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>
>Thought you all would find this interesting based on our "heavy"
>discussions Super Bowl Weekend. Lance

>-----Original Message-----

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>Sent: Fri Feb 23 00:29:06 2007
>Subject: What in the World is going on?

>
>From the net...courtesy of Harv H...

>
>**WHAT IN THE WORLD IS GOING ON? A GLOBAL INTELLIGENCE BRIEFING FOR CEOS**

>
>By HERBERT MEYER

>
>**FOUR MAJOR TRANSFORMATIONS**

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>Currently, there are four major transformations that are shaping
>political, economic and world events. These transformations have
>profound implications for American business owners, our culture and our
>way of life.

>
>1. The War in Iraq

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>There are three major monotheistic religions in the world: Christianity,
>Judaism and Islam. In the 16th century, Judaism and Christianity
>reconciled with the modern world. The rabbis, priests and scholars found
>a way to settle up and pave the way forward. Religion remained at the
>center of life, church and state became separate. Rule of law, idea of
>economic liberty, individual rights, human Rights-all these are defining
>points of modern Western civilization. These concepts started with the
>Greeks but didn't take off until the 15th and 16th century when Judaism
>and Christianity found a way to reconcile with the modern world. When
>that happened, it unleashed the scientific revolution and the greatest
>outpouring of art, literature and music the world has ever known.

>
>Islam, which developed in the 7th century, counts millions of Moslems
>around the world who are normal people. However, there is a radical
>streak within Islam. When the radicals are in charge, Islam attacks
>Western civilization. Islam first attacked Western civilization in the
>7th century, and later in the 16th and 17th centuries. By 1683, the
>Moslems (Turks from the Ottoman Empire) were literally at the gates of
>Vienna. It was in Vienna that the climatic battle between Islam and
>Western civilization took place. The West won and went forward. Islam
>lost and went backward. Interestingly, the date of that battle was
>September 11. Since then, Islam has not found a way to reconcile with
>the modern world.

>
>Today, terrorism is the third attack on Western civilization by radical
>Islam. To deal with terrorism, the U.S. is doing two things. First,
>units of our armed forces are in 30 countries around the world hunting
>down terrorist groups and dealing with them. This gets very little
>publicity. Second we are taking military action in Afghanistan and Iraq.

>
>These are covered relentlessly by the media. People can argue about
>whether the war in Iraq is right or wrong. However, the underlying
>strategy behind the war is to use our military to remove the radicals
>from power and give the moderates a chance. Our hope is that, over time,
>the moderates will find a way to bring Islam forward into the 21st
>century. That's what our involvement in Iraq and Afghanistan is all
>about.

>
>The lesson of 9/11 is that we live in a world where a small number of
>people can kill a large number of people very quickly. They can use
>airplanes, bombs, anthrax, chemical weapons or dirty bombs. Even with a
>first-rate intelligence service (which the U.S. does not have), you
>can't stop every attack. That means our tolerance for political
>horseplay has dropped to zero. No longer will we play games with
>terrorists or weapons of mass destructions.

>
>Most of the instability and horseplay is coming from the Middle East.
>That's why we have thought that if we could knock out the radicals and
>give the moderates a chance to hold power, they might find a way to
>reconcile Islam with the modern world. So when looking at Afghanistan or
>Iraq, it's important to look for any signs that they are modernizing.

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>For example, women being brought into the workforce and colleges in
>Afghanistan is good. The Iraqis stumbling toward a constitution is good.

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>People can argue about what the U.S. is doing and how we're doing it,
>but anything that suggests Islam is finding its way forward is good.

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>2. The Emergence of China

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>In the last 20 years, China has moved 250 million people from the farms
>and villages into the cities. Their plan is to move another 300 million
>in the next 20 years. When you put that many people into the cities, you
>have to find work for them. That is why China is addicted to
>manufacturing; they have to put all the relocated people to work. When
>we decide to manufacture something in the U.S., it's based on market
>needs and the opportunity to make a profit. In China, they make the
>decision because they want the jobs, which is a very different
>calculation.

>
>While China is addicted to manufacturing, Americans are addicted to low
>prices. As a result, a unique kind of economic codependency has
>developed between the two countries. If we ever stop buying from China,
>they will explode politically. If China stops selling to us, our economy
>will take a huge hit because prices will jump. We are subsidizing their
>economic development; they are subsidizing our economic growth.

>
>Because of their huge growth in manufacturing, China is hungry for raw
>materials, which drives prices up worldwide. China is also thirsty for
>oil, which is one reason oil is now at \$60 a barrel. By 2020, China will
>produce more cars than the U.S. China is also buying its way into the
>oil infrastructure around the world. They are doing it in the open
>market and paying fair market prices, but millions of barrels of oil
>that would have gone to the U.S. are now going to China. China's quest
>to assure it has the oil it needs to fuel its economy is a major factor
>in world politics and economics. We have our Navy fleets protecting the
>sea lines, specifically the ability to get the tankers through. It won't
>be long before the Chinese have an aircraft carrier sitting in the
>Persian Gulf as well. The question is, will their aircraft carrier be
>pointing in the same direction as ours or against us?

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>3. Shifting Demographics of Western Civilization

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>Most countries in the Western world have stopped breeding. For a
>civilization obsessed with sex, this is remarkable. Maintaining a steady
>population requires a birth rate of 2.1. In Western Europe, the birth
>rate currently stands at 1.5, or 30 percent below replacement. In 30
>years there will be 70 to 80 million fewer Europeans than there are
>today. The current birth rate in Germany is 1.3. Italy and Spain are
>even lower at 1.2. At that rate, the working age population declines by
>30 percent in 20 years, which has a huge impact on the economy.

>
>When you don't have young workers to replace the older ones, you have to
>import them. The European countries are currently importing Moslems.

>
>Today, the Moslems comprise 10 percent of France and Germany, and the
>percentage is rising rapidly because they have higher birthrates.

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>However, the Moslem populations are not being integrated into the
>cultures of their host countries, which is a political catastrophe. One
>reason Germany and France don't support the Iraq war is they fear their
>Moslem populations will explode on them. By 2020, more than half of all
>births in the Netherlands will be non-European.
>
>The huge design flaw in the post-modern secular state is that you need a
>traditional religious society birth rate to sustain it. The Europeans
>simply don't wish to have children, so they are dying.
>
>In Japan, the birthrate is 1.3. As a result, Japan will lose up to 60
>million people over the next 30 years. Because Japan has a very
>different society than Europe, they refuse to import workers. Instead,
>they are just shutting down. Japan has already closed 2000 schools, and
>is closing them down at the rate of 300 per year. Japan is also aging
>very rapidly. By 2020, one out of every five Japanese will be at least
>70 years old. Nobody has any idea about how to run an economy with those
>demographics.
>
>Europe and Japan, which comprise two of the world's major economic
>engines, aren't merely in recession, they're shutting down. This will
>have a huge impact on the world economy, and it is already beginning to
>happen. Why are the birthrates so low? There is a direct correlation
>between abandonment of traditional religious society and a drop in birth
>rate, and Christianity in Europe is becoming irrelevant. The second
>reason is economic. When the birth rate drops below replacement, the
>population ages. With fewer working people to support more retired
>people, it puts a crushing tax burden on the smaller group of working
>age people. As a result, young people delay marriage and having a
>family. Once this trend starts, the downward spiral only gets worse.
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>These countries have abandoned all the traditions they formerly held in
>regards to having families and raising children.
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>The U.S. birth rate is 2.0, just below replacement. We have an increase
>in population because of immigration. When broken down by ethnicity, the
>Anglo birth rate is 1.6 (same as France) while the Hispanic birth rate
>is 2.7. In the U.S., the baby boomers are starting to retire in massive
>numbers. This will push the elder dependency ratio from 19 to 38 over
>the next 10 to 15 years. This is not as bad as Europe, but still
>represents the same kind of trend.
>
>Western civilization seems to have forgotten what every primitive
>society understands-you need kids to have a healthy society. Children
>are huge consumers. Then they grow up to become taxpayers. That's how a
>society works, but the post-modern secular state seems to have forgotten
>that. If U.S. birth rates of the past 20 to 30 years had been the same
>as post-World War II, there would be no Social Security or Medicare
>problems.
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>The world's most effective birth control device is money. As society
>creates a middle class and women move into the workforce, birth rates
>drop. Having large families is incompatible with middle class living.

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>The quickest way to drop the birth rate is through rapid economic
>development. After World War II, the U.S. instituted a \$600 tax credit
>per child. The idea was to enable mom and dad to have four children
>without being troubled by taxes. This led to a baby boom of 22 million
>kids, which was a huge consumer market that turned into a huge tax base.

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>However, to match that incentive in today's dollars would cost \$12,000
>per child.

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>China and India do not have declining populations. However, in both
>countries, there is a preference for boys over girls, and we now have
>the technology to know which is which before they are born. In China and
>India, many families are aborting the girls. As a result, in each of
>these countries there are 70 million boys growing up who will never find
>wives. When left alone, nature produces 103 boys for every 100 girls. In
>some provinces, however, the ratio is 128 boys to every 100 girls.

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>The birth rate in Russia is so low that by 2050 their population will be
>smaller than that of Yemen. Russia has one-sixth of the earth's land
>surface and much of its oil. You can't control that much area with such
>a small population. Immediately to the south, you have China with 70
>million unmarried men; are a real potential nightmare scenario for
>Russia.

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>4. Restructuring of American Business

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>The fourth major transformation involves a fundamental restructuring of
>American business. Today's business environment is very complex and
>competitive. To succeed, you have to be the best, which means having the
>highest quality and lowest cost. Whatever your price point, you must
>have the best quality and lowest price. To be the best, you have to
>concentrate on one thing. You can't be all things to all people and be
>the best.

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>A generation ago, IBM used to make every part of their computer. Now
>Intel makes the chips, Microsoft makes the software, and someone else
>makes the modems, hard drives, monitors, etc. IBM even outsources their
>call center. Because IBM has all these companies supplying goods and
>services cheaper and better than they could do it themselves, they can
>make a better computer at a lower cost. This is called a fracturing of
>business. When one company can make a better product by relying on
>others to perform functions the business used to do itself, it creates a
>complex pyramid of companies that serve and support each other.

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>This fracturing of American business is now in its second generation.

>The companies who supply IBM are now doing the same thing-outsourcing
 >many of their core services and production process. As a result, they
 >can make cheaper, better products. Over time, this pyramid continues to
 >get bigger and bigger. Just when you think it can't fracture again, it
 >does. Even very small businesses can have a large pyramid of corporate
 >entities that perform many of its important functions. One aspect of
 >this trend is that companies end up with fewer employees and more
 >independent contractors.

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 >This trend has also created two new words in business, "integrator" and
 >"complementor." At the top of the pyramid, IBM is the integrator. As you
 >go down the pyramid, Microsoft, Intel and the other companies that
 >support IBM are the complementors. However, each of the complementors is
 >itself an integrator for the complementors underneath it. This has
 >several implications, the first of which is that we are now getting
 >>false readings on the economy. People who used to be employees are now
 >independent contractors launching their own businesses. There are many
 >people working whose work is not listed as a job. As a result, the
 >economy is perking along better than the numbers are telling us.

>
 >Outsourcing also confused the numbers. Suppose a company like General
 >Motors decides to outsource all its employee cafeteria functions to
 >Marriott (which it did). It lays off hundreds of cafeteria workers, who
 >then get hired right back by Marriott. The only thing that has changed
 >is that these people work for Marriott rather than GM. Yet, the
 >headlines will scream that America has lost more manufacturing jobs. All
 >that really happened is that these workers are now reclassified as
 >service workers. So the old way of counting jobs contributes to false
 >economic readings. As yet, we haven't figured out how to make the
 >numbers catch up with the changing realities of the business world.

>
 >Another implication of this massive restructuring is that because
 >companies are getting rid of units and people that used to work for
 >them, the entity is smaller. As the companies get smaller and more
 >efficient, revenues are going down but profits are going up. As a
 >result, the old notion that revenues are up and we're doing great isn't
 >always the case anymore. Companies are getting smaller but are becoming
 >more efficient and profitable in the process.

>IMPLICATIONS OF THE FOUR TRANSFORMATIONS

>1. The War in Iraq

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 >In some ways, the war is going very well. Afghanistan and Iraq have the
 >beginnings of a modern government, which is a huge step forward. The
 >Saudis are starting to talk about some good things, while Egypt and
 >Lebanon are beginning to move in a good direction.

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 >A series of revolutions have taken place in countries like Ukraine and
 >Georgia. There will be more of these revolutions for an interesting

>reason. In every revolution, there comes a point where the dictator
>turns to the general and says, "Fire into the crowd." If the general
>fires into the crowd, it stops the revolution. If the general says "No,"
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>the revolution is over. Increasingly, the generals are saying "No"
>because their kids are in the crowd.
>
>Thanks to TV and the Internet, the average 18-year old outside the U.S.
>is very savvy about what is going on in the world, especially in terms
>of popular culture. There is a huge global consciousness, and young
>people around the world want to be a part of it. It is increasingly
>apparent to them that the miserable government where they live is the
>only thing standing in their way. More and more, it is the well-educated
>kids, the children of the generals and the elite, who are leading the
>revolutions.
>
>At the same time, not all is well with the war. The level of violence in
>Iraq is much worse and doesn't appear to be improving. It's possible
>that we're asking too much of Islam all at one time. We're trying to
>jolt them from the 7th century to the 21st century all at once, which
>may be further than they can go. They might make it and they might not.
>
>Nobody knows for sure. The point is, we don't know how the war will turn
>out. Anyone who says they know is just guessing.
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>The real place to watch is Iran. If they actually obtain nuclear weapons
>it will be a terrible situation. There are two ways to deal with it. The
>first is a military strike, which will be very difficult. The Iranians
>have dispersed their nuclear development facilities and put them
>underground. The U.S. has nuclear weapons that can go under the earth
>and take out those facilities, but we don't want to do that. The other
>way is to separate the radical mullahs from the government, which is the
>most likely course of action.
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>Seventy percent of the Iranian population is under 30. They are Moslem
>but not Arab. They are mostly pro-Western. Many experts think the U.S.
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>should have dealt with Iran before going to war with Iraq. The problem
>isn't so much the weapons, it's the people who control them. If Iran has
>a moderate government, the weapons become less of a concern.
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>We don't know if we will win the war in Iraq. We could lose or win. What
>we're looking for is any indicator that Islam is moving into the 21st
>century and stabilizing.
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>2. China
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>It may be that pushing 500 million people from farms and villages into
>cities is too much too soon. Although it gets almost no publicity, China

>is experiencing hundreds of demonstrations around the country, which is
 >unprecedented. These are not students in Tiananmen Square. These are
 >average citizens who are angry with the government for building chemical
 >plants and polluting the water they drink and the air they breathe.

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>The Chinese are a smart and industrious people. They may be able to pull
 >it off and become a very successful economic and military superpower. If
 >so, we will have to learn to live with it. If they want to share the
 >responsibility of keeping the world's oil lanes open, that's a good
 >thing. They currently have eight new nuclear electric power generators
 >under way and 45 on the books to build. Soon, they will leave the U.S.

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>way behind in their ability to generate nuclear power.

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>What can go wrong with China? For one, you can't move 550 million people
 >into the cities without major problems. Two, China really wants Taiwan,
 >not so much for economic reasons, they just want it. The Chinese know
 >that their system of communism can't survive much longer in the 21st
 >century. The last thing they want to do before they morph into some sort
 >of more capitalistic government is to take over Taiwan.

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>We may wake up one morning and find they have launched an attack on
 >Taiwan. If so, it will be a mess, both economically and militarily. The
 >U.S. has committed to the military defense of Taiwan. If China attacks
 >Taiwan, will we really go to war against them? If the Chinese generals
 >believe the answer is no, they may attack. If we don't defend Taiwan,
 >every treaty the U.S. has will be worthless. Hopefully, China won't do
 >anything stupid.

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>3. Demographics

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>Europe and Japan are dying because their populations are aging and
 >shrinking. These trends can be reversed if the young people start
 >breeding. However, the birth rates in these areas are so low it will
 >take two generations to turn things around. No economic model exists
 >that permits 50 years to turn things around. Some countries are
 >beginning to offer incentives for people to have bigger families. For
 >example, Italy is offering tax breaks for having children. However, it's
 >a lifestyle issue versus a tiny amount of money. Europeans aren't
 >willing to give up their comfortable lifestyles in order to have more
 >children.

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>In general, everyone in Europe just wants it to last a while longer.
 >Europeans have a real talent for living. They don't want to work very
 >hard. The average European worker gets 400 more hours of vacation time
 >per year than Americans. They don't want to work and they don't want to
 >make any of the changes needed to revive their economies.

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>The summer after 9/11, France lost 15,000 people in a heat wave. In
 >August, the country basically shuts down when everyone goes on vacation.

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- >That year, a severe heat wave struck and 15,000 elderly people living in
- >nursing homes and hospitals died. Their children didn't even leave the
- >beaches to come back and take care of the bodies. Institutions had to
- >scramble to find enough refrigeration units to hold the bodies until
- >people came to claim them.
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- >This loss of life was five times bigger than 9/11 in America, yet it
- >didn't trigger any change in French society. When birth rates are so
- >low, it creates a tremendous tax burden on the young. Under those
- >circumstances, keeping mom and dad alive is not an attractive option.
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- >That's why euthanasia is becoming so popular in most European countries.
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- >The only country that doesn't permit (and even encourage) euthanasia is
- >Germany, because of all the baggage from World War II.
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- >The European economy is beginning to fracture. The Euro is down.
- >Countries like Italy are starting to talk about pulling out of the
- >European Union because it is killing them. When things get bad
- >economically in Europe, they tend to get very nasty politically. The
- >canary in the mine is anti-Semitism. When it goes up, it means trouble
- >is coming. Current levels of anti-Semitism are higher than ever. Germany
- >won't launch another war, but Europe will likely get shabbier, more
- >dangerous and less pleasant to live in.
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- >Japan has a birth rate of 1.3 and has no intention of bringing in
- >immigrants. By 2020, one out of every five Japanese will be 70 years
- >old. Property values in Japan have dropped every year for the past 14
- >years. The country is simply shutting down.
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- >In the U.S. we also have an aging population. Boomers are starting to
- >retire at a massive rate. These retirements will have several major
- >impacts:
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- >Possible massive sell-off of large four-bedroom houses and a movement to
- >condos.
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- >An enormous drain on the treasury. Boomers vote, and they want their
- >benefits, even if it means putting a crushing tax burden on their kids
- >to get them. Social Security will be a huge problem. As this generation
- >ages, it will start to drain the system. We are the only country in the
- >world where there are no age limits on medical procedures. An enormous
- >drain on the health care system. This will also increase the tax burden
- >on the young, which will cause them to delay marriage and having
- >families, which will drive down the birth rate even further.
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- >Although scary, these demographics also present enormous opportunities
- >for products and services tailored to aging populations. There will be
- >tremendous demand for caring for older people, especially those who

- >don't need nursing homes but need some level of care. Some people will
- >have a business where they take care of three or four people in their
- >homes. The demand for that type of service and for products to
- >physically care for aging people will be huge.

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- >Make sure the demographics of your business are attuned to where the
- >action is. For example, you don't want to be a baby food company in
- >Europe or Japan. Demographics are much underrated as an indicator of
- >where the opportunities are. Businesses need customers. Go where the
- >customers are.

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>4. Restructuring of American Business

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- >The restructuring of American business means we are coming to the end of
- >the age of the employer and employee. With all this fracturing of
- >businesses into different and smaller units, employers can't guarantee
- >jobs anymore because they don't know what their companies will look like
- >next year. Everyone is on their way to becoming an independent
- >contractor. The new workforce contract will be, a show up at the my
- >office five days a week and do what I want you to do, but you handle
- >your own insurance, benefits, health care and everything else.

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- >Husbands and wives are becoming economic units. They take different jobs
- >and work different shifts depending on where they are in their careers
- >and families. They make tradeoffs to put together a compensation package
- >to take care of the family. This used to happen only with highly
- >educated professionals with high incomes. Now it is happening at the
- >level of the factory floor worker. Couples at all levels are designing
- >their compensation packages based on their individual needs. The only
- >way this can work is if everything is portable and flexible, which
- >requires a huge shift in the American economy.

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- >The U.S. is in the process of building the world's first 21st century
- >model economy. The only other countries doing this are U.K. and
- >Australia. The model is fast, flexible, highly productive and unstable
- >in that it is always fracturing and re-fracturing. This will increase
- >the economic gap between the U.S. and everybody else, especially Europe
- >and Japan.

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- >At the same time, the military gap is increasing. Other than China, we
- >are the only country that is continuing to put money into their
- >military. Plus, we are the only military getting on-the-ground military
- >experience through our war in Iraq. We know which high-tech weapons are
- >working and which ones aren't. There is almost no one who can take us on
- >economically or militarily. There has never been a superpower in this
- >position before.

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- >On the one hand, this makes the U.S. a magnet for bright and ambitious

