

# An American Strategy for Peace and Prosperity in the 21st Century

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By Brian Sear

Every day we listen to news prepared by pundits from politician's talking points declaring defeat. "Iraq is a war we cannot win" Hillary Clinton a Senator, "The war in Iraq is already lost" Harry Reid leader of the Senate and John Murtha a Congressman. Warren Buffett said "The 21st Century will belong to China". Similar statements about China have been made by our politicians and media pundits over several years. Barak Obama recently spoke on, the energy crisis, the price of one gallon of gas over \$4, and energy independence. His comment was "Drilling offshore or within the USA will not bring down the price of gas right now". Barak Obama either does not believe in the economic principal that price is a function of supply and demand or he is using, for political purposes, Clintonian parsing of the American language. "We the people" are paying dearly for such incoherence or lack of integrity, by most of our leaders, through excessive taxes or reduced purchasing power overseas.

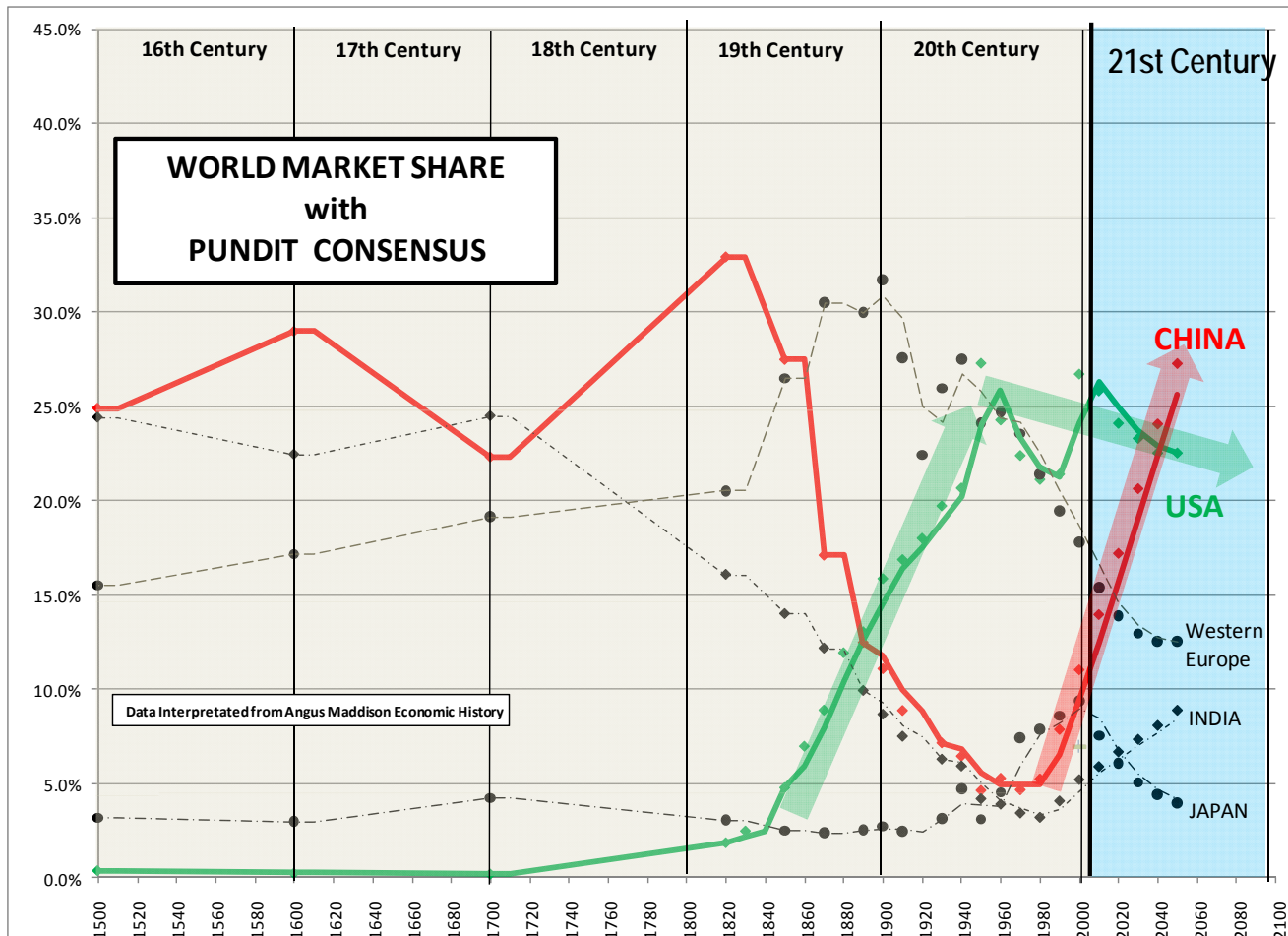
The amazing truth is that most of us working hard in a performance based society do not realize, that in spite of the chilling performance of a thousand or two of our elite leaders, America has already achieved world leadership. By 2007 our market share of world GDP was over 25% and our GDP at over \$13 Trillion is about three times our nearest competitors of China and Japan. Militarily America is by far the most powerful, our technology is superior, and our nation provides the most freedom for its citizens. At the same time our people are extremely charitable. Wake up! America has proven to be the best democracy the world has ever known. Stop blaming America first and apologizing to other world leaders in the hope that they may show respect.

How did this happen? What contributed to our success? Where is America today?

America is the world leader in every sense except for government execution. Our Constitution, our Founding Father's philosophy of government, the character, courage and entrepreneurship of our people and free market capitalism have delivered America to our destiny of becoming the shining city upon a hill.

America is watched and admired by many nations around the world. They may not like us but they respect our contribution to world peace.

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Unfortunately our government leaders are failing in their duty to honor the constitution and change government policies and practices into public policy that will benefit all Americans in the 21st Century. Most of our politicians do not have a strategic plan that will ensure America's continued success. Many speeches or actions they take are about how they get re-elected. They have hijacked our government by gradually setting arcane rules for operating the Congress and Senate and convinced us, the people, that their rules of self preservation are part of our traditions and the constitution. In addition their partisanship has divided the country by selling government solutions for every minority interest they can dream up. Minority interests can best be served by developing a national strategic plan that sets priorities for the nation as a whole. Minority interests can then be accommodated and prioritized fairly in accordance with the interests of all Americans.

Our country needs public politicians who agree to serve with term limits, as does our President, not career politicians who serve to get personal power, preferential health care and pensions, and lucrative contacts that generate personal wealth.

Can "we the people" do anything about the conundrum that today we are the most successful nation on earth but our leaders do not act as if they believe it. The answer is yes! The chart

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above, not only shows historically that all methods tried to date such as Imperialism, Colonialism, Communism and Socialism are failing or have failed but our leadership and pundits believe we will fail and allow China to win the 21st Century These methods of governing were born of the “Conquer and Oppress” approach. We the People can change this sorry state of affairs by voting for term limits and a change of leaders.

America’s democracy has demonstrated the most promise for future prosperity and world peace. By embracing new principles of competition, first presented by Bruce Henderson of Boston Consulting Group (BCG), America can continue to lead the 21st century by the “Compete and Empower” philosophy. Bruce Henderson’s perspectives published in the 1960’s were used with exceptional success by companies whose leadership understood and came to believe in the fundamental nature of the concepts. Company leaders, that went on to revamp their strategic planning, provided significant benefits for customers, workers, and shareholders through market share, revenue and profit growth.

During the 1960’s and 1970’s I observed the benefit of applying principles of market share and experience curve theory in strategic planning. Strategic plans based on an evolving commitment to compete effectively using these principles were very successful. Three successful start ups later and additional success with Venture Research and Development, VenRaD, where I mentored Founders and Management teams to increase the value of their Companies, I realized how a new philosophy of “Compete and Empower” would benefit Nation States.

When businesses compete for a market segment and are realistic regarding the resources available to them the segment stabilizes when the leader is twice as big as the second competitor and the second is twice as big as the third. A stable market segment usually supports three to four competitors only. Any others fall by the way side because their company has not been able to take advantage of the experience curve and therefore make a reasonable return. The experience curve advantage is that all employees of the company contribute to reduced cost and improved quality as the quantity of products shipped to satisfied customers is increased.

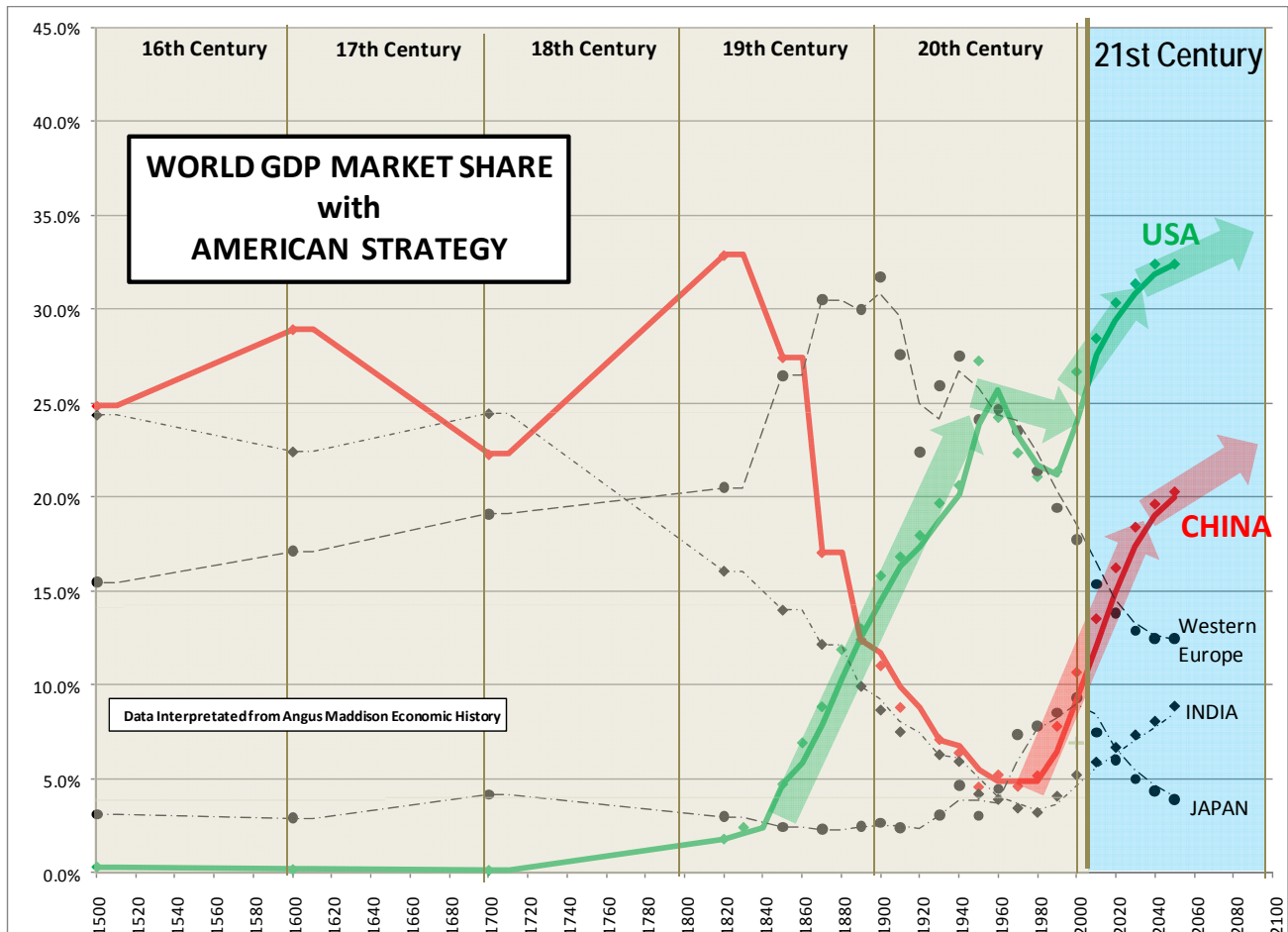
By considering Nation States as conglomerates it is straight forward to extrapolate that “Compete and Empower” leads to stable markets and empowers Nations to compete in a stable, free world without war. The people are employees of the business and contribute significantly to the productivity and success of the business. Any attempt to “Conquer and Oppress” the people through government or union actions to gain power will put those nations at a disadvantage.

Of key importance is an understanding that America does not have to concede the 21st Century to China. America can continue to lead the world to peace and prosperity for the foreseeable future by competing with and empowering nations to follow the same principles

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that have already demonstrated success.

Angus Maddison, in his book “Contours of the World Economy from 1 to 2030 AD”, provides the data to consider world GDP market share by the largest nations and how they have at first succeeded and then failed. History is provided by the data from Angus Maddison. It is interesting to note that from early AD, after the fall of the Roman Empire, China and India achieved dominant market share at 25% or higher. From the 14<sup>th</sup> Century to the 19<sup>th</sup> Century Western Europe gained influence with its mercantile skills, starting with the Portuguese and followed by Spain, France Belgium, the Netherlands and England. By the 19<sup>th</sup> Century Western Europe won and became world leaders. China and India fell out of the competitive picture.



Clearly China’s experiment with communism failed. China’s world GDP market share fell from 33% in mid 19<sup>th</sup> Century to under 5% during Mao’s leadership. A once proud nation that made many contributions and inventions to improve life was reduced to an impoverished country where many of its citizens starved and died. In the 1970’s after Mao passed on the communist government remained in power. However Deng Xiaoping had the wisdom to release the entrepreneurial spirit of the Chinese people and let their character show. Over the last 25

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years, with emphasis on economic growth as their 1<sup>st</sup> priority, the Chinese people have grown their economy at over 9.5% per year. The result of this strategy moved China's world GDP market share to about 10%. At the same time the communist leaders have retained their grip on power and control.

Initially there was unrest and idealists have continued to demonstrate from time to time for human rights, a worthy cause. However without sound economic growth it is difficult to satisfy the majority as well as support minority issues. Today you will find the younger generation, who are benefitting from the economic growth, is content to place human rights at a lower priority than GDP growth because they are convinced this is the best path to freedom. The leaders of China's communist party are held in high esteem at this time because they have their priorities straight, and are executing for the majority of the people.

Strategic clarity creates success. Whether it is captured on the back of an envelope by an individual or the results of planning sessions documented in a comprehensive way by a business leadership team. Strategy is the secret ingredient that sets us apart. The American strategy should include the following:

- 1) A Vision / Mission for the American opportunity
- 2) A business model for America that supports the Constitution
- 3) Key strategies with tactics in order of priority
- 4) Goals that will make a difference
- 5) Financial expectations including measures of performance

As a nation we should focus on a small number of significant strategic initiatives. The author suggests the following four: (See the results of this strategy in Chart above)

1. Grow the economy to maintain a 2 to 1 world GDP market share advantage over the next competitor.
2. Protect our people from those nations or individuals that commit acts of aggression against us or other nations or break our laws.
3. Reduce the size and scope of government.
4. Eliminate social engineering and minimize social programs to those that fit safety net principles only.

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A cabinet position of national strategic planning could facilitate planning sessions that include the President, the VP, key members of staff, cabinet members and leaders of the House and Senate. The National Strategic Plan issued annually will be bi-partisan and communicated to the nation.

With a national strategic plan, a commitment by the people and new leadership to execute America's strategy the USA will continue to grow market share in the 21<sup>st</sup> Century. This strategy will require growth equal or greater than world GDP growth, improvements in productivity and a significant increase in immigration by job and skills. See Chart 2 above.

China's market share growth will continue to be empowered by free trade and cooperation with America. This peaceful strategic doctrine will enable China to continue growing at 10% and achieve a world class #2 position. Meanwhile the USA ensures its #1 status by committing to increase USA market share to maintain a 2 to 1 relationship with China.

Robert Hsu in his "China Strategy Update 07/03/08" comes to a similar conclusion based on his economic/investing strategies. The bottom line is that growth and resolution of minority interests does not need to come from War with Weapons or War via Competition but from Compete with Empowerment the preferred Doctrine.

From an American National Strategic Plan, bipartisan leadership and we the people committed, tactics can be initiated that will solve most of the minority concerns that consume our politicians, leaders and pundits today.