
ECONOMIC PRIORITIES OF THE NATIONAL SECURITY STRATEGY

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“The National Security Strategy recognizes the importance of strengthening our economic security, expanding trade and investment, and promoting economic development,” says Under Secretary of State Alan P. Larson. “We are working to achieve these goals through diplomacy and by sharing the experience of our own development, based on our political and economic freedoms. Success in achieving these economic policy goals is a core part of our National Security Strategy.”

The President’s National Security Strategy aims to “help make the world not just safer but better.” And a world that is better will also be safer. National security and global economic prosperity are inexorably linked.

Economic strength and resiliency are the foundation of our national security. The economic dimension of the National Security Strategy focuses on three priorities:

First, we must assure economic security by making the U.S. and global economies more resilient to economic shocks.

Second, we must advance a global prosperity agenda by expanding trade and investment between nations.

Third, we need to ensure poor nations participate fully in the rising tide of prosperity.

ECONOMIC SECURITY

To ensure our economic security we must focus on four tasks in the coming years. We must develop diversified and reliable supplies of energy. We must make international transportation of people and goods safe and secure. We must cut off financing for terrorists. We must ensure stability of the international financial system and the economic stability of key allies.

Energy Security: The National Security Strategy pledges that, “We will strengthen our own energy security and the shared prosperity of the global economy by working with our allies, trading partners, and energy producers to expand the sources and types of global energy supplied, especially in the Western Hemisphere, Africa, Central Asia, and the Caspian region. We will also continue to work with our partners to develop cleaner and more energy efficient technologies.”

We need to secure reliable supplies of energy at reasonable prices in order to foster economic growth and prosperity, and to ensure that oil cannot be used as a weapon. We must deal with some hard facts about the international oil markets. Two-thirds of proven world oil reserves are in the Middle East. Europe and Japan, like the United States, rely on imports to meet a growing portion of oil needs. Aftershocks from global oil supply disruptions will ripple through the global economy. Finally, problem states control significant amounts of oil.

Our energy security requires a robust international strategy and close cooperation with other countries. Working with the International Energy Agency, we have already established a well-tested approach to prevent sudden disruptions in the oil market from damaging the world economy. In the mid- to long-term, we must continue to increase and diversify production of energy in the United States and in

reliable producing countries. As part of this effort, we are undertaking to improve the climate for oil sector investment in many countries, and are actively helping to improve the infrastructure necessary to gain access to relatively new suppliers, such as those in the Caspian and Central Asian region.

Transport Security: Safe air travel, maritime transport and secure borders are critical to our economic security and prosperity. We are working diligently with foreign governments and international organizations to ensure the safe flow of goods and people across our borders. Working with the International Civil Aviation Organization, we are developing and implementing an even more robust airport security audit program. We are strengthening cockpit doors on aircraft as quickly as possible. Tougher visa and travel industry personnel identification procedures are being put in place.

We also must ensure that terrorists cannot surreptitiously transport either hazardous materials or themselves across our sea or land borders. We have partnered with countries around the world to implement the Container Security Initiative and other aspects of the G-8 (Group of Eight industrialized nations) Cooperative Action on Transport Security and the Asia-Pacific Economic Cooperation (APEC) forum's Secure Trade in the APEC Region (STAR) initiative. These steps will ensure we can screen the contents of containers coming into the United States to detect possible hazardous materials, weapons of mass destruction, and the terrorists who might use them against us. We must also support efforts to help the International Maritime Organization implement shipping and port facility standards around the world.

Terrorism Finance: Terrorists receive support through networks of financial backers and intermediaries. They raise money to support their operations through means such as common criminal activity, including fraud, extortion, kidnapping and corrupt trade. They also use front companies, skim profits off legitimate businesses, and abuse charities and non-profit organizations. They transfer funds through formal and informal financial systems, and through the smuggling of cash, precious metals, or gems. This exploitation of international financial networks and charitable organizations threatens

public safety and undermines the viability of legitimate institutions. The international community must have a unified global strategy for denying terrorists access to the financial means to commit atrocities, and for using the financial trail to locate and disrupt terrorist cells.

The United States is leading international efforts, based on international norms developed by the United Nations and the Financial Action Task Force (FATF), to create counter-terrorist financing regimes that identify and freeze terrorist assets, promote accountability and transparency in financial transactions, deny terrorists access to formal and informal financial systems, and prevent abuse of charitable fundraising mechanisms. Together with our allies, we will provide necessary technical assistance to countries engaged in the front-line of the struggle to disrupt terrorist financing.

Financial Stability of Key Allies: In the war against terrorism, we worked to secure the support of nations around the world. It is in our interest to make sure that those nations engaged in the front-line of this war are not threatened by economic and financial instability. We provide necessary support to these front-line states by working actively with other countries, the International Financial Institutions (IFIs) and the private sector to prevent financial crises and to more effectively resolve them when they occur. Promoting regional trade will also play an important role in fostering economic growth among key front-line states, including Afghanistan and Pakistan.

We address financial disruptions (notably in Latin America) that threaten the economic stability of emerging markets. We work with the IFIs to provide advice and support to countries that are trying to pursue sound macroeconomic policies, provide greater transparency, adopt prudential standards, and keep debt levels manageable and inflation low.

AN OPEN MARKET AGENDA FOR PROSPERITY

The President has outlined a plan for igniting a new era of global economic growth through free markets and free trade. The National Security Strategy notes

that “A strong world economy enhances our national security by advancing prosperity and freedom in the rest of the world.”

Nations who would stand with us to address threats from terrorism and rogue states need strong economic growth and stability to be able to support our common efforts and values. The United States can strengthen this global coalition by promoting economic growth at home and in other developed nations, promoting the economic development of the poorer countries, and setting an open market agenda for prosperity.

To achieve this, we work with our major trading partners to spur growth and opportunity worldwide. We begin by solidifying the economic gains made under the North American Free Trade Agreement (NAFTA) with our closest neighbors, Mexico and Canada. One immediate consequence of stricter global security requirements was a temporary slowdown in the delivery of intermediate goods across the borders with our NAFTA partners. The United States developed smart border action plans with both Canada and Mexico, which will provide greater security while facilitating trade between the three NAFTA countries.

Europe and Japan are vital trade and investment partners. They are our staunch allies in the war against terror — and know that their own security is at stake. Concerted efforts by the United States, the European Union (EU) and Japan are imperative in implementing the new World Trade Organization (WTO) Doha Development Agenda, which will add billions in new opportunities and help anchor trust in markets and in integration, and lead the world economy towards stability. Japan is mired in economic malaise and Europe is growing beneath its potential. The United States and the world need Japan and Europe to be strong and healthy. We are supporting Japan’s efforts to reform its critically ill banking sector so it will be able to fully exercise its potential for economic leadership and growth.

The economic aspects of our critical strategic relationships are becoming ever more important. Measures to expand trade and investment are now

central to those relationships. China has become a member of the WTO. Russia is pursuing WTO membership. We are working closely to encourage greater private investment in that country.

The United States has developed a comprehensive strategy to promote free trade. In addition to our multilateral efforts in the WTO, we are moving ahead with regional and bilateral trade initiatives. We begin with a firm base of our success in the North American Free Trade Agreement. A Free Trade Area of the Americas is our next goal. Building on our successful bilateral free trade agreement with Jordan, we will work to complete agreements with Chile, Singapore, Australia, the Southern Africa Customs Union, and others.

EXPANDING THE CIRCLE OF DEVELOPMENT

Last March (2002) in Monterrey, Mexico, the President said, “The advance of development is a central commitment of American foreign policy. As a nation founded on the dignity and value of every life, America’s heart breaks because of the suffering and senseless death we see in our world. We work for prosperity and opportunity because they’re right. It’s the right thing to do. We also work for prosperity and opportunity because they help defeat terror.”

He added, “Poverty doesn’t cause terrorism. Being poor doesn’t make you a murderer. Most of the plotters of September 11th were raised in comfort. Yet persistent poverty and oppression can lead to hopelessness and despair. And when governments fail to meet the most basic needs of their people, these failed states can become havens for terror.”

The international community acknowledged earlier this year in Monterrey at the Conference on Financing for Development that developing countries have primary responsibility for their own development, but that we must be their partners in success. That success requires that all the resources for development be unlocked and used well, including domestic savings, public sector resources, trade and investment, and human talent and innovation.

Productive investment is essential for development. Foreign and domestic private capital far outweigh official development assistance as a source for development investment. Capital is a coward, however. It flees from corruption, bad policies, conflict, and unpredictability. It shuns ignorance, disease, and illiteracy. Capital goes only where it is welcomed and where investors can feel confident of a return on the resources they risk. To help create this secure investment environment, we must encourage other nations to live by the rule of law, follow sound economic policies, fight corruption with transparency and accountability, and invest wisely in their people.

Official development assistance can also play an important role in helping countries on the road to economic prosperity and political stability. At the Monterrey Conference on Financing for Development, President Bush unveiled his Millennium Challenge Account Initiative (MCA) which will increase our assistance to poor nations over the next three years to a new level — some 50 percent higher than it is today. The \$5,000 million in new money will go every year to accelerate lasting progress in developing nations that govern justly, invest in their people, and promote economic freedom and enterprise. The MCA is an investment in our collective future. It will promote partnership with countries taking the often hard steps to real development, which includes promoting freedom and opportunity for their own people. It promotes shared efforts, shared values, and shared successes. The friendship and better lives of those it helps is our return on investment.

The United States can lead but cannot spur lasting development alone. We must work actively with the developing countries themselves, with other donors and with the IFIs to ensure a global effort to raise

living standards in the poorest regions of the world. We must hold developing countries accountable in partnership for working to ensure that their people's lives actually improve. We must hold ourselves accountable for providing effective help for those committed to development. We will continue to encourage the multilateral development banks to focus on increasing economic productivity in developing countries. We need measurable results from programs that improve agriculture, water treatment and distribution, education, health, the rule of law, and private sector development. The support for development assistance to the very poorest should be in the form of grants instead of loans.

Opening markets worldwide will also speed development for those countries making sound development efforts, including efforts to seize trade opportunities. Increasing the trade in both goods and services between developing countries where enormous unmet opportunity exists, as well as with other nations, will accelerate development and provide a foundation for a more secure and stable global economy. The expansion of beneficial trade involving developing countries has been a major driver behind unprecedented progress on reducing poverty in recent decades.

CONCLUSION

The National Security Strategy recognizes the importance of strengthening our economic security, expanding trade and investment, and promoting economic development. We are working to achieve these goals through diplomacy and by sharing the experience of our own development, based on our political and economic freedoms. Success in achieving these economic policy goals is a core part of our National Security Strategy. ©