



**A Project of the International Service Division of the
"Rotary Club of New York, The Host Club of America"**



The Rotary Club of New York at the United Nations

"Peace is not something that can only be achieved through agreements, by governments, or through heroic struggles. It is something that we can find and that we can achieve, every day and in many simple ways. In Rotary, our business is not profit. Our business is peace. Our reward is not financial, but the happiness and satisfaction of seeing a better, more peaceful world, one that we have achieved through our own efforts." R.I. President-Elect Sakuji Tanaka

"PEACE THROUGH SERVICE"

THE ACHIEVEMENT OF PEACE THROUGH SERVICE

POSITION STATEMENT

In Rotary, our business is not profit, our business is Peace that can only be achieved through the establishment of stability in targeted regions, creating an environment for sustainable development while promoting global harmony.

A principal tenet of any successful business model is to eliminate, as best as possible, any and all uncertainty - so as to ensure a stable and consistent operating environment. Without such stability, long-term decisions cannot be made with any degree of certainty. It is instability that deters private investment.

It is this very same instability that fuels social and political anarchy. Anarchy is a reaction to the fear and anxiety created by instability.

The key to social and political stability is Infrastructure:

- **Physical Infrastructure (transportation, food & clean water, reliable power),**
- **Social Infrastructure (a working government, education, communication, healthcare, housing), and**
- **Cultural Infrastructure (arts, community, culture, athletics).**

Societies that do not enjoy such infrastructure are inherently unstable, and unstable societies are unlikely to attract the private investment required to create the infrastructure that will stabilize their society. This "Chicken & Egg" paradox has continually plagued the emerging economies regions.



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The "old paradigm" prescribed governmental intervention to short-circuit the investment gap. What we have witnessed in the last decades is conclusive evidence that a more effective methodology is required. The proposed "new paradigm" for the creation of infrastructure calls for private investment with public support. While this is not a new concept, the rubric to accomplish the goal must be rewritten, as the existing model obviously does not work as well as it could. The proposal for a new paradigm is, therefore, not reinvention but redefinition of the existing paradigm.

A NEW PARADIGM FOR SUSTAINABLE GROWTH

Vast untapped resources exist in emerging economies regions. These resources, both natural and human, remain untapped due to the lack of stable operating environments - resulting in the inability of potential investors to reliably predict long-term returns. Since capitalizing on these resources requires substantial investment to bear fruit, the prudent investor is reluctant to dedicate long-term resources due to the unstable environment. Once again, the lack of a common physical, social, and cultural infrastructure results in instability and the instability prohibits the creation of the required infrastructure.

A rational solution to this quandary allows the investor to make a long-term commitment while still achieving its short-term return goals. The long-term investment must have the promise of superior returns to compensate the investor for the risk associated with the unstable environment, while addressing the investor's short-term goals - as market conditions require quarterly financial achievements. A conventional solution to this problem called for governmental intervention in the form of guarantees and grants. Since the investor's long-term returns are only in question due to the inherent instability, and the instability is a result of the lack of a common infrastructure, the investor can cure the instability ill by making the investment - solving the long-term quandary by its own commitment. But what of the short-term - where is the short-term incentive.

In a truly free market, equilibrium would ultimately be achieved to capitalize on these underutilized natural and human resources, solving the "stable operating environment" problem. But even the most libertarian government influences every market with which it interacts. Since the governmental influence cannot be eliminated to achieve the ideal of a free market, the savvy investor must capitalize on the intervention of the government. In this case, the government of the investor's home nation (the nation in which the investor pays the bulk of its taxes) can provide a short-term incentive for the investor to make the required long-term investment. The investor can be offered tax incentives for investments in rural infrastructure in developing economies. Such tax incentives would provide the investor with current period tax relief in return for the long-term investment. And while the taxing body in the investor's home nation would lose the short-term tax revenue, the repatriated profits that result from the long-term investment would yield a greater future value for the investor and, consequently, the taxing body in the form of greater revenue in future periods.



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This may seem on its face as a very simplistic view of the dynamics of international investment and fiscal policy. Doubtless, the details of such a program would require extensive study prior to implementation in order to refine and enhance the viability of such a simple solution. Upon concluding that such a solution is viable, the following is an outline of the methodology to implement the program, and initiatives required for its success.

IMPLEMENTING ECONOMIC DEVELOPEMNT & SUSTAINABLE GROWTH

Privatization:

Privatization is the key to the success of this new paradigm. But privatization alone is not a panacea. Privatization of critical infrastructure eliminates the corruption and inefficiency that often plagues public sector operations. But private sector operation of these same critical systems does not always ensure the long-term achievement of social goals due to the financial mandates of the private sector that may skew agendas. The privatization must be based on a moral initiative that excludes companies that do not display the social and environmental conscience required by the moral initiative. Additionally, the privatization must be implemented in such a way as to ensure the independence and viability of the governing body. As a byproduct, the privatization of certain commercial aspect of a government also serves to free up resources for the enhancement or establishment of a working government. Proceeds from the privatization could be utilized to strengthen judicial and law enforcement aspects of the government to further stabilize both the economic and social environments. Furthermore, the infusion of established companies into such an environment serves to flatten the learning curve for the developing economy - eliminating the trial and error process that many regions have encountered when moving toward privatization.

Formation of Cooperatives:

Scale is a major consideration for such a program. While consolidating investment in a single entity will ordinarily yield economies-of-scale (resulting in superior efficiencies), the commitment required by a single investor in such a case may be too great to rationalize in the short-term. The new paradigm proposes the establishment of cooperatives that would have purview over industry segment, but would be composed of a number of companies - each making a portion of the investment required, and yielding commensurate returns.

***Conflicts are the product of Instability
and
Instability creates Poverty.***



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Break the Cycle of Poverty:

To eradicate poverty, we must alter the factors that contribute to it. By investing in the human resource as a key component of infrastructure, the cycle of ignorance, disease, and crime is broken - making way for a new generation to be the first to achieve their social and economic potential. Steps include public/private partnerships to support education, job training, and reliable healthcare systems - all focused on developing a society and workforce that can sustain itself in future generations without external supports, and become integral components of the global community.

Develop the Culture:

Too often, economic development in rural areas takes the form of an imposed culture that ultimately overcomes the indigenous cultures and societies. By focusing on the human resource as much as the natural resource, the existing cultures will not only be preserved, but will flourish as its members **“together”** grow sociologically and economically stronger.

By embracing all multi-cultural diversity through the support of its art, music, dance, and literature, the culture is reinforced and stabilized and social order is promoted. Simultaneously, the peaceful coexistence of a multi-cultural diversity enhances the development of the culture, as well as the society, through the introduction of new ideas and languages. The net effect is a less xenophobic population that is better prepared and willing to be a working part of the global economy.

Promote Social Order:

As the infrastructure (of both the natural and human resources) is developed, the fear and anxiety created by instability will subside, and a social order will develop in which the members of the society have a positive long-term view. As destabilizing elements in the community are systematically eliminated, the factors that promote anarchy and disease are removed, as are the barriers to a working government and a peaceful, productive society.



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THE MANDATE

A "**Public Private Alliance for Regional Development**" should adopt a mandate to marshal the resources and commitment of its members to form cooperatives in rural areas, to create infrastructure to stabilize the area, with the goal of eradicating poverty and creating sustainable economic and social growth, while preserving the multi-cultural diversity of its population and promoting long-term self-sufficiency.

INITIATIVES REQUIRED TO ACHIEVE THE ALLIANCE MANDATE

Education:

Education is the primary vehicle that drives economic success and social harmony, and the most effective tool in the effort of preserving the multi-cultural diversity. With proper education and the application of readily available technologies, rural communities can transform their economies from agrarian only, to a more balanced mix. Societies with high literacy rates and multi-lingual workers are highly sought by international service-oriented companies that pay high wages and provide career training to foreign workforces.

Ignorance breeds fear! Many of the world's most dangerous political and social threats thrive in environments of fear, ignorance, and poverty. Unscrupulous individuals with immoral agendas prey on the uneducated idle mind. Educational systems, in the long-term, will act to stimulate otherwise idle minds, and provide an outlet for the expression of ideas and philosophies in a proactive environment.

Education must be considered from both an academic standpoint, and from a sociological one. A mission must be adopted to not only increase literacy and teach life and job skills, but to promote a universally accepted moral initiative. By doing so, this and future generations can protect themselves from influence of immoral and hateful agendas that all too effectively poison their minds and hearts. And since a stimulated mind is a productive one, the long-term effect of a diverse and enriching education will be the creation of future generations of self-sufficient, self-governing, and successful global neighbors.

Communication Systems:

The key to effective education in the world today is communication. Communication means information, and information is power. By establishing a sound communications infrastructure, each community can be linked with each other and with the rest of the world - becoming a working part of the global economy, and breaking the cycle of ignorance, disease, and social disorder. With the wireless technology currently available, the required communications infrastructure can be readily instituted without the lead-time traditionally required for such a commitment.



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Transportation Systems:

In many of the rural agrarian economies, the local community cannot grow sufficient supplies of food to feed its member, let alone those outside the community. By planning and building a quality system of roads, individual communities can import the resources required to improve their agricultural base.

This transportation infrastructure would also allow for crop specialization based on geography since trade between the communities would be more easily facilitated. Along with a useful system of roads, more comprehensive systems of intermodal transport can be addressed. Harbors to facilitate both import and export shipping; airports to promote trade and tourism; and a commercial and passenger rail system to connect the community to the means of international trade. As the economies and societies develop, mass transit systems could be constructed to facilitate the rapid and efficient movement of the workforce in an environmentally conscience manner.

Environmental Preservation:

As the economy develops, waste management and environmental issues will become of more critical importance. Infrastructure related to water and sewer systems combined with an effective waste management plan will not only preserve the natural resources of the community, but serve to control disease and improve the overall health of the community.

Short-term solutions include portable water purification systems and local sewer treatment facilities. Clean water and sanitary conditions not only serve to attract outside investment, but also further eliminate primary factors for social disharmony. Responsible use of natural resources is a lesson that developed economies had to learn by failure and near disaster. By providing developing regions with the philosophy and techniques for environmentally responsible development, we eliminate a potentially devastating learning curve, and enhance the safety and longevity of the global community.

Energy Systems:

A reliable source of power is key to the success of any society. Until large-scale power plants can be constructed, technologies exist to provide reliable and economical portable solar power to individual communities.

Reliable power is the backbone of a strong social and physical infrastructure. Without it, outside investment is unlikely and the potential for social anarchy is significantly enhance. Once again, development in this area must be environmentally responsible and conscious of its potential impact on global neighbors.



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Housing:

As the infrastructure takes shape and the economy develops, the prosperity of the community will demand improved housing. With transportation, energy, and utility systems in place, a dynamic building program would be facilitated. Food, water, and shelter are the most basic of human needs. Once the basic requirements for survival are met, though, the quality of housing can have a dramatic impact on the self-esteem and motivation of an individual and a community.

CONCLUSIONS

The forgoing is an overview of the paradigm to achieve long lasting and sustainable Peace promoting Economic Development – a powerful tool for conflict avoidance and prevention. The first step in developing a detailed master plan is to determine the key players required to achieve success and enlist their support. By assembling a comprehensive network of the Alliance Partners with expertise in all of the required disciplines, the Alliance can create a detailed plan to achieve its global mandate under our Four Way Test:

- ***IS IT THE TRUTH***
- ***IS IT FAIR TO ALL CONCERNED***
- ***WILL IT BUILD GOOD WILL AND BETTER FRIENDSHIP***
- ***WILL IT BE BENEFICIAL TO ALL CONCERNED***

Fellow Rotarians it is up to us to realize such a plan keeping in mind that:

In PEACE TROUGH SERVICE

Is important how MUCH we all give,

and more important is HOW each of us give.