and steamships. The telegraph was developed and words could now be transmitted over seemingly great distances in just minutes. By the turn of the century, telephones were being introduced to an amazed citizenry, telegraphs were routine and the concept of radio communications was under development.

A weekday edition of the New York Times contains more information than the average person was likely to come across in a lifetime in 17th century England.

Today, most parts of the world are bombarded with information. For a comparison with the past, Richard Wurman, in his recent book, Information Anxiety, reports that, "A weekday edition of the New York Times contains more information than the average person was likely to come across in a lifetime in 17th century England."¹² At home, at work in the factory or office, at play,

or traveling; citizens of the modern world have access to information from telephones, radios, televisions, facsimile machines, computers, and from written words that surround them everywhere. Computers can store and manipulate more meteorological data in seconds than a team of meteorologists could process manually in years. Radios, satellites, fiber optics and cables can distribute massive quantities of information to virtually any spot on the globe or in the universe at the speed of light.

The effects of the information explosion are being felt throughout the modern world, especially in the job market. John Naisbitt in his 1982 book Megatrends identified 1956 and 1957 as the end of the Industrial Society and the beginning of the Information Society. At the time, Daniel Bell, a Harvard sociologist, coined the term "post-industrial society" to provide a label for the coming era. The popular assumption was that the declining industrial workforce would be replaced by an ever larger service industry. Most sociologists were surprised when they discovered that the traditional service employees continued to make up only about 10% of the workforce. Industrial workers were being replaced by information workers, that is, people engaged in the creation, processing, and distribution of information. In 1950, approximately 17% of the total work force was working in what we now define as information jobs. Thirty years later that number had grown to 60% and is still growing. It includes programmers, clerks, secretaries, lawyers, accountants, teachers, stock brokers, bankers, technicians and many of the employees inside manufacturing

companies.¹³ Not unexpectedly, the number of manufacturing employees has declined. In 1988, only 11.6 % of the work force was employed in manufacturing jobs and if management and services are extracted from the manufacturing sector, the figure drops to under 7%.¹⁴

The future of the information society is readily discernable by examining the historical evidence concerning exploitation of new technologies. Information will flow ever faster and be manipulated by increasingly sophisticated computers and software, as computers continue their development. There are three overlapping stages of technical innovation. First, it follows the line of least resistance to gain a foothold. For microprocessors the first stage was use in toys and in robots doing dirty, undesirable jobs. Both areas were seen as non-threatening and enhanced the introduction of computers. The second stage is the use of a new technology to improve previous technologies. Obviously, we are well into stage two since micro-processors are now integral parts of automobiles, manufacturing processes, word processors, and hundreds of other items. The third stage is the discovery and development of new directions or uses for the technology.¹⁵ For microprocessors, this last stage started very recently. Super computers process more data than was humanly possible just 10 years ago. Computer bulletin boards, centralized public data bases, electronic mail and a host of other computer applications have provided us with capabilities undreamed of early in the late 1970s. With superconducting materials, co-processing, parallel processing, new

communications technologies, and the much discussed lag in software development, the third stage of microprocessor technological development promises to be long and rewarding.

So far, I have described information age effects in the work place, but it has also been the major factor in the changing world political environment. As people become more informed, they have higher expectations. They are no longer content to live their lives as their parents did. They want and expect more. Only free market economies in democratic societies can meet their demands.

Democracy - Government for the Future

Since 1789 and the introduction of the first national democratic government, democracy has been the political system of destiny for the rest of the world. Alexis de Tocqueville understood the impact of human equality and democracy in the early 1800s when he wrote:

... the gradual progress of equality is something fated. The main features of this progress are the following: it is universal and permanent, it is daily passing beyond human control, and every event and every man helps it along. Is it wise to suppose that a movement which has been so long in train could be halted by one generation? Does anyone imagine that democracy, which has destroyed the feudal system and vanquished kings, will fall back before middle classes and the rich? Will it stop now, when it has grown so strong and its adversaries so weak?¹⁶

Tocqueville was right. In 1990, three out of four countries on Earth had some form of elected, representative government. Over two-thirds of the world's population now live in democratic societies and more join their ranks daily.¹⁷

Prior to World War II, European colonial empires controlled

two thirds of the world's population and much of its landmass. Largely as a result of the war, these empires collapsed and gave way to individual nation-states, tripling the total number to over 160 separate countries. Zbigniew Brzezinski recently described this political sea change as, " . . . the broadest political revolution in the history of mankind."¹⁸

In 1990 alone, the breakup of the Warsaw Pact allowed East Germany, Poland, Czechoslovakia, Hungary, Romania, and Bulgaria to begin implementation of democratic reforms. As a result, over 100 million additional people now have the opportunity to vote for their representatives and leaders, many for the first time.¹⁹

Communist and socialist regimes are also collapsing in Africa. The USSR backed government in Angola has promised free elections and a democratic system of government. Cuban troops are leaving the country and Mr. Savimbi, whom the government wanted to exile, is now a possible presidential candidate. In Mozambique, the leftist regime and the RENAMO rebels have agreed to a partial end to hostilities. Leaders in Zambia, Zaire and Madagascar all promise political plurality and free markets.

African Communist and Marxist parties, with the exception of South Africa, are disillusioned with socialism. Recently Mr. Mario Machungo, Mozambique's prime minister, was asked what advice he would give Mr. Nelson Mandela and his African National Congress. He responded, "Do not try to impose central planning or socialism. We have learned from bitter experience that they do not work."²⁰

Discussing the problems of the Soviet Union and Eastern

Europe, Peter Drucker wrote,

As people become "westernized," more affluent, more mobile, more educated, they increasingly become more nationalist. They increasingly resent being "colonials," even if the yoke is a light one. They demand the "Japanese solution": to be westernized but under their own control, management and government.²¹

Speaking to the Foreign Policy Association in Washington, DC in December 1978, Zbigniew Brzezinski stated,

Previously dormant peoples have become active, demanding, assertive. As a result of literacy and modern communications, billions are becoming aware of new ideas and of global inequity. The people of the congested cities of the Third World are increasingly susceptible to political and ideological mobilization.²²

Once again, the trend is seems clear. Worldwide communications and information, coupled with human aspirations for a better life, have led to an astounding surge of democracy around the globe. More importantly, there is nothing on the political horizon that can threaten or reverse these democratic tendencies now prevalent on Earth.

The Changing World Market Place

Transnational corporations, global business enterprises, are a product of the marketplace. Peter Drucker, in his book The New Realities describes them as a, ". . . structural change in the world economy."²³ Business Week's cover story on 14 May 1990, "Stateless Corporation," claimed that, "World corporations represent a dramatic evolution from the U.S. multinational . . ."²⁴ Karlheinz Kaske, Chief Executive for the German corporate giant, Siemens, states, "It is no exaggeration to say that international business is racing ahead, leaving international

politics trailing in its wake."²⁵ These men and many other business observers are convinced that global markets and world economics are impinging upon the political environment in new and unexpected ways.

International trade started centuries ago on a complementary basis. In 18th century England, merchants sold wool to Portugal in exchange for wine, principally because neither country could produce these items for themselves. Similarly, England purchased cotton, which they couldn't grow, from India in exchange for woven cotton cloth which India could not produce. Complementary trade enhanced the standard of living of both trading parties by providing them with otherwise unavailable items.

In the mid-1800s, Germany and the United States entered into the world economy and shifted trade to a competitive basis. There were then multiple buyers for raw materials and numerous sources of finished goods. The U.S. grew cotton, produced cloth and sold both the raw material and finished product to European countries, thus providing an alternative to trading with England.²⁶

The marketplace continued to evolve and by the 1960s, large national corporations had grown into multinational corporations with appendages throughout the world. Initially these companies opened sales offices overseas to market their products. As sales grew and with pressure from local governments, they began to build overseas production facilities to manufacture items sold in that country. Design and engineering functions remained in the U.S. and the leadership and ownership of the organizations were unmistakably

American.

More recently, multinational corporations have become transnationals. The table below illustrates the rapid growth of private investment in non-government assets by U.S. citizens abroad and by foreign citizens in the U.S.²⁷ This is, undoubtedly, one of the best measures of the new transnational trends.

Table I Private Investment by US Abroad and Foreign in US

	1960	1965	1970	1975	1980	1985	1987
US Abroad	\$49	81	119	237	501	820	1034
Foreign US	\$29	42	81	134	325	858	1253

\$ billions

In the absence of U.S. domination of the world economy; capital, new technologies, and research flow in many different directions. Major companies use research and development (R&D) results from labs around the world. They combine parts manufactured in several countries into final products in European, American and Asian assembly sites. And, they strongly encourage the sale of corporate shares to foreign investors.²⁸ Everyone is aware of the almost worldwide diversification of the automobile industry, but there are countless other lesser known examples. In 1982, 95% of American baseball gloves were made in Japan. The leather was produced in the U.S., shipped to Brazil for tanning and then on to Japan for assembly. The construction industry is also transnational. Three hotels were built for Saudi Arabia by an American architectural-engineering firm, in the early 1980s. The

preconstructed room modules, to include the soap dishes in the bathrooms, were made in Brazil. Laborers at the building site were South Korean and management was American.²³

Ironically, national governments have unwittingly created today's transnational corporations. These worldwide companies are motivated, for the most part, by profits. Like all businesses large and small, their stated primary objective is to make money for their stock holders. Nation-states, seeking to improve their economic status, have established taxes, tariffs, customs duties, and other restrictive business and trade policies. In response, corporations optimize their operations for greater profits by establishing international partnerships, shifting production facilities, changing suppliers and even altering the markets in which they operate.

Capital investment decisions for transnational corporations are made on the world stage as the following examples attest. Taiwan, South Korea, and Israel have historically prohibited Japanese auto imports. Honda's solution to this and other trade restrictions was to build a plant in Ohio. It now ships Hondas, built in America, to all three countries. Thus, by circumventing import restrictions and outwitting the nation-states that imposed them, Honda has increased both auto sales and profits. Germany's BASF recently encountered environmental opposition from the local Green movement. Their solution -- build their new cancer and immune-system research facility in Massachusetts. They were enticed to Cambridge by the large number of engineers and

scientists as well as by the clearly defined safety, environmental and animal rights laws under which the laboratory would operate. Two pharmaceutical firms recently merged to avoid licensing and regulatory hassles in their largest markets. SmithKline (US) and Beecham (UK) formed the SmithKline Beecham Corp. and are now identified as inside players in both the European and American pharmaceutical industry.³⁰

While variations in production costs are a factor in where items are produced, local demand can be even more important in large, flexible transnationals. Dow Chemical recently noticed that European sales of a particular German made solvent had declined. Recognizing an opportunity to reduce shipment costs, they cut back production of the solvent and shifted to production of another chemical previously imported from Louisiana. The largest world companies can make similar decisions almost daily. With the use of sophisticated, computer based, mathematical models, multiple factors including the cost of raw materials, labor, production, shipment and marketing; government taxes, tariffs, and customs; monetary exchange rates; environmental concerns; and many more considerations are used in making daily operational decisions.³¹

The best transnationals strive for the appearance of local companies wherever they operate, but in reality they are far more global than in their previous form of multinational corporation. In the 1970s, as multinationals, they ran their overseas facilities as separate stand-alone fiefdoms with dividends paid to headquarters and virtually no interaction between overseas

facilities. Today, global product managers only partially control country and regional managers in product development and manufacturing. Financial, personnel and other strategic decisions are made at corporate headquarters, while local and regional managers are given more autonomy in expanding markets, modifying products for local consumption and in some cases even exploring new opportunities.³²

There is no consensus in either the business or political communities on whether the trends toward transnational corporations are beneficial or detrimental to the national interests of nation-states. Certainly, global operations that create new jobs at home, retain control of technologies, generate profits, pay taxes, and improve national productivity are consistent with the home country's national interests. If, however, a company builds plants outside the country to manufacture products sold in the U.S. and then reports minimal profits to reduce U.S. taxes, they become a parasite on the U.S. economy.³³

Clyde Prestowitz, a former U.S. trade negotiator and now head of an economic strategy consulting group in Washington believes,

What really matters is whether a company contributes to the U.S. economy. If the company is doing a lot of research and development here, increasing productivity, transferring technology to this country and creating new jobs, it doesn't matter if it's French, Japanese or Martian -- that's what we want.³⁴

Harvard public policy professor, Robert Reich believes that nation-state policy makers are confusing corporate success with national economic health.

The competitiveness of American corporations is no longer

the same as American competitiveness . . . We must open our borders to investors from around the world rather than favoring companies that may simply fly the U.S. flag . . . The U.S. Corporation is simply no longer "us."³⁵

The advent of large transnational corporations has fostered a debate in academic and government circles about the "loyalties" of these large corporations. Robert Reich argues that companies with a majority of their operations overseas do not deserve preferential tax benefits, government research grants, subsidized financing, and favorable consideration on government contracts. Conversely, foreign companies with large investments in the U.S. argue that they are as loyal as American companies and should receive government benefits proportional to their contributions to the U.S. economy.³⁶

American managers are among the loudest in the world to declare that their job is to maximize shareholder returns -- not to advance national goals.

National policy makers' concerns about transnational corporation loyalties are based on the realization that, "What is good for the corporation is not necessarily good for the nation." The Internal Revenue Service recently intensified its efforts to determine whether Japanese transnationals pay sufficient income taxes. Washington is also struggling with antitrust regulation of foreign companies, foreign investment disclosure laws, and how to apply investment reciprocity agreements. These attempts to regulate world business coincide with efforts to lure a larger portion of the annual \$150 billion foreign investment by transnationals. National, state and community business policies

and all the other factors affecting profits are considered in corporate investment decisions.³⁷ Just as large corporations now bargain with states and communities in making investment decisions, nations are negotiating with transnationals. Canada recently offered major tax breaks to international shipping companies in Hong Kong to lure them into Vancouver, Canada. The shipping companies will gain a competitive advantage in exchange for creating jobs and improving standards of living in Canada.³⁸ As borders become increasingly transparent to business, nations that fail to bargain successfully will suffer declining standards of living and national economies.³⁹

Transnational corporations will continue to grow and expand. Furthermore, the economic power they wield may eventually subsume smaller countries. As corporations become more adept at shifting financial resources, production, and purchasing arrangements between nations, they are better able to manage costs and ultimately profits. The challenge for the nation state will be to cooperate with business interests of all sizes to improve the national economy.

One detrimental aspect of world trade is the tendency to compete on an adversarial basis. Peter Drucker contends that adversarial trade aims at dominating an industry in contrast to competitive trade which aims at creating a customer. "Competitive trade is fighting a battle. Adversarial trade aims at winning the war by destroying the enemy's army and its capacity to fight."⁴⁰ The problem with adversarial trade is that it is not necessarily

beneficial to the public. Competitive trade usually provides a lower cost, higher quality product. Adversarial trade may initially offer similar results, but with market domination achieved, monopolistic business practices are more likely. Additionally, the economic health of a nation can suffer from monopolies controlled by another nation.

As national economies suffer from the business practices of other nations or foreign corporations, international conflict on economic issues becomes more likely. Historically, national economic concerns were contributing factors to both World Wars and in numerous earlier European conflicts. A Japanese politician, Shintaro Ishihara believes that, "the 21st century will be a century of economic warfare."⁴¹

The challenge for the international community of nations is to create an environment in which transnational corporations are encouraged and required to compete fairly and honestly. Today, international business laws and agreements are almost nonexistent. Yet, these huge business conglomerates are making decisions that materially affect citizens around the entire world. When an oil company explores recklessly, when a drug company cheats on testing, when patents and copyrights are violated, we all ultimately lose. The conclusion -- we must ensure that transnationals are competing on a level playing field from the perspective of the world citizens.

Our Shrinking World

The physical dimensions of the Earth remain constant and the

size of the Universe is expanding at the speed of light. But, the Earth is shrinking in the eyes and minds of its citizens. Accessibility to even the remotest regions is now measured in hours instead of days or weeks.

In the prehistoric era an average individual in a lifetime would see only a relatively small portion of the Earth. Trailing game and searching for the necessities of life would cause some movement, but not much. Driven primarily by the need for shelter, they seldom ventured more than a few miles from "home." With the taming of the horse and expansion of friendly civilizations, wider travel was possible and bolder men explored their horizons. Boats and sailing ships encouraged Marco Polo, Christopher Columbus and hundreds of others to travel to places unknown and only imagined. Still, until the arrival of the industrial era, the average person would live and die without ever leaving a ten mile square.

Steam engines on boats and trains simplified travel, civilization ensured safety for the traveler, and the industrial revolution provided the incentive of jobs and a better standard of living for the daring person willing to travel. Yet, until the arrival of the airplane and competitive prices, the vast majority of people seldom ventured more than 500 miles from home. In many parts of the U.S. today there are thousands of people who will proudly proclaim that they have never traveled outside their home state.

The size of the world in terms of time to travel from one point to another will continue to shrink. In the early 19th

century, the Pony Express transported a letter from the East coast of the U.S. to the West coast in five days. Today, thousands of people routinely fly between the coasts in four hours. A popular 19th century novel titled Around the World in Eighty Days captured the imagination of daring young men. Today, a dedicated traveler can circumnavigate the globe in less than 48 hours using commercial airlines.

Air travel, once the purview of the "Jet Set" is now readily available to a more affluent middle class. In 1989, 450 million grandparents, children, students, business people, vacationers, and others flew on 23,000 regularly scheduled daily flights in the U.S. By the turn of the century, the U.S. will have 750 million passengers in one year. World airline travel will increase from one billion passengers per year to two billion passengers in ten years.⁴²

Adding to the number of travelers is the steady decrease in the costs of travel. A recent airline promotion in California reduced the price of an airline ticket from Los Angeles to San Francisco to \$18.00 from \$29.00. That's less than a taxi ride from Kennedy Airport to LaGuardia in New York or from National airport to Dulles airport in Washington DC.⁴³

Technology will continue to decrease the time between travel destinations. The first generation of commercial aircraft for the 21st century will be supersonic, traveling at up to three times the speed of sound and 50% faster than the Concord.⁴⁴ New York to Frankfurt will be less than two hours instead of an eight hour trip

today. New York to Tokyo will be reduced from 13 hours to just over two.⁴⁵

The importance of a shrinking world is manifest when matched with the information explosion. Alvin Toffler, in his book The Third Wave, coined the term "Electronic Cottage" to describe the phenomenon of information age employees working at home rather than traveling to an office in the city.⁴⁶ Since then the numbers of people staying home to work has increased steadily. In a recent nation-wide survey, more than 35% of the nation's entrepreneurs reported that they worked out of their home.⁴⁷

More Americans are also residing outside of the U.S., where living costs are less and Social Security benefits go further. Between 1968 and 1988, the number of citizens living abroad increased from 812,000 to 2,174,000, a 260% increase. In comparison, California and Florida, the two fastest growing states in the U.S. over the same time period only grew 63% and 70% respectively.⁴⁸ The reduced cost of travel, coupled with less time and hassle, will make work or retirement in Eastern Europe, South America, Africa, Asia and the Pacific more attractive. People will keep in touch with the office, friends and/or relatives via telecommunications networks and visit frequently using modern air travel.

World Trends - Conclusion

These then are the trends that will shape the future of the world and the human race. Birth rates will continue to increase the number of people on spaceship Earth and improved health care

will lead to an older, and hopefully wiser, population. Productivity gains from new technology and better management will lead to ever increasing standards of living. Democracies, fueled by the spread of information to people all over the world, will flourish as informed citizens demand fair and representative government. Transnational corporations will play increasingly important roles in determining the economic health of nations and the standard of living of its citizens. And, travel and information will make the Earth a much smaller planet as people continue to move around and live in new cultures.

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CHAPTER THREE - NATIONAL INTERESTS

The care of human life and happiness and not their destruction, is the first and only legitimate object of good government.

Thomas Jefferson, Notes on Virginia¹

U.S. national interests increased dramatically between 1789 and 1990. From assuring justice, liberty, and the opportunity for U.S. citizens to prosper, the U.S. has become the world's premier political, economic, and military power -- leader of the Western world. U.S. foreign and domestic policies have multiplied to support an expanding economy and our growing commitments around the world. Now, with the demise of communism, the establishment of a non-aggression policy by the Soviet Union, and in light of the worldwide trends just discussed, it is time for the U.S. to review and perhaps revise our national goals.

However, before launching into a discussion of U.S. national interests, I have discovered that the first requirement is to define the term. Literally hundreds of books and articles have been written on the subject. Unfortunately, each author takes the liberty of redefining the subject.² Some writers believe that national interests should refer only to foreign policy issues. Others are convinced that national interests must include both domestic and foreign concerns. In a speech to the Institute of Comparative Politics and Ideologies at the University of Colorado in 1986, Mr. Anthony Harrigan, opened his remarks with the statement, "the national interest should be the guiding concept in the shaping of our country's policies -- both foreign policy and

economic policy." He then goes on to identify the national interest, "... our bedrock national interest is the survival of the American people, their liberties, and structures of government and society."³

In contrast, Donald Nuechterlein, author of America Overcommitted, defines national interests as follows: "The country's perceived needs and aspirations in relation to other sovereign states constituting its external environment." To address domestic issues he introduces the term "public interest" which he defines as, "the well-being of the American people and American enterprise within the territorial boundaries of the U.S." He thus restricts the concerns of "national interests" to, "the well-being of American citizens and enterprise operating outside the U.S. and beyond the administrative jurisdiction of the U.S. government."⁴ There are other nuances in the variety of definitions for national interest, but Harrigan and Nuechterlein are representative of the two major points of view.

Separating domestic and foreign interests ignores the strong linkage between them. The economic impact of sanctions against South Africa, the embargo on agricultural exports to the USSR, the Persian Gulf crises, and limitations on the export of advanced technologies are

The average American watches a plethora of world events, live, on a Japanese TV; wears clothes made in the Pacific or Latin America; drives a car made of parts from all over the world, on gasoline purchased in the Mideast; and works for a firm that is partially owned by foreign investors. Now tell me that domestic interests aren't also foreign!

just a few of the recent examples of foreign policies which decisively affected domestic policies and strategies. As we approach the 21st century, the historical trends from the previous chapter will combine to create even more complex interrelationships between a nation's internal and external goals and objectives.⁵ Perhaps the reality is best explained with a simple illustration in the box above.

The only legitimate authority on U.S. national interests, the President, has elected to include both domestic and foreign objectives in his statement of national interests. He also acknowledges the complex relationships between internal and external interests in the most recent White House publication on the subject, National Security Strategy of the United States. He simply states, "National security and economic strength are indivisible."⁶ Ergo, I will define national interests as follows: **National Interests** - the perceived needs and desires of a national government in fulfilling its responsibilities to the governed.

There are two fundamental factors that determine a democracy's national goals and objectives; the values and beliefs of a its citizens and human nature. Starting from this premise, the next several pages will argue that the U.S. should return to Jeffersonian ideals as the basis for national interests. Psychological and philosophical theories will be used to bolster this thesis. And, our bedrock American values will serve as constraints on national interests and objectives and the strategies for achieving them.

The Purpose of Government

Government, in rudimentary form, existed before man. Some animals instinctively live together in groups called herds, pods, flocks, etc. Typically, an older, stronger, or wiser animal provides leadership, protection from enemies, or perhaps leads the search for food. Anthropologists indicate that early man lived in similar groups. Hunters combined together to kill larger prey and to protect themselves from other hunters and roving carnivores. During the several millennium of human development, government expanded, with the addition of specialists to support the group and its leader.

The purpose of government, from antiquity to the present, is to protect and improve the lives of the governed. There is general agreement among the world's most renowned writers and philosophers that without government men cannot live together in peace.⁷ According to St. Thomas Aquinas, "A social life cannot exist among a number of people unless government is set up to look after the common good." More recently, the U.S. Declaration of Independence included two frequently quoted sentences which constitute one of the most eloquent statements ever written concerning the purpose of government. The words were composed by Thomas Jefferson and presented to the Representatives of the United States of America in Congress on the 4th of July 1776, as part of the Declaration of Independence.

We hold these truths to be self-evident, that all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness. That, to secure these rights, governments are instituted among men, deriving their just powers from the consent of the

governed; that, whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it, and to institute a new government, laying its foundation on such principles, and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness.

The ideas expressed in the Declaration of Independence and Constitution have survived and flourished in the subsequent 215 years. President Bush's statement of National Strategy in March 1990 starts with the words, "We have always sought to protect the safety of the nation, its citizens, and its way of life. We have also worked to advance the welfare of our people by contributing to an international environment of peace, freedom, and progress within which our democracy -- and other free nations -- can flourish."⁸

The fundamental maxim in all of the above statements and documents is that government must serve the needs of the governed. From Aristotle to Aquinas to Marx to Jefferson, there is complete unanimity on this principle. The question then becomes: What do the governed need? What are the legitimate goals and objectives of government in serving its citizens?

Psychological Answers to Human Happiness

Webster defines psychology as the scientific study of the mind, its activities, and human and animal behavior.⁹ Its importance to the development of national interests is based on the presumption that it explains human desires and needs. These in turn help to define the tasks of government in serving its citizens.

With the advent of the Renaissance and Age of Enlightenment, men became interested in the cause and effect relationships of

human behavior. Early psychologists, such as Freud and his followers believed that man merely reacted to environmental stimuli. Much later, in the early 1960s, Abraham Maslow and a group of modern psychologists concluded from their study of mentally healthy people that man was motivated by instinctive needs.¹⁰ Their fundamental premise was that people possess potentialities that become actualities through the process of wholesome growth. Incidentally, this same theory was central to Aristotle's philosophy of self-realization.¹¹

Maslow's self-actualization psychology gained wide acceptance in the 1960s and can be summarized as a hierarchy of needs, which man seeks to gratify in order of importance. These needs range from the most basic and important for human survival to the aesthetic. Maslow divided his list of seven human needs into two categories; deficiency needs and growth needs.

Maslow's Hierarchy

- I. Survival**
- II. Security**
- III. Belonging**
- IV. Esteem**
- V. Actualization**
- VI. Cognitive**
- VII. Aesthetics**

Deficiency needs must be satisfied. Their absence creates tension and motivates individuals to fulfill them. Hungry people search for food, lonely people seek companionship, etc. Maslow's research indicated that deficiency needs are truly hierarchical and are optimally satisfied in the order listed below:

- Physical and survival needs such as food, water, sleep, and sex.
- Safety needs such as shelter, security, and freedom from

fear.

- Belongingness and love needs; includes affectionate relationships, friends, and group membership.
- Esteem needs include self-respect, self-esteem and esteem from others in the form of reputation, prestige, or status.

Growth needs are not essential to life, but when satisfied, they enhance its living. Also, unlike deficiency needs, growth needs are not hierarchical. In happy, healthy people they may be satisfied in any sequence and to varying degrees at different times. However, people will generally not seek fulfillment of growth needs until their deficiency needs are satisfied. Maslow's growth needs are:

- Self-Actualization; the satisfaction that comes from achievement or realizing one's potential; the pleasure derived from, "Being all that you can be."
- Cognitive impulse; the need to know and understand.
- Aesthetic needs; the desires for and appreciation of beauty.

The motivation to satisfy deficiency needs is exactly opposite the drive to fulfill growth needs. For example, the absence of security creates fear and causes people to seek shelter or protection. In contrast, fulfilling a self-actualization goal is gratifying and generates a desire to achieve even more. Tension due to insecurity is painful, but the desire to perform up to full potential is a pleasing form of motivation.¹²

The critics of Maslow's theory attack his assertion that needs are hierarchical for everyone. Rigorous experimentation over the last 25 years has failed show that increasing satisfaction on one

level leads to an increased desire for the next level. For example, increasing security does not always generate a demand for a greater sense of belonging. However, most experts agree that Maslow has identified the complete list of human needs and that deficiency needs are generally satisfied before growth needs.¹³

Regardless of the dispute over the hierarchy, Maslow provides a psychologist's point of view on what is required for man's happiness. The significance of his list is that it applies to one individual and also to any group of individuals -- to include nations. Having

established earlier that the purpose of government is to serve the governed,

Maslow's hierarchy is applicable to national goals and objectives.

it follows that government should strive to satisfy Maslow's hierarchy of needs for each of its citizens. Maslow's theory then has established the goals and objectives of government and provides the foundation for developing fundamental U.S. national interests.

Philosophical Guidance for Human Behavior.

The field of philosophy also provides valuable insight into the purpose of government. Socrates, one of the first and most respected philosophers, said that the subject [philosophy] deals with, "no small matter; but how we ought to live."¹⁴

In Philosophy, as in most non-scientific fields, there are a large number and variety of competing ideas and theories. A widely accepted "correct" moral philosophy does not exist. However, I

believe there are two similar theories that, when combined with Maslow's hierarchy of needs, do provide a logical basis for developing national interests and strategies.

Psychological Egoism is a theory of human nature that assumes each individual will act in his own self-interest, that people are not capable of unselfish behavior. This theory was once widely accepted among philosophers, psychologists and economists. More recently it has been discounted because it fails to adequately account for numerous examples of human charity and other unselfish acts.¹⁵

A related philosophy, Ethical Egoism, states that each individual should pursue their self-interests exclusively. It does not, however, say that an individual must avoid actions that help others. It's entirely possible that personal interests coincide with the interests of others, so that several people benefit from one person's behavior. Ethical Egoism also does not endorse only those actions that provide the most short term pleasure, but insists that humans should act in a manner that optimizes their long term benefits. For example, smoking provides immediate enjoyment but with a future cost. An ethical egoist would be forced to stop smoking to be consistent with his philosophy.¹⁶

The major criticism of both psychological and ethical egoism is that the pursuit of self-interest inevitably leads to conflict and possibly immoral behavior. Using the example of two people applying for the same job, their competition could lead to unfair or unethical behavior if one or both of them cheated to win the

position, or if the loser kills the winner to get the job. On the surface, cheating and murder might be justified in seeking self-interest. However, the job is obviously a short term interest with some effort associated with winning it. The egoist must assess both the benefits of the job and the cost of winning the job and then compare them to other alternatives available to him. At some point the actions necessary to win the job will exceed the potential benefit to be gained and the egoist will search for another opportunity.

While there are certainly flaws in the philosophies of Psychological and Ethical Egoism, they do explain the majority of human behavior. By and large, people tend to act and behave in a manner that benefits their self-interest. An individual's apparently purely charitable donation provides him with self-esteem, the respect of his peers, perhaps a sense of belonging, and in many cases more tangible benefits, i.e. leadership in community organizations.

American Values

The final factor in defining U.S. national interests is American values. We believe that everyone has the inalienable rights of self-protection, self-expression and the opportunity to fulfill their full potential. Individuals are obligated to respect the rights and dignity of others in their relationships and the ultimate moral standard is the individual's welfare.¹⁷

The relevance of American values in shaping our nation was best expressed by Alexis De Tocqueville in his masterpiece on the

emerging new government in England's former colonies, Democracy in America, written in the early 19th century. He introduces his work with the following statement:

No novelty in the United States struck me more vividly during my stay there than the equality of conditions. It was easy to see the immense influence of this basic fact on the whole course of society. It gives a particular turn to public opinion and a particular twist to the laws, new maxims to those who govern and particular habits to the governed.

I soon realized that the influence of this fact extends far beyond political mores and laws, exercising dominion over civil society as much as over the government; it creates opinions, gives birth to feelings, suggests customs, and modifies whatever it does not create.¹⁸

American values are significant to the development of national interests and strategies because they act to restrict the options available. Individual rights and freedoms are paramount and any interest or strategy that infringes upon them is unacceptable.

Tying It All Together

The interrelationships between government purpose, psychology, philosophy, American values and U.S. national interests may seem obscure, but they ultimately define the specific goals and objectives of our government and frame the strategy for achieving them. First, the concept of government service to the people provides the underlying principle for all governments and especially for democratic nations. Second, Maslow's hierarchy defines the specific goals and objectives of government. Further, it suggests that citizens automatically seek gratification of their needs. Third, egoism philosophically augments Maslow's assertion that humans actively seek self-gratification, but not to the

detriment of others. Maslow and egoism combined also offer a strategy for motivating citizens to act in their own self-interest as well as to the benefit of the nation. Finally, American values set limits and constraints on the federal bureaucracy as it labors to perform its roles and functions. Extrapolating from these four factors, we can now develop U.S. national interests and objectives.

U.S. Interests and Objectives

SURVIVAL

Every U.S. citizen and inhabitant should be certain of receiving food, shelter, clothing, and health care. The government must establish a baseline survival standard and then ensure that everyone receives at least the minimum. Ideally, the baseline is set politically and then met by local governments, with national funding. Presumably, local officials can best observe, understand, and provide the survival requirements of their fellow citizens. However, in order to avoid damage to esteem, the method of providing the survival level support is critical.

The national interest and supporting objectives for survival are as follows:

Adequate standard of living for all citizens with optimum esteem and sense of belonging.

- Establish politically supported (minimum) welfare standard of living for all citizens and inhabitants of the U.S. Include food, clothing, shelter, and health care.
- Support destitute inhabitants and citizens at welfare standard with minimum damage to their esteem and sense of belonging.
- Encourage indigent citizens to become self-sufficient with both positive and negative incentives.

Ultimately, the legitimacy of government, in the eyes of the

governed, is a function of services provided and promised. A government unable to feed its people will soon lose its authority and be replaced by coup or popular migration to another country. In Sub-Sahara Africa, thousands of people die from starvation each year and the governments there have struggled for years to maintain legitimacy in the eyes of their starving masses.¹⁹ Political leaders in China are digging an ever deeper financial hole for themselves by borrowing money to subsidize the living standard of their citizens rather than face the prospect of popular unrest and rebellion.²⁰ In the U.S., the well publicized death of just one citizen from starvation due to government neglect would cause a public outcry and a flurry of congressional action. Citizen survival then is the priority national interest and its supporting objectives suggest the strategy for its fulfillment.

SECURITY

Security has historically been a principal function of government. National authorities protect citizens from external threats with a combination of economic, political and military capabilities. Internal or personal security is provided locally by a system of laws and justice that guarantee the rights, freedom and safety of everyone, consistent with national values.

In prioritizing internal and external security, I believe that internal security is more important to the citizens of a nation and consequently becomes a higher priority to the nation. People respond first to the most immediate problem or threat. An individual instinctively places his family's safety over the

ultimate survival of his nation, not withstanding the heroic examples of the millions who have given their lives in defense of their nation. Patriots willingly make these sacrifices because they are convinced that their government will provide a better future, if not for them, for their children. If, however, these same patriots are frequently threatened by persons or organizations also subject to the rule of the state, they will be extremely reluctant to leave their homes to assist in defense of the nation. Using these arguments, the second national interest and its supporting objectives is as follows:

Safe and secure living environment, free of threat, and consistent with American Values.

- Establish and maintain laws that guarantee individual freedom and an unbiased opportunity for pursuit of happiness and prosperity in a secure environment.
- Provide a comprehensive law enforcement system with high assurance of punishment for criminal actions.

These two objectives are the components of internal security; laws that establish the norms for acceptable behavior and a law enforcement system that assures compliance by everyone. Both are essential to assure a safe and secure environment.

Historically, states have not been overly concerned about the individual security of their citizens. The most important national interest has been the survival of the government -- not the safety of its citizens. Simplistically, a monarchy facing an external threat, would whip up public sentiment against the opponent, field an army of citizens and sally forth for battle. The average citizen could seldom evaluate whether it was in his best interest

to win or lose. He merely provided the "cannon fodder." It still happens today. The Iraqi citizen of February 1991 died in large numbers because his government was threatened and because he was unable to make an informed decision on whose side he should be fighting.

This highlights a danger present in all forms of government, including democracies. Governments are infested with bureaucrats concerned with their own self-interests -- egoism at its worst. When the government is threatened, they frequently respond in a manner consistent with their personal interests. Unfortunately, that is not always the best answer for the average citizen. Cuba offers another good example. Few, if any, Cuban citizens are benefiting from Castro's rule. Yet, although he realizes that his people are suffering, his personal interests dictate the continuation of communism. Neither he nor the members of his government would survive the transition to a representative form of government and market economy. How does your congressman feel about term limitations and election reforms?

The next national interest, in order of precedence, is the survival of the nation or more correctly national government. On many lists, national security is the preeminent national interest, but for the reasons above it falls into third place when both domestic and foreign interests are combined into a single list of national interests.

Survival of the United States as a free and independent nation, with fundamental values intact and institutions and people secure.²¹

- Deter aggression that could threaten national security and, should deterrence fail, repel or defeat military attack and end conflict on terms favorable to the U.S. interests and allies.
- Promote a strong, prosperous, and competitive U.S. economy as the resource base for national endeavors at home and abroad.
- Promote an open and expanding international economic system with minimal distortions to trade and investment, stable currencies, and broadly agreed and respected rules for managing and resolving economic disputes.

The first objective under national survival is almost intuitive. Deterrence of attacks against the nation is essential to security. And, the strongest deterrent is the assurance that an aggressor would suffer disproportionately to any possible gain. The second objective may be less obvious.

National security includes not only the type of security that comes from military and political strength but also economic power. Paul Kennedy's landmark book, The Rise and Fall of the Great Powers, provides the rationale for including economic power as a component of national security. He examined the historical connection between economic and military power from 1500 to the present and concluded, "there is a very clear connection *in the long run* between an individual Great Power's economic rise and fall and its growth and decline as an important military power."²² As noted earlier, President Bush also recognizes the indivisibility of national security and economic strength.

The final objective is the mechanism through which benefits of international economic aggression are eventually dissipated. The key is interdependence, coupled with the historical trends from the

previous chapter, attainment of this goal will virtually assure a more peaceful world. Arguments supporting this and the other objectives are presented in chapter six.

BELONGING

The role of government in satisfying the love and sense of belonging needs of its people is, at best, obscure. Joining the Communist Party in the Soviet Union probably doesn't meet the requirement. For that matter, joining a political party in the U.S. probably won't help either. However, in the U.S. there are several good examples of groups that do fulfill these needs. Churches and church groups normally provide a strong sense of belonging. Athletic teams and leagues, activity clubs, special purpose groups, and friends are also beneficial. Most importantly, strong families in vibrant, active communities provide people with the feeling of being included. Open societies with minimum restrictions seem to meet these essentials best.

The implications for national interests and strategies are readily apparent. Government can't guarantee membership, but it clearly must ensure that its policies don't unnecessarily hinder individual satisfaction of this need. Prisons prevent belongingness and love, but for a good reason. Welfare policies, however, may sometimes separate families to the detriment of individuals and ultimately society. We must put together well crafted programs and policies that do not unnecessarily harm a citizen's sense of belonging.

ESTEEM

Esteem comes through achievement and recognition by others and, like a sense of belonging, is difficult for governments to directly bestow upon all individuals. Although, the military services are an excellent example of a nation building esteem, they only apply to a select few people. The only broadly based esteem building government program is our national education system. While, by many standards, it is failing, it does grant a measure of both self-esteem and respect from others to those who matriculate through the system. As we review our national interests and develop supporting strategies, we must keep in mind that the most successful programs will recognize personal achievements and ensure that individuals receive the recognition they deserve.

GROWTH

Maslow's three growth needs, self-actualization, cognitive impulse, and aesthetics, can only be partially satisfied by direct government programs and policies. Schools and education programs encourage both self-actualization and the cognitive impulse as people learn and seek to improve themselves and their circumstances. National environmental policies and programs enhance the beauty of the world we live in and state endowments to the arts provide other aesthetic opportunities. However, the desire and motivation to continue to grow and develop is innate to every individual. Governments can only create the conditions necessary for growth and then provide as much encouragement as possible. The final national interest and related objectives are

as follows:

Citizen growth and achievement.

- Encourage citizen achievement and prosperity with positive incentives.
- Provide opportunities for initial and continuing education of all individuals.
- Recreate an aesthetically pleasing milieu by repairing human damage to the environment, funding endowments to the arts, and maintaining the national park system.

Individual growth needs, combined with egoism and the democratic form of rule, have been and will remain the driver for the almost miraculous achievements of the U.S. They are the source of economic, political, and military strength and if properly understood and harnessed, will fuel continued growth. Most importantly they reflect the primacy of the individual in our society and American values.

Summary - National Interest

The first three national interests are generally accepted responsibilities for all governments. The last interest is and has been the primary factor contributing to the spectacular accomplishments of the U.S. throughout our history. The ultimate strength of a nation is determined by its people and the efficiency of their government. Ideal governments satisfy the first three interests and stimulate citizen growth. The legitimacy of government is established with its ability to feed and protect its citizens. The prosperity and, ultimately, the national security of a nation is determined by the skill of a nation in satisfying Maslow's growth needs for individuals.

The continuing outstanding performance of the U.S. economy validates our historical national interests and governmental leadership. U.S. citizens have enjoyed one of the highest standards of living in the world since the early 1800s. The democratic form of government created by the framers of the U.S. Constitution has proven to be the most effective for encouraging growth. First, even before independence, America's emphasis on individual equality led to its recognition in Europe as the "land of opportunity". European immigrants swarmed into the U.S. at record rates and are continuing to arrive. That trend continues today with over 600,000 immigrants arriving each year.²³ This does not include the approximately 1 million illegal aliens apprehended each year nor those that slip through our borders.²⁴

Second, the nation's encouragement of agriculture and industry sparked an economic miracle that enhanced the "land of opportunity myth". In 1750, the U.S. produced just 0.1% of the world's manufacturing output. By 1800, that figure increased eight-fold to 0.8% and by 1860 it had improved nine-fold to 7.2%. Seventy years later, after steady increases, the U.S. accounted for almost 40% of the World's manufacturing output.²⁵ Equally astounding accomplishments were demonstrated in agriculture with its mechanization and concomitant declining dependence upon manual labor. By the mid-1960s, the Midwestern U.S. was known around the world as the "bread basket of the world".

I suspect the authors of the constitution intuitively understood Maslow's hierarchy and egoism. They crafted a form of

government that capitalized on human desires, innate skills, and motivation. In retrospect, the Preamble to the U.S. Constitution bears a striking resemblance to the U.S. national interests derived from Maslow and egoism.

Comparison of Preamble with Maslow and Egoism

Promote the General Welfare	Adequate Standard of Living
Establish Justice Domestic Tranquility	Internal Security
Common Defense	External Security
Blessings of Liberty	Citizen Growth

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CHAPTER FOUR - NATIONAL STRATEGY

A National Strategy for Threats to U.S. National Interests.

National strategy is nothing more than a plan for the allocation of resources to achieve national interests and objectives in the face of actual or anticipated obstacles to their accomplishment. Four factors are essential to the development of a national strategy: a thorough knowledge of trends shaping the future; a clear understanding of national interests; an accurate perception of the obstacles to their achievement; and the wisdom to devise a plan and allocate resources efficiently to achieve national interests. Trends are not always predictable in the short term. Threats to national interests are almost unlimited. And, resources (dollars) are always inadequate to eliminate every risk.

In setting the stage for development of a national strategy, previous chapters have identified the trends shaping our future and derived national interests. This chapter examines some of the major threats to our objectives and then proposes two axioms to guide the detailed development of national strategy in subsequent chapters.

Challenges and Threats to National Interests

There have been and will continue to be a vast array of challenges to U.S. national interests. Some are extremely serious and others are temporal. Cynics argue that many threats are created by advocates to justify funding for their particular programs. In the wake of a cold war victory, the Department of Defense is accused of exaggerating the military strength of the

Soviet Union to justify more defense dollars at the expense of the "peace dividend." Scientists bemoan the loss of research and development (R&D) dollars and project technological obsolescence without increased R&D funding.¹ State Governors lobby for federal support of child care, housing, transportation systems, and a host of other urgent needs to keep their states afloat. The causes seem endless and their champions truly believe that their issue is paramount to the security of the country. Distinguishing between the real or immediate threats and the imagined or future threats is nearly impossible, but absolutely necessary to the formulation of a national strategy in support of national interests.

Nuclear Conflict

The most enduring and potentially most serious threat to the U.S. is the nuclear arsenal of the Soviet Union and the burgeoning nuclear club. Since the early 1960s, the USSR has been capable of attacking the U.S. with nuclear weapons and their capability has steadily increased. They now have almost 11,000 strategic nuclear warheads and the U.S. has over 12,500 warheads -- more than enough to destroy the world.² Fortunately, Soviet and U.S. leaders have recognized the potential for nuclear armageddon and have avoided any conflict that could lead to nuclear exchange. Although extremely unlikely, nuclear war will remain the most serious immediate threat to U.S. national interests.

Debt and Budget Crises

Until August 2, 1990, most Americans would have argued that the biggest problem facing the nation was the national debt. A

view often heard then on Wall Street, in world financial circles, and among many economists was that failure to reduce the U.S. budget deficit would cause an economic crisis with a plummeting U.S. Dollar, a severe recession, and major financial disturbances.³ While the Persian Gulf War boosted American morale, it did nothing for our debt problem. The 1991 budget includes the largest projected deficit, in total dollars and percentage of total budget, in recent history -- \$318 billion.⁴ As the Persian Gulf crisis subsides, the 1992 U.S. Budget and budget deficit will become the major topic of news and debate in the U.S. and will also be an issue for worldwide discussion.

Economic Demise

Closely associated with the budget deficit is the projected economic demise of the U.S. and the American standard of living in comparison to its primary trading partners. Europeans, with justification, see a relatively bright future for themselves following the elimination of trade barriers within the European Common Market and with the easing of East-West tensions.

Mr. Jacques Attali, a top aide to French President Francois Mitterand, predicts a major shift in world economic power in the 21st century.

The signs of America's relative decline are converging and unquestionable. Japanese productivity is increasing at three times the U.S. rate while European productivity increases at twice the U.S. rate. . . . Over the past 15 years, the U.S. share of global product fell 6%. For example, America's share of the worldwide machine tool market dropped from 25% to 5% in the last 30 years. Japan has increased its share from zero to 22% in the same period. . . . Japan, however, possesses the key attribute necessary for it to become the core of the

Pacific -- control of investment capital that will structure the industries of the future. . . . If Western Europe progresses toward unity and Eastern Europe succeeds in democratization, Europe, rather than Japan, could become the core of the new world order.⁵

Gianni De Michelis, the Italian Foreign Minister, considered one of new Europe's most farsighted architects, also anticipates a resurgent Europe.

In the 1990s, I believe Europe will experience the most important economic boom of the century for three reasons: First, the extension of the market economy to Eastern Europe will provide a new impulse to Western European businesses in everything from revamping phone systems to the installation of pollution control equipment. Second, 140 million new consumers from the East will, sooner or later, generate massive demand for such items as cars, cameras, personal computers, stereos, disc-players or washing machines. Third, disarmament is expected to free at least 0.8% of Western Europe's total GNP for new investment in the expanding market. Taking these three factors into account, my projections show an average 5% growth rate in Europe during the 1990s -- twice that of the projected U.S. rate of 2.5%. The combined GNP of the 18 countries of Western Europe, with their 400 million people, could be as high as six trillion dollars by the mid-nineties -- that is 1.5 times larger than the U.S. economy and two to three times higher than the Japanese economy.⁶

Summarizing the issue, Japan and a combined Europe are poised to overtake the U.S. as the world's foremost economic power. Mr. Attali and Mr. De Michelis are not alone in their views of the future. The data they use to form their projections are readily accepted by economists everywhere. European and Asian personal savings and investment rates are higher, their productivity and GNPs are growing faster, and trends for economic competitiveness favor both Japan and Europe over the U.S.

Educational Decline

Some experts attribute our reported economic demise to

comparable declines in the education levels of Americans. At a time when technology is changing our way of life daily, when the most productive workers are also the best educated, when low tech jobs are disappearing, the U.S. educational system is failing to adequately train the next generation. While top-ranked U.S. students compare well with their international peers, the rest are much worse. Over one million people drop out of high school every year. Rates approach 50% in some inner cities. Up to 25% of the 2.4 million annual high school graduates cannot read or write at the eight-grade level -- the requirement for "functional literacy". The majority of 12th graders cannot write a good letter requesting a job, solve daily life math problems, follow a bus schedule, or summarize a newspaper article.⁷

The cost of our failing education system is measurable in both dollars and lost lives. Fifty-two percent of high school dropouts are unemployed or receiving welfare. The annual cumulative cost of dropouts to American taxpayers is \$75 billion in welfare payments and lost tax dollars. Sixty percent of prison inmates are high school dropouts, with the annual cost of incarceration of \$15,000 - - about the annual tuition at Harvard, Yale or Stanford. Eighty-seven percent of pregnant teenagers are dropouts. One expert estimates that if we had eliminated dropouts in the U.S. by 1988, the entire national debt would have been erased by 1990.⁸ Responsibility for this national tragedy has been attributed to the dropouts themselves, to schools, to families, to communities, and to national, state and local governments, but in reality everyone

can take partial credit for the problem.

Crime and Illegal Drugs Destroy the Fabric of American Life

A report recently released by the Senate Judiciary Committee states that the U.S. is "the most violent and self-destructive nation on Earth." The pace at which we kill, rape, and rob one another is higher than in any other country in the world that keeps crime statistics. In 1990, Americans killed over 23,300 people and statistics for rape and robbery were all time highs.

Compared to other nations we are on a crime binge. Our murder rate is twice that of Northern Ireland. Rapes occur eight times more frequently than in France, 15 times more than in England, and 26 times more frequently than in Japan.

Robbery statistics are equally disturbing. On a per capita basis, we have 600% more robberies than England, 700% more than Italy, and 15000% more than in Japan.⁹

Crime reached epidemic proportions in the late 1970s and since then it has only gotten worse. Not surprisingly, most crimes occur in poverty stricken areas where illegal drugs are prevalent. Fighting just the crime has not solved the problem. We must look at the underlying factors and attempt to change them.

The Executive Summary of the National Drug Control Strategy document, published in September 1989, summarized the impact of illegal drug use in the U.S. in four broad areas.

Crime - Fear of drugs and attendant crime are at an all-time high. Rates of drug-related homicide continue to rise -- sometimes alarmingly -- in cities across the country.

Health - The number of drug-related emergency hospital

admissions increased by 121 percent between 1985 and 1988, as many as 100,000 babies are born each year to mothers who use drugs, and intravenous drug use is now the single largest source of new AIDS virus infections.

Economy - A U.S. Chamber of Commerce estimate puts annual gross illegal drug sales at \$110 billion -- more than our total gross agricultural income, and more than double the profits enjoyed by the Fortune 500 companies combined.

Overseas - In many foreign nations the drug trade and drug inspired violence and corruption are causing serious social, economic, and political disruption. Trafficking threatens stability and democratic institutions.¹⁰

While national violence continues to increase, there is some evidence that overall drug use is declining. A 1989 survey by the National Institute on Drug Abuse (NIDA) indicated that Americans reporting "current" use of an illegal drug dropped 37 percent from 1985 to 1988. Also, opinion polls of high school seniors are finding rising opposition to drugs.¹¹

The crime and drug crises continue unabated, however, among the inner-city poor. Drug use is closely correlated with the homeless, school dropouts, and crime. Intravenous drug use is now the largest single source of new AIDS infections and the numbers of blacks and hispanics hospitalized for drug-related emergencies are disproportionately high. Additionally, drug dealers terrorize poor neighborhoods daily.¹² Decrying the disintegration of inner-city black families in a recent editorial in The Wall Street Journal, Governor Wilder of Virginia reported that violence is the leading cause of death among 15 to 25 year old black men in the inner-city and one in four of the young black males in America is behind bars, on parole, or on probation.¹³

These are just a few of the gruesome statistics on crime and

drugs. There are obviously many interrelated facets to these problems, but it seems clear that poverty serves as the incubator for illegal drugs and crime.

Poverty

Intuitively, most Americans think of poverty as existing in only in the inner-cities and perhaps in remote regions of Appalachia, but most Americans perceptions are wrong. There are over 32 million American children, adults and elderly living below the official poverty level.¹⁴ The vast majority of these are working poor. That is, one or more family members work full or parttime, but their combined earnings are less than the official poverty level -- \$12,000.00 for a family of four. While the numbers of welfare poor are remaining fairly constant, the number of working poor has been increasing. In the eight years from 1978 to 1986, adults in the working poor category increased by 52%.¹⁵

These then are the major threats to U.S. domestic interests: the debt and deficit, economic doldrums, a failing education system, illegal drugs and crime, and poverty. The remaining challenges to America are external and best characterized as regional chaos that is potentially detrimental to the U.S. interests.

Chaos -- Conflict in/between Developing Countries

Nearly all the armed conflicts of the past forty years have occurred in what is called the Third World: Asia, the Middle East, Africa, Latin America, and the Eastern Caribbean. The only conflicts involving the U.S. as either a combatant or source of

military assistance took place in Third World countries. While they are less threatening than direct US-Soviet conflict, they are harmful to U.S. interests. These small wars can imperil fledgling democracies (El Salvador), increase large-scale migrations to the U.S. (Haiti), jeopardize U.S. bases (Philippines), menace vital resources (Iraq), and threaten U.S. economic interests. There are no indications that chaos and violence in the Third World will soon subside.¹⁶

Eastern Europe - This area is the latest addition to the Third World. National leaders in the region are struggling to shape new democratic governments in the face of economic catastrophe. Projections from even the most optimistic are cautious. Dismantling a communist system and then rebuilding a democratic, free market country has never been done. It is an extremely complex process that affects society and the economy. Most importantly, it requires a completely new approach to daily life by every citizen. After 40 years of guaranteed food, shelter, and job, with no work incentives, the transition will be enervating. Poland, Hungary, and Czechoslovakia, will probably succeed.¹⁷ Bulgaria and Rumania, are very doubtful in the near term.

Yugoslavia and Albania, the remaining Eastern European countries, are now experiencing violent political upheaval. In Belgrade, Ante Markovic presides over a disintegrating nation. As the prime minister of Yugoslavia is fighting an uphill battle to keep the republic united in the face of growing nationalism, an economic crisis and ethnic tensions.¹⁸ Croatia and Slovenia in

the North have declared all federal laws invalid and are taking steps to become independent.¹⁹ In Albania, the communist regime is threatened by democratic movements, an economic crisis, and ethnic strife.

The most important country in Eastern Europe, according to Zbigniew Brzezinski, is Poland.

The scope of change is the most ambitious. Reform programs are the most far-reaching. The whole society is being transformed all at once by an extraordinarily ambitious program. . . . If Poland makes it -- I think Czechoslovakia and Hungary will accelerate, because they're holding back and watching Poland.²⁰

Other experts conclude that Bulgaria and Rumania will also struggle with repressive governments until the other East Europeans succeed. Yugoslavia, which until recently had a relatively strong market economy, will probably avoid major political and ethnic upheaval. Albania's future will be democratic, the only question is at what price.

Soviet Union - Although the Soviet Union remains a world power, in many respects it is a developing country -- at least it wants to develop. But, its problems are almost insurmountable and some experts believe it is doomed in its present form. Among its many problems is the failure of large numbers of conscripts to report for military duty. In Latvia, 54% reported; in Estonia 40%; in Lithuania 33%; in Georgia only 27%; and in Armenia only 7% reported for duty. Nationalist movements throughout the country have resulted in brutal violence. They are using captured tanks, personnel carriers, machine guns, and helicopters in guerilla warfare against government troops. Deaths numbered in the

thousands in just 1990 alone. Martial law has been imposed in large segments of the country and the violence has produced more than 600,000 homeless refugees. Even the Russified Slavic republics of Bylorussia and the Ukraine are asserting their nationalism. In a country with 290 million people, 145 million of whom are not Russians, with 50 million Muslims desiring an independent Turkestan, the potential for massive violence and grand chaos cannot be overestimated.²¹

Mark Melcher, writing in the Potomac Perspective, stated;

I believe very soon the Soviet Union will sink into the kind of horrible chaos the world had hoped could be avoided. I believe the killing of citizens in the USSR's outlying republics by the KGB and the Soviet army will accelerate and relations between the USSR and the U.S. will deteriorate. Before 1991 is over, I am convinced that the eyes of the world will be riveted not on the Middle East but on the Soviet Union.²²

The impact of this scenario on U.S. interests could be catastrophic.

Latin America - This region entered the 1980s in great shape. Most countries were in the 30th year of expanding economies with growth rates twice that of the U.S. Industrialization had transformed several countries to almost 1st world status -- especially Mexico and Brazil. Unfortunately, the recession of the 1980s not only ended the growth, but subjected Latin American countries to a depression more severe than the American depression of the 1930s. Per capita income declined by 10%. Their external debt of nearly \$420 billion caused a massive drain of capital between 1982 and 1989 -- almost \$200 billion. Translated into human terms, the statistics mean hunger, infant death, massive migrations, stunted

education, epidemics, street crime, and mounting despair.²³

Africa - The dark continent consists of two types of countries. One group includes nations like Niger and the Central African Republic that have no hope of significant economic development in the foreseeable future and whose main challenge is simply survival. The second group includes such countries as Nigeria and Zimbabwe and could, with good leadership, progressive economic policies, and outside aid, achieve adequate growth. Of the two different Africas, the first group is destined to remain dependent upon the world for survival while the remaining countries may soon become self-sufficient.²⁴

Africa is facing four critical problems. First, political and institutional crises have contributed to the collapse of effective government in several countries and led to civil war in at least seven. Second, as discussed earlier, AIDS is decimating much of the continent. The disease is especially destructive of the critical nation-building elite -- politicians, civil servants, the military, and business. Third, the debt crisis for most nations appears insoluble. Finally, inadequate environmental controls are perpetuating the destruction of extremely critical arable lands and forests.²⁵

Asia and the Pacific - This is the good news region. Economic growth has slowed, but still outpaces the rest of the world. Old values and alliances are changing and the balance of military and economic power has shifted as well. However, several regional conflicts continue to fester. The Philippines insurrection in the

hinterlands has been an enduring battle. There have also been seven military coup attempts against the Aquino government since 1986 and much of the military remains disaffected.²⁶ The recent military coup in Thailand, toppled an allegedly corrupt government and has promised to end corruption, restore democracy, and protect the constitutional monarchy. Coup leaders also claimed the government was anti-military -- egoism strikes again.²⁷ While there is some discussion of Korean re-unification, progress is extremely slow and is very unlikely until Kim Il Sung passes on the reins of power. Internal conflicts abound in virtually every non-democratic nation. Indonesia, Sri Lanka, India, Pakistan, China, all have experienced civil unrest, but not to the extent that the central government is endangered. Most of these problems will continue as part of the transition to more individual freedom and true democracies in each country.

These are just a few of the prominent and most discussed threats to U.S. national interests. There are many others that also require some action. Terrorism, world hunger, environmental damage, and Third World debt are just a sampling of the items not included on this list. However, several subsequent proposals for national strategy will ameliorate not only the listed threats to the U.S., but also most of the major problems facing the world.

Principles for U.S. National Strategy

At the beginning of this chapter, I identified four elements necessary for the development of national strategy: knowledge of the trends shaping the future, a clear understanding of national

interests, an accurate perception of threats to those interests, and the wisdom to design a plan that accommodates all three with limited resources. Hopefully, the next few pages are filled with wisdom.

Webster defines strategy as, "the science and art of employing the political, economic, psychological and military forces of a nation or group of nations to afford the maximum support to adopted policies in peace or war."²⁸ Prefacing the term strategy with the adjective national leads to the following definition of national strategy: a plan that uses all components of a nation's power to achieve national interests.

Given this definition, there are two ways to develop national strategy: from the bottom up, i.e. design domestic, foreign and military strategies and then combine them to create a national strategy; or from the top down. I have elected to use both approaches. First, starting from the top, there are two basic principles that should be used to guide the detailed development of subordinate strategies. After separate domestic, foreign and military strategies are formulated in consonance with these precepts, they are combined and resourced to form our national strategy.

The two axioms serving as the foundation for my proposed national strategy are as follows:

Informed and educated people act in their own self-interest and that coincides with the self-interest of the world.

Improving the productivity of just one individual results in an infinitesimal increase in the standard of living for the entire world.

The spread of information is irresistibly moving the world towards democratic forms of government and greater individual freedoms. The old saying about American servicemen returning home from World War I is especially prophetic, "Once they've seen Paris, you can't keep them down on the farm". Once people see the standard of living and quality of life available to inhabitants of the Western world, their expectations of life are increased dramatically. World-wide news coverage, travel, tourism, and instant communications have exposed virtually everyone on Earth to "Paris."

Not only has the information explosion disclosed "Paris," it has also permitted people around the world to make better decisions in their daily lives. Reports on the AIDS virus have helped individuals make smarter decisions about their sex lives. Farmers in the Midwest listen to weather and crop reports from Argentina and Brazil to plan their crops for the next growing season. Traders in Hong Kong buy and sell merchandise in Frankfurt, New York, Tokyo, Brisbane and hundreds of other major trading centers, based on business reports from around the world. Demonstrators in Albania rail against the communist regime controlling the country because they have learned of a better answer. The inescapable conclusion from all of this and much more is that *informed people make decisions that advance their own self-interests.*

The first principle of U.S. national strategy is to aid and abet the continued spreading of information to the remotest regions of the Earth and to every corner of America. Freedom of the press

and freedom of speech are contained in the Bill of Rights and have assured the American people access to a wide variety of opinions. Most importantly it has guaranteed that the truth is available to every citizen in the country and "the truth shall make you free." U.S. national strategy must continue to push for these same freedoms around the world. The propaganda machines of the Saddam Husseins and Castros of this world must be counteracted with opposing points of view that enable individuals to make smart decisions for themselves.

The other component of the first principle is education. All the information in the world is of no value, if it isn't understood. Education is the catalyst for knowledge and understanding. Knowledge enhances self-esteem and earns the respect and esteem of peers, while understanding improves personal productivity and the ability to contribute to society. Education has been and continues to be the surest route for Americans to higher standards of living and their preferred quality of life. The same is true for people around the world, regardless of their circumstances.

The second axiom to guide our national strategy is that prosperity solves most problems for informed and educated people and prosperity is achieved through increasing productivity. Improving productivity in the U.S. and in the rest of the world has and will continue to lead to a higher standard of living and better quality of life wherever it is achieved. Increased prosperity, coupled with information and education, will reduce internal and

external chaos in every nation in which they are achieved.

These two fundamental principles for development of a national strategy are unlike any I have found in extensive reading. They are not short term, specific, implementable goals, but rather basic axioms that should guide our formulation of domestic and foreign strategies as well as development of specific government policies in each area.

Zbigniew Brzezinski, President Carter's National Security Adviser, recently wrote the following words in a recent article titled, "The Goals of U.S. Foreign Policy."

The national security of the U.S. is inextricably bound up with the peace of the world. The revolution of rising expectations means that both peace and security depend more and more on the provision of a tolerable quality of life to all people of the world. In this, the most dynamic era in human history, U.S. national security thus requires the effective and responsible management of change. The world is inexorably changing under the influence of forces no government can wholly control. We seek to manage change skillfully, in ways that meet the legitimate hopes of people for peace, prosperity, justice, and liberty. At the same time we recognize the fragility of the human institutions conceived to protect these values.²⁹

The details of national strategy are contained in domestic and foreign strategies and in our military strategy. They are based on the premise that we must inform and educate U.S. citizens and the rest of the world and that we must work to increase not only U.S. productivity, but the productivity of everyone on Earth. The challenge is prioritization and funding.

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CHAPTER FIVE - DOMESTIC STRATEGY

In general, the art of government consists in taking as much money as possible from one class of citizen to give it to another.

Voltaire, Philosophical Dictionary: Money¹

Someone once said that to identify what a nation considers important, just look at how it spends its money. Well, looking at the President's 1992 budget, domestic programs are by far the most important and are still growing relative to the other categories, as illustrated by the chart below.² The growth in domestic programs started in 1935 with President Roosevelt's New Deal.

Presidents Truman and

Eisenhower greatly expanded

the social security system and

boosted taxes to pay for the

additional entitlements. By

1960, the addition of national

health care to social security

<u>Year</u>	<u>Debt</u>	<u>Domestic</u>	<u>Foreign</u>
1970	14.4	95.2	86.0
1975	23.2	215.3	93.6
1980	52.5	391.7	146.7
1985	129.4	548.0	253.3
1988	147.9	612.7	295.3
1992	202.4	954.3	289.1

had become an issue in the Nixon and Kennedy presidential campaign with both candidates vying to propose acceptable legislation. The cost of domestic programs continued to climb.³ President Johnson's "Great Society," Nixon's "New Federalism," Carter's "New Partnership" and President Reagan's return to "New Federalism" all added to domestic spending.⁴

The results of past presidential policies are probably mixed. They are certainly dependent upon the perspective of the reviewer. Our country has made great strides in many areas, but domestically most people expect more. The rest of this chapter will propose one

set of options that are most worthy of consideration.

In review, previously discussed U.S. national interests, world trends, and threats to U.S. interests are summarized in the table below. The underlined items are the most significant factors in developing domestic strategy.

NATIONAL INTERESTS	WORLD TRENDS	THREATS
<u>Adequate Standard of Living</u>	<u>Demographics</u>	Nuclear Conflict
<u>Internal Security</u>	<u>Productivity</u>	<u>National Debt</u>
External Security	<u>Info Explosion</u>	<u>Economic Decline</u>
<u>Citizen Growth</u>	Democracy	<u>Education Crisis</u>
	<u>Changing Markets</u>	<u>Crime, Drugs</u>
	<u>Shrinking World</u>	<u>Poverty</u>
		World Chaos

Providing an Adequate Standard of Living

The welfare system in the U.S. is intended to provide an adequate standard of living for every citizen. Its many critics charge that in its present form it is inefficient, ineffective, and, worst of all, it encourages individuals to continue on welfare. Rather than debate the failings or successes of the present system, I will provide some basic recommendations on how it needs to change to satisfy the national interest and supporting objective below.

Adequate standard of living for all citizens with optimum esteem and sense of belonging.

(1) Politically determine and then provide minimum standard for food, shelter, clothing, and health care available to all citizens.

(2) Build esteem and the sense of belonging among welfare recipients.

(3) Encourage citizen self-sufficiency.

The basic purpose of our state and federal welfare systems is to ensure that Americans have an acceptable standard of living. Although they normally succeed in providing for human survival, current programs often fail in providing welfare recipients with the other deficiency needs defined by Maslow -- belongingness and esteem. In fact, they frequently degrade an individual's sense of belonging and esteem in the process of satisfying survival requirements. Acknowledging that the theories of Maslow and egoism, we alter our welfare programs to maintain and promote each recipients sense of belonging and restore or improve self-esteem and the esteem of peers. Additionally, every American, whether welfare recipient, middle class or super rich, should be encouraged to improve their productivity and quality of life. Easily written, but extremely difficult to accomplish.

Fully achieving the above goals will require different approaches for the various groups of American poor. The Congressional Quarterly recently stated, "There can be no single solution to the problem of the underclass. There are too many causes, and those causes are too interrelated. But everyone seems to agree that something must be done -- and it must be done soon."⁵

People falling into the national safety net fit into one of four categories: those who are unable to become more productive citizens (the very young or old, severely handicapped, mentally

ill, mentally incompetent, etc.); those who are capable and chose not to advance; those who are capable and willing, but encumbered by responsibilities -- normally children; and finally, the largest group of people, those who are capable and willing, but not making progress. (I recognize that these categories are gross simplifications of a very complex issue. They do, however, provide a useful conceptual framework for discussing the problem.)

Indigent and Incapable

Historically, the family took care of individuals who could not care for themselves. When the family could no longer provide adequate care, the individual died. On the surface, this seems harsh and cruel to most Americans. We value life and living and go to extremes to preserve both human and animal life, sometimes even plant life. However, given the quality of life available to people in most institutions, the family care at home to the extent possible is generally more beneficial to the individual. First, survival and security needs are provided. Second, the sense of belonging is maintained. And finally, the self-esteem that comes from being part of a family that can care for its members is positive.

Certainly, not all families live up to the American ideal and many families cannot or will not support their incapable members. So institutions will be required to care for some portion of the incapable. But, family care at home is the best alternative for the individual and the welfare system must be structured to encourage more families to adopt this answer.

Tax incentives already exist and many state and local programs provide assistance to families with incapable members. We should consider expanding these programs to include some of the following ideas:

(1) Pay the family member or members who care for the incapable individual, commensurate with the amount of work required.

(2) Establish disincentives in the form of higher taxes or monthly bills for the wage earning members of a family who chose not to support their incapable members.

(3) Encourage participation in support groups consisting of people with similar responsibilities.

There are undoubtedly many other positive and negative motivators for convincing family members that they are responsible for one another. Unfortunately, in our zeal to care for everyone, we have shifted responsibility too far towards the government. It is now time to begin moving it back to the family.

Capable but Unwilling

The challenge in this category of welfare recipients is to provide sufficient positive and negative encouragement after first determining why the recipient prefers welfare to self-actualization. Assuming Maslow is correct, the individual's deficiency needs are being satisfied to the extent that he does not seek further gratification through socially approved methods, i e. working for a wage. Applying egoism, they have determined that it is in their self-interest to remain on welfare.

Often, the principal cause of unwillingness is a depressing sense of hopelessness -- the feeling that regardless of the effort

expended, conditions will not improve. People subjected to repeated failures and stigmatization soon begin to feel useless and incapable of taking advantage of opportunities.⁶

A secondary cause is peer pressure, especially among black teenagers in inner city schools. Professor William Boyd in the education department at Penn State University, says, "There is a very pronounced subculture among young blacks, who are opposed not only to adults, as often happens among the young, but to white culture as well." In this case white culture is the attitude that education is valuable and that hard work is the path to better living.⁷

Clearly, the solution to this category of welfare recipient is to tackle the inhibiting attitude or conditions that cause it. Incentives, both positive and negative with vigorous reinforcement of accomplishments is essential. Some ideas include:

(1) Gradually reduce basic welfare support to the absolute minimum until the individual is willing to expend some energy in a constructive way.

(2) Reinforce functional behavior with increased welfare benefits, being careful not to exceed the potential benefits of a full time job. Functional behavior could be as simple as performing menial tasks in the welfare office, attending school, participating in training programs, etc. Ideally, the desired actions would involve the individual in a group with more positive attitudes. The intent is to build self-confidence and self-esteem, restore confidence in society and the individual's potential, and to create a sense of belonging.

(3) Remove children from welfare families if the parent(s) refuse to work or fail to participate in productivity improvement programs.

Families are a special category. Men or women that are content to live on welfare while raising their children should

eventually lose custody of their children. If parents are even moderately interested in a higher standard of living for themselves and their children, they are well on their way to becoming productive members of society.

Once the "American dream" is sold to the individual, they move into the next category and helping them become more productive member of society is much easier. However, there will be some hard core people that will accept a survival level of existence and the system must be prepared to deal with them humanely and efficiently.

Capable and Willing, but Encumbered

Impediments to getting off welfare are many and the solution to each problem is unique. However, the underlying principle for each situation is to remove or minimize any obstructions and to provide positive incentives for personal development.

The often cited and most prevalent problem is the single mother with one or more young children, as the following statistics indicate. Over 50% of all children born today will spend some time in a family with just a mother. More than half of all black families and 20% of white families are now single-parent and headed by women. Of these, over half are living below the official poverty level.⁸

Finding and paying for child care; transportation to child care facilities, to a job, or job training; and lack of peer support are just some of the obstacles a single mother faces

Welfare better than full-time job at minimum wage in 15 states.

in attempting to be self-sufficient and still care for her family. Many women find the hassles insurmountable and resolve themselves to living on welfare, at least until their children are old enough for school. A mother on welfare qualifies for medicaid, child-care subsidies, food stamps, and public housing. In 15 states, her counterpart who is working full time at the minimum wage, has a lower standard of living than the welfare mother.⁹ That is an incredible statistic.

Women trapped in these circumstances have few alternatives. Marriage is one option, but for black women there are few available men who could contribute to their standard of living. In many cases, the loss of welfare because of marriage actually decreases the family's income and that is reflected in the statistical data. White women marry far more frequently than black women, because they have more to gain.¹⁰

Not only is the mother disadvantaged, but the children's lives are even more hopeless. They are more likely to; get be involved in crime, drop out of school, become single teenage parents, and divorce if they marry. In short, there is a high probability that they will become trapped in the same environment as their single mother. Their problems stem from the lack of adequate role models and supervision during their developmental years. Working single-mothers are often overwhelmed and frazzled by the dual responsibilities of bread winner and parenting. Time with their children is limited and the young child "grows up on the street" with the life values of peers.

In neighborhoods with large numbers of single parents, there are few adults with time to contribute to churches, clubs, schools, and other valuable programs that instill values and counter peer pressure. These communities also fail to provide "social controls". Single parents are too busy to note activities of strangers, watch over one another's property, supervise general youth activity, or intervene in disturbances.¹¹

The lack of adequate job skills and a shortage of jobs reduce the probability of escape for welfare recipients to almost zero. As discussed in chapter two, menial labor is being replaced by the information worker. Immediately after World War II, the quickest route to prosperity was a union job as a semi-skilled production line worker. The college graduate of that era required twenty years to catch up to the production worker's standard of living.¹² Today that situation has reversed itself. The surest route to success and job security is through education and development of knowledge skills. Blue collar jobs are being eliminated and service industry jobs are taking their place. Since 1970, the number of manufacturing jobs has remained constant at approximately 20 million while service industry jobs have increased from 20 to almost 35 million jobs in 1987.¹³ This trend is especially hard on the poverty stricken. A peripheral quandary for the destitute job hunter is transportation. The new information based jobs are in the suburbs, not in the inner city where the hard core jobless are located.

There are only "50%" solutions for these challenges. Nothing

is available to solve every aspect of each individual's obstacles to a more prosperous life. The rudiments of the problem are in the changing family structure of our society, in the growing isolation of the truly poor, and the negative features of the welfare system.¹⁴ While no one advocates forced marriages or elimination of divorce to save the children, everyone recognizes the deleterious effects of single parent family life. Existing welfare programs solve some dilemmas, but fall woefully short in most areas. The following changes are necessary to make our present system more effective.

(1) Eliminate financial incentives for child bearing by women living on welfare.

The standard of living for a welfare mother should get worse with each additional child. It should also get worse for the father by decreasing his welfare support or by extracting payment of child support. Sex education, contraceptives, and abortions must be provided free of charge to anyone living below the poverty level.

(2) Strengthen the communities with the highest incidence welfare and single parent families to provide "social controls" for children and young adults by implementing some or all of the following:

(a) Deconsolidate school districts so that there are less than 500 students in the local high school and multiple neighborhood grade schools.

(b) Expand school and school related programs, to include child care, preschool, adult education, community library, athletics, and a wide range of after school activities for kids, i.e. scouting, 4-H, band, chorus, etc.

(c) Use school facilities for community activity centers with programs for adults and pre-school children and with a separate staff and funding.

(d) Provide flexible tax incentives (reduce them when no

longer required) for labor intensive businesses to locate in or near the community.

(e) Create, structure and fund a community government that supervises and administers (to state established standards) the; school, community activities, local police force and fire department, community development program, welfare system, public services department, and anything else that is better controlled at the local level.

(f) Strongly encourage teachers, administrators, firemen, police, etc, to live in the community to serve as role models. Better yet, hire people that already live in the community.

(g) Provide a local justice system to adjudicate criminal behavior in the community.

(3) Provide education and job training, with child care as appropriate, for those receiving welfare. Include incentives for completing training. When possible, job training should be provided on the job by local businesses to ensure that graduates receive the right training and to encourage completion by offering tangible and immediate benefits.

The keys to the success of these recommendations are the positive and negative incentives for acceptable behavior. They must be carefully designed to motivate and yet not destroy the pride, esteem and sense of belonging so important to our quality of life. That brings us to the last category, those people supporting themselves below the official poverty level.

Capable, Willing, but Not Progressing

This group is by far the largest of the four categories and, happily, is the easiest welfare problem to resolve. Men and women in this group are working full or part time, but are unable to earn enough money to put them over the poverty level -- now set slightly over \$12,000.00 for a family of four. They make up over 90% of the poor in America. Surprisingly, the number of hard core welfare poor has remained relatively stable over the years, but the number

of working poor has increased dramatically.¹⁵

The working poor are indistinguishable from what most of us consider everyday Americans. They work on farms, wash dishes, clean offices, work in fast food restaurants, and in hundreds of similar positions. They do, however, have one unique trait -- no health insurance. Harvard's professor, David Ellwood, says, "The working poor are people who essentially live in fear that some tragedy will befall their children."¹⁶ They live each day uncomfortably close to the edge of survival. An unexpected car expense, a small increase in rent, a temporary lay-off, or some other relatively minor misfortune could destroy their life and start the cascading effect of unpaid bills and no credit. Quality of life for the majority of the working poor is missing. The constant struggle to make ends meet, in the absence of even simple luxuries, eventually dims all hope of ever establishing a more comfortable and satisfying life.

One bright spot for the rural working poor is their sense of community. The American frontier tradition of helping a needy neighbor continues in the small towns and farming communities around the country. Barwick, KY is a prime example. One third of the families in this tiny village earns less than \$11,000 each year. One house in every five has "outdoor plumbing". Life is not easy for most residents, yet the poverty in Barwick is coupled with a generosity that bonds residents together in their common struggle to live and get a little enjoyment from life.¹⁷

The solution for the working poor is evident to everyone --

more education and better job opportunities.

(1) Fund adult education classes in areas with the lowest poverty levels, with incentives for attendance if necessary. Classes should be designed locally to meet current or future labor requirements.

(2) Provide federal and state tax incentives for businesses that operate facilities in or near impoverished sections of the country. Tax breaks will be a function of the number of jobs offered to previously low income residents. State governments will run the program with federal funding.

The capable and willing poor have the motivation and the ability. Their survival is assured. A sense of belonging comes from established family ties and their friends. Self-esteem comes from making it day to day and knowing that they're earning a living. They just need a little boost up the ladder to slightly more security and prosperity.

Summary - Adequate Standard of Living

A nation's most valuable resource is its people. Neither, valuable natural resources, vast territory, nor favorable climate make a country great. It is the energy, sweat, and ingenuity of the people that determines the course of history and a nation's place in the world. With over 32 million people below the poverty line, our nation has failed to fulfill its first requirement -- adequately caring for the governed. As the world changes, now is the time to give the American dream to Americans.

Legitimate Government Assures Personal Security

And Cain talked with Abel his brother: and it came to pass, when they were in the field, that Cain rose up against Abel his brother, and slew him. Genesis 4:8¹⁸

Humans have a long history of anti-social behavior, to put it

mildly. For survival, they have banded together, selected leaders, and developed rules for living together. It has only taken 10,000 years or so to reach our present level of jurisprudence, criminal justice, and police security. Unfortunately, the crime statistics from chapter four indicate we are regressing. While federal, state and local expenditures for law enforcement nearly between 1980 and 1985, the crime rate remained unchanged. An increase from \$22 billion in 1980 to \$45 billion in 1985 did not reduce crime!¹⁹

As discussed in chapter four, there is an extremely high correlation between criminal behavior and drug abuse -- and the relationship is growing. The number of inmates incarcerated in federal prisons for drug related crimes more than doubled from 1980 to 1989. Drug offenders make up almost 50% of our prison population.²⁰ In large U.S. cities, 85% of those arrested test positive for drugs. Drug trafficking and possession offenses are overwhelming our courts and prisons.²¹

In chapter three, I argued that a citizen's personal safety and security were the government's second most important function; that legitimate governments must place a higher priority on assuring the safety, guaranteeing the rights and protecting the freedoms of its citizens than on their own survival. Based on that rationale, I specified my second national interest and supporting objectives as follows:

Safe and secure living environment, free of threat, and consistent with American Values.

- Establish and maintain laws that guarantee individual freedom and an unbiased opportunity for pursuit of happiness and prosperity in a secure environment.

- Provide comprehensive a law enforcement system with high assurance of punishment for criminal actions.

Few, question the validity and thoroughness of U.S. laws. They more than safeguard individual rights and freedoms. The failing of our legal system is its inability to fully protect the safety and property of each citizen.

In the absence of adequate protection, Maslow's hierarchy and egoism predict that an individual with a deficiency need will resort to crime to reduce the tension. The potential criminal weighs the likely benefits and possible punishments for a criminal act and then acts accordingly. Using a simple example, if theft of a car, followed by arrest and punishment results in a probationary one year sentence, the legal system provides little restraint to criminal behavior. Reduce the chances of arrest from 100% to less than 5% and legal disincentives to crime virtually disappear.

Fortunately, the threat of criminal justice is not the major deterrent to crime. "Social controls", the desire for the recognition and esteem of others, peer pressure, and reluctance to endanger a sense of belonging are the principal factors in preventing crime. The fear of getting caught is still operative, but it's the fear of getting caught by a friend or parent, not the police, in most cases that restrains criminal behavior.

The solution to citizen safety and security in America is as old as the human race. If threatened, get together with your neighbors and do something about it. The fanciful American frontier solution still works. Waiting for the "government" or some other non-involved organization to solve the problem seldom,

if ever, works. There are, however, several actions that governments can take to help local communities deal with threats to their citizens.

These four proposals for achieving the second U.S. national interest and its two objectives are directed at increasing the disincentives for crime and rehabilitating the criminal. They are:

(1) Strengthen communities with the highest crime rates.

(2) Revise criminal justice laws to require incarceration until convicts prove they are ready to rejoin society. Institute criminal rehabilitation programs that make prisoners more productive through job training and incentives for better behavior.

(3) Legalize the sale and use of currently illegal drugs.

(4) Enact comprehensive gun control laws that eliminate all non-sporting weapons and which require a licensing procedure similar to the one for vehicle operators.

These recommendations are obviously controversial. However, they will synergistically improve the security we Americans need to make our society more productive and improve our standard of living.

Build Stronger Communities

The single most important step to reducing crime is the creation of stronger, more closely knit communities that take responsibility for solving their own problems. Earlier in this chapter, I proposed a series of actions that would strengthen a community and ameliorate the welfare problems. Those same community building programs will also reduce crime, both drug related and "normal".

A drug ravaged neighborhood in Dallas has reduced local

violence and crime with basic programs that include "Crime Watch", posting pictures of known drug dealers, appeals to community pride, and neighborhood patrols. Much closer coordination with local police has also increased the risk to potential criminals and drug dealers in the area.²²

Another component of community building is closer ties between policemen and the community. In Tulsa, officers were recently put on foot patrols in five of the worst crime-ridden public housing areas. They organized and attended neighborhood watch meetings; talked to residents, schools, and drug treatment facilities; and worked with the city government to provide better services to the areas. As a result of their active participation in the community, tips by residents in four months led to 150 cocaine arrests, 130 drug evictions, and a 73% drop in violent crimes.²³

Community activity centers also provide a strong deterrent to crime. In Pottsburg Park FL, Boys Club of America, a philanthropic organization for poor children, opened a clubhouse in the most feared housing project in Jacksonville. They started by concentrating on the children, providing activities such as sports, arts, computer instruction, and games. Staff members quickly won the affection, trust and respect of the children and then began to provide information and recommendations on dealing with drugs in their life. Parents soon started coming to the clubhouse to help out and community consciousness started to grow. Parents started using the space to meet with neighbors, police, and city officials. Their requests for better lighting, security, and related

improvements resulted in several changes and 130 police now use the clubhouse for their weekday roll call. The bottom line -- violent crime and drug dealing have dropped sharply and the community's spirit and enthusiasm is growing.²⁴

Revise Criminal Code to Punish and Rehabilitate

Improving communities will enhance security, but we urgently need to do something about the large numbers of people in prison who return to civilian life each year and to a life of crime. In 1986, over 80% of the 448,000 convicts in state prisons were recidivists -- two time losers. (State prisons hold more than 90% of all criminals in the U.S.)²⁵ The deterrent value of our criminal justice system is minimal and the rehabilitation success rate of our prison system is abysmal.

Our criminal justice system was designed to deter crime by promising punishment for wrongdoing -- it's obviously not working. In my opinion, we need to make a fundamental change in our philosophy. Judges and juries should continue to sentence lawbreakers to appropriate prison terms. However, the release date should be determined by the prison system and be contingent upon the prisoner's progress towards becoming a more productive member of society. If a convict is unable to meet standards for education, job training, social adjustment, and other measures of productivity, he stays in prison.

These principles for revising the corrections system are similar to the welfare program for the capable but unwilling welfare recipient. That is, they provide positive and negative

incentives to encourage and train acceptable behavior. The most positive motivator, release from the system, would come only after an individual demonstrates that they are fully able to make wise decisions concerning actions in their own self-interest. Of course, the ultimate penalty is continued imprisonment with only minimal survival needs being satisfied. Productive behavior would result in opportunities to more completely satisfy Maslow's hierarchy of needs and disruptive behavior would have the inverse effect. By putting prisoners on a "Boy Scout Merit Badge" system, they would eventually earn their way out of prison.

Some states in the U.S. have started more comprehensive rehabilitation programs. New York State's Arthur Kill prison has initiated a program directed towards improving the self-esteem, attitude, and behavior of hard core criminal drug abusers. Selected inmates are separated from the standard prison culture and live in a smaller group to increase a sense of community. Confrontational encounter sessions to build self-awareness and to counter denial are used extensively. As participants progress, they participate in classes on drug abuse, alcoholism, and AIDS. They receive training on such life skills as looking for a job, and opening a bank account. The program includes meaningful work similar to jobs in local communities, opportunities for job training and college courses. Success rates for graduates are not 100%, but are almost twice the rate for standard inmates.²⁶

If we are going to improve our personal security, we have to do something about today's and tomorrow's criminals. Specified

prison terms no longer work. Aberrant behavior must be punished and then its cause eliminated.

Legalize Sale and Use of Drugs

Success in the war against drugs is coming through informing and educating users, not by eliminating supplies. We should have learned from our national experience with cigarettes and alcohol. Our reduced consumption has been achieved only by explaining the perils of their use. Hence, I am recommending the legalization of drug use and the sale of these drugs by state controlled stores. The critical assumption is that selling now illegal drugs in pharmacies will not increase their use because most Americans are informed and smart enough to avoid the risks attendant with their use.

The program would work something like this. States will purchase and sell popular illegal drugs at a price that covers, production, distribution, anti-drug education and drug abuse treatment costs. Stores will record each transaction with quantities limited to amounts suitable for personal consumption. Excessive use would highlight the purchaser for follow-up counseling or mandatory treatment programs. Additionally, research to find safer drugs might even result in alternatives for hard core addicts.

By far the greatest benefit will be the elimination of the illegal drug trade and associated drug pushers. Violent drug related crime will lose its fiscal incentives and thefts by drug addicts will be reduced. Non-drug-using citizens will not be

enticed into drug use for financial reasons (and hopefully will resist the allure of drugs altogether). Most of the \$110 billion spent on illegal drugs will be diverted into more productive applications, at least it will pay for reducing and treating the problem. Local, state, national and international police efforts to stem the flow of drugs can be re-focused on "normal" crime.

Drugs are a growing malignant cancer in American society. The tough question is how do we get rid of them or minimize their impact. I believe that legalization and education are our best hope of getting the problem under control. We've tried laws and education, but sadly, they do not affect the catalyst fomenting the drug cancer -- the incredible financial rewards available to traffickers. Peter Drucker, an economist and recognized management expert, offered the following thoughts in a recent book:

Drug abuse is horrible and an evil. But if after twenty years no results are achieved by governmental campaigns against it (and in the U.S. things are only getting worse), one might question the moral approach. It might be more productive then to do the one thing we can do: take the profits out of the traffic in drugs by eliminating criminal penalties on drug use -- "immoral" though this sounds.²⁷

Gun Control

Guns are used in 60% (11,380) of all murders and one third (186,000) of all robberies in 1986. Firearms were the accidental cause of death for 1,452 people and method of choice for 15,518 successful suicides in 1986. In just one year guns were used in almost 200,000 violent crimes and were the direct cause of 28,350 deaths -- an appalling amount of violence.²⁸ Controlling firearms will not eliminate the problem, but it will reduce it.

The first step is establishment of a licensing and examination program that certifies that owners are capable of using their weapons safely. To reduce thefts, discourage illegal use and to keep track of weapons, they should be inspected and registered annually. Registration fees will be used for local law enforcement programs. The fee structure should reflect each firearm's danger to society. Since handguns account for the vast majority of deaths, they would have substantially higher registration fees than rifles. Automatic and semi-automatic weapons would be prohibited. Penalties for violation of the gun laws should be stiff enough to discourage lawbreakers, e.g. confiscation of the weapon and a fine equal to 10% of the violator's savings and 10% of his annual income. Conviction of criminal acts involving the use of firearms should guarantee imprisonment.

Over \$1.5 million is spent each year to purchase new firearms and homicide rates are increasing apace.²⁹ We must begin now to regulate responsible use of firearms with the ultimate goal of providing a safer environment for everyone.

Summary - Safe and Secure Environment

In summary, increased security is accomplished through stronger communities of informed, educated, and more productive citizens. "Social controls" provide the greatest inducements for good behavior.

Our present legal system is oriented towards deterrence of criminal action with promises of punishment. It must be revised to also rehabilitate criminals or incarcerate them forever. Central

to rehabilitation are incentives for constructive behavior and disincentives for anti-social conduct.

Legalizing drugs is a risk, but our attempts at stopping the supply of drugs have met with little success. The good news is that through education we have reduced the demand.

Gun controls will reduce violence and save lives. Just as we are negotiating with the Soviets to reduce conventional military weapons, we need to establish more control over the personal weapons here in the U.S.

The most important component of a secure environment is the community. When a potential criminal is considering a misdeed and assessing his self-interest, robust communities remove most benefits of any crime and provide more penalties. Loss of esteem and the respect of peers and perhaps the loss of a sense of belonging help dissuade bad decisions. The best neighborhoods also provide socially acceptable options for satisfying whatever need is driving a lawbreaker.

Peace Through Prosperity

Rich and prosperous countries typically enjoy more peace than poor ones for two basic reasons. First, they normally provide a higher standard of living for their citizens and that reduces internal strife. Second, they can afford a stronger and better equipped military force which tends to reduce the threat from aggressive neighbors. This next segment will examine the threats to U.S. prosperity and propose a number of goals, programs, and solutions to maintain and improve the U.S. citizen's standard of

living and prosperity.

The third national interest from chapter three was the survival of the U.S. It had three objectives, two of which are primarily achieved with foreign strategy and will be discussed in the next chapter. The remaining objective was to maintain a strong and prosperous U.S. economy. Arguments for including economic objectives under national survival or external security were provided in chapter three. The national interest and objectives were as follows:

Survival of the United States as a free and independent nation, with fundamental values intact and institutions and people secure.³⁰

- Deter aggression that could threaten national security and, should deterrence fail, repel or defeat military attack and end conflict on terms favorable to the U.S. interests and allies.
- Promote a strong, prosperous, and competitive U.S. economy as the resource base for national endeavors at home and abroad.
- Promote an open and expanding international economic system with minimal distortions to trade and investment, stable currencies, and broadly agreed and respected rules for managing and resolving economic disputes.

Two of the threats to national interests discussed in the last chapter directly affect a strong U.S. economy; national debt and economic decline. Several others indirectly inhibit the prosperity of the nation by diverting resources to non-productive endeavors, i.e. illegal drugs, crime, and poverty. The education crisis is both direct and indirect. Each of these major challenges to American economic strength and proposals for meeting them will be discussed separately.

Eliminating the U.S. National Debt

There are three schools of thought on the potential impact of the national debt on the U.S. economy. The gloomy economists believe that a flight of foreign capital from U.S. treasury notes will inevitably throw the country into a deep recession. In sharp contrast, another bunch of prominent economists believe that the debt is only a minor problem and a little tweaking will assure the continued growth of the nation. A third crowd, the majority of economists, concludes that the debt is neither calamity nor harmless.³¹

All three groups have written hundreds of articles and books supporting their views, thus confusing the everyday politician and American. Each viewpoint is supported with an in-depth statistical analysis of past U.S. economies and with apparently logical arguments. But, economics is an art -- not a science and so far it has been impervious to scientific assault. So for the layman, trust in well established, fundamental principles is probably the best approach to trying to understand the impact of the national debt on the economy.

For individuals, debt and borrowing tends to be a zero sum game. Money borrowed for a purchase today must be paid back tomorrow, with interest. Although the purchased item is available for use immediately, it costs more to buy with a loan than with savings. Ultimately, with death, an individual's assets and liabilities are sorted out and the heirs win or the creditors lose.

Governments are fundamentally different from individuals in that they seldom die. Consequently, they can carry debt forward

indefinitely or as long as creditors are willing to lend money. That does not, however, exempt them from the basic principles of debt and borrowing, i.e. living beyond their means today translates to living below their means tomorrow. The U.S. is a classic example. We have accumulated a nearly \$2.5 trillion national debt that requires an annual interest payment of over \$200 billion. One out of every five tax dollars goes towards the annual interest payment. Just imagine what the impact on the economy would be if instead our taxes were reduced by 20% and that \$200 billion was pumped into the economy.

For individuals, excessive debts eventually lead to the sale or loss of assets to repay loans. And, unfortunately, the assets sold are often an income producing activity that contributed to the owners standard of living. By taking on too much debt, the borrower eventually loses any temporary gains to his standard of living and also risks a significant decrease in his income and wealth.

Table III International Investment Position 1960 - 1987 (\$ billion)

	1960	65	70	75	80	82	84	85	86	87
US Inv Abroad	\$86	120	165	295	607	825	896	950	1071	1167
Foreign Invest	\$41	58	106	222	501	688	892	1061	1340	1535
NET	\$45	62	59	73	106	137	4	-111	-269	-368

Once again, the U.S. economy provides an illustration of national debt emulating individual borrowing. International net investment is the measure of U.S. investment abroad minus foreign investment in the U.S. As the chart above indicates, the U.S. was a net investor up until 1985 and then quickly became a creditor.³² The implications for our standard of living are fairly rudimentary. Assuming a 10% return on investment, in 1982 Americans earned about \$14 billion from their overseas holdings. Five years later, foreigners earned \$37 billion on their U.S. investments. A \$50 billion shift in just five years that equates to a \$200.00 annual decline in standard of living for every American.

The final argument that seems straight forward is that of crowding out. Private industry and government are competing for a finite amount of capital. The U.S. government will always get its share because it can pay any interest rate, thus private industry will be left to fight over the remains and will be forced to pay a higher interest rate than government. Higher interest rates make capital investments more expensive, which in turn, requires a shorter investment pay off period. A \$1 million dollar productivity investment that returns \$1.3 million dollars after five years is a good investment at 5% annual interest. It's a money loser, if the interest rate is more than 6% annually. Obviously, lower interest rate generate more corporate investment in productivity improvements which ultimately lead to a higher standard of living.

The counter argument to crowding out is that the Federal Reserve Board sets the national interest rates with its expansion or contraction of the money supply.³³ Absolutely true, but the Fed is focused on short term concerns such as the inflation rates and expansion or contraction of the economy. It cannot alter interest rates to optimize long term productivity investments at the risk of inflation or too rapid an expansion.

There are only three ways to reduce the debt; higher taxes, less spending, or both. I recommend both, but very carefully. Increasing taxes and decreasing spending could significantly reduce the American standard of living unless there are compensating improvements in productivity and government efficiency. Specifically:

(1) Adjust income taxes to GNP. For example, a 2% increase in the 1991 GNP would produce 2% more tax receipts than in 1990. In essence, this eliminates the income tax indexing include in President Reagan's 1986 Tax Reform packages.

(2) Raise energy taxes 5 cents a gallon each year until energy imports and exports are balanced.

(3) Reduce federal government operating expenses, before adjusting for inflation, by 1% or more annually (excluding military reductions) for 10 years.

(4) Gradually reduce entitlement program payments.

These proposals, like every issue involving taxes and government spending are controversial. However, they do represent an approach that just might solve the debt problem -- incrementalism. By slowly raising taxes and lowering spending the marginal changes should not disrupt the economy, nor cause unnecessary suffering. In his recent book, Uncertain Legacies,

Dennis Ippolito, a political scientist and federal budget expert, suggests that incremental changes to the annual budget are the only fiscally feasible and politically acceptable approach to our debt crisis.

Incrementalism provides a way for decision making to be "carried on with the knowledge that few problems have to be 'solved' once and for all. . . . Problems are not so much solved as they are worn down by repeated attacks until they are no longer pressing or have been superseded by other problems."³⁴ In effect, reviving budgetary incrementalism means applying its decision-making strategies to the "automatic" portions of the budget.³⁵

Taxes not only fund government operations, but should also be used to encourage corporate and citizen behavior consistent with national strategies, e.g. energy taxes to reduce the consumption of foreign oil. Taxes, other than income, should also have some correlation with government expenditures, e.g. cigarette tax revenues should exceed the estimated government cost of health care for lung cancer victims. Generally, voting taxpayers make better decisions on tax increases when they are tied directly to a related government expenditure.

And that brings us to the crux of the problem, voting taxpayers. Two economists concluded in 1989 that eliminating the budget deficit by 1993 would require both tax increases and expenditure reductions totally \$220 billion annually by 1993, or just less than \$1000 per person. In their opinion, slowing recent economic growth rates by that amount would be an extremely hard sell to the American public.³⁶ The 1991 budget debacle between the congress and the administration seems to reinforce their opinion.

Reinvigorating the U.S. Economy

The implications of relative economic demise for the U.S. are far reaching. As Europe and Japan surpass the U.S. economically, they may very well become the most powerful nations on earth in other parameters as well. Recall that Paul Kennedy in his book, The Rise and Fall of the Great Powers, claims that there is a strong connection between economic power and the political and military powers that a nation can develop.³⁷

The first question is whether or not the U.S. is truly destined for only second or third place in national power rankings and how soon we may get there. Experts have cited a broad range of economic statistics including Gross Domestic Product (GDP), Gross National Product (GNP), Debt, Investment, Productivity, Trade Balances, and the rates of change in all of these areas to support their thesis that the U.S. is declining and will soon fall behind Japan and Europe. Unfortunately, they seldom define the baseline from which they are making comparisons. To get a true comparison of how a nation's economy is currently performing, per capita GNP is probably the most meaningful data. It provides a measure of all the goods and services produced by a nation divided by the number of citizens -- in essence, the goods and services produced by an average citizen. The table below shows GNP, per capita GNP, and % real growth for 1989.³⁸

Obviously, the U.S. currently enjoys a substantial lead over Japan and Europe in per capita GNP. The U.S. growth rate in this area, however, has been lower than in the other countries.

Table IV. GNP, Per Capita GNP and Percent Growth

<u>(1989 Data)</u>	<u>GNP(\$B)</u>	<u>Per Cap GNP (\$)</u>	<u>% Real Growth</u>
United States	5,233	21,082	2.9
Canada	513	19,600	2.9
Japan	1,914	15,600	4.8
Germany	946	15,300	4.3
France	820	14,600	3.4
United Kingdom	818	14,300	2.3
Italy	803	14,000	3.3
Soviet Union	2,660	9,211	1.4
World	20,300	3,780	3.0

Computing the average rate of growth in per capita GNP for each nation over the last 18 years and then using it to project future growth, Japan will surpass the U.S. in per capita GNP by the year 2008.³⁹ The European countries, even when joined under the European Common Market, will require several decades to catch the U.S.

Since World War II, the U.S. has had a vast economic lead over Japan and Europe as measured in per capita output. That lead decreased from 1950 to 1970, but has remained steady at around 35% since 1970. European predictors of U.S. economic doom point to the demise of manufacturing vis a vis Europe and Japan. However, manufacturing now accounts for only 22% of gross GNP, down from 29% in 1950. The U.S.'s superior efficiency in the other 78% has led to the higher standard of living in the U.S. For example, because of deregulation and competition, airline travel costs per mile in the U.S. are approximately one half the costs in Europe. Trucking, securities, brokerage, and telephone service are also available at less cost than overseas.⁴⁰

Enormous advances in information technology have led to the

replacement of stores, warehouses and transportation links by mail order catalogs and nationwide express delivery. As manufacturing efficiencies improve, the majority of profits are derived from the distribution system because that's where the value is added. Today, labor costs constitute only 15% of automobile manufacturing costs.⁴¹ From this perspective, the U.S. is well ahead of the competition, so why is everyone worried?

As mentioned earlier, the statistical trends in several economic measures are worrisome. The national debt continues to rise and our government seems powerless in combating the problem. Trade balances are grossly negative and indicate that the U.S. is enjoying a higher standard of living than appropriate. Productivity is growing, but much more slowly than in other nations. Our savings and capital investment rates are much lower than other nations and portend a correspondingly gloomier future. Admittedly, all of these factors combined create a dark vision of our future, but there is some hope.

The national debt has been growing dramatically since 1980. However, total U.S. debt as a percentage of GNP has actually been declining since 1985.⁴² Assuming the trend continues after recovery from DESERT STORM, that the 1990 budget agreement remains effective, and that the government raises taxes and lowers spending; U.S. debt will soon begin to decline to more manageable levels. As the government's competition for investment dollars declines, capital investment in plants and equipment will increase, leading to improved overall productivity.

The imbalance in national trade also seems to be improving. Spurred on by the decline in the dollar against other currencies, U.S. products are more competitive now than during the early 1980s. While imports have continued to increase, exports have increased even faster.⁴³ No one is making predictions on when the trade imbalance will slip back to the positive side, but the future is looking better to most economists.

Productivity is the measure of how efficiently the nation uses men and materials to produce the GNP. Like several other economic statistics, the rate of improvement in this area is lower than in most western nations. However, if we narrow the scope of our data, the statistics for manufacturing productivity for the last decade are somewhat encouraging. From 1981 to 1988, U.S. manufacturing productivity grew at an annual rate of almost 4%. This rate is considerably higher than in previous decades and is also higher than most of our European competitors. Perhaps most significantly, it is less than 1% lower than Japan's manufacturing productivity growth rate for the same period. Aggregate measures of productivity show the U.S. increasing at only 1% annually, based on slow progress in services. However, since most services are not traded and have no direct bearing on international competitiveness, the 4% growth in manufacturing is a better measure of U.S. economic strength.⁴⁴

The outlook for increased productivity in the 1990s is still grim. Although manufacturing productivity improved at an annual rate of 3.3% for the decade, 75% of the economy is in the service

sector and its lackluster performance resulted in only a 1% improvement in national productivity for the 1980s. The increase in manufacturing was driven by automation and harsh competition. Unfortunately, competition was lacking in the majority of the service sector and there was a ready supply of relatively cheap labor.

Productivity improvements are the only real solution to reinvigorating the economy and increasing our future standard of living. The keys to greater productivity have been and will remain technology and work force. Developing and applying new technology requires investment in research and development and in new plants and equipment. Improving the efficiency of the work force is done through education and training. My strategy for revving up the economy has four major components that are discussed in some detail below.

(1) Increase the national savings rate to generate more money for investment.

(2) Establish tax incentives for investment in research and development and productivity improvements to plants and equipment.

(3) Improve the quality of the work force through education, training and retraining.

(4) Strengthen labor-management relations and coordination.

Boost the Savings Rate

Generating more investment is challenging, to say the least. As discussed earlier, investment is a function of interest rates. Higher interest rates result in fewer productivity investments. Unfortunately, the U.S. savings rate for the last two decades is worse than our economic competitors and is the cause of some

concern for the future of our economy.

In the 1970s the U.S. savings rate was just under 20% of GDP and dropped to around 15% for the 1980s. Japan's rate was a steady 32% in both decades. European savings rates were roughly 25%. The expansion of the 1980s was only made possible by borrowing \$750 billion from overseas to finance our growth.⁴⁵ The table below clarifies our two problems with savings.

Table V Statistics for National Savings

Year	<u>1970</u>	<u>1975</u>	<u>1980</u>	<u>1985</u>	<u>1987</u>
GDP	1009	1583	2688	3959	4470
Domest Savings	164	303	478	665	665
Gov Savings	-10	-65	-33	-131	-105
Gross Savings	154	238	445	534	560
Pers Savings	58	105	137	125	104

First, personal savings peaked in 1980 and have been declining since then. Second, federal deficits have reduced the gross savings rate by two or three percentage points each year. For 1991 and 1992, the loss will be closer to seven or eight percent. Finally, gross domestic savings seem to have peaked in 1987. The net result is a progressively smaller national savings rate and less investment.

I have two recommendations to increase the savings rate -- in addition to balancing the budget which is a must.

(1) Reduce tax rates on interest income up to \$1,000.00 or perhaps more.

(2) Gradually convert Social Security to a welfare payment

over the next 20 years.

The reduced tax rate on interest income will provide a positive incentive for all tax payers to put up to \$10,000.00 into an interest bearing account. It does not provide a major loop-hole for the wealthy investor, just for the low to middle income saver.

The abolishment of Social Security is admittedly, a major step that requires more study than I have devoted. However, I believe that in its present form it eliminates the incentive for low and low-middle class wage earners to save. With a guaranteed minimum income after age 65, several people are content to spend today and let the government take care of them tomorrow.

Tax Incentives for Productivity

Tax incentives are controversial since they come at the expense of the individual taxpayer. However, they remain the only effective mechanism available to government for influencing corporate decisions. The specific form of tax incentive is open to debate. Faster capital depreciation, deductions for capital investment and research and development, or just lowering the income tax rate would all boost investment. The key is that corporations must be encouraged to increase their productivity and that of their work force.

Improve Work Force Productivity

By far the most important element of this strategy to get the economy moving again is improved education, training and retraining for the U.S. work force. We need to not only improve our elementary and high school education, but also our post high school

adult education. In late 1986, the Massachusetts Institute of Technology (MIT) convened a commission of faculty experts to examine America's industrial future in light of recent troublesome trends. They reached a number of important conclusions and one of their fundamental observations concerned education.

We have concluded that without major changes in the ways schools and firms train workers over the course of a lifetime, no amount of macroeconomic fine-tuning or technological innovation will be able to produce significantly improved economic performance and a rising standard of living.⁴⁶

The U.S. is passing through the Industrial Age and is now into the Information Age where the majority of work deals with the collection, manipulation, and dissemination of information. Industrial jobs require repetitive performance of routine operations with little requirement for decisions on the part of labor. Those are reserved for the foreman or plant management. In contrast, information workers must make most decisions themselves. Their responsibilities are greater, their interaction with other people is expanded, and with rapidly changing technology, their knowledge base must change to keep up.⁴⁷ Unfortunately, our schools are still producing a majority of industrial workers for a declining industrial job market and there are no national fixes for this problem.

Solving this problem must be a community responsibility. Schools, local businesses, and parents must work together to update school curricula to meet local requirements. They must include communications and group problem solving skills which are mandatory for information workers. Information age technology such as

computers, modems, telephone systems, etc. must become familiar tools for every high school graduate.

Along with overhauling school curricula, communities must increase student enthusiasm for learning.⁴⁸ The 50% dropout rates in some of our schools is not the sole responsibility of the school. A partnership is required between parents, schools, communities and future employers to teach information age skills, motivate students, and to ultimately improve the overall productivity of the work force.

The second major problem with education is that for most people it ends after high school. Our Japanese and European corporate competitors provide nearly continuous training for their work force. They use in-plant training, rotation between jobs, and outside-plant courses for new technologies. The result is a multi-talented group of laborers that can meet a wide range of manufacturing requirements. Also, in periods of economic decline, they are more employable than their American counterparts.⁴⁹ Regretfully, the approach of many U.S. corporations is to fire their older employees as their skills are outmoded and to hire newer, more recently trained replacements.

The reasons we fare so poorly in this area are the lack of positive incentives and misperceptions as to the true cost of unemployment. Corporations often approach the issue from the short term, bottomline cost perspective and conclude that training is not cost-effective. Many individuals are disinclined to seek additional training on their own because of the time and money

required. They also have unemployment to fall back on. Historically, labor unions also seem to take a rather short sighted approach to training and are frequently more concerned about job security than labor force improvements. A recent article in The Wall Street Journal, illustrates the point. Contract negotiations between General Motors and the United Auto Workers Union last summer virtually eliminated the almost instant poverty caused by a recession in the automobile industry. A tenured auto worker is now entitled to up to three years of unemployment compensation from the auto company at almost 85% of a weekly salary. Stephen P. Yokich, vice president of the UAW, claimed that the agreement, ". . . is probably the most extensive job security program in the free industrial nations".⁵⁰

Unfortunately, the UAW's myopic view is detrimental to their members continued prosperity. The auto industry is industrial and productivity gains will continue to eliminate jobs. What they should try to do is make their members more valuable through retraining and education. Instead of guaranteed pay, they should have asked for retraining outside the industry.

Auto makers will suffer unnecessarily also. Labor has now become a fixed cost, at least in the short term. GM lost about \$1.4 billion in the fourth quarter of 1990 and Ford lost \$500 million due, in part, to labor costs that are no longer reducible. Expanded training of working employees, with additional education and retraining when sales drop, would have been a better answer fiscally.⁵¹

There is another unexpected downside to guaranteed wages from labor's point of view as well. The self esteem and dignity that comes from working for a paycheck is lost under the new contract agreement. Chrysler recently closed an 84 year old plant in Detroit. The work force has been provided unemployment until a new plant opens in 1992. Since the plant closed in February, last year, 51 people have died. Officials of the plant's employee-assistance department attribute most of the deaths to the stress of being out of work, even though financial security is not a problem.⁵²

The above examples reinforce the first principle of my proposed national strategy -- inform and educate citizens. Lifelong education and training are the keys to not only reinvigorating the economy, but also to our national security. Perhaps Robert Reich, an instructor in Harvard's JFK School of Government, best summarized the importance of the work force when he wrote:

In the new global economy, nearly everyone has access to big breakthroughs and to the machines and money to turn them into standardized products at about the same time, and on roughly the same terms. The only factor of production that is relatively immobile internationally, and on which the future standard of living of the nation depends, is *us* -- our competence, our insights, our capacity to work productively together.⁵³

Strengthen Labor and Management Coordination

While improving productivity through capital investment and labor investment (education) is readily apparent to everyone, a third area is also important -- the dedication of both labor and

management to increasing productivity. A story reported in the 3 December 1990, Wall Street Journal illustrates the importance of labor-management cooperation to improving productivity. Baltimore and Norfolk are major transshipment ports on the East coast and compete with one another for work. In Norfolk, the International Longshoremen's Union has an excellent working relationship with management that includes daily discussions and weekly problem solving meetings. Shipping traffic has jumped 130% in the past decade. In contrast, the relationship between longshoremen and management in Baltimore is marked by work slowdowns, strikes, and confrontation. The result is a 21% decline in traffic over the last 10 years.⁵⁴

The moral to this story is that prosperity for both labor and management is achieved by increasing productivity, not through higher wages and guaranteed jobs. In both the manufacturing and service industries, lower labor costs result in either more profit, more sales at a lower price, or both. Farmers and other entrepreneurs have understood this principle for years. The more efficiently they can produce a product, the more money they have at the end of the year. Labor and management must reach the same understanding to ensure that industry continues to improve productivity.

Do Not Save Inefficient Industries

A strategy I do not recommend is government protection of some industries. The basic argument is that the establishment of tariffs, customs, or some other form of government control to

restrict competition from overseas will boost the U.S. economy. This approach is especially popular with unions. The Garment Workers Union of America is currently running a TV ad with slogan, "Buy American and Americans work." While technically correct, the ad does not say that buying American may result in lower quality products and eventually a lower standard of living. Nations can offer advantages to their various industries through trade agreements and/or subsidies, but only at some sacrifice in the standard of living of its citizens. Politicians, unfortunately, often focus on the short term aspects -- jobs for their constituents -- and fail to understand the longer term negative implications of tariffs and subsidies for all citizens.⁵⁵

Summary - Reinvigorating the Economy

Reinvigorating the economy can only be done through boosting productivity and that must come at the expense of our current standard of living as government takes the necessary steps to strengthen our economy. First, eliminating the debt will require higher tax revenues and reduced government spending. Second, encouraging capital investment will require tax incentives for corporations that will result in higher individual tax rates. Finally, there may be some cost associated with modifying our education system to produce more productive students. All three actions will combine to lower our present standard of living, but will provide a substantial long term return on our investment.

Encouraging Citizen Growth and Achievement

My final U.S. national interest was citizen growth and

achievement. It has three subordinate objectives as shown below:

Citizen growth and achievement.

- Encourage citizen achievement and prosperity with positive incentives.
- Provide opportunities for initial and continuing education of all individuals.
- Recreate an aesthetically pleasing milieu by repairing human damage to the environment, funding endowments to the arts, and maintaining the national park system.

There is a synergistic relationship between human growth and the economy. National pursuit of the above objectives almost automatically boosts the prosperity of the nation. This national interest is also the easiest to achieve, since it simply requires setting a few standards, assigning responsibilities and then getting out of the way.

"Be All You Can Be"

The Army recruiting slogan, "Be all you can be", expanded to everyone in the U.S., captures the essence of the first objective and is a central theme in this paper. Everyone in the U.S. benefits from the achievements of individual Americans.

Maslow believed that an individual's growth needs are a lower priority than deficiency needs and that they will only be pursued after the higher needs were satisfied. That suggests that the role of government is to ensure first that fundamental human requirements are met for as many citizens as possible and then to provide recognition of individual achievement.

Most organizations seek to recognize achievement as a means of promoting more productive work. Federal, state and local

governments need to do the same thing. In Germany, there is a nation wide program that recognizes athletic achievements for all age groups. Every citizen is eligible to participate in a test of their physical fitness. The higher their score, the more recognition earned. Similar programs for accomplishments in education, volunteer work, and any other endeavor of value to the community would encourage human growth and be beneficial to the general populace as well. Afterall, public recognition has long been recognized as one of the cheapest forms of human motivation available.

Recognize and Reward Cognitive Impulses

Education has been and will continue to be the most important component of a better work force which turn results in a stronger U.S. economy. It solves welfare problems, economic problems, and adds materially to individual quality of life. My recommendations so far have dealt with making individuals more productive. My final education proposal is aimed at taking advantage of our innate human desire for knowledge and understanding.

Government at all levels must continue to fund adult education classes, libraries, educational radio and television programs and the host of related programs that provide opportunities to pursue our quest for knowledge. While structured programs answer are best for training the labor force, free access to knowledge and education makes everyone's quality of life significantly better. Once again, local communities must be the catalysts that enhance their own education system.

Build a More Aesthetic Environment

Improving the U.S. aesthetically is also an easy task for government. I recommend the following three strategies:

(1) In principle, government should ensure that our environment is maintained or improved. Exploitation of natural resources should be encouraged but with the proviso that the resource must be restored to its original form. Water users must return it to the environment in its original condition. Air for combustion in engines, for cooling in industry, and for hundreds of other uses must be returned to its natural state after use. Oil exploration should be encouraged, but with appropriate and commensurate penalties for damage to ecology. The cost of immediate implementation would be huge, but we must, over time, apply the this principle. The progressive clean air standards enacted by some states is a start in the right direction.

(2) Continue the national park system, national museums, and related operations, but on a pay as you go basis.

(3) Endowment of the arts is aesthetically valuable, but should also be gradually converted to paying for itself.

Domestic Strategy - Summary

This chapter has covered a lot of ground, from changes to the welfare system, significant modifications to our criminal justice system, legalization of drugs, eliminating the national debt, solving the education problem and curing the economic malaise. Throughout the discussion, the two national strategy axioms, developed in chapter three, have provided a consistent approach to

confronting each challenge.

Individual

People are this countries most valuable resource. The U.S. government must ensure the growth and development of our human capital. That means first ensuring survival and security, then providing positive motivation for education and increased productivity.

Community

The best possible incentives are a higher standard of living and better quality of life. These come with strong, robust local communities, where everyone belongs and participates in further development of the neighborhood. The national economy is nothing more than the amalgamation of thousands of local economies throughout the country. When local economies are healthy, the national economy is equally healthy.

Productivity

Continuously improving productivity has been the basis of America's economic strength since the 18th century. Our future prosperity and quality of life are still totally dependent on making every individual and organization in the U.S. more productive.

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CHAPTER SIX - FOREIGN STRATEGY

The challenges before us are monumental. But it is not every generation that is given the opportunity to shape a new international order. If the opportunity is missed, we shall live in a world of chaos and danger. If it is realized we will have entered an era of peace and progress and justice. But we can realize our hopes only as a united people. Our challenge -- and its solution -- lies in ourselves. Our greatest foreign policy problem is our divisions at home. Our greatest foreign policy need is national cohesion and a return to the awareness that in foreign policy we are all engaged in a common national endeavor.¹

Henry Kissinger, Secretary of State, 1976

The nature of U.S. international interests has changed over the past several decades. We have always been interested in protecting our international trade and trading partners, but threats to world commerce are different today. We no longer worry about the military exploitation of a trading partner (now that Kuwait is secure again), but are most concerned with the fair distribution of trade. As we seek to settle major international issues, we look for "Win - Win" solutions.

In the past, relative military power has been a zero-sum game with one nation's gain coming at the expense of another's loss. When military power was used to settle disputes, at least one nation lost economically and often both suffered because of the high cost of military conflict for frequently minimal gain.

The issues confronting much of the world today are solvable with mutually beneficial results for everyone involved. For example, ecological and economic issues require extensive coordination and as they are resolved everyone's quality of life improves.² In addition to the two axioms for guiding national

strategy, the proposals in this chapter are based on the premise that there are "Win - Win" compromises available for every conceivable issue confronting the world.

National interests, world trends and threats to our national interests are shown in the chart below, with the areas to be discussed underlined.

NATIONAL INTERESTS	WORLD TRENDS	THREATS
Adequate Standard of Living	<u>Demographics</u>	<u>Nuclear Conflict</u>
Internal Security	<u>Productivity</u>	National Debt
<u>External Security</u>	<u>Info Explosion</u>	<u>Economic Decline</u>
Citizen Growth	<u>Democracy</u>	Education Crisis
	<u>Transnational</u>	Crime, Drugs
	<u>Shrinking World</u>	Poverty
		<u>World Chaos</u>

The U.S. national security interest and objectives from chapter four were:

Survival of the United States as a free and independent nation, with fundamental values intact and institutions and people secure.

- Deter aggression that could threaten national security and, should deterrence fail, repel or defeat military attack and end conflict on terms favorable to the U.S. interests and allies.
- Promote a strong, prosperous, and competitive U.S. economy as the resource base for national endeavors at home and abroad.
- Promote an open and expanding international economic system with minimal distortions to trade and investment, stable currencies, and broadly agreed and respected rules for managing and resolving economic disputes.

Aggressive neighbors are deterred by power -- political, economic, and military. U.S. national strategy has successfully deterred aggression against the U.S. for last the 45 years with a variety of nuclear war strategies, the latest being Mutual Assured Destruction (MAD), and strong conventional military forces. There is no reason to suspect that this same approach would not work for the next 45 years. However, the world has changed dramatically in the last few years and competing demands for government spending will require a more productive (efficient) national military strategy. Large standing military forces with expensive equipment that consume almost 25% of the budget will not be supported by the American public. The following discourse will focus on the increased use of political and economic power in dealing with other nations to achieve U.S. interests. Military strategy will be discussed in the next chapter.

Stimulating World Trends to Deter Aggression

All six of the world trends discussed in chapter two alleviate past causes of conflict. U.S. foreign strategy and policies should take advantage of these trends to reduce the probability of conflict even further.

Demographics - The growth in world population has slowed in most countries and the various national struggles to just feed the populace have eased. Also, the world is getting older and presumably, wiser and less adventurous. U.S. information and education programs that contribute to population control must be continued and receive increasing emphasis in the Third World.

Productivity - More consumer products, including food, at lower costs and higher quality will continue to reduce tensions caused by hunger, envy, and the human desire for more. Especially, if people perceive a steady increase in their living standard and expect the trend to continue. World productivity certainly increases each decade. We must ensure that each individual nation and state experiences the same phenomenon.

Information Explosion - Informed people are more assertive and demanding. They insist upon logical, rationale explanations for government actions, and if large numbers of them disagree, they react. In other words, they follow Maslow's hierarchy of needs and the philosophy of egoism. Given the option of stealing their neighbor's property, individuals assess the potential risks and benefits to themselves, and react in accordance with their self-interest. Using the recent Mideast War as an example, Saddam Hussein saw an opportunity and took the risk. Individuals in the Iraqi Army assessed their risks and eventually voted with their feet. If either Hussein or his army had been better informed, the war would not have occurred. Keeping the world informed reduces conflict.

Democracy - Informed citizens prefer democratic governments and recent trends toward democracy have been extraordinary. Almost three-fourths of the 159 nations on Earth have some form of elected representative government.³ For the U.S. the most significant aspect of democratic governments is that they seldom, if ever, go to war against each other. Obviously, the U.S. must continue to

sponsor democracy.

Transnational Corporations - The Information Age has encouraged the growth of huge transnational corporations that span the globe. These conglomerates operate in all corners of the earth and either own, buy, or sell, something in virtually every country. Since, conflict is detrimental to business, they normally lobby government for negotiated settlements of international disputes. As their power and influence increase, they will become even stronger advocates of democratic governments and world stability.

Shrinking World - As the world becomes smaller, people understand one another better. Information and travel expose the similarities between different segments of the human race. Americans in Moscow see the human qualities of Muscovites on the street and know that conflict between the two nations will be detrimental to both.

We also communicate better now. English has become the world's language. Eighty-five percent of international telephone conversations are in English as are 75% of the world's mail, telexes and cables. Over 250 million Chinese study English. There may be more Chinese capable of speaking English than Americans. The statistics go on and on, but perhaps most importantly, English is the preferred language of study among the world's high school students. By the year 2000, there will be 500 million more English speakers on Earth.⁴

As this world becomes smaller and as communications and understanding improve, the risk of conflict is reduced. As the

world's leader in the Information Age, we must ensure these tendencies continue.

The U.S. has been instrumental in accelerating most of these world trends, sometimes intentionally, but more often accidentally. By recognizing the positive benefits of each trend and coordinating our efforts to promulgate them, we can more efficiently obtain most of our national interests. The next few paragraphs describe several options for adapting these tendencies to U.S. interests.

Political & Economic Power Reduce the Nuclear Threat

MAD is now the principal deterrent of nuclear war between the U.S. and USSR. It is based on our mutual confidence that a nuclear attack by one will generate a massive nuclear response. For the future of the world, we need to build a sense of trust with the Soviets that is based on pursuit of common interests and on assurances that, where our interests differ, we will negotiate. This type of trust is not built overnight, but takes years and decades of commitment. It is developed through understanding, which is obtained by observation and the frequent exchange of information, ideas, hopes and fears.

As the Soviet Union struggles in its transition to a representative government and market economy, it has and will encounter massive turmoil and disruption. The next few years could be extremely dangerous for world peace. To counteract the Soviet's likely mistrust and misunderstanding of U.S. interests, we must maintain the closest possible ties with Soviet power bases (i.e., Gorbachev, KGB, Military, Yeltsin, etc.) for the purpose of

detecting trends detrimental to the U.S. A closer relationship also can be used to offer assistance in solving internal crises. For example, we could offer an internationally arranged "Golden Parachute" for the "stake holders" in the current regime, if it would ease the transition to democracy and a market economy.

In addition to fostering stronger ties between our governments, we must also increase the exchange of students, professionals, teachers, businessmen, scientists and engineers of every variety. People to people exchanges build understanding and confidence among the populace and eventually result in more conciliatory governments.

The greatest political danger for the U.S. is involvement or even the perception of involvement with internal Soviet politics. We must not risk excessive tension or rift in relations with Soviet leadership over the Baltics or the independence struggles of other republics. They are well aware of our policies concerning individual rights and freedoms and, while we continue to push for human rights, we cannot appear to actively pursue a particular outcome from their internal problems. Tying economic and technological aid to advances in human rights is the best approach for swaying the Soviet government.

While the threat of nuclear war with the Soviet Union is subsiding, the world remains a dangerous place, especially for Third World citizens. Reduction of chaos in the world is or will soon become the paramount foreign interest of the U.S.

Strategy for Reduction of Chaos

At the macro level, there are two types of chaos in the world; internal disruptions caused by disgruntled citizens and external aggression caused by greedy neighbors. They may occur individually or simultaneously when a belligerent neighbor encourages and supports the unhappy citizens next door in hopes of toppling the government and then moving in to "bring peace to the region." The strategies to counter either internal or external chaos, however, remain the same even when they occur together.

External Peace Through Threat Reduction

There are five components to my strategy for diminishing external aggression.

Negotiate Arms Reduction

(1) Negotiate reductions in military forces in the regions of the world using the US-Soviet model for CFE agreements. Money saved on defense expenditures can be more profitably spent on building national infrastructure and increasing the nation's standard of living. Several nations are prospering by this approach. Costa Rica, Switzerland, Japan, Finland and others have long traditions of either a small military/police force or a militia. Their security has been assured by either their neutrality or a protective friend or neighbor. As a result they have been able to invest more money in economic development and, compared with others in their region, they are prospering. The chart below provides some comparative data.⁵

Reducing military forces is not a risk free endeavor. Thailand's recent military coup was, at least partially, in

Table II. Defense Expenditures and Economic Growth for 1989.

<u>Nation</u>	<u>Def Exp (%GNP)</u>	<u>Per Cap GNP</u>	<u>GNP Grwth Rate</u>
United States	5.8%	\$21,082	2.9%
Japan	1.0%	\$15,600	4.8%
Finland	1.5%	\$15,000	4.6%
Switzerland	1.0%	\$17,800	3.0%
Austria	1.1%	\$13,600	4.2%
Germany	2.9%	\$15,300	4.3%
United Kingdom	4.3%	\$14,300	2.3%
Developing Countries			
Costa Rica	0.6%	\$1,630	3.8%
Nicaragua	NA	\$470	-5.0%
Panama	2.0%	\$1,648	-7.5%
Honduras	1.9%	\$890	4.0%
Guatemala	1.0%	\$1,185	1.3%
El Salvador	4.0%	\$1,020	0.9%
Belize	2.0%	\$1,285	6.0%
Cuba	6.0%	\$2,000	-1.0%

response to civilian government's plan to reduce the size and influence of the military. Military reductions of around 3% to 7% a year are probably reasonable and would not destabilize any country.

Reaffirm Anti-Aggression Commitment

(2) The UN must reaffirm its commitment to maintaining existing borders and promise to punish aggression. The willingness of nations to reduce their military forces is inversely proportional to the threat they perceive on their borders. The UN has demonstrated the resolve to denounce and then fight aggression in the Persian Gulf. That principle must be repeated again and again, until external aggression no longer seems prudent to the Saddam Husseins and Mu'ammar Qadhafis of this world.

Settle Border Disputes

(3) The U.S. must work bilaterally as well as through the UN

and other international organizations to obtain negotiated settlements of all territorial and border disputes. We should use our foreign aid, economic enticements, and allies to settle the most dangerous issues first.

Encourage Regional Security Agreements

(4) Regional security agreements have historically been the strongest form of security arrangement available to a nation. Regional security treaties, coupled with frequent exchanges, also build trust and common understanding that lead to reduced tension and economic prosperity. To assure that neighbors remain cordial, U.S. and USSR intelligence reports should be shared with all members of a region and, consistent with U.S. interests, we should offer military assistance to maintain regional balance in some areas. Finally, a composite regional security (police) force would be appropriate in areas, e.g. a Latin American police force to halt the export of illegal drugs.

Non-Proliferation of Nuclear Weapons

(5) Non-proliferation of nuclear, chemical and biological weapons is a stated UN goal and will continue to be a U.S. objective. A UN promise of punishment for governments or individuals who use weapons of mass destruction without UN sanction would reduce the probability of their use and hopefully their procurement. As technology continues to develop, it becomes easier to make and deliver such weapons. The only option for preventing their proliferation is to eliminate the insecurity that prompts nations to buy or build them and to promise devastating retribution

when they are used. Attempts to control the supply of materials for these weapons will not work.

External security is half the problem. Creating the conditions for internal security is equally important and, when achieved, benefits everyone.

Internal Tranquility Through Prosperity

A central theme throughout this paper is that national affluence breeds contentment and peace. With prosperity comes the individual satisfaction of Maslow's deficiency needs and greater diversity in personal options for "the pursuit of happiness." The domestic strategy offered several recommendations for the U.S.'s economic enrichment and is paralleled by the proposed foreign strategy. The following four policies are consistent with current U.S. foreign policy and extend it in some new and innovative directions.

Support Democratic Governments

(1) Support democracies and governments moving toward democracy with economic and political assistance. Democracies provide the best conditions for free market economies to flourish which in turn offer the highest possible standard of living for citizens. In the absence of Soviet efforts to spread communism, we can now concentrate our political and economic power to support democratic reforms instead of also countering the growth of communism. Presumably, we can now be more effective.

There are two natural inhibitors to democratic government: uninformed and uneducated citizens and the entrenched non-

democratic government leaders and bureaucrats. Informing and educating the rest of the world will be discussed in the next segment on human rights. The political elite in authoritarian governments seldom survive the transition to democracy. Only in rare instances, such as benevolent monarchies (England, Denmark, Jordan, etc.), have rulers been able to retain the privileges and trappings of authority, if not actual power. Consequently, U.S. efforts to promote democracy to any regime normally include a "hard sell" approach and some level of internal strife. Recent conversions to representative governments in Eastern Europe, Panama, Grenada, the Philippines, and much of Latin America only came after extensive civil unrest and some form of incentives from the rest of the western world.

The U.S. should not promote civil unrest or revolution anywhere, but instead work with existing governments to ease a long term, steady transition to democracy. Often, a loan or outright gift will enable a government to retain control of a restive populace until elections can be held and a new government formed. In other instances, a "Golden Parachute" for the political elite is the calmest route to democracy. Military coups against civilian dictators with promises of future elections were once popular, but they seldom resulted in popular governments. Although, they normally succeeded in quelling civil unrest, they failed to create the conditions necessary for eventual transition to elected governments. Also, power is a corrupting experience and "absolute power corrupts absolutely."

Specific tools for influencing authoritarian governments include political pressure, foreign aid, economic assistance or sanctions, and military assistance. If the power elite aren't interested, then we withhold or withdraw our political and economic support in a fashion consistent with our national interests and values. Given today's world trends, some form of democracy is inevitable.

The situation in the Middle East offers an ideal opportunity to test this approach. Kuwait is rebuilding and has experimented with democracy in the past. The level of our support and aid in rebuilding should be directly correlated to their efforts on democratization. Iraq should remain embargoed until a more popular government is established and then provided economic aid to ensure stability. Iran and Syria should receive public and private recognition for their contributions, but no preferential economic treatment without positive steps toward representative governments. Israel, Jordan and Egypt are democratic to an extent, but face critical problems that must be resolved. Israel and Jordan are split by the PLO issue. The U.S. should privately negotiate with both countries to find a solution to the PLO that will reduce existing tensions. The U.S. provides about \$3 billion of aid annually to Israel and its loss would eventually force them to seek a political solution to the problem.⁶ Jordan needs private investment and economic opportunities that we could encourage in exchange for diplomatic initiatives on their part. Egypt simply needs economic support. The recent U.S. forgiveness of a \$7.0

billion loan helps, but more is needed. Saudi Arabia and the other members of the Gulf Cooperation Council (GCC) are a unique challenge. Power and money is concentrated in a few very rich families, while the average citizen lives austerely. With U.S. dependence on the GCC for oil, the levers available for shifting them toward democracy are limited. Persuasion and strong recommendations on preventing future civil unrest seem to be the optimum approach.

Maintain World Economic Stability

(2) The U.S. and our major trading partners must also continue to pursue economic stability in the Western world. Relatively stable exchange rates reduce the risk of trade for weaker economies. Balanced or slightly negative trade balances between Western nations and developing countries are also necessary to promote steady and reliable economic development. While everyone suffers in a recession, the Third World suffers more and its fragile democratic governments are under constant pressure from both the right and left to provide a continually improving standard of living for their people.

Continue Economic Development

(3) Economic development has been a goal of American foreign policy since the end of World War II. In 1950, President Truman committed the U.S. to worldwide economic development in an effort to counter aggressive communist expansion. A decade later, President Kennedy proclaimed the Alliance for Progress that would do for Latin America what the Marshall Plan had done for Europe.

Paradoxically, our much vaunted efforts frequently failed and other policies serendipitously succeeded. Peter F. Drucker, in his latest book, The New Realities, devotes an entire chapter to reviewing ideological attempts at economic development and concludes that most failed as originally structured. Further, he argues that the programs that worked in the 1940s did not work in the 1960s and that the 1960s programs will not work today. His conclusion is that development is achieved only by harnessing the individual's desire for a better life to a free market economy.⁷ By exploiting egoism and Maslow's hierarchy, nations will build or rebuild their standard of living.

After a favorable political environment is established, foreign aid can assist in two key areas; building of infrastructure and education. Roads, railroads, ports, telephones, and electricity are all beneficial, if not essential, to rapid growth. While, an educated population is the principal factor determining the rate and duration of economic expansion. In the 1960s, Third World countries developed by importing low-wage manufacturing jobs from industrialized countries. Unfortunately, the Information Era has preempted that option by eliminating most labor intensive jobs. Peter Drucker believes that when labor costs fall below 15%, transportation costs make labor exporting inefficient. Today, at General Motors, direct labor costs still account for 25% of an automobile. By the end of the century that figure will be around 11%. For developing countries to compete, they must educate their work force for the information era.⁸

Private investment and development in the Third World is even more important than the foreign aid of nations, if it is done on a non-exploitative basis. One example from Eastern Europe illustrates the point. Hungary has one and only one bathtub factory that supplies the entire country. Unfortunately, it can only produce cast-iron tubs -- 120,000 in 1990 alone. Plastic tubs are cheaper and easier to make and distribute, but there are no foreign investors nor Hungarian money for capital investment to convert the cast-iron factory to plastics. Although the factory declared bankruptcy in 1987, the Hungarian government refused to let it close and now subsidizes the production of heavy, obsolete cast-iron bathtubs.⁹ Hundreds of similar situations exist throughout the Third World and the only solution is liberalization of national monetary, tax and trade laws to encourage foreign investment. Those nations that offer the most security and most favorable business environment will transform their lackluster economies into paragons of free markets at their best.

An increasingly important tool in the economic development of Third World countries is direct U.S. military assistance. Recent road and bridge building in Honduras has expanded the infrastructure necessary for faster growth there. Medical services for Central American peasants has fostered good will and contributed to the potential productivity of the populace by improving their current and long term health. Similar assistance programs by other branches and services will materially aid in the economic growth of our neighbors.

As in the U.S., the key to economic prosperity is the development and motivation of individual citizens. Those nations that recognize this principle and effectively pursue programs that enhance personal productivity are destined to become members of the first world. Over the past decade, China has been taking tiny steps in that direction and the results are impressive. In the late 1970s they relaxed farm controls and provided profit incentives to farmers and in a few years farm production doubled.¹⁰ Similar actions in the rest of the economy have boosted China's GNP growth rate to among the highest in the world for the last ten years.¹¹ When they recover from the Tiananmen Square fiasco, their economy will continue its meteoric rise.

Free Trade is Mandatory for World Prosperity

The third objective under the survival interest of the U.S. was an open worldwide economy with international rules and procedures for resolving disputes. That objective is generally known as free trade.

Expanded free trade is of critical importance to world prosperity. A recent editorial in The Wall Street Journal argued that free trade is so beneficial that it should be pursued unilaterally by every nation. Trade barriers and tariffs ultimately increase the price of goods to a nation's citizens and retard productivity gains available from more intense competition. National subsidies to an industry or industries result in higher taxes for citizens and cheaper products for internal consumption and export. Americans, in essence, are transferring tax dollars

overseas in the form of subsidized products.¹²

The best historical example of successful free trade on a large scale was 19th century Britain. In converting to free trade, there were upheavals in some industries, but overall Britain thrived. Initially, imports soared but were soon followed by galloping exports generated by lower cost British products competing in the market place. Commenting on the importance of free trade in the early 20th century, Winston Churchill observed:

During the last 60 years we have indulged in no tariff wars; we have fallen back on no elaborate devices, or shrewdly, too shrewdly, calculated plans for negotiation or retaliation, but yet we find that our goods enter all the other countries of the world on as good terms as have ever been secured by any nation through the most elaborate of fiscal weapons.¹³

The present U.S. position is that the recently failed General Agreement on Tariffs and Trade (GATT) talks are essential for world economic growth. Mrs. Carla Mills, the U.S. Trade Representative, estimates that failure to restart the talks could mean a loss of \$4 trillion in world trade over the rest of this decade. A successful GATT, she claims, could become "the locomotive that would drive world economic growth into the 21st century." Since its inception in the late 1940s, GATT has helped build world trade from \$60 billion to \$6 trillion by reducing tariffs and making trade more equitable.

The GATT is also necessary to protect intellectual property. Infringement of patents and copyrights cost U.S. corporations an estimated \$60 billion in 1986 alone, half our current annual trade deficit. Countries who allow or encourage violation of patent

rights claim that it's necessary to provide their citizens with adequate health care and a higher standard of living. A popular anti-arthritis drug, pirated in Argentina, sells for \$35 there and \$170 in the U.S. The developer claims that it cost between \$200 and \$300 million to develop the drug and patent infringement means that the company's U.S. customers must pay more while other countries get it for just the production costs.¹⁴

Eventually, the U.S. may have to consider unilateral action on free trade. In the interim, today's world market is infinitely more complicated than it was a century ago. The information era has made patent and copyright protection almost mandatory for some industries to survive and grow. Additionally, the sudden entrance of nationally sponsored competitors in the American market can cause significant labor disruptions that may require some form of intervention. Certainly, we should not restrict trade nor subsidize industries to save them, but we must attempt to manage the decline of older industries and the growth of fledgling enterprises. In the long term, as we seek a more prosperous nation and world, our penultimate objective must be the elimination of all trade barriers, tariffs, customs duties, and subsidies to industry.

There has been some progress toward free trade. Canada and the U.S. have recently completed a free trade agreement and we are negotiating a similar arrangement with Mexico now. In the absence of world wide free trade, continued regionalization of Western markets on a free trade basis will demonstrate the advantages to more recalcitrant countries. The International Monetary Fund is

also working to liberalize markets around the world. The Wall Street Journal reported on 29 January that,

Egypt unveiled sweeping measures to liberalize its economy, including a partial currency flotation, a new sales tax, financial support for state-owned banks and the opening of more areas for private investment. The International Monetary Fund (IMF) has required that such measures be taken before it will consider a standby accord to provide debt relief for Egypt.¹⁵

Support International Human Rights and Freedoms

This is the international component of the fourth national interest known as citizen growth and achievement. Just as Americans must be encouraged to grow and achieve, world citizens must be inspired to reach for new heights. The human development of the world's citizens is ultimately beneficial to the entire world. This proposition has long been a component of U.S. foreign policy and I strongly support its continuation, with one addition. We must preach the gospel of individual growth to the rest of the world with the same fervor that we promote free markets and democracy. History validates the principle. We just need to insure that it is well understood by every nation and every citizen on Earth. I have four proposals in this area.

Worldwide News Services

(1) Promote world news broadcasts (Cable News Network (CNN), British Broadcasting Corporation (BBC), Voice of America (VOA), and others) to provide multiple sources of information for citizens of the world. I was astonished to learn that in Saudi Arabia, CNN was restricted to just a one hour broadcast before the recent Persian Gulf War. Fortunately, there have been few restrictions on BBC,

VOA and other radio broadcasts.

Citizen Exchange Programs

(2) Extensive individual exchange programs with and between other nations will aid in "shrinking the world." International sports competitions, exhibitions, conferences and hundreds of similar get togethers promote understanding and reduce world tension. Sponsorship of foreign college students here in the U.S. is an especially effective means of promoting American values and world understanding. In 1987, there were over 300,000 students from Third World countries studying in the U.S.¹⁶ The western world has been doing these sorts of things successfully for decades. We need to incorporate more members of the Third World into these programs, even if the West picks up the tab.

Tourism

(3) Tourism is important for two reasons. It is a segment of the exchange programs suggested above and it provides an economic boost to the visited nation. The Caribbean offers an attractive destination for U.S. citizens, just as North Africa is a favorite vacation spot for Europeans. Recent American tours to the Soviet Union have been beneficial for citizens of both countries. Americans and Soviets see their counterparts not as ideological competitors but as human beings trying to improve the conditions of their existence and to enjoy the process.

Use National Power Judiciously

(4) The heavy weapons for the promotion of human rights are political, economic and military power. We have frequently used

the political and economic weapons with some effect, but have not really used our military power. I hesitate to criticize past decisions, but U.S. political and economic efforts to influence other nations have often been more painful to Americans than to our targets. The complexity of the world requires more dexterity in wielding the instruments of power and a better understanding of first, second and third order effects of any particular program or policy.

Foreign Strategy - Summary

One final thought. Human development has been underway for several thousand years. We Americans cannot complete the process in the next few years, or even the next few decades. It is, hopefully, an infinite endeavor that we can only assist -- not complete.

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CHAPTER SEVEN - MILITARY STRATEGY

When whole communities go to war -- whole peoples, and especially *civilized* peoples -- the reason always lies in some political situation, and the occasion is always due to some political object. War, therefore, is an act of policy. . . . Policy, then will permeate all military operations, and in so far as their violent nature will admit, it will have a continuous influence upon them.¹

Carl Von Clausewitz

No chapter on military strategy would be complete without an important quote from Carl Von Clausewitz. In this case, I have provided two quotes, the one that everyone knows and a less frequently quoted thought about the finality of war.

In War the Result is Never Final.

Lastly, even the ultimate outcome of a war is not always to be regarded as final. The defeated state often considers the outcome merely as a transitory evil, for which a remedy may still be found in political conditions at some later date.²

Carl Von Clausewitz

If war is the continuation of policy by other means and if victory in war is not the final result, how must we design our political and military strategies to achieve national interests and objectives. The answer seems clear at this point.

The interests and objectives of nations frequently clash. When they do, the intensity of the interest for both countries determines the amount of effort to be exerted. Strong conflicting interests will result in war of some type, if one or both nations believe that the cost of fighting a war, balanced against the probability of winning, will provide an adequate return on their investment. Therefore, there is an interim solution to preventing war and a long term solution. The interim solution is to make the

cost of war greater than any potential benefit. The longer term solution is to adjust and reconcile conflicting national interests.

The political and economic strategies that I have suggested will inevitably reduce or eliminate the conflicts of interests around the world to negotiable levels. While we're waiting for that happy day, the U.S. military must maintain a credible deterrent capability, fight to repel aggression when necessary, and, in peacetime, effectively use military forces to support our foreign and domestic objectives.

The recently concluded Persian Gulf War aptly demonstrated the foolishness of assuming the U.S. would not use military power to protect our interests. Whether we fought for oil or world order or both, Saddam Hussein badly miscalculated the level of U.S. interest in Kuwait and Saudi Arabia. Our success there will deter aggression in other parts of the world as well, if we, the UN, or another nation can convince potential aggressors that the costs of conflict will be greater than the benefits of conquest.

As mentioned in the previous chapter, our present force structure will readily meet U.S. military requirements -- deter, fight and win if deterrence fails, and support domestic and foreign strategies in peacetime. The question is whether or not U.S. military forces can be more productive, i.e. achieve the same results with fewer resources.

Detering Nuclear War

Chernobyl and Three Mile Island have verified for the current crop of world leaders that nuclear war is unwinnable and

unthinkable. The common perception is that the cost of aggression, if it results in a nuclear exchange, is far too high compared to any possible benefits. Ergo, the U.S. nuclear strategy of Mutually Assured Destruction (MAD) will continue to deter attacks in those areas of the world we consider important enough to either threaten the use or actually use nuclear weapons to defend. At present, the only two areas worth defending with nuclear weapons are North America and maybe Western Europe. Given the range of feasible scenarios, there are no U.S. interests in the rest of the world that could be threatened to the extent that we would use nuclear weapons to prevent aggression there.

Western Europe, with the dissolution of the Warsaw Treaty Organization, now has or can quickly assemble adequate means to protect itself against conventional attacks. Europe is vulnerable to a first strike by the Soviets and probably would require backup commitments from the U.S. nuclear arsenal. However, in my opinion, a preemptive nuclear attack against Western Europe would ultimately destroy the USSR, even if they were successful and the U.S. did not respond. The resultant environmental catastrophe, coupled with the economic consequences and world opinion, would hurl the Soviet Union and the rest of Europe back to the 16th or 17th century. Using this assumption, the options for U.S. military strategy in Europe are expanded considerably.

Nuclear war will be deterred at least as long as the U.S. retains the capability and national will to inflict fatal damages on any country that uses them. For deterrence, the number and

variety of nuclear weapons available must be sufficient to survive a preemptive attack and then kill the attacker. More than that is inefficient and a waste of national resources. I recommend the following modifications to our nuclear defense strategy.

(1) Unilaterally, reduce the current U.S. strategic nuclear arsenal to a credible deterrence level, plus a small percentage safety factor. Provide full details and verification capability to Soviets consistent with security requirements.

(2) Continue negotiations with the USSR to reduce stockpiles and delivery systems even further, with verifiable reductions in preemptive strike capabilities.

(3) Continue Strategic Defense Initiatives (SDI) to develop effective defenses against "accidental" attacks.

(4) Use political and economic muscle, in conjunction with the Soviets and other members of the nuclear club to stop the proliferation of nuclear weapons.

These changes to our nuclear defense strategy are relatively modest and low risk. Yet, they will potentially reduce the threat of nuclear conflict, as well as our military budget.

Deter or Win Conventional War

The likelihood of a conventional attack on U.S. soil is substantially less than a nuclear attack -- and that is minuscule. So, it is safe to assume for now that U.S. conventional forces will only be called upon to defend U.S. interests abroad. The question then is where and what U.S. interests, if threatened, would lead to the deployment of U.S. forces for their defense. Western Europe, Korea, and certainly the Arab Peninsula in the Middle East are areas of U.S. interest worthy of conventional defense. The Caribbean, Central America, and Lebanon are areas that recently sparked deployments of U.S. troops to quell internal problems.

Marines were sent into Liberia recently to evacuate U.S. citizens and will undoubtedly be asked to protect or evacuate Americans from other trouble spots in the future. But is there more that we need to be prepared to defend?

I say no. In fact, we should reexamine our plans to defend Western Europe conventionally. It is an area that the U.S. is vitally interested in, but they can defend themselves. The military potential of the Western European NATO allies is greater than the Soviet Union in every category except nuclear weapons. If we continue to provide a nuclear umbrella for Europe, are conventional forces also required? I think not.

The other frequently heard rationale for U.S. forces in Europe is the role we play as peacekeeper between historical enemies. While that was a critical mission for post World War II, conditions in Europe have changed dramatically in the last twenty years. And, the consolidation of the European Community, in 1992, will begin to invalidate that argument.

Turmoil in the Middle East will continue until higher standards of living are achieved, but unless the oil supply is threatened, the U.S. should not unilaterally send military forces to prevent aggression there. The same is true of Eastern Europe, South America, and Africa. There are no U.S. interests in these areas that warrant the projection of large military forces to defend them. Only the appearance of a tyrannical despot who gains regional hegemony with economic and military power, like Saddam Hussein, would be cause for alarm and the possible deployment of

U.S. military forces. The lone U.S. interest in Asia requiring conventional defense is South Korea. However, that threat can be reduced through negotiation with the Soviet Union and China.

Given this admittedly brief thumbnail sketch of potential threats to U.S. interests around the world, I propose the following military strategy for deterring and fighting conventional wars.

(1) Plan now for the withdrawal of U.S. conventional forces from Europe and Korea by the year 2000 or sooner.

(2) Negotiate basing rights for the current European force in either Egypt or Turkey. Egypt is preferable to avoid presenting a local threat to Turkey's neighbors. A strong U.S. presence centrally located in the Middle East will reduce tensions in the region, if the PLO issue is resolved. Also, Egypt can use the money.

(3) Continue existing naval presence in the Pacific and Atlantic with emphasis on port visits to developing countries to demonstrate U.S. military power projection capabilities.

(4) Maintain Air Force Bases around the world that will allow DESERT SHIELD type deployments to Western Europe, South Korea, Latin America and the Middle East.

Force Requirements for Military Strategy

Conventional forces are being reduced and revised for security threats anticipated in the future. In answer the questions about the future military force structure and capabilities we must first answer the questions, what will U.S. military forces be asked to do in the future and against what type of threat. President provided his thoughts on our future military capabilities in a speech to the Aspin Institute Symposium on August 2, 1990. He said,

We are entering a new era. The defense strategy and military structure needed to ensure peace can and must be different. The threat of a Soviet invasion of Western Europe launched with little or no warning is today more remote than at any other point in the post-war period. . . . Our task today is to shape our defense capabilities

to these changing strategic circumstances. . . . Our new strategy must provide the framework to guide our deliberate reductions to no more than the forces we need to guard our enduring interests -- the forces to exercise interests -- the forces to exercise forward presence in key areas, to respond effectively to crises, to retain the national capacity to rebuild our forces should this be needed.³

He also reaffirmed the U.S. commitment to Europe, stability in the rest of the world, and protection of American citizens around the globe. In developing forces to meet these strategic objectives, President Bush identified three major requirements; continued investment in R&D to maintain our technical advantage, improvements in our rapid response capabilities, and increases in our readiness to respond to crises anywhere in the world.⁴

Since the President's speech, DESERT STORM has demonstrated the strength and skill of U.S. conventional forces and perhaps provided us with a glimpse of the force we need for the next century. Its too early to extract explicit lessons learned from the Persian Gulf War, but there are some preliminary observations that may shape our future forces.

Lesson 1. Movement of heavy divisions is time consuming. If Saddam Hussein had been more aggressive, the delays in getting heavy forces on the ground in Saudi Arabia might have resulted in far more U.S. casualties.

Lesson 2. Overwhelming air superiority will lead to the destruction of mechanized and armor forces. The Iraqi Army was destroyed from the air. Ground forces completed the destruction by encircling and preventing the Army's escape. U.S. Army helicopters and Air Force A-10s and F16s killed the majority of Iraqi tanks.

Lesson 3. Sighting and targeting optics provided a significant advantage to the U.S. Both air and ground forces saw Iraqi military forces before being seen. We fired the first shots in almost every engagement which contributed to the lopsided loss-exchange ratios.

Lesson 4. Mobile ground forces were necessary to shape the battlefield and to create the ideal conditions for air attack.

Lesson 5. MLRS has several advantages over tube artillery, including mobility, range, and survivability.

Lesson 6. Precision munitions are very good and getting better, also very expensive.

Lesson 7. Denial of C3I to enemy significantly improves chances of success.

Lesson 8. Combat in the desert is unlike war in any other type of terrain. Lessons learned should be applied very carefully to combat in different environments.

These lessons may be modified or even contradicted after further study of Desert Storm, however, they seem reasonable at this point.

The next issue is what will U.S. military forces most likely be called upon to do in the future.

Mission 1. Noncombatant Evacuation Operations (NEO) seem to occur almost every year with some regularity and there is every indication that these requirements will continue.

Mission 2. Anti-terrorist operations will be a U.S. military mission for the foreseeable future.

Mission 3. Low Intensity Conflict (LIC) requirements seem to be declining. In the absence of Soviet or Chinese sponsorship, insurgents are or will become a much smaller problem for democratic governments. Additionally, U.S. political and economic pressure for government reforms will gradually reduce the popular support to insurgencies. For example, the commander of the Salvadoran rebels, recently announced that his movement wants a negotiated compromise to their conflict, that the insurgencies goals would be achieved through participation as an unarmed political movement. While these pronouncements came in the midst of renewed guerilla attacks, they do seem to portend a change in rebel tactics.

Mission 4. Police type operations against relatively small numbers of irregular forces were conducted in Granada and Panama. However, the potential for future operations of this type seems limited.

Mission 5. North Africa, the Middle East, and South Asia remain the most volatile areas in the world in which the U.S. has interests sufficient to justify troop deployments. The likelihood of further conflict will be determined by the various peace initiatives now being discussed in these regions. The demonstrated

will and capability of the U.S. to protect our interests in the region will discourage outright aggression for the next five to ten years, but beyond that it is unpredictable.

Mission 6. A major conventional war in Europe or Korea is very unlikely and would only occur after an extended build-up period.

The force structure necessary to respond to these potential threats is significantly different than today's. They must first of all be more mobile. Naval forces must retain the capability of operating in all of the world's oceans with an air and ground power projection capability. The Air Force must be capable of providing overwhelming air superiority in every Third World country in which U.S. interests could be threatened. The Army must be capable of rapidly deploying military forces that are effective against mechanized and armored forces as well as against insurgents.

All U.S. military forces must concentrate on increasing air mobility and decreasing reliance on ground mobility. That translates to the elimination of heavy tanks, the purchase of more helicopters and wheeled weapons systems, and more lethal individual weapons.

Conclusion

U.S. military forces must deter war and aggression detrimental to U.S. interests around the world. The greatest threat to U.S. interests has been and remains nuclear conflict. We must retain the capability to destroy any potential attacker. Conventionally, our forces must become more mobile, lethal and constantly ready. They must have the flexibility to fight and win a variety of conflicts, from police actions in any part of the world to a conventional war in the Middle East, Europe, or Asia. As we

continue to modernize our forces, we must develop and apply new technologies to weapons systems that retain the qualitative edge. By exploiting our national advantage in technology, we can remain the strongest military, economic, and political power in the world.

In the first report of the Secretary of Defense to the President, back in 1948, Secretary James Forrestal criticized our almost complete demilitarization at the end of World War II.

We scrapped our war machine, mightiest in the history of the world, in a manifestation of confidence that we should not need it any longer. Our quick and complete demobilization was a testimonial to our good will rather than to our common sense. International frictions which constitute a threat to our national security and to the peace of the world have since compelled us to strengthen our armed forces for self-protection.⁵

ENDNOTES

1. Carl Von Clausewitz, On War, edited and translated by Michael Howard and Peter Paret, Princeton, NJ: Princeton University Press, 1984, pp. 86-87.
2. Carl Von Clausewitz, On War, edited and translated by Michael Howard and Peter Paret, Princeton, NJ: Princeton University Press, 1984, p. 80.
3. Dick Cheney, Annual Report to the President and the Congress, Washington, DC: US Government Printing Office, 1991, p. 131.
4. Dick Cheney, Annual Report to the President and the Congress, Washington, DC: US Government Printing Office, 1991, p. 133.
5. Dick Cheney, Annual Report to the President and the Congress, Washington, DC: US Government Printing Office, 1991, p. x.

CHAPTER EIGHT - CONCLUSION

There is no doubt that the world has changed once again -- forever. As we look forward from the end of the Cold War and into the future, the view is misty. In such situations, people and nations should and must revert back to their roots -- to their basic values. For Americans, that is our belief in the individual, in personal freedom, and in liberty for people as well as nations. For 215 years the U.S. has supported and fought for the rights of individuals, their freedom of expression, their right to security and happiness. Now, as we gaze into the future, we must reaffirm those basic beliefs and values and then encourage the rest of the world to adopt them as their own.

Philosophers and psychologists have examined and continue to study the human animal to detect the principles for living that will result in contentment and happiness. Maslow developed his theory of a hierarchy of needs and philosophers contributed the notion of egoism. While these theories are criticized, there is a ring of truth in the fundamental ideas espoused. Both are used to define the purpose of government and to identify the national interests and objectives that are necessary for the continued growth and prosperity of Americans.

Unlike many lists of U.S. national interests; the derived set of national interests in

NATIONAL INTERESTS

- I. Adequate Standard of Living
- II. Internal Security
- III. External Security
- IV. Human Growth

chapter three included domestic, foreign, and military goals and objectives. Our increasingly complex and interrelated world has made them inseparable.

Like national interests, national strategy is the compilation of domestic, foreign and military strategies. However, in formulating these subordinate strategies, we need fundamental guiding principles or axioms to ensure that the disparate components are congruent and employ acceptable means to achieve national ends. The means selected also must be compatible with our American values. Chapter four presented and defended two principles. The first was that informing and educating the world's citizens will foster democratic government and free market economies. The second argued that boosting human productivity leads to a better quality of life for everyone by making the world more prosperous. Subsequent strategies, then, were based on these two guiding precepts.

The proposals for a domestic strategy addressed specific threats to U.S. national interests and are predicated on the two national strategy axioms. These solutions and plans for dealing with primarily domestic problems start by first focusing on individual productivity. Through informing, educating, and motivating individuals to become more productive members of society; poverty, economic decline, crime, illegal drug use, and the education crisis are resolved. By creating stronger communities and getting people involved with solving their own problems, self-esteem and a sense of belonging will begin to

enhance the productivity and happiness of each individual. With more efficient government and the proper incentives for corporate investment in productivity growth, the economy will pull up the standard of living of every American.

The foreign strategy described in chapter six is aimed at securing the same objectives for the world's citizens as the proposed domestic strategy provides for Americans. The U.S. prospers most, when the rest of the world is promoting individual and organizational productivity, providing individual rights and freedoms for every citizen, and operating in a free market, free trade environment. These conditions lead to tranquility, democratic governments and a substantially higher standard of living for everyone.

National military strategies must promote the political interests of the state and protect its citizens. The proposed military strategies in chapter seven increase the consequences of aggression for militant nations. Internal strife will be reduced first through economic and political assistance to eliminate the causes for unrest. Then, security forces, if required, may assist democracies in maintaining control of critical areas or components of their government. Forces necessary to implement this strategy are significantly different than the current structure of U.S. armed forces.

The capabilities of our armed forces for the late 1990s and 21st century must include, rapid deployability of overwhelming force and the flexibility to operate in any terrain against

everything from insurgents to heavy armored forces. We must be capable of controlling the Sea Lines of Communications, of achieving air supremacy over any potential Third World opponent, and of maintaining air parity with any nation or coalition.

The central theme of these revised national interests and strategies is the importance of the individual and the role of government in supporting the governed. However, the ideas in this paper are not risk free. Some or all of the strategies suggested may be politically treacherous or impractical. Long standing historical trends toward a more prosperous and peaceful world may go astray in the near future. Or, perhaps, the Soviet Union, the Germans, the Chinese, or even the Japanese will again seek world hegemony through the use of economic, political or military power. Nevertheless, regardless of the future, we Americans have arrived at the present with our original values intact and will undoubtedly retain them as we struggle into the 21st century. They have served us well for two centuries and will be the salvation of our future and the world's.

In summation, an editorial from The Wall Street Journal that has been printed on the Wednesday before Thanksgiving for the last 30 years, best captures the essence of the thoughts in this paper.

But we can all remind ourselves that the richness of this country was not born in the resources of the earth, though they be plentiful, but in the men that took its measure . . . We can remind ourselves that for all our social discord we yet remain the longest enduring society of free men governing themselves without benefit of kings or dictators. Being so, we are the marvel and the mystery of the world, for that enduring liberty is no less a blessing than the abundance of the earth.¹

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