

A plan to change the way
we pick a President



The Rippon Forum

April/May 2007
Volume 41, No. 2

Beyond Iraq

The challenges we face on other fronts –
not just in the war on terror, but
elsewhere around the world.

**Plus: Are the American people
really overtaxed?**

And: A status report on rural health care.



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Volume 41, No. 2, April/May 2007

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A Note from the Chairman Emeritus

When it comes to Iraq, one increasingly gets the sense that the endgame is near.

Clearly, there's no way of knowing how things will turn out. But now may be a good time to begin asking, "What comes next?"

Indeed, Iraq is only one of a host of foreign policy challenges that are pressing us now. In this issue of the FORUM, we attempt to review some of these challenges, and look at some of the opportunities, as well.

We begin our review with an article by Texas Congressman Mac Thornberry. He warns that we remain unprepared on one of the major fronts in the war on terror – the front of public opinion. Now that the power to persuade is as important as the power to fight, Thornberry argues that we are coming up short, and recommends ways we can shore things up.

Closer to home, we take a look at the state of health care in rural America with David Beasley, the former Governor of South Carolina who now heads a rural health task force for President Bush. With tax filing season upon us, we also ask two tax experts, Democrat Bob Greenstein and Republican Ernie Christian, whether Americans are overtaxed. As you might suspect, they disagree,

Finally, with the 2008 election season in full swing, Secretaries of State Sam Reed (R-WA) and Deb Markowitz (D-VT) discuss a *bipartisan* plan that would not only reform the presidential primary process, but also restore some common sense to the way we pick our Chief Executive.

We hope you enjoy this issue of the FORUM, and encourage you to contact us at editor@riponsociety.org with any thoughts or suggestions you have with regard to the search for ideas and the public policy debate.

Bill Frenzel
Chairman Emeritus
Ripon Society

No Way to Pick a President:

As states rush to the front of the calendar, voters are left behind.

SAM REED AND
DEB MARKOWITZ

What is the best way to pick a President?

With the 2008 campaign season already underway, it's time to give serious consideration to this question. The election marks a historical rarity – the first presidential contest in decades where both major political parties have wide open races for the nomination, and yet the primary competition could be over by this time next year.

Much of the problem lies in the increasing rush to front-load the calendar, with states pushing their primary dates forward to gain a share of national attention from the media and the campaigns.

Right now, the Democratic presidential nominating schedule begins with the Iowa caucuses (Jan. 14) followed quickly by caucuses in Nevada (Jan. 19), the traditional first primary in New Hampshire (Jan. 22), and then South Carolina's primary (Jan. 29). The GOP calendar is still in flux, but the voting in Iowa and New Hampshire will likely take place on the same days as the Democratic contests, and the South Carolina Republican primary is currently under consideration for February 2.

What follows is essentially a free-for-all among states hoping to increase their influence in the nominating process. More than 20 states are looking to hold their primaries on February 5 (the earliest date sanctioned by party rules), including a number of larger, vote-rich states such as California, Florida, New York, New Jersey and Illinois.

In fact, almost 30 states are on track

to push their presidential nominating contests into January or February of next year. That's compared to nine states that did so in 2000 and 19 in 2004.

As University of Virginia Political Science Professor Larry Sabato recently quipped, "If the job of scheduling the presidential nominating contests were assigned to an insane asylum, this is pretty much what the patients would come up with." All kidding aside, the outcomes of the volatile primary schedule are grim – campaigns that begin too early and rely too heavily on fundraising from big donors, as well as a process that leaves most voters in the dust when it comes to choosing their party's nominee.

The impact on voter turnout is a major concern for the National Association of Secretaries of State (NASS), which represents the nation's

top state election officials. Studies in 2004 showed that fewer than eight percent of the eligible electorate cast their ballot before the nomination was effectively decided. Meanwhile, eight states cancelled their primaries outright because they were unwilling to foot the bill for an election that had no impact on the outcome of the race.

The worst consequence of the 2008 primary schedule may ultimately be a general election campaign that lasts nine months and produces candidates who don't get to know the entire country the way they once had to do.

To address these problems and to create a more rational process, the nation's secretaries of state are hoping to generate support for the NASS Regional Rotating Presidential Primaries Plan. Our proposal divides the country into four geographic areas – Eastern, Southern, Midwestern and

NASS Regional Primary Plan



Source: The National Association of Secretaries of State

Western – and rotates each region to vote first beginning in March. The other regions would hold their primary elections in April, May and June. A different part of the country would vote first every 16 years. New Hampshire and Iowa would retain their early status to allow under-funded and less widely known candidates to compete through retail politics rather than the costly media-driven campaigns required in larger states.

The Carter-Baker Commission on Federal Election Reform, co-chaired by former President Jimmy Carter and former Secretary of State James A. Baker III, endorsed the NASS proposal in its September 2005 report. In addition to increasing voter participation while restoring sanity to the process, it aims to allow under-funded, “no name” candidates to have a fair and fighting chance against the better known candidates with major

campaign war chests. Its adoption would greatly increase the likelihood that voters in all parts of the country would have a say in selecting the party nominees for President and that our presidential contenders would be well-versed in public policy issues

The worst consequence of the 2008 primary schedule may ultimately be a general election campaign that lasts nine months and produces candidates who don't get to know the entire country the way they once had to do.

in all regions of the U.S. (and not just ethanol subsidies in Iowa, for example).

The primary process is badly in need of reform, but it's too late for 2008. The calendar is being set, and GOP rules say the national convention must determine presidential nominating procedures, not the party.

Therefore, the next window for adopting the regional rotating plan is 2012.

With the 2000 election and *Bush v. Gore* still a vivid memory for election officials, we hope that the parties will seriously consider a proactive overhaul before disaster strikes. We believe that it's time to look beyond strategy and self-interest to create a process that is in the best interests of our nation's voters. A regional, rotating system of primaries is a better, more sensible way to choose our President.

Until then, we should be prepared for one very long election cycle. **RF**

Washington Secretary of State Sam Reed is the immediate past president of the National Association of Secretaries of State (NASS). Vermont Secretary of State Deb Markowitz is the current NASS President.



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Health Care in Rural America:

Much has been accomplished,
but much more needs to be done.

DAVID BEASLEY

As health care reform emerges as a national issue once again, it seems advisable to take a look at how these things play out away from the major cities, state capitals and Washington, D.C.

Ensuring access to needed health care services in rural areas has long been a challenge. As a former Governor of South Carolina and now as chair of the National Advisory Committee on Rural Health and Human Services, I've seen this first hand. On a more personal level, my wife and I and our four kids live in a rural area of South Carolina. It is critical for me to know we can get to a doctor or an emergency room if we need it, and we inevitably do.

At a recent meeting of the Committee, which advises the Secretary of the U.S. Department of Health and Human Services (HHS) on rural issues, we took some time to reflect on what's happened in rural health care over the past 20 years, while also discussing some of the key challenges that lie ahead.

A Period of Turmoil

There have been some real successes since 1987. Twenty years ago, rural America was in trouble. The farm crisis was in full swing. When farms shut down, we lost other rural businesses. We also lost a significant number of the low-wage manufacturing jobs that played a crucial role in rural economies. And this was as true in South Carolina as it was anywhere in the country. At the same time, some 400 rural hospitals closed between 1983 and 1987, due in part to changes

in the way Medicare paid hospitals that were designed on an urban-based model.

Either issue in and of itself would have been cause for alarm. Taken together, these situations were causing problems in America's heartland.



Rural residents have higher rates of unintentional injury and higher death rates than folks who live in urban areas. What's worse is that these statistics have held steady for the past 20 years.

That got the attention of policymakers because rural hospitals are the linchpin of a local health care system. If you don't have a local hospital, it's hard to attract physicians and other health care providers. There was a genuine concern that rural residents were facing a crisis in access to health care

services. Something had to be done.

We've also learned that health care and rural economic development are tightly tied. If you don't have adequate health care services in a town, it's hard to attract new jobs and industries to that area. So, on a variety of levels, it was clear that something had to be done to help rural communities.

Luckily, the issue got the attention of lawmakers. The Congress and the Reagan administration worked together to create an Office of Rural Health Policy within HHS to make sure there was a rural voice within the policymaking process. They also worked to create a program that established a State Office of Rural Health in each of the 50 States.

Much-Needed Reforms

Over the next 20 years, rural health advocates, lawmakers and a number of Administrations worked to identify the problems facing rural health care providers. Slowly, policymakers began to understand the special challenges of providing health care services in small and often isolated rural areas.

Through a number of legislative and regulatory fixes over the years, things are looking better for rural hospitals and the communities they serve. One of the more significant changes came in 1997 with the creation of the Critical Access Hospital (CAH) designation, which allowed the smallest and most vulnerable rural hospitals some relief by paying them on a cost basis and allowing for staffing and regulatory flexibility needed to give these facilities a chance to succeed

economically. There are now 1,283 of these facilities nationally. We've also seen tremendous growth in the number of Rural Health Clinics and Community Health Centers that have been established in rural areas.

Medicaid is also an important payer in rural communities. The 1997 legislation that created the CAH designation also made key changes to Medicaid – changes that provided greater flexibility to States in terms of managed care options and also in reforms to Medicaid Disproportionate Share payments. That made it easier for Governors to adapt Medicaid to the particular needs of their States.

In 2003, Congress also included \$25 billion worth of reimbursement increases for a range of rural health care providers in the legislation that created the Medicare drug benefit. This investment was the latest in a series of legislative fixes between 1997 and 2003 that helped to begin addressing some long-standing reimbursement rural-urban inequities in the Medicare program.

Still, many challenges remain, and we've seen and continue to hear about them when the Committee holds its meetings in rural areas across the country.

The Challenges that Remain

While rural hospitals have stabilized, some are still struggling and have negative operating margins. Rural areas also still struggle to attract and keep health care providers, particularly physicians.

There are now 3,782 primary health care professional shortage areas – or HPSAs – in rural areas, compared to 1,911 in urban areas. The shortages are even more challenging for dentists and mental health care providers. We're now starting to hear about the struggles of community pharmacists and discussed this issue at length in our 2006 Report to the Secretary.

Americans in rural areas also face a number of other health care challenges. Rural residents are more likely to have chronic conditions than those who live in urban and suburban areas. Rural Americans have higher rates of obesity and limitations on activities of daily living due to health care problems. Rural residents have higher rates of unintentional injury and higher death rates than folks who live in urban areas. What's worse is that these statistics have held steady for the past 20 years.

It's also important to provide some context for all of these issues. Rural areas face some distinct socioeconomic challenges, with slightly higher poverty rates and an economy that has not had the same growth as urban and suburban areas. These factors become

We've also learned that health care and rural economic development are tightly tied. If you don't have adequate health care services in a town, it's hard to attract new jobs and industries to that area.

even more of a concern if you drill down a bit. Rural areas along the U.S.-Mexico border, the Delta region and the Appalachian region, for example, face even larger economic and health disparities.

In my work with the Committee, I've had the opportunity to see how diverse the issues are for rural America. Each year, we do site visits to rural communities to gather information on the ground for our reports to the Secretary. Although many different parts of our country's rural areas face some common challenges, they also have some very unique circumstances.

What has been amazing is to see how communities are able to overcome these challenges despite the many obstacles. We've seen this in places like

Bisby, Arizona, Tupelo, Mississippi and Nebraska City, Nebraska, just to name a few. The key takeaway in all of these communities is that they're working across multiple sectors to address problems. They've realized that, given the limited economies of scale in rural communities, they have to work together to survive. They've grown their own local leaders, and that investment is paying off. These folks realize that there is no single solution. They understand there are government programs that can help, but that ultimately problems are best addressed at the local level.

Policymakers would do well to remember that rural America makes up roughly 80 percent of our country's land mass and is home to about 20 percent of the population. As they get more involved in talking about how to tackle health care issues more comprehensively, it is important to remember that regardless of what approach ultimately emerges, any solution should capitalize on the creativity and problem-solving approaches we've seen in rural America.

It is also critical that we adopt approaches that emphasize local and State flexibility, because we've seen first hand that what works in Vermont may not necessarily work in South Carolina. **RF**

David Beasley served as Governor of South Carolina from 1995-1999. Since 2002, he has served as chair of the National Advisory Committee on Rural Health and Human Services, which analyzes rural policy issues for the Secretary of the U.S. Department of Health and Human Services.

To learn more about the National Advisory Committee on Rural Health and Human Services, please visit their website at <http://ruralcommittee.hrsa.gov>.

A Key Element to Energy Security

America needs to increase its investment in hydrogen as an alternative fuel.

CHARLIE DENT

The Constitution of the United States provides that Congress has the power to “promote the progress of science and the useful arts.” As a member of Congress, I have taken up that charge by promoting a science-based solution to a serious issue.

For more than a century America’s industry, transportation sector and households have been heavily reliant on oil. The reality is that this reliance is unsustainable and inadvisable. Petroleum is a finite resource. No matter how much we explore and discover, we will one day run out, and the immediate, booming worldwide demand is burning up resources and driving up prices.

Fossil fuels emit dangerous carbon gases like carbon monoxide as they burn, polluting our air. And the increasing reliance on foreign oil subjects us to the whims of unstable geopolitical forces and unfriendly governments like Iran and Venezuela.

For these reasons, I have become an advocate of developing hydrogen as the primary fuel of our transportation-based economy.

I imagine a future where the “Hydrogen Economy” sits at the center of a multi-pronged strategy to achieve American energy independence. Hydrogen holds the promise of a home-grown energy source that will fuel our nation’s energy needs without compromising our environment. Hydrogen power is clean, emitting only water vapor. And hydrogen can be derived from renewable and non-petroleum sources.

A short time after I was elected to Congress, I joined three of my colleagues — Rep. Bob Inglis (SC-04), Rep. John Larson (CT-01) and Rep. Albert Wynn (MD-04) — to create the bipartisan House Hydrogen and Fuel



Just as President Kennedy challenged us to land a man on the moon by the end of the 1960s, I believe that developing hydrogen technology is the space race of this century.

Cell Caucus. On June 28, 2005, we kicked off the Caucus with an “End Dependence Day” on Capitol Hill.

What started with four of us now includes more than 50 members. We all are working toward the same goal – to guide government policy and resources, and to partner with private-sector and research institutions to

achieve the technology of a hydrogen economy.

Among some of the goals of the Hydrogen and Fuel Cell Caucus are:

- Advocate full funding of the Department of Energy’s hydrogen programs, including existing demonstration programs;
- Fund basic science research to discover the breakthroughs needed for affordable hydrogen and fuel cell technology;
- Promote near-term use of best practices rather than premature standards that may quickly become obsolete;
- Advocate keeping hydrogen affordable and promoting means of making it widely available; and,
- Promote hydrogen as a safe, reliable, abundant and clean fuel.

The Caucus has been active and we’ve had successes. We have authorized billions of dollars in incentives for the development of alternative fuels, including hydrogen, and we are pressing hard to turn that funding into results.

Last July, more than 81 members signed our letter to Energy Secretary Samuel Bodman, urging the Department of Energy to fully support hydrogen and fuel cell initiatives in the fiscal 2008 budget.

During the 109th Congress, the House of Representatives passed a bill authored by Rep. Inglis to create the H-Prize, a competitive funding program to accelerate the private development of hydrogen technology. The H-Prize Act would authorize \$11 million in

annual appropriations. It is modeled on science competitions of the past that proved to be highly successful, such as the Ansari X Prize, which spurred the first privately funded suborbital human spaceflight last year.

Just as President Kennedy challenged us to land a man on the moon by the end of the 1960s, I believe that developing hydrogen technology is the space race of this century. We will work hard during the 110th Congress to get this important piece of legislation signed into law.

In July 2006, I introduced my own bill, H.R. 5973, Hydrogen Transportation Wins Over Growing Reliance on Oil — known as H2 GROW — which would incentivize retail-end development of hydrogen fueling stations.

I believe the federal government's role is to set the pace with robust support for developing hydrogen technology, just as government involvement was necessary to the construction of pipelines, refineries and other infrastructure during the petroleum era.

Private industry is already making a significant investment into the hydrogen economy. More than 50 million tons of hydrogen is produced worldwide each year. There are 46 operational hydrogen fueling stations in the United States, and another 17 stations are planned for implementation. Recently, Air Products and Chemicals — the largest producer of merchant hydrogen — unveiled a new “Tri-Generation Green Energy System” which will produce 300 pounds of hydrogen per day and make electricity and heat, using natural gas, propane or renewable fuel sources such as anaerobic gas from wastewater treatment plants.

Throughout the world, there is a real and growing momentum for hydrogen energy. Hydrogen buses are on the road in Iceland and continental Europe, and even some places in the United States. I've driven hydrogen cars and filled up the tank with hydrogen, just like filling up a conventional car with gasoline.

Most notable here in the United States is the effort by California

Governor Arnold Schwarzenegger to build a “Hydrogen Highway” in Southern California. The vision of the Hydrogen Highway is to have a network of 150 to 200 hydrogen fueling stations throughout California (approximately one station every 20 miles on the state's major highways) that would make hydrogen fuel available to the vast majority of Californians.

I have a vision that my own District in Pennsylvania will be the starting point for the Hydrogen Highway East along the 90-mile stretch of Interstate 78 from Pennsylvania's Lehigh Valley into New York City.

With steady support from the public sector and the innovation of the private sector, the day will come soon when Americans routinely fuel up at the hydrogen station in a cleaner, stronger and safer future. **RF**

Charlie Dent represents the 15th District of Pennsylvania in the U.S. House of Representatives.



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Our Veterans Deserve the Best

Unfortunately, that's not
what they're receiving.

GINNY BROWN-WAITE

Iwo Jima. Normandy. The Chosin Reservoir. Baghdad. Khe Sanh.

These hallowed battlegrounds are where American soldiers fought with honor and distinction on behalf of freedom and equality. These military heroes fought the enemy on foreign shores, oftentimes laying down their lives in the cause of justice.

America's national security is preserved when we have men and women willing to pay the price, bear the burden, and meet the demand of keeping our country safe and secure. We all owe a great debt to those who have worn the uniform in defense of America.

Congress must guarantee that the needs of these brave heroes are met when they finish their duty and are welcomed back into our local communities. With the thousands of new veterans returning from Iraq and Afghanistan, there is an urgent need to provide proper and timely care to our returning servicemen and women, as well as continue the outstanding care provided to older veterans.

When these veterans return from the battlefield, it is our collective duty to ensure that they are provided the care and support they so richly deserve. As any veteran knows, the U.S. Department of Veterans Affairs (VA) is the federal agency that provides medical care and benefits for our veterans. They have an awesome responsibility to provide the best services to the men and women who sacrificed for our

nation in times of conflict.

The good news is that in just the past six years, funding for the VA has nearly doubled, and now approaches \$90 billion annually. These funds



With the thousands of new veterans returning from Iraq and Afghanistan, there is an urgent need to provide proper and timely care to our returning servicemen and women, as well as continue the outstanding care provided to older veterans.

go toward increased mental health care, construction of VA hospitals and Community Based Outpatient Clinics, greater disability benefits,

and top-notch health care. Congress has clearly met the immediate needs of our nation's veterans.

While these record budget increases for veterans are welcome, Congress must also continue to provide strong oversight of the VA. One of the most problematic areas of the VA has been the lack of adequate controls over information technology (IT) security at VA hospitals and clinics. In the past several years the VA has lost the personal data of millions of veterans and their family members, health care providers, independent contractors. This is unacceptable behavior.

As the Ranking Member of the House Veterans Affairs' Subcommittee on Oversight and Investigations, the Subcommittee recently held a hearing to address the loss of more than 1.8 million electronic records at the Birmingham VA facility. These records included both patient and provider information and might have opened up doctors to possible Medicare and Medicaid fraud in the future.

It was clear to me from this hearing that there is a culture at the VA that says, "do as you wish, not as the regulations say." For far too long there have been serious IT breaches, with significant losses of personal data, and little change in the culture or administration. I can tell you that the House Veterans' Affairs Committee is fed up with the foot dragging and will be taking further action to make positive

changes within the VA.

Another issue that is vitally important to American veterans is finding quality employment after leaving military service. For far too long, many employers have overlooked one of the most skilled segments of the workforce – our nation’s veterans. Veterans often face serious difficulties transitioning expertise gained during their service into private sector skill sets. At the end of last year, I successfully passed legislation that helps veterans transfer skills learned in the military into the private sector.

My legislation requires the Secretary of the Department of Labor to select at least 10 military occupational specialties that have skill sets similar to civilian occupations in areas of high worker

demand or industry growth. The Secretary will work with each state to identify local requirements for obtaining certifications, credentials, or licenses in areas relevant to these

I can tell you that the House Veterans’ Affairs Committee is fed up with the foot dragging and will be taking further action to make positive changes within the VA.

occupations.

Finally, the project will devise strategies to help military personnel overcome any obstacles or burdens created by these requirements. My legislation will help transition veterans into high-paying and quality

employment positions.

Since I joined the U.S. House of Representatives four years ago, I have used my seat on the Veterans’ Affairs Committee to fight for veterans in my district and throughout the nation. Our nation made a solemn promise to these men and women when they signed up to defend America that they would be cared for when their service was complete.

I will do everything in my power to ensure that promise is kept and our veterans’ needs are met. **RF**

Ginny Brown-Waite represents the 5th District of Florida in the U.S. House of Representatives. She is the Ranking Republican on the House Veterans Affairs’ Subcommittee on Oversight and Investigations.

CONGRESS: Don’t Slash Seniors’ Safety Net



The Administration’s Fiscal Year 2008 budget calls for more than \$10 billion in cuts over five years to the nation’s Medicare benefit for nursing home care. These proposed cuts come at a time when nursing home care is improving, and any cuts would have serious and lasting repercussions on quality long term care relied upon daily by 1.5 million frail, elderly and disabled Americans. While payments for skilled nursing facilities account for less than 5 percent of the proposed Medicare budget, nursing homes would absorb more than 15 percent of the proposed cuts.

The proposed budget also calls for continued cuts to Medicaid—a program that already underfunds our nation’s nursing home care by nearly \$4.5 billion a year.

Nearly 80 percent of nursing home patients rely on Medicare or Medicaid to pay for their care and services. Our leaders in Washington should protect funding for nursing home care, and protect the safety net for our seniors.



Support Continued Quality Improvements
Oppose Medicare & Medicaid Cuts for Nursing Home Care

Beyond Iraq

Five years into the battle, America remains unprepared for the challenges we face on other key fronts.

MAC THORNBERRY

As we enter the fifth year in Iraq, the debate in Congress and focus around America is on the new strategy to help the Iraqi government provide security and stabilize the country.

Success in Iraq is important, but I also believe we are being shortsighted if we continue to focus all of our attention on the headlines of the hour and the developments of the day. We cannot know for sure what dangers lay ahead.

We must prepare for uncertainty and for a future defined by a simple fact – the fact that the world is changing faster than we are adapting. Perhaps former General Electric Chairman Jack Welch put it best when he said: “When the rate of change inside an institution becomes slower than the rate of change outside, the end is in sight. The only question is when.”

Mr. Welch was referring to private companies trying to compete in the international business world when he made these comments. But he could have been talking about the U.S. government trying to survive in the post-Cold War world. Indeed, the world has changed a truly staggering amount since the fall of the Berlin Wall. Yet, it would be hard to argue that America’s foreign policy apparatus has changed as rapidly or as much.

The 9/11 Commission said as much in their report on the 2001 terrorist attacks. The Commission found “failures of imagination, policy, capabilities, and management,” but “[t]he most important failure was one of imagination.” In

short, the Commission found that the U.S. looked at the world and our potential enemies from a narrow perspective, not understating that the combination of technology and a radical ideology posed a new and dangerous threat.

The September 11th terrorist attacks were a wake-up call for our Nation. Unfortunately, we keep hitting the snooze alarm on the changes that need to be made to keep our Nation secure.

What are these changes? First, we need to update our own government organizations to be more flexible and effective. Secondly, we need to place greater emphasis on how and what we communicate with the outside world. Finally, we need to promote connectivity, particularly in those parts of the world that are isolated and thus dangerous.

Fielding a Full Team

We must start with ourselves. Achieving our goals in a complex, rapidly changing world depends on more than military power. America must field a full team of players with a wide range of deployable capabilities – and that team must work together.

In Iraq, for example, we have had to rely on our military to do just about everything – from repairing the sewers to developing a justice system to advising farmers. Just this February, Secretary Rice announced that nearly half of some 300 new State Department positions in Iraq would have to be filled by military personnel.

Clearly, the military is an essential tool to help achieve our national objectives. But it is not the right one to answer



all of the challenges we face on the global stage. If the military is the only federal organization that can perform when called upon, we may be in danger of living out the old saying, "If all you have is a hammer, every problem looks like a nail." In addition, the stresses on the Armed Services will grow, and despite their best efforts, America will not be as successful as we need to be.

While most of us acknowledge the importance of diplomacy and economic assistance, we have not approached the need to modernize the State Department or the U.S. Agency for International Development with the same urgency as modernizing the military. One wonders whether the resistance to change is stronger in those institutions or whether policymakers are guilty of the "soft bigotry of low expectations" in more places than just our schools. In any event, reforms that create modern, effective organizations are essential.

There are certainly competent, knowledgeable Americans working in all government agencies, but too many of those agencies cannot get the right person in the right job at the right time. We need an *Expeditionary Corps* that stands ready to spread technical assistance, establish the foundations of functional democracy, and provide guidance in building civil society. We need lawyers and judges to help form legal systems and draft constitutions. We need experts to improve farming practices and nutrition. We need people to help foster educational systems, to build infrastructure, to invigorate private enterprise, and to deal with public health issues. If the Departments of Justice, Agriculture, Education, Transportation, Commerce, and Health and Human Services cannot get experts in place in a timely manner, we will need a dramatically bigger State Department or Defense Department or some other way to deliver this assistance.

Frustration with the failure of government organizations to meet new challenges and to work together has brought some reorganization since 9/11, such as the creation of the Department of Homeland Security and a Director of National Intelligence. But we cannot put all of our foreign policy organizations into one massive Department. Instead, government agencies must work together to achieve our national security goals.

Unfortunately, what currently passes for interagency coordination these days consists primarily of a lot of meetings in Washington that may or may not produce decisions or result in action. In the field, capable, well-meaning individuals make the best of the situation. It should not be so difficult.

The National Security Act of 1947, which created the

current National Security Council structure, was designed in the Industrial Age to counter the hierarchical Soviet Union. This year the Act turns 60 years old, and we should not expect this structure of another time to fit automatically in the Internet Age and its diversity of threats.

One promising step for reform is a cooperative effort under the auspices of the Center for the Study of the Presidency to draft proposed revisions to the 1947 Act that would update organizations and processes and enable greater interagency cooperation. Any such effort, however, will need a big push to get through a turf-conscious Congress in time for the next Administration. And, as past efforts to reform Homeland Security and Intelligence agencies remind us, organizational reform is just the beginning. Changes in culture are also required if organizational changes are going to last.

Future presidents will have to make use of all forms of national power and influence. Like an accomplished maestro of a symphony orchestra, the Chief Executive must be able to call for just the right sound at the right time. But to do so, he must have organizations that know how to play their instruments and are willing to play them together.

If the military is the only federal organization that can perform when called upon, we may be in danger of living out the old saying, "If all you have is a hammer, every problem looks like a nail."

Strategic Communications

The long, ideological struggle with radical Islamic terrorists must be waged on many fronts, including military, diplomatic, and economic. One critical aspect of this war is what can best be labeled as "strategic communication." Strategic communication is not marketing; it is not simplistic slogans; it is not simply looking for better ways to convince the world of how good we are. Strategic communication is much deeper and more sophisticated

than that. It is a holistic approach to how we communicate with – and thus relate to – the rest of the world.

Strategic communication encompasses public diplomacy, public affairs, international broadcasting, and information operations. It must, of course, make the most of ever-evolving technologies, but the primary focus should be on effectiveness with the target population.

As with all successful communication efforts, strategic communication must begin with listening and understanding. We cannot conduct a public opinion poll or two and assume we know what the people think. True understanding goes much deeper, and requires examining history, culture, language, traditions, values, and anxieties. It must extend to networks of influence within societies and the factors that influence human behavior. Without starting from a place of understanding, any attempt at communicating, much less influencing, will prove futile.

It is worth emphasizing that we need to have this kind

of deep, comprehensive understanding before making any significant policy decisions. More than five years after the attacks of 9/11, we still do not fully understand our adversary – what his hierarchy of values is, how to influence his decisions, and especially how to dissuade those tempted to join the fight against us. Some very good work has led to pockets of understanding, but there is not the broad appreciation of our enemy’s values and motivations that is needed. Also, what we do know has not always made its way into policy decisions.

In addition to understanding attitudes and cultures, strategic communication involves engaging in a dialogue of ideas, advising policymakers of the implications of various decisions, and developing and implementing communication strategies that can help shape global attitudes and behaviors. It involves the work of the Department of State, the Department of Defense, the Intelligence Community, and others.

Needless to say, strategic communication is a massive job that is a crucial aspect of U.S. national security for generations to come. Presently, we do not give it the attention or resources it deserves, and what attention it does get is more superficial than strategic. Government does not have all of the answers or all of the expertise needed to successfully wage the communications war. Success will require a cooperative partnership between government and the private sector.

To facilitate this cooperation, we should create a non-partisan, non-profit *Center for Strategic Communication* to be at the intersection of public and private sector efforts. As a non-governmental entity, the *Center* can take advantage of the experience and expertise of those outside of government who may be unwilling or unable to work within government but have much to contribute. Outside of official bureaucracy, it would also allow greater flexibility than a government institution.

Of course, the long war against radical Islamic terrorists is about much more than communications strategies. It is also about policies and actions, some of which will not meet worldwide popularity. Policy and strategic communication cannot be separated, but effective communication remains an essential part of any effort to make the world a safer place.

As a Defense Science Board report issued in September

2004 noted: “Strategic communication is a vital component of U.S. national security. It is in crisis, and it must be transformed with a strength of purpose that matches our commitment to diplomacy, defense, intelligence, law enforcement, and homeland security.”

Global Connectivity

In his thought-provoking book, “The Pentagon’s New Map,” Thomas P.M. Barnett argues that in today’s world “disconnectedness defines danger.” More connectivity with the rest of the world reduces the prospect of terrorism, war, and violence. If that is true – and a good case can be made that it is – a fundamental policy objective of the United States should be to promote connectedness.

Of course, an Internet connection or a satellite dish is not a panacea. Some young Muslims in Europe are “connected” in this way but still feel isolated, hopeless, or, as a French official recently wrote, humiliated. Moreover, awareness that others have higher standards of living may fuel resentment, envy, and fear. A major part of al Qaeda’s recruitment strategy plays upon fears that globalization will bring Westernization, overcoming traditional ways. But the fact remains that those with a personal stake in the global system are less likely to want to destroy it, and connectivity can give rise to hope, as well.

Severely repressive regimes can maintain power only when they isolate their people from the outside world. The North Korean regime, for example, cannot survive if the people see how their neighbors to the South live. And so Kim Jong-Il enforces

strict control of information and media to ensure that his people are kept blind to the relative depression of their own situation. China, on the other hand, is attempting to delicately balance the connectivity required for economic freedom with maintaining political control. My money is on freedom to prevail.

We need a national strategy to promote openness and connectedness throughout the world. We should advocate unfiltered access to the Internet and fund alternative news sources for those countries that do not have them. We should use all of our resources to help knock down barriers to free information exchange. We should continue to push for more trade, encourage travel, and promote foreign investment. As the flow of information, people, goods, and



We must be prepared to fight and win political and ideological struggles, not just military conflicts.

capital across borders increases, terrorism and violence are sure to decrease.

Conclusion

Navigating successfully through the treacherous waters ahead requires change from within. We must be able to deploy a full force of integrated agencies that work together effectively. We must proceed with a sophisticated understanding of the motivations and global networks that drive our world as we develop credible messages and communicate them effectively. We must work to reduce barriers and promote global connectedness.

We must be prepared to fight and win political and ideological struggles, not just military conflicts. And as we utilize the full spectrum of American influence – from diplomatic to economic to military – we cannot underestimate the importance of international partnerships. Moral authority and persuasive diplomacy will be worth as

much as firepower and armor in many situations, and allies can help us be successful.

For two centuries, imagination and innovation have made America great. Now, as the world's only superpower, it is important that we maintain our ability to imagine and innovate and also revitalize our governmental structure. With a foreign policy apparatus that is flexible and effective, we will be able to adapt to global changes as we face the challenges of our day and rise to the opportunities that the future presents.

But we must act now. **RF**

And as we utilize the full spectrum of American influence – from diplomatic to economic to military – we cannot underestimate the importance of international partnerships.

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Beyond Reform?

Plagued by scandal, has the United Nations outlived its usefulness?

JOSHUA MURAVCHIK

Reforming the United Nations is a Sisyphean task. In the wake of the oil-for-food scandal and the blow-up in the U.N. Security Council over the invasion of Iraq, Kofi Annan appointed a High Level Panel on Threats, Challenges and Change with a mandate to recommend far-reaching adjustments. Much of its report was then incorporated into Mr. Annan's own proposals, *In Larger Freedom*, released in the run-up to the 2005 U.N. summit. That meeting was intended as a watershed of institutional reform. Although the U.S. administration and the U.N. Secretariat had been at logger heads over Iraq and other issues, the two were largely on the same page regarding U.N. reform.

The goal of U.N. reform was not new. Professor Edward Luck, the former head of the United Nations Association, spoke of the "déjà vu nature of U.N. reform," noting that "before the U.N. could hold its first meeting, a number of states were already calling for its reform." But although reform measures have been adopted over and over again, they have made little difference. For example, in 1993, a General Assembly resolution on "Restructuring and Revitalization of the United Nations in the Economic, Social and Related Fields" invoked in its preamble no fewer than fifteen previous resolutions toward the same end. In 1994 the United States exerted what our ambassador to the U.N., Madeleine Albright, called an "enormous diplomatic effort" to secure the creation of something called the Office of Internal Oversight Services. Its mandate was to assure transparency and accountability. And yet the oil-for-food shenanigans began two years later. In other words, when that scandal unfolded, the U.N. had already been thoroughly reformed!

The litmus test of the latest round of U.N. reform was human rights. Rarely if ever has the U.N. been so self-critical as the Secretary General and his High Level Panel were in assessing the record of the U.N. Commission on Human Rights, which Mr. Annan said had performed so poorly as to cast "shadow" over the U.N. as a whole. For years

the commission had refused to breathe a word of rebuke to most of the world's worst tyrants, while gently chastising a few offenders, usually of the second rank, and then saving most of its fire for Israel. So bad had this gotten that Annan proposed the radical measure of abolishing the commission entirely and replacing it with a Human Rights Council. This was to be designed in a different format in order to assure that it would turn out to be more faithful to its purposes than the commission had been.

Both Annan and the U.S. were disappointed in some of the provisions for structuring the new body, but both hoped for the best. Now, after its first year of operation, the Council's record has turned out to be even worse than that of its forerunner. How many states were criticized for their violations of human rights? Exactly one: Israel, of course. And it was criticized at every session. Meanwhile, not one of the world's tyrants or terrorists was called to account.

In short, the record shows that the U.N. will not improve with reform. And the problem is not only its performance on human rights or its management and bookkeeping. It has proved helpless to perform the primary function for which it was created, namely to protect mankind from "the scourge of war."

So what are we to do? Abolish the U.N.? We are powerless to do that. Few others would go along with such a proposal. To suggest such a move would bring down obloquy on the U.S., something we already have more than we need. The same would be true were we to withdraw from the U.N. or push its headquarters out of New York.

Rather a sound plan for managing the disappointing record of the U.N. would consist of two main parts. First, we should help to strengthen those few functions that the U.N. has shown it can do well. Second, we should nurture other international institutions that may better achieve

some of the things that the U.N. does not do well

Of the things the U.N. does well, one is post-conflict peacekeeping. This is a less demanding mission than wading into a civil war to suppress the fighting or stopping a war between states. Instead, it arises when the parties to a conflict are ready to settle their dispute, but each distrusts the other. A U.N. force that can patrol cease fire lines, collect weapons, verify to each side that the other is keeping its commitments, launch relief efforts, and the like can be the critical factor that allows a settlement to take hold. The U.N. has done this in Cambodia, East Timor, Namibia, El Salvador, and a number of other places. This is a more modest role than the U.N. founders envisioned, but it is important.



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Another area of strength is the work of some of the U.N.'s specialized agencies, for example the World Health Organization. Assistance to the very poor, to refugees, to women and children demands our concern and our generosity, and often U.N. agencies are the best vehicles for this.

For more political functions, that ones at which the U.N. is generally a failure, the alternative is not to go it alone. Rather it is to seek smaller and sometimes less formal international mechanisms.

The main purpose of the U.N. was to prevent a third world war which the founders feared might follow the second just as the second has followed the first, and they imagined its cockpit would be Europe. The Cold War, however, paralyzed the U.N. from the start. What did prevent a third world war from breaking out in Europe was a different organization, NATO. It came into being accidentally, having been conceived simply as a treaty. The strengthening, enlargement and adaptation of NATO holds much promise for the future; and so may other regional organizations. In addition, the embryonic Community of Democracies might be developed into a more purposeful alliance that might play an effective role in the advancement of global human rights.

Finally, ad hoc coalitions of small numbers of states are ordinarily more effective at crisis management than an organization of 193 members. In practice, we look to the Quartet to work on the Israel-Palestinian problem; the Five Plus One to deal with the Iranian nuclear issue; and the Pacific Six to negotiate the North Korean nuclear issue. In the 1980s the Contadora Group took the lead on the Central American crisis and in the 1990s, it was the Contact Group that wrestled with the Yugoslavia crisis.

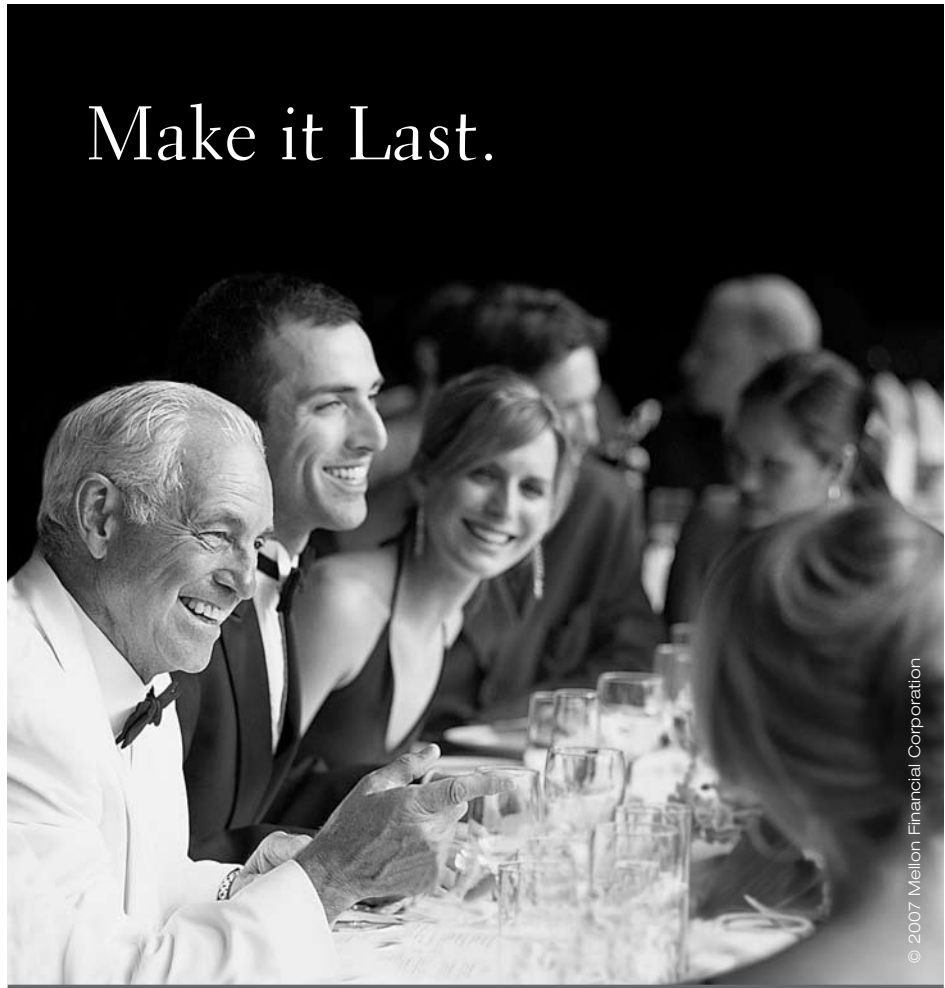
Experience teaches that the formal structures of the U.N. are often a straitjacket while informal groups of states with

common concerns, interests or values often can work more effectively.

The true alternative to relying heavily on the U.N. for political functions is not unilateralism. Rather, it is more flexible forms of international cooperation. **RF**

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The Middle East Cauldron

U.S. faces potential confrontations throughout region.

DAVID SCHENKER

Four years into the war in Iraq, the insurgency, the civil war and ongoing U.S. and coalition casualties remain a key focus of Administration attention and a dominant focus in the media.

Until recently, the Washington policy debate about what to do in Iraq – summarized by U.S. military planners as “go big, go long, or go home” – was at center stage. Despite the discussion on Capitol Hill about setting a timeline, the reality is that large-scale withdrawal of U.S. troops from Iraq is not going to happen anytime soon. Indeed, with U.S. forces surging, Iraq promises to headline Washington’s Middle East policy agenda for some time to come.

The intense focus on Iraq is understandable. After all, the future disposition of Iraq – whether it is a stable or chaotic, democratic or Islamist, moderate or militant state -- will have significant policy implications for Washington and its regional interests. Not the least of which is that a defeat in Iraq will undermine U.S. credibility in the region, damaging the position of our allies in that part of the world.

But the challenges in the Middle East for the Bush Administration go well beyond whether the U.S. can ultimately bring stability to a war-torn Iraq. Indeed, throughout the Middle East, Washington faces several confrontations that could profoundly affect U.S. interests in the region and around the globe.

Topping this list is the Global War on Terrorism (GWOT), which according to President Bush, may take “decades” to win. In the absence of Al Qaeda attacks on U.S. soil, it will prove challenging – not only for the Bush Administration, but for other Administrations that follow – to maintain popular support for an ongoing war in which the American public has little sense of imminent threat.

Still other Middle East challenges for Washington revolve around the struggle to define regional politics as either pro-West, with a moderate democratic outlook, or pro-Iranian, with a militant Islamist agenda. Ongoing

developments in the Palestinian Authority and Lebanon are good examples of the struggle.

In the West Bank and Gaza, the Iranian-allied Islamist Hamas and the largely secular and ostensibly moderate Fatah PLO led by Palestinian President Mahmoud Abbas are engaged in a power struggle. Hamas won a landslide victory in the January 2005 parliamentary elections and is now competing with Fatah, which signed the Oslo Accords with Israel, for control of the Palestinian Authority. While Fatah is no panacea (Fatah itself has periodically engaged in terrorism to wrest political and territorial concessions from Israel) the Administration has nonetheless backed Fatah with money and weapons vis-à-vis Hamas, and has led an international effort to isolate the Islamist terrorist organization.

Whether Fatah will ultimately emerge victorious in its fight with Hamas remains an open question. At present, it appears that Hamas has the upper hand. Recently, the groups agreed to a power-sharing arrangement and have established a “government of national unity,” blurring the lines between the organizations and their policies. But Hamas continues to adhere to its platform advocating the destruction of Israel and will not change its stripes. In this context, the Administration is hoping – perhaps ill- advisedly – to re-energize the long-stalled Palestinian-Israeli negotiations. Given the dynamics on the ground, the challenge for the Administration will be strengthen its nominal ally Fatah, without legitimating Hamas and without compelling Israel to make further territorial concessions to a Palestinian Government that at least in part does not recognize Israel’s right to exist.

Along similar lines, the Administration also faces a formidable challenge in Lebanon, where the pro-West democratically elected government of Fouad Siniora has found itself under siege by the Iranian-Syrian backed Shiite militia/political party Hizballah. Even with the Lebanese Armed Forces behind them, the Siniora government is



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outgunned by Hizballah, which has come to represent some 35% of the Lebanese electorate (nearly the entirety of the Lebanese Shiite community) through a potent combination of provision of services, a reputation for being non-corrupt, and an unhealthy degree of intimidation. Hizballah is using its clout to press for more political power, and to protect its Syrian patron from being implicated in the United Nations investigation into the 2005 assassination of former Lebanese Prime Minister Rafiq Hariri.

To strengthen the legitimate Lebanese government against the Iranian-backed Hizballah onslaught, over the past two years the Administration has pledged nearly \$1 billion in economic and military assistance. Beyond financial support, the U.S. has done yeoman's work in advocating and pushing through several key U.N. Security Council Resolutions in support of the government. But more needs to be done to protect the one democratic success story in the region.

The Siniora government has proven quite resilient, but Iran and its proxies remain committed to rolling back the U.S. allies in Beirut. In this regard, Hizballah might find it expedient to attack the U.N. peacekeepers in the South in a gambit to chase them out of Lebanon and denude the government of some of its international backing. The departure of U.N. forces would leave Beirut and Washington in a difficult position.

Of course, much of what happens in Lebanon is dependent on developments in Syria. The Iran-backed Assad regime in Damascus continues to pursue its unhelpful policies of supporting the insurgency and destabilizing Iraq, supporting Hizballah and destabilizing Lebanon, and supporting Hamas and destabilizing the Palestinian Authority, all the while repressing the Syrian people. Over the past seven years, in an effort to encourage a change in Syrian behavior, the Bush Administration alternately engaged with, and then led an international effort to, isolate Damascus. Unfortunately, it was to no avail. Given the precedent and the nature of the Assad regime, future attempts at engagement – although recommended by the Iraq Study Group – are also unlikely to succeed.

Fortunately, the U.N. investigation into the Hariri

assassination may prove a moment of opportunity. Should top Syrian officials be indicted by an international criminal court, Damascus may look for a deal ala Libya to preserve the Assad regime. Regardless of what happens, the result would be a dramatically weakened Assad regime presumably with less ability to undermine U.S. policy goals in the region. For Washington, though, perhaps the most import implication of a diminished Damascus would be the detrimental effect of this development on Syria's strategic ally, Iran.

In defiance of the international community, Iran – the leading state sponsor of terrorism – is currently making progress toward building a nuclear weapon. Should Iran succeed, it would endanger the U.S., Israel, and Europe, as well as moderate Sunni Arab states, and likely spark a nuclear arms race in the Middle East. At present, the Administration is working through the U.N. to foster consensus to levy economic sanctions and raise the price for Iranian intransigence. In the coming years, the challenge for Washington will be to maintain a diverse international coalition in opposition to an Iranian nuclear weapon. In the worst case scenario, this same coalition may be called upon to consider other measures, including military action, to prevent Tehran from acquiring the bomb.

From Beirut to Tehran to Baghdad, Washington is facing a broad range of challenges. The Bush Administration has tried to address these challenges through military means, as well as through democracy promotion and reform – an effort that to date has had mixed results at best. In the coming years, the Administration and its successor will have to contend with these issues. Complicating matters is the fact that Washington's

regional allies are not only largely weak and indecisive, but also sometimes play both sides.

Admittedly, it is a full agenda. But the stakes are high. Fortunately, Washington has demonstrated an appreciation that these problems will not age well and require a real sense of urgency to resolve. **RF**

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...other Middle East challenges for Washington revolve around the struggle to define regional politics as either pro-West, with a moderate democratic outlook, or pro-Iranian, with a militant Islamist agenda.

The Rise of China and the Interests of the U.S.

Growth of this Asian giant is not only inevitable, but something that will alter U.S. preeminence in world.

CARL MINZNER

While the grinding Iraq war currently dominates the attention of the American public and government, China's steady rise in economic and political influence is the single event that will reshape international politics in the 21st century. Sooner or later, American officials will turn their attention to confronting this issue. There are two key points to keep in mind.

First, China's rising influence is natural. It is a country of 1.3 billion people. Until 1800, it comprised a third of world economic output. China's rapid growth over the last 30 years reflects a return toward this long-term historical equilibrium. China's development, as well as that of the rest of Asia, will necessarily alter the preeminent geopolitical position that the United States has enjoyed since the end of the Cold War, and that Western nations have enjoyed since the 19th century. The operational question is not whether we like it or not. It is how we adapt.

Second, China's leaders are not seeking a worldwide confrontation with the United States. Their key priorities are domestic. The single issue that keeps them up late at night is the fear that the growing discontent of rural farmers and migrants could metastasize into a revolutionary force that topples them from power. All of the formidable energies of the Chinese party-state – the tough police controls, the focus on rapid economic development, and the new emphasis on addressing the needs of the rural poor – are directed at warding off such an event.

This is not to ignore the existence of real and important conflicts between the United States and China. Tensions over Taiwan remain. Chinese officials continue to violate their own laws and treaty commitments granting citizens religious liberty and free speech, generating recriminations

on the part of the American government and public. But China today, unlike the Soviet Union of the 1950s, is not seeking to challenge the very foundations of the international political and economic order that have been established since World War II.

So what does this mean for U.S. policy toward China?

First, we need to view China not as a threat, but as a challenge. We should address Chinese competition, not through economic protectionism, but rather through sustained investment in the education of America's children. We should address increased Chinese political influence, not through bellicose unilateralism or timid isolationism, but rather through expanding existing institutions to give Chinese authorities a role in shaping the international order, and bear corresponding responsibilities in handling international crises such as North Korea and Sudan.

We should also directly address Chinese violations of human rights standards and denials of political liberties, not through willful ignorance or high-pitched denunciations, but through careful and consistent emphasis on the extent to which they fuel the social unrest Chinese officials so desperately wish to avoid. The ability of the United States to remake any country in a democratic mold by compulsion is limited, if not

nonexistent. These efforts often result in a nationalist backlash and rejection of the very democratic principles which the United States espouses, particularly when American officials themselves are forced to compromise these principles for the sake of their geopolitical interests. But the concepts of rule of law and representative government continue to hold appeal for many in China, particularly those who appreciate the extent to which many of China's internal troubles are



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rooted in a fossilized political system that has failed to keep pace with the rapid economic and social changes of the past three decades. We should support calls for positive reform, and in particular emphasize that citizen experimentation with these concepts does not represent American efforts to impose a foreign ideology, but rather an ongoing search by Chinese citizens themselves for means to resolve the core problems of governance, social unrest, and violations of citizen rights that confront China.

Second, the United States must reaffirm its commitment to international norms and multilateral institutions as a means to protect our interests. American officials do not want to see China's growing economic and political muscle funneled into creating free-trade zones and political alliances that exclude the United States. Out of simple national self-interest, American officials should seek a China that is firmly anchored in multilateral institutions and processes. But realizing that goal requires American

officials to make serious commitments to strengthening these institutions now. If American authorities undermine our commitments under international human rights or WTO treaties now in favor of short-term political gain, we limit our own ability to invoke them in our defense in the future,

when our relative influence may be weaker, and our need to resort to them greater.

Third, we must deal with China in a bipartisan manner. American politicians, both Democrats and Republicans, have all too often viewed China as a means to score political points with narrow domestic constituencies, instead of trying to work together across the aisle to formulate a broader strategic vision. One can do that with small nations. One can not with a country that represents a fifth of humanity. **RF**

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Carl Minzner is an International Affairs Fellow at the Council of Foreign Relations. He previously served as Senior Counsel for the Congressional-Executive Commission on China.

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Back to the Future

The U.S. is adopting a familiar approach in the face of continuing North Korean defiance.

DANIEL A. PINKSTON

When North Korea conducted a small nuclear explosion last October, it was not only an act of defiance. It was also a confirmation that Pyongyang's nuclear weapons program poses a clear and present threat to the regional security of East Asia, U.S. national security interests, and the global nonproliferation regime.

In the face of this defiance, many analysts and policymakers believe that North Korea will never abandon its nuclear weapons program despite its previous commitment to achieve a nuclear-free Korean peninsula. North Korean government officials and media frequently have mentioned that a nuclear free peninsula was the "dying wish of the Great Leader Kim Il Sung," the former leader who was declared the country's "eternal president" in September 1998 even though he had been deceased for four years.

While many discount the credibility of Pyongyang's statements and the official goal of denuclearization, North Korean leaders clearly recognize that their country will never be secure as long as it has a hostile relationship with the United States. Kim Jong Il and his advisors probably prefer a non-nuclear peninsula in exchange for amicable relations with Washington and a regional security arrangement that credibly guarantees Pyongyang's security interests. However, North Korea is prepared to settle for what it perceives to be its second best outcome – a deployed nuclear arsenal and its concomitant costs.

In 2001, the Bush administration implemented a review of U.S. policy towards North Korea. The administration basically rejected the Clinton administration's "Perry process," which did not begin until late 1999 after the Congress had passed legislation requiring the appointment of a "North Korea policy coordinator." The Clinton administration's North Korea policy had been criticized as being in disarray when

former Defense Secretary Bill Perry released a review of U.S. policy toward North Korea, the so-called "Perry Report," in October 1999.

In sum, the Perry process recognized that Washington has a multitude of concerns regarding Pyongyang's behavior, but Perry established a hierarchy of problems to be resolved: first the nuclear program, then ballistic missiles, followed by chemical and biological weapons, conventional arms, political issues and human rights, etc. The Perry process also established two options for North Korea: peaceful coexistence if Pyongyang were to address Washington's security concerns; or, increasing animosity, and the real possibility of war, if U.S. concerns were ignored.

The Bush administration's subsequent policy differed from the Perry process in three important ways. First, it essentially abandoned Perry's hierarchical and step-by-step approach in favor of seeking a comprehensive "big deal" covering weapons of mass destruction, missiles, conventional arms, human rights, etc. Second, the Bush administration's willingness to coexist peacefully with North Korea was in doubt for various reasons, but particularly because many inside and outside the administration viewed the comprehensive policy objectives as unachievable without "regime change." And third, the Bush administration refused to negotiate bilaterally with Pyongyang, citing the Agreed Framework, which was signed by Washington and Pyongyang in 1994 to denuclearize Korea, as the type of bad outcome

generated by U.S.-North Korea bilateralism.

The Bush policy was admirable because it addressed more U.S. concerns, including human rights, and North Korea's illicit activities, such as smuggling and counterfeiting. Furthermore, the administration emphasized that North Korea's nuclear weapons program threatened not only the United States, but all of East Asia. Washington



The Bush administration finally appears to recognize the structural reality of nuclear diplomacy with North Korea, and we are now "back to the future" with an approach that looks more like the Perry process than anyone would have expected ...

eventually was able to convince Pyongyang to join the Six-Party Talks and sign a Joint Statement in September 2005 that stipulated North Korea's commitment to abandon "all nuclear programs at an early date." The new agreement was "more for more" compared to the Agreed Framework, and it seemed to make the six parties – the United States, China, Japan, North Korea, South Korea, and Russia – better off.

However, the problem with any such complex international agreement is that it contains several steps or transactions, and the international system has no third-party to enforce contracts. Structurally, this presents two issues that international negotiators must address: the sequencing of transactions, and credible commitment problems. The party to any deal naturally wants his receivables prior to delivering his responsibilities under the contract. But with no third-party enforcer, how can the second party be sure the first party will not renege on his commitment to deliver as promised? Anyone receiving his benefits first has a strong incentive to walk away. To overcome this problem, the Agreed Framework contained a number of small transactions that were designed to build trust between the United States and North Korea over time so that denuclearization could be achieved after a period of at least 10 years.

The Bush approach to the problem was to form a coalition and apply pressure on North Korea until Pyongyang capitulated and abandoned its nuclear ambitions. Make no mistake -- pressure is necessary. Unfortunately, it is also not sufficient for any strategy designed to persuade North Korea to denuclearize. The Bush administration has been very successful in applying pressure on North Korea, but Pyongyang will never give up its nuclear weapons willingly without a face-saving exit that includes negative security

assurances and some package of economic incentives.

Fortunately, the incentives (both positive and negative) now appear to be well structured for the denuclearization of the Korean peninsula. The deal on the table is good for North Korea and the other five parties, but the details of sequencing and credible commitments remain and must be negotiated. The Bush administration finally appears to recognize the structural reality of nuclear diplomacy with North Korea, and we are now "back to the future" with an approach that looks more like the Perry process than anyone would have expected when the "second North Korean nuclear crisis" emerged in October 2002. The future denuclearization process will not be easy, even though an "action plan" was announced on February 13, 2007, to begin practical steps for North Korea's denuclearization. Six-party diplomacy and the complexity of "more for more" exacerbate the problems of sequencing and credible commitments.

Nevertheless, U.S. policymakers and diplomats must remain focused because the cost of failure is very high. A second Korean War is practically unthinkable, so the fallback position for failing to roll back the nuclear program will likely be containment and deterrence. However, this outcome is also practically unthinkable because it could lead to the unraveling of the nuclear nonproliferation regime, the transfer of North Korean nuclear materials or technologies to other states or terrorists, or the use of North Korean nuclear weapons in a future conflict. **RF**

Daniel A. Pinkston is the Director of the East Asia Nonproliferation Program and a Korea specialist at the Center for Nonproliferation Studies in Monterey, California.

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Poverty Fueling Shift to the Left in Latin America

Living conditions and widening gap between rich and poor driving political discontent throughout the region.

CYNTHIA J. ARNSON

The United States faces numerous challenges in the Western Hemisphere. All demand a collaborative response, both within the United States – that is, between the Congress and the executive branch – and between the United States and the countries of Latin America.

From immigration reform to the pursuit of economic development to stemming narco-trafficking or exploring alternative energy, U.S. interests will be difficult to secure unless U.S. credibility in the region can be restored. That requires a meaningful embrace of the social agenda that is the top priority of most of the governments in the region.

Indeed, unless the United States can make good on a renewed commitment to address the massive poverty and social injustice that exist, in varying degrees of severity, throughout Latin America, President Bush's two terms in office will go down in history as the worst for hemispheric relations in well over a generation.

Much has been made of Latin America's so-called "shift to the left" since late 2005, the beginning of a cycle of over a dozen presidential elections in the region. But less understood are the two general trends behind such electoral outcomes. The first is widespread popular dissatisfaction with persistent poverty and widening gaps between rich and poor in the wake of two decades of neo-liberal reform. Second, as reflected in the polls of Latinobarómetro and others, is discontent with the incapacity of traditional political elites to respond to growing demands for greater equity, participation, and economic, political, and social inclusion.

Thus, the "rise of the left" owes much to core problems arising from the *quality* of democracy as experienced by the average citizen: the lack of good jobs and, in their absence, the growth of the informal sector; a sharp rise in violent crime; disenchantment with the institutions of democratic

governance, especially political parties; and dislocations – in Latin America as well as in the United States – related to the domestic effects and foreign policy implications of globalization.

Consider the following: some 40 percent of all Latin Americans are considered poor, defined as living on \$2 a day or less. In one of the hemisphere's poorest countries, Bolivia, the World Bank reports that one and a half million people (out of a population of a little less than 9 million) subsist on 16 cents a day or less. Should it be so difficult under these circumstances to understand the popular enthusiasm for President Evo Morales, a grass-roots indigenous leader, or for policies aimed at ensuring a greater Bolivian share of the profits from its natural gas industry? Similarly, while Venezuelan President Hugo Chávez may be widely viewed in the region as an authoritarian despot, he has delivered billions of dollars in oil subsidies, debt relief, and infrastructure financing, all at a time of steadily decreasing U.S. economic assistance to the region.



**Consider the following:
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Rhetorically at least, the State Department for some time has recognized the relevance of poverty and inequality for the consolidation of the region's democracies. President George Bush's speeches during his recent trip to five Latin American countries (and in Washington just as he left) also reflect that awareness, a welcome change from an agenda that for

most of the last six years has centered on the virtues of free trade and the linkages between counter-narcotics and counter-terrorism.

But U.S. instruments for addressing the region's poverty and social agenda have been scant. Some of the specific initiatives announced before the President Bush's trip – sending a Navy ship to provide medical care, for example – recall the civic action programs of the 1960s, in

which military teams took over development roles, to the detriment of civilian authority. Other programs—broadening opportunities for Latin American youth to study English, or expanding OPIC loan guarantees – are likely to be met with widespread skepticism in the hemisphere.

Worse still, this year’s foreign aid budget – drafted and debated within the administration and presented to Congress before President Bush left for the region –actually cuts economic aid to Latin America and the Caribbean, a trend that has accelerated since 2004. Excluding Colombia, which has received the lion’s share of U.S. aid to the region, proposed development assistance to the Western hemisphere has been reduced by about 25 percent.

The jury will be out for some time as to whether the visits of President Bush and other senior U.S. officials to the region can succeed in overcoming the damage to U.S. prestige caused by the war in Iraq and scandals such as Abu Ghraib. Joint initiatives with Brazilian President Luiz

Ignacio Lula da Silva on alternative fuels such as ethanol can go a long way in demonstrating a capacity for mature partnership on a critical issue of shared interest. But getting in sync with the region – its presidents and its public – will require a more profound shift.

It would mean, first, accepting that addressing poverty is a legitimate function and responsibility of the state and not simply an expected outcome of market forces. It would also imply embracing the secondary policies that are necessary to enhance the capacity of free trade to contribute to development.

Failure to do so is hurting the cause of free trade not only Latin America, but also in the

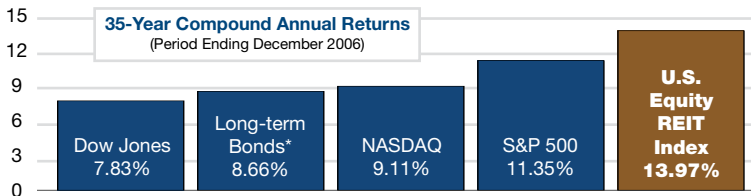
RF

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United States.

Cynthia J. Arnsion is the Director of the Latin American Program at the Woodrow Wilson International Center for Scholars.

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Africa in U.S. Foreign Policy:

It's three and a half times the
size of the United States. It's also
more important than you think.

HERMAN J. COHEN

With 50 countries and a land mass that is about three and a half times the size of the United States, Africa is a continent that we can ignore or take for granted only at our peril. In fact, if one were to make a list of U.S. foreign policy interests worldwide, they may be surprised to find that almost all of them are in play somewhere on the African continent.

Do we want to reduce our dependence on Middle East oil? Well, the Gulf of Guinea, running along the west coast of Africa from the big bulge to Angola, is becoming one of our major crude oil and liquefied natural gas suppliers. Nigeria is now the world's seventh biggest oil producer at 2.5 million barrels a day, with Angola coming up fast to about the same level.

Many oil companies predict that this region will continue to grow as a major producer. While that clearly presents the U.S. with the opportunity to develop new resources, it also presents us with the challenge to keep these potential new resources secure. Indeed, although it is less volatile than the Arab Gulf, West Africa has real security problems. For example, a poverty-driven violent insurrection currently underway in Nigeria's Delta region is jeopardizing almost a million barrels of daily production, and the fundamentals of this problem are still not being addressed.

And then there is the threat of terrorism. Nearly 10 years ago, Al Qaeda blew up U.S. embassies in Nairobi and Dar Es Salaam. Late last year, Al Qaeda-connected extremists were found to have infiltrated the home-grown Union of Islamic Courts that was trying to fill the governance vacuum of the 15-year old collapsed state in Somalia. Although Ethiopian military action succeeded in dismantling the Islamic "jihadist" militias, Somalia continues to be a hotbed of anarchy at the backdoor of Yemen and Saudi Arabia.

The good news is that Islamic extremism is being rejected throughout the rest of the continent by half the population of one billion people who are Moslem. In Sub-Saharan Africa, the Sufi form of Islam eschews religion in politics, and is highly tolerant of other religions and cultures. In part for this reason, U.S. cooperation with African governments on intelligence sharing, money laundering, and anti-terrorist military training is active and growing. For example, in the tiny Republic of Djibouti, at the southern entrance to the Red Sea, 1,200 U.S. Special Forces soldiers and civilian personnel are working not only to win the hearts and minds of those who live in the region, but to maintain military readiness in the event future threats arise.

U.S. security interests in Africa are considered sufficiently important to justify the recent creation of a new military combat command called AFCOM (for African Command.) AFCOM will be responsible for potential operations in every African country except Egypt. The continued existence in Africa of collapsed and failing states and their dangerous ungoverned spaces, as well as the need to protect energy supply lines, have raised Africa's visibility within the U.S. national security calculus.

Where is Africa going fifty years after the end of colonial rule?

As far as economic development is concerned, the results have been disappointing. Despite improvement since the end of the Cold War under World Bank mentoring, there is still no African "tiger" comparable to Malaysia, Thailand or Singapore. It is important for U.S. foreign interests that Africa does better in achieving self-sustaining economic growth. It is important that our substantial annual expenditures for food aid and humanitarian relief be replaced by expanded trade and investment.

U.S. development policy toward Africa has been



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particularly creative during the Administration of George W. Bush. The creation of the Millennium Challenge Corporation has begun the process of selecting and financing those African countries that show the most promise for true economic expansion and wealth creation. Debt relief and trade advantages for African exports have been broadened and deepened. More than any other President, George W. Bush has underscored the need and support for a vigorous indigenous private sector in Africa.

Africa is doing much better in another area of interest to Washington – democratization. More and more countries are enjoying peaceful transitions from one elected government to a successor. Democracy has become irreversible in about 10 African countries. African progress in this area stands in stark contrast to the unsavory choices in some Middle East countries between the corrupt elites or the radical Islamists. In this aspect, at least, Sub-Saharan Africa is in the vanguard.

Those of us who follow events in Africa daily are deeply frustrated and troubled by continuing tragedies such as the

genocide in Darfur and the suicidal repression in Zimbabwe. But there is also great potential and significant hope that Africa will nonetheless take its place as a productive participant in the global economy. Countries like South Africa, Tanzania, Ghana, Mozambique and Botswana are moving in that direction.

U.S. development policy toward Africa has been particularly creative during the Administration of George W. Bush.

The U.S. has learned a great deal over half a century about what works and what doesn't in the context of African culture. This is no time to reduce our engagement with Africa. On the contrary, good opportunities are out there in terms of raw materials, agricultural innovation, abundant energy and hard working populations. Americans need to take advantage of this potential before India and China slip in ahead of us. **RF**

Herman J. Cohen is a former Ambassador to Senegal who served as Assistant Secretary of State for African Affairs under President George H.W. Bush. He is the author of "Intervening in Africa: Superpower Peacemaking in a Troubled Continent."

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Are Americans Overtaxed?

No. Taxes are down, debt is up, and the demand for government services is greater than ever.

ROBERT GREENSTEIN

No one likes paying taxes – least of all Americans. But, despite well-worn assertions to the contrary, Americans are not paying too much – at least not by historical standards, not compared to other developed countries, and most importantly, not in light of the revenues needed to maintain the size of government that Americans want.

Households in the middle of the income spectrum paid an average of 13.9 percent of their income in federal taxes in 2004 (the most recent year available), according to the Congressional Budget Office. That's the lowest share since CBO began collecting this data in 1979 (except for 2003, when it was 13.8 percent). These figures include all federal taxes, such as income, payroll, and excise taxes.

Federal taxes have declined mostly because federal income taxes have declined significantly. The median-income family of four paid only 5.8 percent of its income in federal income taxes in 2006. These “effective tax rates” are the lowest in at least half a century.

Moreover, both income taxes and overall federal taxes were at historically low levels even before the 2001 and 2003 tax cuts. In 2000, the median-income family of four paid a smaller share of its income in federal income taxes than in any year since 1966 (except for 1998-1999).

But because the purpose of taxes is to finance public programs, the fundamental tax question is whether we are collecting enough revenue to maintain the services we expect from government. As Federal Reserve Chairman Ben Bernanke told Congress, “Crucially, whatever size of government is chosen, tax rates must ultimately be set at a level sufficient to achieve an appropriate balance of spending and revenues in the long run.”

Unfortunately, the United States faces a long-term imbalance between projected revenues and spending that's

dangerously large. The national debt, now equal to 37 percent of the Gross Domestic Product, will soar to more than 200 percent of GDP by 2050 if current budget policies are continued — that is, if laws governing entitlement programs like Medicare do not change and the President's tax cuts are permanently extended.

Debt at this level would seriously damage the economy. It also would severely strain the federal budget. By 2050, more than half of federal revenues would go simply to pay interest on the national debt.

So, sooner or later, policymakers will have to put the nation's fiscal house in order.

The long-term budget gap is much too large to close solely by raising taxes. Even if all of the President's tax cuts were allowed to expire by 2010 as scheduled, the national debt still would climb to more than 100 percent of GDP in 2050 and keep rising thereafter.

But the budget gap is also too large to close solely by cutting spending. Medicare, Medicaid, and Social Security are projected to grow considerably in coming decades due to rising health-care costs throughout the economy and the impending retirement of baby boomers. By 2034, these three programs plus defense are projected to consume all federal revenues, leaving no revenues to pay for everything else the federal government provides – education, veterans' benefits, border security, assistance for the poor, environmental protection, and



Households in the middle of the income spectrum paid an average of 13.9 percent of their income in federal taxes in 2004 ... That's the lowest share since CBO began collecting this data in 1979 (except for 2003, when it was 13.8 percent).

so on.

We simply can't continue to protect the nation, help the needy, provide health care coverage, educate our children, and do the other things we expect if we cut federal programs by the full amount needed to restore fiscal balance.

Therefore, serious deficit reduction must include both tax increases and spending cuts. Tough choices will have to

(Continued on page 30)

Are Americans Overtaxed?

Yes. The return on our investment is too low,
and the cost to the economy is too high.

ERNIE CHRISTIAN

Are Americans overtaxed?

Yes we are, if the right measurement is used. It is solely a matter of comparing the cost of taxes to the benefits derived from government spending.

If the marginal benefit from an additional dollar of government spending is not at least equal to the marginal cost to the economy of providing the government with an additional dollar of tax, we are overtaxed.

Other measures, such as whether most Americans have the financial capacity to pay higher taxes or whether Americans are less overtaxed than people in some other countries, are irrelevant from the perspective of those of us who value a bigger economy more than a bigger government.

In France, for example, total taxes are nearly 45 percent of Gross Domestic Product (GDP), compared to 27 percent in the United States. Americans have the financial capacity to pay higher taxes too – but why would we want to be overtaxed as much as the people in France? Their per capita GDP growth rate is low (only about half as much as ours) and their unemployment rate is astronomical.

If Americans were not already overtaxed, our GDP growth rates and living standards would be much higher. The overtaxing of Americans starts with the fact that each additional

\$1 of tax costs the private economy more than \$1, whereas the public benefit of an additional \$1 of public spending is only sometimes greater than \$1 – and is often less than \$1 or is negative.

Recent works by Gregory Mankiw and Martin Feldstein at Harvard lead ineluctably to the conclusion that the total cost to the economy of an additional \$1 of tax for the government to spend can be as high as \$5 and

is almost always at least \$2. First, there is the \$1 in tax paid, and then there is an additional \$1 or more in lost income and jobs that the economy would have produced but – because of the tax – does not.

The most costly per dollar of revenue raised is a tax concentrated solely on the income from capital. (In addition to the tax, the deadweight economic loss is about \$4.) The next most costly is an across-the-board rate increase on the income from both labor and capital. (In addition to the tax, the deadweight economic loss is about \$1.) But no matter whether the nominal tax is primarily on capital income or on labor income, and without regard to who files the tax return and pays the tax, the real burden of the resulting deadweight economic loss falls primarily on low and middle-income wage earners. Thus, not only is the real level of taxation in America about twice the amount reported in the budget, its overall impact tends to be flat or regressive.

There is no universal formula for measuring exactly the public benefit of each government activity and expenditure, but it defies credulity even to suggest that each \$1 of federal spending buys enough “good” for enough people to justify its \$2 to \$5 cost. According to Citizens Against Government Waste, obvious pork barrel spending

was at least \$198 billion over the last decade. In 2006 alone, the basket of suspect spending earmarks was \$29 billion. And a new evaluation study at the Office of Management and Budget has concluded that 25 percent of all federal programs are “underperforming”.

Sunshine is the key to controlling low-value spending and, therefore, to limiting overtaxation. If



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(Continued on page 30)

(Greenstein, continued from page 28)

be made on both sides of the ledger.

Some say that making the President's tax cuts permanent is vital for the health of the economy. But the tax cuts haven't produced an especially robust economic recovery. In terms of economic growth, investment, wages and salaries, and especially job creation, this recovery has been weaker than the average recovery since World War II — including that of the 1990s, when taxes were raised.

Nor have the tax cuts generated robust revenues. If this recovery were like the average recovery since World War II, revenues would be 10 percent higher (after adjusting for inflation and population growth) than when the current business cycle started in 2001. Instead, real per-capita revenues at the end of 2006 were still below their 2001 level.

Mainstream economists generally agree that large, permanent tax cuts will more likely hurt the economy than help it in the long run if they aren't fully paid for. That's because unpaid-for tax cuts make long-term deficits worse, and large, persistent deficits are a drag on the economy.

Even making the tax cuts permanent and paying for them would produce only a very modest improvement in long-term growth. Says who? Says the Administration's own Treasury Department.

Especially during tax-filing season, it's tempting for taxpayers to think they are over-taxed. The facts, however, simply don't support that belief. **RF**

Robert Greenstein is the Founder and Executive Director of the Center on Budget and Policy Priorities.

(Christian, continued from page 29)

each one of the three trillion dollars in the federal budget were treated as the last dollar spent (and the true costs of paying for it were publicly acknowledged to be at least \$2), it is certain that a large amount of federal spending would be eliminated by popular demand. On the discretionary side of the budget, when \$1 of government spending costs \$2 or more, and when government typically spends \$3 to do a \$1 job, the price tag for pork and other low-value projects becomes ridiculous.

Entitlement spending includes vast amounts of high-cost, low-value subsidies for the middle class and wealthy. This portion of the budget is already on track to force future tax increases of such unprecedented magnitude that — on a two-for-one basis — the associated damage to the economy and living standards will be catastrophic.

Thus, not only are Americans already overtaxed, mostly in the form of highly predictable “collateral damage” to the economy, the amount of that overtaxing is soon going to be drastically increased. **RF**

Ernie Christian is a Washington tax lawyer who also served in the Treasury Department. He is now the Executive Director of the Center For Strategic Tax Reform and an Adjunct Fellow at the Heritage Foundation.

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Ripon Profile

Name: Kevin McCarthy

Hometown: Bakersfield, CA

Occupation: Congressman representing
the 22nd District of California

Previous Jobs: Assemblyman in the California State Assembly, Republican Leader in the California State Assembly, Trustee for Kern Community College District Board, District Representative for Congressman Bill Thomas, and owner of Kevin O's Deli.

Individuals who inspired me as a child:

- 1) My Mom because she is a strong Italian woman with an infectious laugh and a personality that makes everyone feel like they are a part of the family from the first time they meet her.
- 2) Satchel Paige because he not only was a pioneer for ending segregation in Major League Baseball, but was also one of greatest pitchers in history.
- 3) Teddy Roosevelt because he was not afraid to lead.

Historical figures I would most like to meet:

- 1) The Founding Fathers because they created a government of individual liberty and freedom that defeated every obstacle of tyranny threatening our way of life over the last 230 years and represented a force of good in the world.
- 2) Abraham Lincoln because he never gave up and brought the country together by finding the best in people at a time when he was distrusted and disliked by millions of Americans. In the end, even with all the hatred, he won because he stood for a vision that was good and worthy.

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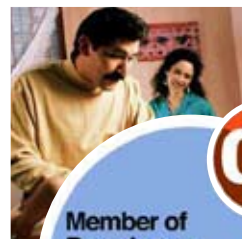
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