

MORAN REPORT 2008: Section 9

Economic Freedom & Prosperity

(The Synergy Of The Free Market Place Applied)

The Critical & Missing Component Of U.S. Soft Strategy

A Primary Foreign Policy Initiative Blueprint

Peace Through Prosperity

Regional Sustainable Development Programs

And The

HELP Commission

*"National Foreign Affairs Panel Calls For Overhaul of State Dept." Glenn Kessler,
Washington Post, 12/09/07*

The United States must scrap the current structure of the State Department and radically reshape its foreign assistance, trade and diplomatic programs to create a super-size international affairs agency to meet overseas challenges, a majority in a congressionally mandated bipartisan commission [HELP Commission] will recommend tomorrow.

Bruce J. Moran
Strategic Planning Initiatives
Founder & Co-Chair

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Co – Chair

06/10/08 Advisor Release
07/31/08 General Public and Media Release

Management is doing things right; leadership is doing the right things.
Peter Drucker

Regional Sustainable Development Programs **and the HELP Commission**

"National Foreign Affairs Panel Calls For Overhaul of State Dept." Glenn Kessler, Washington Post, 12/09/07

The United States must scrap the current structure of the State Department and radically reshape its foreign assistance, trade and diplomatic programs to create a super-size international affairs agency to meet overseas challenges, a majority in a congressionally mandated bipartisan commission will recommend tomorrow.

While all 20 members of the HELP Commission agreed that the current foreign affairs structure is inadequate, a minority of three Democrats and one Republican dissented from the recommendation. The dissenters instead urged elevating foreign assistance and international development to a new Cabinet-level agency, according to a copy of the commission's final report.

Either proposal would be a significant departure for the United States. The proposals are intended to influence the next administration at a time when the debate over the U.S. role overseas has become a central feature of the 2008 presidential campaign.

Last month, Defense Secretary Robert M. Gates also called for strengthening "soft" power and integrating it better with "hard" power, which he said entails "a dramatic increase in spending on the civilian instruments of national security -- diplomacy, strategic communications, foreign assistance, civic action and economic reconstruction and development."

Mary K. Bush, a business consultant and chairman of the commission, said the idea of a "super-State" is "bold, very innovative, provocative," but she emphasized that it is one of many recommendations designed to bring rationality and structure to a system that is no longer working.

Over two years, the commission heard from 75 experts, and "no one walked in and supported the status quo," Bush said. "They all said this has to be fixed."

The commission will also recommend rewriting the 45-year-old law that governs foreign assistance programs, designing programs that collaborate more with business partners, and aligning trade and development policies to give trade preferences to recipients of aid so that the benefits of aid are not frittered away by high tariff duties.

The commission will call for establishing separate \$500 million funds that could be used when natural disasters or foreign crises occur.

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"National Foreign Affairs Panel Calls For Overhaul of State Dept." Glenn Kessler, Washington Post, 12/09/07 CONTINUED

The commission members, who were appointed by President Bush and congressional leaders, were tasked to review whether the current system of providing foreign aid is effective. *The commission "strongly believes that development should be elevated to equal status with defense and diplomacy and that dramatic changes to the existing structure are required," the report says.*

Secretary of State Condoleezza Rice has attempted to overhaul foreign aid efforts at the State Department, including elevating the foreign assistance chief to the level of deputy secretary, but many members appeared to view her efforts as wanting.

The recommendation to create a super-size agency was the subject of contentious debate, several members said. Under the commission's plan, the super-State would have four sub-Cabinet agencies, each reporting to the secretary of state. They would focus separately on trade and long-term development; humanitarian crises and post-conflict states; political and security affairs; and public diplomacy.

The commission will also call for a high-level position at the White House for coordinating policy for all U.S. government agencies involved in development and humanitarian programs.

"The sixty-year-old model for the international affairs community -- where diplomacy is housed at the Department of State with primacy over all other international affairs concerns in 'independent' agencies -- is fundamentally flawed," the report says.

Note: The Commission's recommendations are for the benefit of the incoming administration in 2009.

Advance freedom for the benefit of the American people and the international community by helping to build and sustain a more democratic, secure, and prosperous world composed of well-governed states that respond to the needs of their people, reduce widespread poverty, and act responsibly within the international system.

2008 U.S. State Department – U.S.A.I.D.

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**A SECOND LOOK AT STATE DEPARTMENT AS COORDINATOR
OF NATION-BUILDING [RECONSTRUCTION] AND U.S. SOFT
POWER COUNTER TERRORISM**

In his December 2007 Washington Post article on “Overhaul of the State Department” Glenn Kessler reports that the big reform the HELP Commission recommends is that the Secretary of State become the Commander in Chief of foreign affairs over these areas:

1. **P**olitical and security affairs (e.g., nuclear proliferation, U.S. intervention in Bosnia, India-Pakistan hostile relations etc.),
2. **T**rade and long-term development,
3. **H**umanitarian crises and post-conflict states,
4. **P**ublic diplomacy

The principal problem here is that the State Department has little record of success in shaping and managing strategies for building national free-market political and economic systems.

We have only to recall that the State Department did not meet the test when it was responsible for creating actionable strategic plans and operations in late 2002 prior to post-invasion Iraq. The Department came forth with multiple expert papers on pertinent topics, but did not produce a cohesive action-based strategy, according Former Under Secretary of Defense for Policy Douglas Feith. A cohesive strategy would call for provision:

- *For basic security of the people in transitional states*
- *For conditions and institutions required for the economic survival and personal economic freedom of the population.*

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The State Department lacks the credentials and track record for conceiving and orchestrating strategies that enable other countries to:

- a. Develop robust systems of national and global trade,**
- b. Build national economic and political systems which protect human dignity and individual property rights,**
- c. Transform post-conflict states into Economic Freedom Civil Opportunity Societies,**
- d. Encourage Ordinary People to cherish and defend individual liberty and freedom as a basis for the conduct of U.S. public diplomacy which advances mutual respect between peoples abroad and Americans.**

However, in areas a) through d) (above), U.S. independent departments and agencies have applied their experience and know-how to spur unfree-countries to modernize practices and institutions to accomplish U.S. Economic Freedom and Prosperity objectives. Accordingly, we recommend vesting the independent agencies with authorization and budgets to expand and intensify their efforts overseas, in accord with White House foreign policy guidance, time frames and standards. What's missing at the Department of State is a foreign affairs culture with a mind-set ready to encourage nationals abroad to develop free market business systems founded on principles of individual liberty and economic freedom.

Department of State personnel have virtually no respect for the commitment to recognizing profit-making enterprises as alternatives to government services for achieving market-based growth and democratic processes overseas or meeting the needs of people for dramatically reducing poverty. In sum, State personnel excel in conducting negotiations to secure U.S. interests in state-to-state and inter-state affairs. However they are not experienced or equipped to guide and oversee U.S. global strategies that diffuse individual political and economic power to Ordinary People – conditions which are central to an Economic Freedom Dimension of U.S. foreign policy that diminishes terrorist operatives and networks.

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Given these gaps in nation-building skills, it would be a serious mistake to task the State Department with policy and oversight responsibility for trade and long-term development, post-conflict states and interactive public diplomacy. Policy and operational responsibilities for these functions must be placed elsewhere in the U.S. Government – in agencies and departments having personnel and experience to deal with national and cross-border free market systems, and the legal, judicial and commercial institutions entailed. Agencies assigned these functions should report regularly to the White House, meaning the National Security Adviser and the Office of Management and Budget.

Nations with deep deficits in the institutions and practices of Economic Freedom are destined to languish for years before their populations can prosper by taking active part in the global market. **The requisite national institutions and practices are defined, analyzed and measured, country-by-country, in the Indexes of Economic Freedom issued each year by the Heritage Foundation / Wall Street Journal, Fraser Institute and International Property Rights Alliance. The approach used by nations is spelled out by Hernando De Soto in his COUNTRY STRATEGY COMPONENTS FOR ECONOMIC FREEDOM & PROSPERITY**

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

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

Source: Moran - Johnson SPI 2005.

10 AREAS OF FOCUS FOR ECONOMIC FREEDOM & PROSPERITY:

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

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

11 PRIMARY INSTITUTIONS OF FOCUS ON ECONOMIC FREEDOM & PROSPERITY

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

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

COUNTRY STRATEGY COMPONENTS FOR ECONOMIC FREEDOM & PROSPERITY:

1. *Engage with Heads Of State and legislators in discussions about institutional political and economic systemic reforms which diffuse power to the local leaders and ordinary people;*
2. *Enable Governors to institute a comprehensive & all-inclusive titled property rights system introduced in stages and over time;*
3. *Enable provincial and local leaders to implement programs to create and manage Legal Property Rights Systems;*
4. *Give the poor access to property rights;**
5. *Address the most pressing economic and social problems;**
6. *Allow poor and marginalized people to govern their rights collectively by dividing labor, combining assets, and assigning responsibilities productively in their own enterprises;**
7. *Advance property rights and business organizations giving citizens the ability to obtain identity in the expanded market;*
8. *Allow both physical and intellectual assets to be converted into capital;*
9. *Provide an effective means to title small businesses;*
10. *Establish a means to enforce rules and contracts;*
11. *Move business and real estate holdings from the underground economy into the economic mainstream;*
12. *Provide a real solution to offset failure of various economic systems using media to demonstrate to each social group the benefits of property formalization, whether it be extralegal, the business community, the bureaucracy, or other specific groups;*
13. *Allow beneficiaries of assets easy transfer of entitled assets. Give beneficiaries of property rights ways to access instruments and systems that store and transfer the value of their assets, such as through, wills, shares of corporate stock, patent rights, promissory notes, and bills of exchange.*

** Not accomplished because of the failure of top-down governments e.g., programs – policy - projects*

Source of Economic Freedom Country Components: Institute For Liberty and Democracy, Hernando De Soto, President. Property Rights Reform

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The United States can encourage leader states to provide the necessary base and framework for meaningful Regional Sustainable Development Programs. As freedom, independence and sovereignty is achieved through regional programs, participating nations will become constructive, contributing regional power forces which support ideals of the U.N.

When countries become economically free, fostering Economic Freedom Civil Opportunity Societies, they, as sovereign free and independent nations, will work to support each other's democratic and economic free market interests. Thus, such countries tend to become allies rather than a National Security threat to the United States. Such countries can work with the great vision we held up for the United Nations when it was in its infancy. As more countries experience Economic Freedom and Prosperity, the United Nations will support the objective and work to unite nations under one roof with a common cause. Each nation will have a constructive interest for promoting peace and prosperity by expanding their leadership in Regional Sustainable Development Initiatives.

TWO LEADERSHIP ROLES FOR THE STATE DEPARTMENT

The State Department is uniquely positioned to guide and coordinate two dynamic elements of the U.S. Economic Freedom and Prosperity Initiative. These are: 1) The Regional Sustainable Development Program and 2) Productivity Teams described below. (Read about these undertakings on pages 231 to 233).

The State Department can provide invaluable service to experiential Public Diplomacy by sponsoring and overseeing Productivity Team visits to the United States. Team members are composed of natural leaders from enterprise, local government, labor and civil society. Team members, drawn from the productive sectors, are the actual producers, marketers, organizers and administrators who take the risks and do the work of the country. They account for its gross national product. Team members travel to the United States for two week work/study free-market system orientation and familiarization tours. They see first hand how Americans in business, civil society, schools, places of worship, and government work in tandem to produce results and achieve common goals.

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Suffice it to say, through Marshall Plan Productivity teams, some 25,000 foreign visitors came to the United States and saw first hand America's electrifying connectivity in practice in private, voluntary and public sectors. They went home with new ideas about how to charge up and transform their own communities. Ideas they picked up here inspired and guided their own endeavors for years afterwards. Later evaluations of the effectiveness of Marshall Plan programs concluded that Productivity Teams rated at the top of the list for success in transferring not only technical and managerial know-how, but also for inculcating the secrets of how democratic processes work in the marketplace and with governing centers of rural areas, cities and towns, and across America.

REORIENTING THE U.S. FOREIGN SERVICE TO SUCCEED
GLOBALLY IN ECONOMIC FREEDOM AND SOFT POWER ANTI-
TERROR

Retooling the education of our Foreign Affairs personnel to embrace the dynamics of business, economics, public administration and freedom institutions is of paramount importance. The knowledge required is not that much different from what United States business officials and executives know and apply when they go overseas. They have a business plan, a strategy and a way to execute the plan to sustain a company. Hence, practical educational business and economic curriculums need to be established within the USG Economic Freedom & Prosperity Soft Strategy Initiative for current Foreign Affairs personnel.

Professional staff -- across the board in the U.S. Foreign Affairs Corps -- need to have their job descriptions and responsibilities changed to reflect goals and objectives of the Economic Freedom and Prosperity Initiative. In particular, staff will become acquainted with components in the Indexes of Economic Freedom mentioned above. They will consider and recommends hands-on and technology transfer programs for countries that take an interest in building indigenous institutions and effecting changes that will enable countries to become centers of Economic Freedom and Prosperity. Choices made are in the hands of the country, in response to desires and priorities of Ordinary People. Results concerning progress made within the separate

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countries toward creating governance and Rule of Law conditions in Economic Freedom Indexes will be described in periodic evacuating reports provided the Executive Branch and Congress.

**SPREADING ECONOMIC FREEDOM AND PROSPERITY SHORES
UP U.S. NATIONAL SECURITY IN TROUBLED COUNTRIES**

The Economic Freedom and Prosperity Soft Strategy initiative, countering terrorism and empowering Ordinary People with knowledge, management skills and power to make and carry out personal decisions within pluralist societies is of paramount importance today.

Times have dramatically changed. Our systems of investing and reporting funding need to change dramatically to reflect America's security and prosperity objectives in the War on Terror. An important end goal will be to diminish the cohorts of angry youth who choose to join radical Islamists, mobsters or oppressive strong-men because they have no bigger dreams, or no ways for fulfilling personal dreams on their own through exciting, entrepreneurial channels. To ensure American tax dollars do not get into the wrong hands, we must find and work with governors and citizens who strive to build conditions that open up opportunity and diffuse economic and political power broadly throughout the population. The power to protect ones' own home and family and to earn ones' livelihood without fear of abuse by others, underlies the most basic of economic and political freedoms.

END EXECUTIVE SUMMARY

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A DEEPER LOOK AT STATE DEPARTMENT AS COORDINATOR OF NATION-BUILDING [RECONSTRUCTION] AND U.S. SOFT POWER COUNTER TERRORISM

In his December 2007 Washington Post article on “Overhaul of the State Department” Glenn Kessler reports that the big reform the HELP Commission recommends is that the Secretary of State become the Commander in Chief of foreign affairs over these areas:

1. **Political and security affairs** (e.g., nuclear proliferation, U.S. intervention in Bosnia, India-Pakistan hostile relations etc.),
2. **Trade and long-term development,**
3. **Humanitarian crises and post-conflict states,**
4. **Public diplomacy**

The principal problem here is that the State Department has little record of success in shaping and managing strategies for building national free-market political and economic systems.

Manuel Miranda: Readers should also be aware of the *Miranda critique* of Embassy Baghdad's management of the reform and reconstruction effort in Iraq. As reported by Jonathan Karl of ABC News on February 8, 2008, Manuel Miranda, in a "Department Assessment of Embassy Baghdad" memo to U.S. Ambassador Ryan Crocker and "all concerned" at the State Department, opined that the *State Department's efforts in Iraq are so poorly managed they "would be considered willfully negligent if not criminal" if done in the private sector.* "You are doing a job for which you are not prepared as a bureaucracy or as leaders," Miranda writes. "The American and Iraqi people deserve better." Mr. Miranda served for the past year in the Embassy, Office of Legislative Statecraft. His report, entitled "General Assessment," includes sub headers of "Inadequate Management Profile, False Premises, and Information Flow and Management." A second section is entitled "Specific Assessments," with sub header categories of

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"Legislative Benchmarks, Rule of Law, and Conclusions." The full memo is available on the web. (See: "Departure Assessment" ...

See: (mountainrunner.us/2008/02/departure_assessment_of_embass.html)

Susan Duclus, AKA Spree, posted these comments on February 11, 2008. "Mr. Miranda is a Bush supporter...as well as being completely supportive of our actions and ultimate goals in Iraq. His memo was submitted as a 'unique opportunity for the evaluation and oversight of the Foreign Service and the State Department bureaucracy and competence, whether it is a service at war or peace"... Further "Foreign Service officers, with ludicrously little management experience by any standard other than your own, are not equipped to manage programs, hundreds of millions of funds, and expect human capital assets needed to assist the Government of Iraq to stand up. It is apparent that, other than diplomacy, your only expertise is your own bureaucracy, which inherently makes State Department personnel unable to think outside the box or beyond the paths they have previously taken."

State Department objectives of helping to build "states that resound to the needs of their people and reduce widespread poverty" cause operating U.S. agencies to invest enormous amounts of U.S. public funds to build foreign government welfare systems and institutions "to meet needs of the people and reduce poverty." For years the U.S.G. primary focus has NOT BEEN to empower Ordinary People to choose and pursue their individual entrepreneurial capabilities to meet their own needs or to rise out of poverty. . This would be the free-market approach to economic growth. For people to exercise economic freedom of this sort what is required is a transformation of systems of government so that political and economic power devolve to the people. The shift in power allows the people to direct and control the government rather than to be subjected to manipulation of bureaucrats and despots.

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John Taylor, in a November 1, 2007, Washington Post article entitled "The Empty Chair at the Iraq Hearings," identified and recommended actions to make up for the missing elements of the U.S. post-invasion strategy in Iraq. He was Treasury Undersecretary for International Affairs from 2001-2005. He is an economics professor at Stanford and senior fellow at the Hoover Institution.

“Effective foreign policy requires paying close attention to economics, not just security and politics. Policy often falters in practice because the economic or financial aspect is overlooked.

"(Beyond conducting monetary policy, controlling inflation and other macro-economic issues), there is much more that we and the Iraqis should be doing . (Let me) testify today on the importance of this third pillar of our policy. (note: i.e., attention to the creation of a friendly business climate for Iraqis, creation of business organizations, and the securing of shipments of Iraqi products and key raw materials for industry and agriculture... the economic freedom infrastructure for human survival and prosperity.)

“My strong recommendation is: As soon as Gen. Petraeus and his coalition forces secure an area -- a neighborhood or a town -- we should immediately focus as best we can on the economic part of our mission. Help businesses reopen and hire people, especially young people who might otherwise join the enemy. Establish organizations of entrepreneurs to tell us and the Iraqi government what they need. Build industrial enclaves if necessary. Work with Iraqis to provide security for shipments of products and key raw materials for manufacturing or agriculture.

“You have heard much about the need to secure an area before significant political progress can be made; the same is true for economic progress. But economics is quicker than politics. We should move in economically even

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before our teams start helping on political reconciliation. If the environment is secure, entrepreneurs -- both Shiite and Sunni -- can create jobs much more quickly than politicians can reach agreement, let alone pass legislation. Job creation, the economic integration of communities and the taste of prosperity will accelerate political reconciliation and the achievement of our ultimate objective in Iraq."

John Sullivan: The distinction between "economic development" and "economic freedom" was made clear by John D.Sullivan, Executive Director of the Center for International Private Enterprise [CIPE], during his March 1, 2006, remarks at the Heritage Foundation on President Bush's Inaugural Speech. He said:

"In recent years, many scholars and, I regret to say, many of those who design and implement foreign policy and foreign aid have confused economic development with economic freedom. Economic development is surely a good end, yet it is often pursued through statist means. Societies which have adopted the approach of creating economic freedom through private property, rule of law, and other key institutions are building economic growth through and on the basis of freedom and liberty.

"For many years now, we at CIPE and our friends at Heritage have worked with HERNANDO DESOTO who is very well known to many of you. Hernando's message is simple. AS LONG AS 30% TO 50 % OF THE PEOPLE OF DEVELOPING COUNTRIES ARE LOCKED OUT OF THE SYSTEM THROUGH WALLS OF RED TAPE, THEY ARE DENIED THE ECONOMIC FREEDOM NEEDED TO BUILD THEIR LIVES.

"This same point is made over and over in the Heritage Index of Economic Freedom. It is at the heart of programs that we are supporting at CIPE in places like Russia where there is a dangerous erosion of freedom going on.

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"All too often, a grand vision – such as President Bush's call for freedom and liberty – remains only a grand vision in the day to day work of foreign policy and foreign assistance programs. That would be a tragedy for this vision, understood in its entirety, does constitute a departure from business as usual."

Douglas Feith: We have only to recall that the *State Department did not meet the test when it was responsible for creating actionable strategic plans and operations in late 2002 prior to post-invasion Iraq. The Department came forth with multiple expert papers on pertinent topics, but did not produce a cohesive action-based strategy, according to Former Under Secretary of Defense for Policy Douglas Feith. The strategy needed to combine provision for basic security of the people and for the economic survival and prosperity of the population.*

"The measure of success is not whether you have a tough problem to deal with, but whether it is the same problem you had last year."

John Foster Dulles
U.S. Secretary of State 1953 to 1959

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- d. Encourage Ordinary People to cherish and defend individual liberty and freedom as a basis for the conduct of U.S. public diplomacy which advances mutual respect between peoples abroad and Americans.**

What's missing at the Department of State is a foreign affairs culture with a mind-set ready to encourage nationals abroad to develop free market business systems founded on principles of individual liberty and economic freedom. State personnel have virtually no respect for the commitment to recognizing profit-making enterprises as alternatives to public services for meeting the needs of people for dramatically reducing poverty. They have scant knowledge of what causes private businesses to be profitable or how competition spurs the dynamics of creative destruction.

State personnel excel in conducting negotiations to secure U.S. interests in state-to-state and inter-state affairs. However they are not experienced or equipped to guide and oversee U.S. global strategies that diffuse individual political and economic power to Ordinary People – conditions which are central to a new Economic Freedom Dimension of U.S. foreign policy.

Given these gaps in nation-building skills, it would be a serious mistake to task the State Department with policy and oversight responsibility for trade and long-term development, post-conflict states and interactive public diplomacy. Policy and operational responsibilities for these functions must be placed elsewhere in the U.S. Government – in agencies and departments having personnel and experience to deal with building national and cross-border free market systems, and the legal, judicial and commercial institutions entailed. Agencies assigned these functions should report

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regularly to the White House, meaning the National Security Adviser and the Office of Management and Budget.

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REGIONAL SUSTAINABLE DEVELOPMENT PROGRAM – PATH TO CROSS-BORDER AND COUNTRY GROWTH

When a foreign country can effectively defend and protect its citizenry, it can shine a light for neighboring nations to follow in its immediate locale and region. Hence, this is a call to streamline and clarify the U.S. Foreign Affairs mission, goals and objectives by putting our fingers on tangible regional and country initiatives so people in nations can grow and prosper, to become free, independent and sovereign. As a major Initiative, the United States can encourage leader states to provide the necessary base and framework for meaningful Regional Sustainable Development Programs for a path to cross-border and country growth.

As freedom, independence and sovereignty are achieved such nations will naturally gravitate to become constructive contributing regional power forces that support ideals of the United Nations. A foreign country's leaders, diplomatic core and citizens need to be most diligent in learning and knowing how to get the respective countries' economically back on their own two feet.

When countries become economically free, fostering Economic Freedom Civil Opportunity Societies, they, as sovereign free and independent nations, can work to support each other's democratic and economic free market interests through Regional Sustainable Development Programs. Thus, such countries tend to become allies rather than a National Security threat to the

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United States. Such countries can work with the great vision we held up for the United Nations when it was in its infancy.

As more countries experience Economic Freedom and Prosperity, the United Nations will support the objective and work to unite nations under one roof with a common cause. Each nation will have a constructive interest for promoting peace and prosperity by expanding their leadership in Regional Sustainable Development Initiatives.

TWO LEADERSHIP ROLES FOR THE STATE DEPARTMENT

The State Department is uniquely staffed and organized to guide and coordinate two dynamic elements of the U.S. Economic Freedom and Prosperity Initiative. These are: 1) The **Regional Sustainable Development Program** and 2) **Productivity Teams** described below.

1) Regional Sustainable Development Program

The Regional Sustainable Development Program is launched with broad-based infrastructure and practical education projects in one or more countries having common development interests. The State Department can encourage countries to work together in these beneficial regional development programs. The Program offers states a political, environmental, economic, public policy and policing/military development-driven Initiative that responds to the interests and needs of the present without compromising the ability of future generations to meet their own needs.

A particular RDSP project offers the opportunity for input (transparency and feedback) by provincial and local officials, national country leaders and Ordinary People to the selection, design, and execution of the endeavor. The project provides Bottom-Up experience in governance and development.

Aside from security and other immediate and severe issues (national disasters, pandemics, etc.), *a key purpose of a RSDP is to open up cross-border trade and investment opportunities with liberalizing economies functioning on the local, regional, national and international level. The multiple country program opens up ways for citizens to participate in and to prosper in the global economy.*

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TWO LEADERSHIP ROLES FOR THE STATE DEPARTMENT

The RSDP- Project offers citizens a motive and path for breaking out of the informal sector, underground economy and black market. By involving citizens in decision-making from the beginning, RSDP- Projects address the “real factors” that keep Ordinary People operationally working in the “shadow economy.”

Collaborative measures and resources started within a host country, augmented by resources and know-how of each country joining a RSDP, will help instill the idea that a country is not alone when it acts to “reach out” to other countries to remove constraints it cannot handle alone. Simply stated, the resources, manpower and assembled (participatory) knowledge of the RSDP are stronger than any one nation, but each nation stands on its own two feet. Each nation develops and applies its own policies, Rules of Law, Property Rights, court systems, and constitution in accordance with how its citizens are predisposed through their own historic and pragmatic traditions.

2) Productivity Teams

The State Department can provide invaluable service to experiential Public Diplomacy by sponsoring and overseeing Productivity Team visits to the United States. Team members are composed of natural leaders from enterprise, local government, labor and civil society. Team members, drawn from the productive sectors, are the actual producers, marketers, organizers and administrators who take the risks and do the work of the country. They account for its gross national product. Team members travel to the United States for two week work/study free-market system orientation and familiarization tours. **They see first hand how Americans in business, civil society, schools, places of worship, and government work in tandem to produce results and achieve common goals.**

Some 25,000 foreign visitors came to the United States during Marshall Plan and saw first hand America’s electrifying connectivity in practice. They went home with new ideas about how to charge and spur their own communities to interconnect. Ideas they picked up here inspired and guided

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their own endeavors for years afterwards. Evaluations of the effectiveness of Marshall Plan programs afterwards concluded that Productivity Teams rated at the top of the list for success in transferring not only technical and managerial know-how, but also for inculcating the secrets of how democracy works in the marketplace and legislatures of rural areas, cities and towns, and across America.

SHORTFALLS IN U.S. FOREIGN POLICY AND OPERATIONS

Quite importantly, there are certain shortfalls in our approach to the Foreign Affairs system [its strategic purpose and tactical functions], which we need to take stock of. That is, our U.S. Government is:

- a. No longer fleet on its feet, but moves like a hippopotamus out of water sometimes stumbling on its own feet i.e., working with other countries from a Top-Down framework when Bottom-Up solutions are called for.
- b. A government that is heavily laden with bureaucracy and politics,
- c. Not always clear in its common purpose for an overall foreign policy mission. This leaves competing U.S. agencies and departments working without connectivity,
- d. Not providing a sound and practical foreign policy framework with benchmarks for Economic Freedom and Prosperity,
- e. Not always prepared to access the economic and financial metrics which empower natural country leaders and ordinary people to use their viable economic resources in the local, provincial and regional areas -- moving people and their leaders out from the underground economy, informal sector and black market into the formal sector.

"Culture does not change because we desire to change it. Culture changes when the organization is transformed; the culture reflects the realities of people working together every day."

Frances Hesselbein

The Key to Cultural Transformation, Leader to Leader (Spring 1999)

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SHORTFALLS IN U.S. FOREIGN POLICY AND OPERATIONS

- f. Not applying Economic Freedom preventative and creative measures to correct, offset, or neutralize problematic situations from the onset – as a pathway for putting power into the hands of the people to defend against dictators, tyrants, drug cartels, insurgents, local strong arming bullies and corrupt government officials.

Agencies and departments in the U.S. government are prone to be stand alone units that are self contained. They both cooperate and compete with the State Department, depending on their assigned and budgeted responsibilities. Because they are tasked with differing assignments, there is nothing wrong with having U.S. Government agencies and departments standing alone and being self contained, except such a large bureaucratic structure is not conducive for achieving effective connectivity. Foreign Affairs agencies must solidify their efforts to work collaboratively to produce coordinated results. This must be done with guidance directly from the White House, with results reviewed by the National Security Advisor and Office of Management and Budget. The outcome will be a united U.S. Foreign Policy and Strategy.

To succeed, U.S. agencies and departments will then: 1) not work at cross purposes 2) not duplicate each other's efforts and 3) not directly or indirectly jeopardize National Security interests. To upgrade effectiveness of U.S. Foreign operations, connectivity needs to be established between the entire U.S. Foreign Affairs Corps in all agencies and departments. U.S. professional Foreign Affairs staff must be both economic and business "operations" savvy not only to account for where U.S. tax payer monies are going, but also to understand how operations are being carried out on the ground so that appropriated monies are NOT wasted via bureaucracy, corruption, duplication of effort, inefficiency, mismanagement, wrong project design or infrastructure development unsuitable for or unsustainable by the local people.

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A major problem occurs when sound standards and practical protocols are NOT in place for Foreign Affairs personnel to understand and follow. The U.S. Foreign Affairs personnel must comprehend: a) a country's economic and business fabric, b) the developmental and sustainability factors of commerce in a country and c) why, how and to what extent free markets are not coordinated and not working on the local, regional and national levels. This assessment of country mission and strategies goes beyond the spurious type of U.S. field reporting that is now occurring.

REORIENTING THE U.S. FOREIGN SERVICE TO SUCCEED IN ECONOMIC FREEDOM WORLDWIDE

Retooling the education of our Foreign Affairs personnel to embrace the dynamics of business, economics, public administration and freedom institutions is of paramount importance. The knowledge required is not that much different from what United States business officials and executives know and apply when they go overseas. They have a business plan, a strategy and a way to execute the plan to sustain a company in a particular country [region]. These officials and executives have tactical measures with feedback mechanisms in place to see if the strategy is working so that they can:

1. **Discontinue operations and fold up shop to reduce losses**
2. **Increase funding for the business to maintain, sustain and expand operations,**
3. **Monitor and control operations to improve and influence country business climates by addressing the ever changing economic, social, and political climate to carry out strategies and tactical operations.**

Hence, practical educational business and economic curriculums need to be established within the USG Economic Freedom & Prosperity Soft Strategy Initiative for current Foreign Affairs personnel. Such curriculums must be a requirement for new and current State Department staff as well as a requirement for new and current staff of other Foreign Affairs units.

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Curriculums should equip the Foreign Affairs Corps with a basic working knowledge of the Rule of Law and a country's customs and heritage. In this, the U.S. Foreign Affairs Corps become sufficiently educated and knowledgeable in:

- a. **Whether** a country is or is not fiscally responsible to work within the framework of a *Regional Sustainable Development Program*,
- b. **What** are the strengths and weakness of a foreign country's government policies in establishing free-market based systems open to all individuals,
- c. **Who** are the natural leaders and players who can participate as "*Productivity Team*" members [foreign nationals who travel to the U.S. for 2 week work/study free-market system familiarization tours],
- d. **How** a country is responsible and accountable for spending authorized U.S. tax dollars,
- e. **How** a country is handling funding from the U.N., World Bank, IMF and private non-government sources,
- f. **How** a country effectively or ineffectively works with Non-Government Organizations [NGO'S],
- g. **How** NGO's are managing and accounting for our U.S. dollar financed projects; and how NGO's do or do not contribute to the mission of the U.S. Economic Freedom and Prosperity Initiative,
- h. **How** a country is making headway in getting themselves up and running as an independent, free and sovereign nation – taking due account of how and whether economic and political power incrementally devolves to the people.

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With an established Economic Freedom and Prosperity Initiative, Foreign Affairs personnel will be fully accountable and responsible to report up the chain of command; and likewise fully accountable and responsible in reporting down and across the chain of command to execute White House directives on the Initiative.

THROUGH REGIONAL SUSTAINABLE DEVELOPMENT PROGRAMS, COUNTRIES WORK TOGETHER

When countries become economically free in an Economic Freedom Civil Opportunity Societies, they, as sovereign free and independent nations, work to support each other's democratic and economic free market interests. Thus, such countries tend to become allies rather than a potential National Security threat to the United States. Hence, such countries can work with the great vision we held up for the United Nations when it was in its infancy. As more countries experience Economic Freedom and Prosperity, the United Nations will support this objective and work as a vehicle to unite nations under one roof with a common cause. Each nation will have a constructive interest for promoting peace and prosperity through Regional Sustainable Development Initiatives. These regional Programs become a fitting instrument for the State Department to foster as a means for building *connectivity* between countries.

CONNECTING THE DOTS IN FOREIGN AFFAIRS

As the dots are disconnected in Foreign Affairs, the United States gets in progressively worse shape each successive year. Our major shortcoming is that we are failing to 1) to properly represent ourselves for what we stand for and 2) explain thoroughly how we got to be a super power force through our system of constitutional principles and good governance so other nations can observe, emulate and adapt what they find worthwhile.

Over the last 40 years, the United States Government [USG] has grown in size and stature. It is most impressive to be in Washington seeing our government at work. The Greater Washington D.C., White House, Executive Branch, Supreme Court, and Congressional area is immense. It is

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awesome in power and strength. At the same time, it is slow, bureaucratically and politically locked down causing many problems, especially when the head can not effectively talk with execute directives to its mid-level and lower grade level work force. We all know what 'connect the dots' means from the 911 Commission Report and Katrina. It means all departments and agencies from Top-down need to effectively communicate and work with each other in inter-agency communication, evaluation systems -- operationally and tactically Bottom-up. Provision for this 'CONNECTIVITY' is what is missing from the HELP COMMISSION.

CONNECTIVITY MISSING FROM HELP COMMISSION

The recent HELP COMMISSION Report on foreign affairs (12/07/07), pursuant to Public Law 108-199, highlights the deep endemic problems in the State Department in administering, coordinating, managing and planning foreign affairs and public policy to accomplish peace and prosperity. Without a Presidential directive on Economic Freedom and Prosperity with continuous oversight from the White House to achieve this objective, America's policy for political and economic freedom will not materialize.

The HELP COMMISSION Report recommends that the State Department be elevated to a SUPER SIZE AGENCY with four sub-Cabinet agencies given more direct oversight capability, each reporting to the Secretary of State: 1) Political and Security Affairs 2) Trade and long term development; 3) Humanitarian Crisis and Post-Conflict states; and 4) Diplomacy. The HELP Report does not make clear how overseas operations in these areas would be forged into an overall U.S. foreign policy freedom goal. The goal is achieved when economic and political power is diffused to and amongst the people in separate countries including Iraq, Afghanistan, Pakistan, Russia, Indonesia, China, India, South Africa, Argentina, Brazil, and Chile.

The Help Commission does not address how the State Department will advance the Economic Freedom and Prosperity Initiative policy which is an all encompassing Initiative for peace and prosperity worldwide. When asked in a public forum to briefly state the purpose of U.S. Foreign Policy, George Schultz, Secretary of State under President Ronald Reagan, answered: it was to pursue and achieve peace and prosperity.

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In addition to the State Department, individual U.S. departments and agencies will need to respond to Presidential guidance on the Economic Freedom and Prosperity Initiative. Administering agencies will require authorization and allocations of funds to carry out operations over a decade, consistent with agreed U.S. standards and practices.

FOREIGN SERVICE STAFF WILL FOSTER CHANGES IDENTIFIED IN ECONOMIC FREEDOM INDEXES

Professional staff -- across the board in U.S. Foreign Affairs Corps -- need to have their job descriptions and responsibilities changed to reflect goals and objectives of the Economic Freedom and Prosperity Initiative. In particular, staff will become acquainted with components in the several Indexes of Economic Freedom published by The Heritage Foundation and Wall Street Journal, and the International Property Rights Alliance [as well as those of the Fraser Institute]. The Professional staff will also identify and recommend U.S. hands-on and technology transfer programs. These programs will be for countries that take an interest in building indigenous institutions and in effecting changes that will enable them to become centers of Economic Freedom and Prosperity in a Civil Opportunity Society. Choices made are in the hands of the country, in response to the desires and priorities of Ordinary People. Results concerning progress made by the separate countries toward creating governance and Rule of Law -- conditions required for Economic Freedom Indexes -- will be described in periodic evaluation reports provided to the Executive Branch and Congress.

We only have to look to the practices and institutions of our own country's foundation, and the effort and energy marshaled to realize vast array of changes required, to ascertain the direction we should go in repointing our Foreign Policy and Operations -- so that we encourage others to build full Economic Freedom Civil Opportunity Societies. Effective foreign policy programs with appropriate funding should have benchmarks showing where countries are encircling their wagons around an Economic Freedom Civil Opportunity Society bolstered with economic opportunity and general prosperity. If benchmarks are not in place for self correction, how and why should America keep funding a country --giving material support to leaders

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and their cronies who have shown no real interest in their countries' economic progress to improve the lot of the "average" citizen. The argument for an Economic Freedom and Prosperity Soft Strategy Initiative does not get any simpler than that.

The United Nations and programs jointly funded with the U.S. should also have these evaluation protocols in place. This is particularly important for projects in Regional Sustainable Development Programs.

We should also expect NGO's to include measures and designs fostering Bottom-Up links between Ordinary People and country leadership, with the citizenry choosing, prioritizing and managing projects. These elements should be present in projects in order for them to qualify for U.S. public monies, goods and services. Reports on participatory aspects and successes of projects should be part and parcel of the Ambassador's report back to the Secretary of State, the Office of Management and Budget, and in turn, to the Congress.

Thomas Jefferson of Virginia was **first Secretary of State** under the new Constitution. Author of the Declaration of Independence, Jefferson was one of the leading statesmen of his day. Jefferson **drew the distinction between the politically oriented diplomatic service and commercially directed consular service, and he initiated the practice of requiring periodic reports from American diplomats and consuls abroad.**

Executive [Branch] Reorganizing

The Washington Times, July 23, 2008

By Stanton Anderson and Herb Fenster

In 1947, facing organizational issues after World War II that were but a fraction of those present today, President Truman appointed Herbert Hoover to head what became known as the "Hoover Commission..."

The needed reorganization facing us today is vastly greater than anything that could have been imagined in 1947. *Each departmental and agency function and the interactions (or lack thereof) among them needs review. There is no simple short cut to correcting organizational sprawl. Each piece, function and role must be examined...*

Stanton D. Anderson is chairman of Global USA Inc., a government relations and business consulting firm, and Herb Fenster is senior partner at the international law and public policy advisory firm of McKenna, Long and Aldridge.

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SPREADING ECONOMIC FREEDOM AND PROSPERITY SHORES UP U.S. NATIONAL SECURITY IN TROUBLED COUNTRIES

The Economic Freedom and Prosperity Soft Strategy initiative, empowering Ordinary People with wherewithal and power to make and carry out personal decisions, is of paramount importance today. We have entered an era where Weapons of Mass Destruction and asymmetrical guerilla warfare can be the beginning of the end for a less developed, non-self sufficient country and its surrounding region. This is especially true of countries who have vast natural resources, but whose people are poor and now live outside the decision making circles. These people are often exploited by their own leaders and elected officials for personal gain. They have little or no means to feed their families. They have little or no incentive to protect their own belongings and properties, or to work with local security forces whom they can trust for safe streets, homes and home industries.

Times have dramatically changed. Our systems of investing and reporting funding need to change dramatically to reflect America's security and prosperity objectives in the War on Terror. An important end goal will be to diminish the cohorts of angry youth who choose to join radical Islamists, mobsters or oppressive strong-men because they have no bigger dreams, or have no possibility for fulfilling personal dreams on their own. To ensure American tax dollars do not get into the wrong hands, we must find and work with governors and citizens who strive to build conditions conducive to diffusing economic and political power broadly throughout the population.

America at one time was held in very high esteem by most countries around the world. But now we are in a new phase of restoring part of our credibility. An Economic Freedom and Prosperity initiative as a Foreign Policy soft strategy offers us the pathway for recouping our credibility. Salvaging what has been done to good effect, and discarding what has not worked over the last 40 years, will require concentrated effort and take a dedication to principles our Founding Fathers have left behind for us to follow. We hope we now move to directly address these urgent and critical Foreign Affairs problems and opportunities, so the United States can gain a proper footing to bring about positive and constructive change around the world.