

“Economic Security is National Security”

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Every Fortune 500 company has a strategic management process of one sort or another. They all develop their global objectives and strategies. They all develop sophisticated scanning processes to understand the political, economic, sociological and technological variables which have an impact on them. They all work with their various stakeholders. But, the global U.S. corporation looks at government in our country as a nuisance -- where policies can be diametrically opposed and the company must sort out the "mess" or take responsibility for getting the federal agencies to come together to deal with the problem. The federal government does not manage the country as a "system." U.S. government agencies are fiefdoms that rarely compare notes to see how their collective policies might affect a company or an industry. But, they need to. Interagency cooperation is an essential element of what needs to change in the future, in addition to other forms of cooperation between the government and its stakeholders, such as industry. By industry, I mean all industry -- not just that portion of the industrial base which supports the military, directly.

U.S. corporations increasingly act as large social systems with a global focus. But, if we were to ask the CEOs of the Fortune 500 to describe the issues which are on their minds on any given day, "national security" would not be among them. Many global corporations do not believe that they owe allegiance to any stakeholder except their stockholders, and sometimes, their customers.

This attitude has changed profoundly since the end of the Cold War. Does this have an impact on the national security of the United States? Certainly. In the post Cold War environment, economic security is national security, but the national security community does very little about it. A new vision of national security is needed. It needs to encompass cooperation between government and all its stakeholders, including, but not limited to, industry.

Lacking economic security or a viable market based economy, the USSR disintegrated. It disintegrated rapidly, broadly, and precipitously. That disintegration created a new world order in which concern about regional challenges to national security replaced the global threats and counterbalances of the Cold War. Clearly, the reduced tensions of this new world have helped new democracies advance. Traditional democracies, such as the United States have also benefited. These developed nations have had economic security due to their market based economies, and can now devote more resources than during the Cold

War period, to addressing such global problems as the environment, overpopulation, technology transfer, and infrastructure development. They also have the resources to cooperate in peacekeeping operations around the world to create new alliances like the Partnership for Peace, and to move ahead in planning for enlarging other alliances such as NATO and the United Nations.

Two questions, however, continue to nag at economic and national security planners despite the reduced tensions, advances in human rights and stability in many of the world's economies: Why did almost no one in the West foresee the Soviet disintegration, and could similar chaos descend upon the United States by 2010 or 2015?

The answer to the first question is best left to historians. But, what about the second question?

This discussion is an attempt to lay out the issues surrounding the second question because the kind of chaos experienced in the Soviet Union was due to a collapse in its economic viability. Could the West be in danger of such a collapse? The failure to study such issues could put the West at increased risk from some presently unforeseen danger which could creep up and do damage to the West's economy. If the issues are well enough understood, could the risks be reduced?

What, then, could pose such a danger? For one thing, a strong military with a global presence is essential to U.S. companies doing business globally and there is a widening gap of understanding between the civil and the military populations in the United States. The all-volunteer armed forces no longer represent the broad American society, and that society, as represented in Congress, is called upon to serve in the military at ever declining rates. Congress, therefore, has very little knowledge of or experience with the military. And, the people of the United States have even less knowledge.

Most critical for the economy, both government and industry are failing to cooperate as completely as they could in crucial areas to advance national security, such as leveraging the national laboratories, and providing the environment to encourage increased research and development on many fronts. Industry doesn't really understand government's red tape. They are frustrated by government's lack of appreciation of the powerful role that Wall Street plays in the life of industry. With industry moving so rapidly and irretrievably into global markets and agreements -- which ought to be a great boost for the economy and therefore national security -- government has grown uneasy, sensing a steady loss of control. And industry, for its part, frequently turns a deaf ear to government's often rightful effort to regulate.

The relationship between industry and the military -- especially between the long-range planners on both sides -- now suffers from a growing lack of understanding. There is ignorance on both sides due to poor communication and lack of true "partnership." If this ignorance continues, the country could lose its leadership role in the world. We could be outpaced by European or Asian consortia in which military, and government in general, work closely with industry for the long term. Thus, in effect, the United States could

decline in whatever the post Cold War period would be called in decades hence.

And no one today is predicting it. Ironically, the nation that made possible the end of the Cold War, that by its willingness to stand as the countervailing power against the Soviet Union for forty years, made possible the great economic booms in Asia, the rise of democracies in Europe and Latin America, and even, indirectly, eased the path for the emergence of China, that nation could decline by allowing itself to deteriorate from within while much of the world enjoys the fruits of a victory earned largely by the United States. There can and should be a peace divided, but only if increased communication takes place between government agencies and government and its stakeholders, including industry. Communication is at the core of understanding. And understanding is at the core of world leadership and national security.

Since World War II, U.S. companies have been doing business in a relatively stable, bipolar world. With the end of the Cold War, the U.S. corporation may be able to play a new role in furthering U.S. political interests around the world. There is a potential new emerging role of the U.S. corporation in this borderless world.

Although a few U.S. companies have had "global" strategies for generations, such as Coca Cola, most are just graduating from their international or multinational strategies to their first, true "global" strategies ever. This new world order enables corporations to view the world as a "system" to be optimized to enable profits on a global basis. This is especially convenient if the economic system of the world is viewed as one.

Unfortunately, even though there is one global economy, there is not one global political, cultural, or military system; but many. Corporations, today, need to relate to multiple governments and multiple markets simultaneously, and they need to develop global processes to work on a global basis.

Although the potential for the kind of mass destruction prevalent in the Cold War is no longer present, there is a new, less predictable danger; a kind of instability that companies need to be prepared for. There are many kinds of "war" against corporations and countries. It may be difficult to guard against some of these "little wars," for these are not considered "war" in the traditional sense. For example, an act of terrorism when an executive is kidnapped and held for ransom in a foreign country. Is this single act of terrorism an act of "economic war" when the executive's knowledge gives his company a competitive advantage on a global basis, and thus helps his country's economy to be stronger? If the executive is killed, is this an act of war? Is that the difference between real war and economic war? In a real war people's lives are at risk. In an economic war, a nation's economy and their citizen's livelihoods and way of life are at risk? Either way, national security is at risk.

We know from history, though, that when nations' economies are at risk of failure, the way Japan's and Germany's were before World War II, their penchant for going to war is high. Economic wars can lead to the economic chaos which can lead to real wars. They can be very dangerous.

In a globally competitive economy, how do national economies compete? Is there such a thing as economic war? When does natural competition end and economic war begin? Who is the enemy in an economic war? A company? A country? How can the U.S. defend itself against economic war, if there is such a thing?

Let's take an example to explore. What happens when a company takes the intellectual property of a supplier and shares it with every one of that supplier's competitors around the world to get a better price? What about a senior executive who leaves the employ of a U.S. company to go to a foreign rival and takes with him corporate secrets? Is corporate theft on a global basis an act of industrial espionage or could it be considered an act of war? Whether or not his techniques regarding global purchasing policy were considered legal, J. Ignacio Lopez left General Motors Corporation and allegedly took corporate secrets with him to Volkswagen in Germany. Some might say his acts were not only industrial espionage, but, indeed, treason. Is such an act against a U.S. corporation which hurts its ability to compete, an act against the Government of the United States? Or the People of the United States? Do we, in the U.S. understand the ramifications of the global economy and its relationship to countries' economies and their ability to compete? This is at the core of what national security is in a Post Cold War world because economic security is national security. Without economic security, there can be no national security in a military or any other sense. So isn't an attack aimed at the economic security of the country, in a sense an act of war?

Threats to national security are defined according to the context of the age. If the Lopez case had occurred during the World Wars in the early part of this century, the man would have been charged with treason. But, with a global economy, and no major wars which are dividing the world, Lopez is charged with industrial espionage. If the U.S. is fighting in an economic war with its military allies, what does this mean for Lopez or anyone else? But, the idea that the U.S. is in an economic war is very foreign to most Americans, including most American businesses -- whether or not they are global.

What is an economic war? Many U.S. industries have seen for decades that some foreign country's policies can have a profoundly negative effect on the ability of any country to export or sell their products and services competitively. This can lead to the loss of whole industries in a country. In the United States, for example, many consumer electronics products such as TV's and VCR's have been lost to the Japanese. When a country's government deliberately encourages its industry and governmental officials to harm another country's economy or its industry through industrial and other policies, then an economic war is being waged. Sometimes, this encouragement is very subtle, and so it can be very difficult to prove. It can be buried in complex industrial policies, tariffs and legislation. Nevertheless, over time, its effects can be devastating. This is especially difficult when the country is a military ally, as is so frequently the case in the United States.

The United States has historically been afraid to formulate an industrial policy. Somehow, industrial policy is equated with "picking winners and losers," and this will interfere with

the free market, which is the only force that should exist. But, of course, the U.S. has an industrial policy. It is the sum total of all the U.S. laws, regulations, and policies that influence how the economy of the nation and its industry function on a global basis. Other countries are far more sophisticated about enabling their industries to be winners. Other nations have learned, in an honest sense, that cooperation between business and industry can at the very least counter the potential effects of other nations' economic war-like and harmful industrial policies. How to do that is another issue. The single most effective way to honestly and effectively help U.S. industry is to cooperate with them to enable their growth, health, and ability to provide jobs for the economy of this nation and others.

Can American industry and government learn to cooperate? Beyond the work of professional or industry associations, how often does a traditional American company cooperate with any of its stakeholders, let alone the government? In many industries, companies are learning that joint ventures and "strategic partnerships" are the key to survival in an increasingly complex world. They are learning to develop long-term relationships with their suppliers, and their other various constituents. How should government policy enable these cooperative efforts?

For too many years, large corporations in the United States were under the threat of anti-trust laws if they tried to cooperate in any way.

IBM, General Motors Corporation and AT&T are examples of companies that have been targets of the U.S. Department of Justice and their antitrust efforts.

Perhaps, the greatest antitrust break up was the consent decree between the U.S. government and AT&T, in the 1982 settlement of their eight year old antitrust suit which broke the company up into eight separate corporations and ushered in a new age of telecommunications competition in the United States. AT&T had been "too" successful. It was perceived that they, as a monopoly, were too slow to bring high technology to the marketplace and competition was essential to improve the plight of the consumer who was being denied access to the technology. And, in many respects, the government had a point.

Today, more than thirteen years after the breakup of AT&T, there are many consumers who doubt that they are better off because of the "choices" they have. Telephone service has deteriorated in many ways. If someone needs to have telephone service installed, or has trouble with their line, there is still no "one" place to call, and fixing a problem by finding the right person to call can be an expensive nightmare for the consumer, not to mention inconvenient. Not all consumers want so many "choices."

Both General Motors and IBM have managed to escape the "break up" phenomenon. In addition to antitrust activity, the U.S. government continues to take on ever more regulation of industry in one form or another. Although deregulation of some industries has become popular, such as energy and telecommunications, overall, there remains a huge amount of regulatory constraints on industry.

For example, in the U.S. automobile industry, the Corporate Average Fuel Economy (CAFE) standards have had a negative effect on the way the industry views government. CAFE targets, alone, are responsible for adversarial relationships in many arenas.

But, during the 1980's, U.S. industrial competitiveness was becoming a major issue for the first time. IBM and General Motors, giants of a previous age, were fighting to survive in global markets. The big corporate structures which had worked well in a time of stability were bureaucracies too cumbersome to adapt to the vast changes in world markets.

On June 8, 1992, Chrysler, Ford and General Motors announced a consortia to provide pre-competitive cooperative research to improve the "common good" for the consumer in the areas of safety, the environment, technology development or to help make the industry more globally competitive. Pre-competitive means there is no marketplace advantage for one company to develop technology alone. The umbrella organization is called USCAR, the United States Council for Automotive Research. The project grew out of informal discussions that had been taking place by the Big Three's technical vice presidents.

It was only permissible because Congress passed legislation in 1984 which encouraged all forms of lawful joint research. By a consent decree in 1969, the Big Three had agreed not to share research and development under the mandate of Federal anti-trust laws. The decree grew out of a 1968 lawsuit charging the Motor Vehicle Manufacturers Association with conspiracy to delay emissions controls. Fortunately, the decree expired in 1987.

But, because of the adversarial relationships which had developed over many years between the government and industry, it literally took an act of Congress to permit cooperation.

And that, is a symptom of what is wrong.

Pre-competitive cooperation in research is especially needed where major technological breakthroughs are essential for the safety and welfare of consumers, the earth's environment or our ability to compete as a nation.

Another contributor to industry frustration is that, too frequently, legislators think they can mandate whatever they want, including scientific advancements. Unfortunately, that's not how science works. Sometimes, money and mandates are still not enough. "Scientific solutions on demand" is not viable public policy. If it were, the government would have already had cures for heart disease, cancer and AIDS. The reality is somewhat more cloudy. The U.S. automobile industry, for example, does not have a viable electric battery that is both efficient, effective, providing suitable range and non polluting, yet the zero emissions legislation goes on. One of USCAR's programs, the Advanced Battery Consortium, (USABC) is researching high performance batteries in hopes of finding a technical solution. But, solutions are not appearing on the horizon though they are trying.

This is why USCAR is a good example of what government can do with a cooperative

spirit; simply to enable the right things to happen.

"The mission of USCAR is to strengthen the technology base of the domestic auto industry by leveraging the research efforts of the companies in non-competitive areas. These R&D efforts respond to the needs of our environment and society and include the appropriate public and private stakeholders as required...Together, the automakers can leverage resources, accelerate technical development and respond better to the needs of society and the environment while preserving jobs for American workers."

The effort now has 12 consortia and a joint venture with the federal government called the Partnership for a New Generation of Vehicles (PNGV), which was formed to improve national manufacturing competitiveness, implement technologies to increase the efficiency of conventional vehicles, and develop technologies for a new class of vehicles with up to 80 miles per gallon without sacrificing today's affordability, utility, safety and comfort. President Bill Clinton and Vice President Al Gore described the program's technological challenges as "comparable to or greater than the Apollo projects."

Perhaps, the best way to characterize the work of USCAR is expressed by GM's Arv Mueller who said, "Great progress has been made already in dealing with our challenges. The future holds nothing but hope. I feel certain that by working together, we can truly create a stronger America and a better world."

But, USCAR is the exception, not the rule.

Economic security is national security in its broadest sense. Government and industry in the U.S. are failing to consolidate the gains that should have been theirs following victory in the cold war because they are not cooperating, and, in fact, continue to have an adversarial relationship. The division between government and industry is largely one of misunderstanding, and, yet, bridging that gap is crucial to the national security of the United States.

Understanding the "systems" nature of national security is at the very heart of why it is crucial for government and industry to work together to maintain the leadership position of the United States in the 21st century. In a system, every element is interconnected with every other element and all elements are interdependent. For that reason, systems are only as strong as their weakest links.

In the United States, however, the links between government and industry are weak. Government and industry have been adversaries for so many generations that they do not know each other well enough to even recognize each others strengths and weaknesses. They are failing to capitalize on what could be a powerful and inexpensive force multiplier.

The most recent reasons for this misunderstanding have their roots in cultural differences that began during the Vietnam War period. Unfortunately for the nation, this has continued into the post Cold War period because the two sides are approaching the new world order along separate paths. In addition, for most of this century, the two sides have

viewed each other with suspicion and distrust. To survive in the 21st century, the United States will need to learn the true meaning of national security, and its concomitant requirements for cooperation between government, industry, and others.

Each side has a great deal to learn from the other though neither has made a serious effort to do so. The irony of all this is that the U.S., in the absence, now, of a major global threat, could fritter away a significant portion of its strength by a self inflicted wound. There is a brighter prospect however, and that lies in the possibility of a government and industry cooperative partnership which builds upon the strengths of both, and finds ways to augment weaknesses to enable a secure future for the country.

Where there have been efforts to cooperate, they have frequently produced positive results, such as USCAR. Unfortunately, the number of cooperative efforts is far short of what is needed for the nation to remain a global leader in the long term.

The executive branch of the federal government and the corporate officers of America need to begin a dialogue to learn from one another and work together in the national interest. Other nations have done superb jobs of such cooperation, such as Japan.

Using systems thinking, the nation will benefit from seeing how powerful and productive common sense cooperation could be for 21st century America. Indeed, without such cooperation, the chances that the United States will retain its global leadership position is questionable.

There are other cooperative relationships that government and industry should be developing; relationships which will enable the infrastructure of the nation to be strong, such as the educational system, technology, research and development, as well.

In order to understand why there is a need for cooperation between government and industry to optimize the future of the United States, it is important to explain the systems nature of national security and its component parts which provides a context.

In the summer of 1990, I had the privilege of attending the National Security Seminar at the U.S. Army War College, in Carlisle Barracks, Pennsylvania, under the command of Major General Paul G. Cerjan (USA). Since then, I have been thinking about the systemic nature of national security. I also began to think about the business community and how it related to the issues I was studying at Carlisle, and would continue to study at the National Defense University in Washington.

As the study of national security and its relationship to business strategy began to unfold, and these studies were beginning to merge with my work with the late Dr. W. Edwards Deming, an approach began to emerge to help better understand the world system since the end of the Cold War, and what it would take to help the world secure greater prosperity and peace.

It is useful to study the applications of systems theory, and in the case of "economic

security as national security," this means studying the global community as a social system. Now is an especially interesting time to study the global community while the world is in between the end of the Cold War and what will come next.

A system in the real world can be described as any entity with an open boundary that contains interdependent elements. A system must be able to adapt to its environment. Systems can be small or large. They can be physical, such as the human body or the solar system. They can be social, such as the family, the church, or a company. Whole societies are systems, too. The "global village" may be, perhaps, the largest social system.

Global systems are both physical and/or social. Satellite dishes providing television around the world, telecommunications networks or the Global Positioning System Satellite to determine latitude and longitude anywhere on the planet are examples of global physical systems. The United Nations, the World Bank, and the International Monetary Fund could be viewed as amongst the largest of economic and/or political systems. In a global economy, the need to understand global systemic behavior is essential. This gets especially complex, when individual nation's currencies compete with one another. There will truly be a global village and economy when, one day, there is only one global currency.

It is most helpful to discuss economic security as national security in a system's context. With the fall of the Berlin Wall, the crumbling infrastructure of the former Soviet Union, with the increasing pace of change and technology which are leading the planet beyond Alvin Toffler's "third wave," and the globalization of the world economy, the stable bipolar world of the cold war has changed forever. Instead of a global "peace dividend," which raised the standard of living around the world, the people of the world have inherited an increasingly complex and unstable, even chaotic, place to live.

After World War II, General George C. Marshall said,

"We are now concerned with the peace of the entire world.
And the peace can only be maintained by the strong."

If we take General Marshall's comments as a premise, what does it mean to be strong? Why must national security be thought of in a "systems" perspective in order to enable the United States to be strong, and thus, to support commerce and peace initiatives around the world.

A part of being strong includes the strength of our nation's infrastructure; the foundation upon which the continuous growth of our society depends. This includes its strong societal and moral codes, the rule of law, stable governmental and political institutions, schools and educational programs to ensure a knowledgeable citizenry and life-long learning.

Infrastructure also includes power plants, roads, sewers, ports, banks, telecommunications, housing, hospitals and health-care, a powerful military, environmental

sustainability and so on.

Most important, to support all of this infrastructure, it is essential to have a healthy market based economy, with a strong industrial base of globally competitive industries which continuously improve their quality and productivity, and produce jobs and more jobs.

All of these elements of infrastructure are critical to national security. They must be sound for a nation to be strong. In addition, though rarely included, is knowledgeable leadership, in the private and public sectors. This leadership needs to have the will to improve and continuously learn about its obligations, and apply these lessons. Leadership needs to respect the knowledge and potential of the people. In the United States, this includes taking maximum advantage of the diversity of the population, and creating environments where all people can learn, grow, and make contributions to society according to their abilities.

What is national security if seen in its broadest "systems" view? In asking this question, we will simultaneously explore the issues surrounding the question, "what makes a nation strong?" because these two concepts, national security, and national strength are highly related. And, they are related to the ideas of economic strength, infrastructure, knowledge, capability and an ability to learn as corporations and as a society. *The National Security Strategy of The United States of America*, published by The White House takes a broad view, but, perhaps, not broad enough. That may be because there is no "*Global National Strategy of the United States of America*" which outlines the vision of where the nation is going and how it is going to get there. *The National Security Strategy*, therefore, has no context.

National security cannot be viewed any other way but in a societal systems context. And, within that context, it must be defined. This may have occurred in Dr. Deming's earliest thinking about social systems, since he told the Japanese to view their entire country as a system in 1950.

Dr. Deming would say, "a system must have an aim" to be a system. What is the aim of the United States? Perhaps, we could say, "life, liberty, and the pursuit of happiness," within the system framework of maintaining the Constitution, the Bill of Rights, and providing for a common defense. Of course, another system constraint includes a finite amount of tax dollars and globally competitive capital for free market growth, with which to build the infrastructure and, in addition, the knowledgeable people essential for a society to be effective.

A major part of the infrastructure of a nation is a sound economy. It, therefore, follows that one important way to secure peace around the world is to ensure prosperity and a high quality of life on a global basis. Economic stability, however, is not necessarily considered an element of national security. But, it is. Too frequently, national security is mainly viewed within a military framework, but that is much too narrow a context for the 21st century.

But, in a broad definition of national security, the military may need to play a role to help integrate, though not control, the many "voices" that come together to define our nation's security. Military capability is, of course, part of the infrastructure of the nation. In fact, *The National Security Strategy of The United States of America*, does, indeed, look at national security in a somewhat broad sense. Operationalizing this effort, however, requires an infrastructure and a cooperative spirit, which does not generally exist. The Government must learn how to work in an interagency environment as well as "partner" with industry, academia and others.

The relationship between the economic and military elements of a society are described by Lester Thurow, in his paper, *Head to Head*. He says,

". . .military power does not lead to economic power. Quite the reverse, if a country is to be a military superpower (that is, use up a lot of human and economic resources on military activities - a form of public consumption), it must be willing to be self disciplined enough to cut its private consumption to levels that insure it is not cutting back on the investments needed to keep civilian productivity growing. Spartan self-discipline is necessary if a country is to have both sustainable military and economic superpower status. An economic superpower must make large investments in civilian research and development (R&D), plant and equipment, public infrastructure, and human skills to remain an economic superpower. A military superpower must make large investments in military R&D, military equipment, military infrastructure, and military training to remain a military superpower. If a nation wishes to be both, it must make both sorts of investments..."

So, if the United States wishes to be both, in order to be strong, the American people need to understand the complexities of this situation, the nature of infrastructure in our nation as well as nations around the world, and the relationships between the economy and the military. With our federal deficits, the U.S. has funded our superpower status by reducing our standard of living, and mortgaging our future; a situation that clearly cannot continue much longer.

In a paper called *Selling our Security*, by Martin and Susan Tolchin, the authors are concerned that many strategic industries in the United States are now in foreign hands and that national security has been jeopardized by the fact that U.S. policy does not take a broad enough view. They ask how national security should be defined. They want to know if "the President should have the authority to block only those foreign acquisitions that imperil military security, involving companies with defense contracts? Or (should) national security encompass companies that produce technologies critical to the nations economic development, technologies needed to assure that the United States remain economically competitive in the twenty-first century?"

These are not insignificant questions. Can national security and the relationship to the economic viability of an industry be defined only within market forces? There is no clear answer when industries are no longer competitive. But, there is an obligation to the country to become and remain competitive, so the industry is not lost. Nevertheless,

industry leadership frequently does not know how nor do they see competitiveness as an obligation to the country. They are used to responding to the "voice" of the customer, and the "voice" of Wall Street, but there is no "voice" calling to them, called "your responsibility for national security."

There are also examples, where entrepreneurial companies have tried to find venture capital for their new technological developments in the United States, and when they could not, they turned to foreign venture capital, and the U.S. lost its rights to the new technologies.

As a nation, we have not paid enough attention to industries whose futures are critical to the economic strength of the country. Some of this is because, historically, the U.S. has not believed in a U.S. National Industrial Policy. We only believe in free market forces. The nation has been competing against other nations, however, who do believe in industrial policies, and therefore, through lack of both knowledge and policy, we have lost whole industries, such as VCR's and television sets, and almost lost the strategic industries of machine tools and automobiles. This kind of non-systemic thinking leads to weaknesses in national security.

There are some other fundamentals that we need to talk about relating to the general well being of a population. Without a strong educational component in a society, and an environment that values knowledge, there is little hope for that society to grow and develop. There is certainly no hope that it can sustain economic, political, or military leadership in a global sense. Education is a foundation for which there is no substitute; whether that education takes place in a traditional way, or on the factory floor. Literacy, and in today's world, technological literacy, as well, is essential to survival in the twenty-first century for both corporations and nations.

It also goes without saying that health care and nourishment must be available to a population from conception until death. Because the greatest asset a community has is its people, and the knowledge in their heads, it is crucial that the investments made in that knowledge give the community a "return" for its investment. Without healthy people, the returns will be poor. This is especially true in impoverished nations, though also in places in the United States, where children, normally seen as the future, are so malnourished, they cannot develop their physical bodies or intellectual capabilities in a normal way; a tragic situation that only has systemic solutions.

Economic security is national security, even as borders are less important than ever. National security can then be thought of as the ability to ensure the safety, security, and well being of our borders, citizens, economic viability and way of life. If we are using the broadest definition of national security, then there can be no question of the need to include the economic viability of our nation. Without capital, there is no business, without business, there is no profit, and without profit, there are no jobs.

The viability of a nation's industrial infrastructure, which provides jobs for the people of a nation, which creates and distributes wealth, and which leverages profits, is essential.

Without jobs, people and the quality of their lives deteriorate to a point where hunger leads to the disintegration of the society and community, at large. It also leads to strife on many different levels. The global community cannot sustain indefinitely whole populations of "haves" and "have nots." We all share a moral obligation to improve the standard of living in the "have not" nations of the world. But, the only policy which can have a lasting effect will be to help a nation build its economic viability to provide jobs for its people. This is not only the right thing to do, it is good business. And, U.S. global corporations could play in role in this process as an instrument of foreign policy.

In a book by Erik J. Kjonnerod, Lowenthal and Hakim describe four criteria needed, "for democratic institutions to take firm root and flourish. . ." These criteria are also useful when global industries are looking to the growth areas of the world to invest.

"First, the region's remaining internal wars must be ended. Democratic politics cannot thrive in settings where civil strife divides societies, expands the role of armies, retards economic progress... Second, the armed forces must be more effectively subordinated to the political control of civilian governments... Third, countries (must) curtail pervasive abuses of human rights. Democratic practice and the rule of law cannot be consolidated unless the rights of political dissidents, minorities, and other vulnerable groups are respected and protected. Finally, nations. . . must make every effort to establish and sustain economic programs that can renew investment, improve productivity, and create opportunities for disadvantaged groups. Democratic institutions cannot thrive under conditions of prolonged economic hardship - when millions of citizens are without jobs, adequate shelter and nutrition, basic education, or much hope for the future."

Solutions to these problems only come from systemic approaches, and these problems are not limited to underdeveloped nations. They exist here in the U.S. in many communities.

National security also requires an economic system which is environmentally sustainable. This is especially difficult for third world nations, who use up their natural resources to sustain current populations, at the expense of their future and the future of the world. As the global population continues to climb, and third world nations struggle to increase the quality of life in their countries, the issues of economic and environmental sustainability are essential to understand. An example closer to home. If the world faces another oil crisis, and many experts believe it could be within ten years, where are the alternative fuel vehicles and their infrastructures? Will the world be ready? Are the infrastructures being invested in and on what scale? Will the effects of congested areas of the world be eliminated, or reduced?

As a nation, we have hardly begun to study this set of issues. Yet, it is the ultimate in global systems thinking, and we need to better understand the ideas of sustainability, both economic and environmental, and their relationship to our national security as well as the security of the world. In fact, global organizations, such as the United Nations, along with the leadership of global corporations will need to cooperatively and systematically work together with governments around the world to make this a reality.

What is National security? In *C³I, Issues of Command and Control*, Edited by Thomas P. Coakley, and written by Rodney B. McDaniel, on the history of the National Security Act, he writes,

"The National Security Act was written in 1947. It was the final congressional output of . . . the lessons of World War II. It was thought that the services didn't cooperate with each other very well, so the way to fix that was to put the . . . services under a common thread. . .and establish the National Security Council, as a mechanism to integrate domestic, military, and foreign policy, to effectuate the overall national good...National security policy, then, is the integration or the fusion of diplomacy and military operations."

James C. Pearson, in an article related to the role of the National Security Advisor, in *Essays on Strategy, XIII*, says, the National Security Advisor must spearhead national resources integration:

"Today," he says, "the line between domestic and international affairs is gone. However, the requirements to match finite resources to seemingly infinite priorities remains valid. The National Security Act established a National Security Resources Board to plan for coordination of programs for the effective use of the nation's industrial and natural resources in meeting the needs of the military and civilians during war. The point we must realize is that the President needs advice on alternative military and economic programs in peacetime as well as war. The National Security Advisor must develop the structure required to integrate foreign and domestic policy in a way that best provides for our national security needs."

So national security as an idea, from the very beginning, was the integration of elements of the defense system with other systems in the government to "optimize the system" on behalf of the nation. This must include economic viability and how the government interacts in a positive way with industry. Perhaps, the time is coming when the Fortune 500, or, at least their CEOs, play a role in the national discussion of how global organizations can and should participate in the national security of The United States. This vision is essential to develop.