



Index

3M, 158

A

Abbot Laboratories, 253–254

Accounting:

for pension funds, 138

for resources at national level, 258

Accounting reports, manipulation of, 63

Accounting rules, 63, 99

Addictions, 16

Africa, water crisis in, 249

Agriculture:

consumptive water use in, 248–249

microlending for, 239

water for, 153

AIG, 92

Air quality, 176

Air Quality Index (AQI), 176

Alalay as Kaunlaran, Inc. (ASKI),
239

Alaska, 176

Alcohol use, 16, 265

Al-Qaeda, 232, 233

American Empire, 211–213

American Revolution, 31

AMPAS, 239

AQI (Air Quality Index), 176

Aral Sea Basin, 247

Arctic National Wildlife Refuge, 176

Aristotle, 93

Arrogance of the U.S., 201–202

Asia:

agricultural water use in, 248

hard currency losses in, 126

and investment in third-world

economies, 237

water crisis in, 249

ASKI (Alalay as Kaunlaran, Inc.), 239

Asset values, testing, 119

Augustus Caesar, 209

B

Bailouts, 61, 62, 87, 92, 116, 127

Balance of payments deficit, 14

“Balance sheet” meltdown, 81

Bangladesh, 238–239

Banks:

bailout of, 61, 62, 92, 116, 127

derivatives held by, 91, 92

externality of risk and bankruptcy for,
97–98

interest rates of, 113

microlending by, 238

Bank America, 127

Banking industry, 59–61

and demise of central banking, 126–129

deteriorating health of, 75

Jefferson’s view of, 129

Bankruptcy, 43, 45

collateral damage from, 97–98

potential scenario for, 266

technical, 85, 267

Barings Bank, 94

Barlow, Maude, 247

Beech, Olive, 30

Beliefs, xii–xiii

318

INDEX

- Bin Laden, Osama, 232, 233
- Blackaby, Henry, 6
- Black Monday, 60
- Bloomberg, Michael R., 30
- Blue Gold* (Maude Barlow), 247
- Boards of directors, 64
- Boeing, William, 30
- Bonhoeffer, Dietrich, 3, 20
- Brand, Stewart, 217
- Brazil, 250
- Bridges, 186
- Brosnan, William, 30
- Brownfields, 178, 266
- Bubbles, 117
 - financial, 115
 - housing, 80, 122–123, 259–260
 - stock market, 115, 116, 133
- Buffett, Warren, 30, 78, 90, 140
- Bundled mortgages, 61
- Bureau of Land Management, 176
- Burrow, Sharan, 236
- Business:
 - in America's potential transformation, xii
 - class exploitation by, xiii
 - environmental leadership by, 246
 - immoral behavior in, 45
 - as leader in debt management, 86–88
 - politics and, 49
 - potential transformation led by, 21
 - as primary economic institution, 5
- Business-based market system, 21
- Business debt:
 - and lower interest rates, 113
 - total amount of, 86
- Business leaders, 55–68
 - in America's turnaround, 257–262
 - and causes of today's crises, 57–62
 - failures of, 57
 - future role of, 57
 - lessons for, 62–64
- Byzantium, 211
- C**
- Camdessus, Michel, 128
- Capital flows, deregulation of, 128
- Capital requirements, for derivatives, 99
- Carbon dioxide, in atmosphere, 175
- Carbon footprint cost exposure, 167
- CARE, 239
- Carter, Jimmy, 162
- Carter, Rosalynn, 22
- Carthage, 208
- Carver, George Washington, 30
- Cash reserves, 81
- Catholic Relief Services, 239
- Causes of today's crises, 46, 57–62
- CBO (Congressional Budget Office), 178
- CDOs, *see* Collateralized debt obligations
- CDS, *see* Credit default swaps
- Center for Strategic and International Studies (CSIS), 154, 155, 203
- Central America, agricultural water use
 - in, 248
- Central banks:
 - demise of, 126–129
 - risks in borrowing by, 129
- CFCs (chlorofluorocarbons), 176
- Challenges:
 - domestic, 15–18
 - economic, 13–15
 - international, 19–20
- Chase, 127
- Chavez, Hugo, 73
- Chemicals, in the environment, 180
- Chesapeake Bay, 179
- Children:
 - love for, 7
 - working for benefit of, 258
- China:
 - coal consumption in, 164
 - and decline in dollar, 70
 - investment in third-world economies
 - by, 237
 - nuclear power plants in, 166, 171
 - on U.S. inflation, 118
- Chlorofluorocarbons (CFCs), 176
- Chossudovsky, Michael, 124–126
- "Circular flow," 116
- Citicorp, 127
- Citizen activity, potential scenario for, 268
- Citizen-public servants, xiv
- Citizenship, new ethic of, 160
- Clean Air Act, 176
- Clean water, 179–180, 238, 247–249
- Clean Water Act, 178
- Climate change, 175–176

Index

319

- Coal burning, pollution from, 180
 - Coal consumption, 164
 - Cold War ethic, 200–201
 - Collapse of civilizations, 43–44
 - causes of, 8
 - democracies, 4
 - reasons for empire collapses, 212–213
 - signs of, 12–13
 - Collateralized debt obligations (CDOs), 61, 124
 - Collateral requirements, for derivatives, 99
 - College Housing Fund, 87
 - Colorado River, 248
 - “The Coming Financial Reality” (Standard Schaefer), 112–118
 - Commercial banks, 127
 - Congress:
 - pensions for, 133
 - putting pressure on, 268, 269
 - Congressional Budget Office (CBO), 178
 - “Conquest of nations,” 125
 - Constantine the Great, 209–210
 - Consumer debt, 14, 85, 86
 - credit-card, 122
 - and deflation, 117
 - from home-equity loans, 122
 - and lower interest rates, 113
 - Consumptive water use, 248–249
 - Core values, 49
 - Corporate taxes, 63
 - Corporations:
 - “conquest of nations” by, 125
 - in developing countries, 237
 - profits as focus of, 113
 - Counterterror planning, for businesses, 233–234
 - Court system, 18, 266
 - Credit card debt, 122
 - Credit crisis, 75
 - Credit default swaps (CDS), 91, 92, 124
 - Credit risk, with derivatives, 100
 - Credit Suisse–First Boston, 127
 - Critical infrastructure, 186
 - Crow, F. Trammell, 30
 - CSIS, *see* Center for Strategic and International Studies
 - Currencies. *See also* Dollar
 - debasement, 112
 - destabilization of, 127
 - worldwide decrease in value of, 124–129
 - Currency contingency plans, 81
- D**
- Darden, William, 30
 - Darst, David M., 69
 - Day, Richard, 7
 - DDT, 250
 - Debt:
 - avoiding payment of, 118
 - consumer, *see* Consumer debt
 - deflation of, 117
 - and GDP, 260
 - and pension funds, 133
 - potential scenarios for, 265, 270, 271
 - public, 14, 85, 86, 88. *See also* National debt repayment strategy
 - retiring, 129
 - Debt management, 84–89
 - and amount of U.S. debt, 85
 - business’s responsibility for, 86–88
 - Debt service expenses, 88
 - Defense technologies:
 - leveraging advances in, 226–228
 - priorities for, 218–226
 - Deffeyes, Kenneth, 163–164
 - Defined benefit pension plans, 114, 136
 - Defined contribution pension plans, 114
 - Deflation, 117
 - Deforestation, 176, 250
 - Dell, Michael, 30
 - Delphi, 135
 - Delta Airlines, 135
 - Democracies, 3–4
 - Demographic trends, 16, 158
 - Deregulation:
 - of banking, 59–61
 - of capital flows, 128
 - problems in, 63
 - Derivatives, 90–102
 - dangers posed by, 94–95
 - and declining value of the dollar, 74–75
 - defined, 93
 - destructive/unproductive activities encouraged by, 100
 - economic functions of, 95–96
 - history of, 93–94

320

market for, 14
 outstanding balance of, 92
 regulation of, 91, 95, 98–99
 risks of, 92, 94–101
 uses of, 91, 95, 96
 Desalination, 247–248
 Deutsche Bank, 125
 Deutsche Morgan Gruenfell, 127
 Developing countries, 20, 236–243
 assistance to, 237–238
 microlending in, 238–241
 dhanaX, 239
 Diamond, Jared, 8, 213
 Disasters, 106–107. *See also* Natural disasters
 Disney, Walter E., 30
 Dodd, Randall, 93–99
 Dollar, 69–82
 decline in value of, 14, 70–73, 75–76
 and demise of mideast peace process, 70
 and energy needs/consumer costs, 73–74
 and foreign investment, 79–80
 inflation and value of, 112
 interest rates and value of, 117
 and layoffs, 74–75
 pension funds and value of, 133
 potential scenarios for, 264–265, 269
 purchasing power of, 76–79, 81, 119
 as reserve currency, 72
 Domestic challenges, 15–18
 Domestic dissent and upheaval, 212
 Dot.bomb, 61, 133
 Dow Jones index, 124
 Drainage, 153
 Dresdner Bank, 125
 Drugs, illegal, 16, 265, 270

E

Earthquakes, 104, 106
 East Asian financial crisis, 94, 95, 125
 Easterly, William, 202
 Economic challenges, 13–15
 Economic crisis, 124
 Economic meltdown:
 and collapse of empires, 212
 as goal of terrorism, 232
 potential scenario for, 263–264

INDEX

Economic recoveries, 113
 Economic success:
 judging, 258
 measuring, 258–260
 Economic warfare, 125
 Edison, Thomas, 161
 Education:
 business' role in renewing, 145
 deficits in, 16
 in Norway vs. U.S., 162
 potential scenarios for, 265–266, 269, 270
 as primary economic institution, 5
 public school facilities, 192
 Effective governance, 200
 Egocentrism, 202
 Einstein, Albert, 30, 230
 Eisenhower, Dwight D., 30
 Electricity production, 165
 Electric power grid, 186
 Elite minority, 45
 “The Elite Minority,” xiii–xiv
 Elton, Hugh, 211
 Emergencies, 106. *See also* Natural disasters
 Emerson, Ralph Waldo, 201
 Emissions standards, 176
 Empire(s):
 ambitions of, 19
 inevitable collapse of, 212
 limits to, 207–216
 Employee Retirement Income Security Act (ERISA), 135
 Employment:
 and economic recoveries, 113
 potential scenario for, 269
 Endangered species, 177, 250
 Endangered Species Act (1973), 177
 Endocrine disruptors, 180
 Energy pollution, 180–181
 Energy resources, 16–17, 161–171, 214–215
 America's energy demands, 165, 290–291
 business' role in use of, 144
 managing, 166–168
 oil, 163–164
 potential scenarios for, 266, 270
 renewable, 165, 167–168

Index

321

- and terrorism, 232
- and value of the dollar, 73–74
- world energy demand, 164–165
- Enforcement of financial regulation, 99
- Enterprise readiness, 64–67
- Environmental degradation:
 - business' role in reducing, 252
 - and collapse of empires, 212
 - potential scenario for, 266
- Environmental issues, 17, 20, 173–183, 244–254
 - air quality, 176
 - brownfields, 178
 - business leadership in, 144–145, 246
 - chemicals, 180
 - clean water, 179–180, 247–249
 - deforestation, 250
 - endangered species, 177, 250
 - energy, 167–168
 - energy pollution, 180–181
 - genetically modified foods, 180, 250–251
 - global warming, 175–176
 - international, 20, 244–254
 - national lands, 176
 - nuclear power, 178
 - persistent organic pollutants, 250
 - rain forest destruction, 177, 250
 - solutions to, 251–252
 - Superfund program, 178
 - waste disposal, 177
 - wastewater, 178
 - water resources, 151–158, 246–247
 - wetlands, 177
- EPA (U.S. Environmental Protection Agency), 176–180
- ERISA (Employee Retirement Income Security Act), 135
- Ethics, xii–xiii
- Europe:
 - agricultural water use in, 248
 - and decline in dollar, 70
 - genetically modified foods in, 251
- Execution, 26
- Export-Import Bank, 87
- F**
- Failures of leadership, 6, 62, 63, 124–126, 273–279
- Families, 5
 - economic suffering of, 17
 - potential scenario for, 266
- Fannie Mae, 87
- Farm Credit Administration, 87
- FASB (Financial Accounting Standards Board), 136
- FDA (Food and Drug Administration), 180
- Federal deficits, 6, 14, 20, 43, 113
- Federal Emergency Management Agency (FEMA), 106
- Federal Flood Insurance, 87
- Federal Home Loan Mortgage Corporation (FHLMC/Freddie Mac), 87
- Federal Housing Administration (FHA), 134
- Federal Insecticide, Fungicide, and Rodenticide Act, 180
- Federal National Mortgage Association (FNMA/Fannie Mae), 87
- Federal pension guarantee programs, 134
- Federal Reserve:
 - China's view on policy of, 118
 - and cost of funds, 113
 - and the debt spree, 143–144
 - money supply expanded by, 124
- Federal Savings and Loan Indemnity Corporation (FSLIC), 60
- FEMA (Federal Emergency Management Agency), 106
- FHA (Federal Housing Administration), 134
- FHLMC (Federal Home Loan Mortgage Corporation), 87
- FICO (Financing Corporation), 60
- Financial Accounting Standards Board (FASB), 136
- Financial bubble, 115
- Financial leadership, failures of, 124–126
- Financial management, 62–63, 87. *See also* Debt management
- Financial markets, risk management in, 97
- Financial sector, as parasite, 115
- Financial stability, 140–146
- Financial systems:
 - potential scenarios for, 264, 267

322

realignment of, 129
 Financial warfare, 125–126
 Financing Corporation (FICO), 60
 Fiscal policy:
 China's view of, 118
 politics of, 62–63
 reform of, 129
 Fish stocks, 250
 Fixed costs, restructuring, 88
 “Floating rate” mortgages, 114
 FNMA (Federal National Mortgage Association), 87
 Food and Drug Administration (FDA), 180
 Food products, pesticide residues in, 180
 Forbes, Steve, 128
 Ford Motor Company, 135, 137
 Foreign affairs, model for, 19. *See also* International relations
 Foreign aid, 198–199, 202, 204, 237
 Foreign competition, 79
 Foreign exchange derivatives, 95
 Foreign goods sold in U.S., 259
 Foreign investment, value of the dollar and, 79–80
 Foreign policy, 199, 200. *See also* International relations
 potential scenario for, 271
 and terrorist attacks, 233
 Foreman, Dave, 173
 Forests, 176, 250
 Forwards, 93. *See also* Derivatives
 “Fossil water,” 153
 Franklin, Benjamin, 30
 Freddie Mac, 87
 Friedman, Thomas, 7
 FSLIC (Federal Savings and Loan Indemnity Corporation), 60
 Fuel economy, terrorism and, 232
 Fuel prices, 162
 Futures, 93. *See also* Derivatives

G

Gartman, Dennis, 75–76
The Gartman Letter, 75
 GASB (Government Accounting Standards Board), 136
 Gates, William, 30
 Gaul, 208, 209

INDEX

GDP (gross domestic product), 258–260
 Geneen, Harold T., 30
 General Motors (GM), 135, 137
 Genetically modified (GM) foods, 180, 250–251
 Germany, hyperinflation in, 118
 Ghandi, Mahatma (Mohandas):
 on being the future, 132
 on love, 197
 on resources, 244
 on roots of violence, 41
 Glacier melt, 175
 Gleick, Peter, 248, 249, 251
 Global warming, 175–176, 180
 GM, *see* General Motors
 GM foods, *see* Genetically modified foods
 Goals, achieving, 31
 Goethe, Wolfgang von, 174
 Golden parachutes, 62, 114
 Goldman Sachs, 61–62, 127
 Gold standard, 71
 Good and evil, battle between, xii
 Good Neighbor Policy, 199–202
 Gorbachev, Mikhail, 247
 Governance, effective, 200
 Government:
 business' role in renewing, 144–145
 debt default by, 115
 debts owed by, *see* Public debt
 excess spending by, 87
 impending retirement of employees, 158
 loans from, 87
 and natural disasters, 104, 105, 108
 paying off debts of, 141–145
 as primary economic institution, 5
 unfunded liabilities of, 85, 86, 141–145
 Government Accounting Standards Board (GASB), 136
 Government-based economy, 21
 Government-Sponsored Enterprises (GSEs), 87
 Great Depression, 57
 Great Lakes, 179
 Greed, 62
 Greenhouse gas emissions, 175, 250
 Greenspan, Alan, 75, 98, 116
 Gross domestic product (GDP), 258–260

Index

323

- GSEs (Government-Sponsored Enterprises), 87
Gulf of Mexico, 179
- H**
- Habitat loss, 177
Handy, George, 154–155
Harvard, John, 30
Hazardous waste, 178, 181
Health care:
 cost increases for, 17
 potential scenario for, 271
Hodge, Sir Julian, 91
Home businesses, microlending for, 239
Home-equity lending, 116, 122
Home State Savings and Loan of Cincinnati, 61
Hong Kong exchange rate, 95
Housing bubble, 80, 122–123, 259–260
Housing issues, 17–18, 116. *See also* Mortgages
Hubbert, M. King, 163
Hubbert's Peak (Kenneth Deffeyes), 163–164
Hudson, Michael, 112–118
Huntington, Samuel P., 231–232
Hurricanes, 106, 259
Hussein, Saddam, 73
Hybels, William, 30
Hyperinflation, 118
- I**
- IBM, 136
Ignatius, David, 202
IIF (Institute of International Finance), 127–128
Illegal drugs, 16, 265, 270
IMF, *see* International Monetary Fund
“Imperial Entropy: Collapse of the American Empire” (Kirkpatrick Sale), 211–213
Impoundment, water, 153
India, 166, 239
Indonesia, 126, 127
Industry self-regulation, 64
Inflation, 14–15, 111–120
 China's view of U.S. inflation, 118
 hidden impacts of, 112–118
 and phantom wealth, 112
 potential scenarios for, 265, 269
 and value of the dollar, 112
Infrastructure:
 critical, 186
 defined, 185
 deteriorated state of, 18
 potential scenario for, 270
 for water resources, 154
Infrastructure renewal, 184–193
 budget estimates for, 186–189
 business' role in, 144–145
 funds for, 143
 jobs needed for, 186, 190–191
 size of challenge for, 185–186
Innovation, potential scenarios for, 264, 268
Institute of International Finance (IIF), 127–128
Institutions:
 lack of trust in, 13
 roles of, 5–7
 self-serving leadership of, 6
Institutional aristocrats, 45
Integrity, 25
Intellectual property losses, *see* Technology losses
Interest rates, 79
 and cost of funds, 113
 and impact of inflation, 113
 international impacts of, 117
 and pension funds, 133
International challenges, 19–20
International environmental issues, 20, 244–254
 business leadership in, 246
 clean water technologies, 247–249
 deforestation, 250
 endangered species, 250
 genetically modified foods, 250–251
 persistent organic pollutants, 250
 rain forest destruction, 250
 solutions to, 251–252
 water resources, 246–247
International Monetary Fund (IMF), 125–129, 202
International relations, 197–205
 and assistance to other countries, 198–199, 202, 204
 and developing countries, 236–243

324

global good neighbor ethic for, 199–202
 public–private partnerships for, 203–204
 and water resources, 152
 International Relations Center, 199
 International standing, restoring, 20
 Interstate Highway System, 186
 Interventionism, 233
 Iran, 72–73
 Irrigation, 153, 251
 Islamic Jihad movement, 232
 ISO 9000 manufacturing, 252
 Israeli Six-Day War, 247

J

J. P. Morgan, 127
 Japan, 70, 127
 Javits, Jacob, 135
 Jefferson, Thomas, 30
 on bad government, 257
 on banking institutions, 129
 on dissent, 10
 on paying debts, 84
 on politicians vs. statesmen, 10
 on truth, 3
 Jenrette, Richard H., 30
 Jingoism, 233
 Job requirements:
 for infrastructure renewal, 186, 190–192
 to replace retiring government employees, 158
 Jocelyn (microloan recipient), 239
 John Paul II, pope, 30
 Joseph, 23–25, 105
 Judeo-Christian ethic, xii, 71
 Julius Caesar, 209

K

Kelly, Kevin, 239
 Kemp, Lothar, 74–75
 Kennedy, John F., 44
 Kiva.org, 239
 Korea, 126, 127
 Kyoto Protocol, 175

L

Law and order, 18

INDEX

Layoffs, value of the dollar and, 74–75
 LCTM, *see* Long-Term Capital Management
 Leaders, 22–39. *See also* Business leaders
 Joseph, 23–25
 measuring performance of, 30–39
 Nehemiah, 25–27
 politicians as, 44
 principled, *see* Principled leaders
 values reflected by, 5
 Leadership:
 for America’s turnaround, 257–262
 models of, 30
 new culture of, 62, 64
 potential scenario for, 271
 Leadership failures, 6, 62, 63, 124–126, 273–279
 Leadership teams, building, 64
 Legacy, 7
 Legion XXIV, 210, 211
 Legion XXIX, 208
 Lehman Brothers, 127
 Lein, Yehezkel, 247
 Leverage, with derivatives, 94, 96
 Levy Economics Institute, 75
 Lewis, C. S., 30
Liberty Dollar, 79, 80
 Lilly, Eli, 30
 Lincoln, Abraham, 30
 Lincoln Savings and Loan, 61
 Lipinski, Bill, 184
 Liquidity, 121–130
 adverse effects of, 122–123
 and demise of central banking, 126–129
 and financial leadership failures, 124–126
 and money supply, 15
 and subprime mortgage crisis, 122
 and U.S. money supply, 124
 Liquidity risk, with derivatives, 100
 Long-Term Capital Management (LCTM), 94, 98, 116
 Lucent, 135
 Luft, Gal, 232

M
 MAI (Multilateral Agreement on Investment), 128

Index

325

- Malaria, 250
- Mandatory public service, 141, 145. *See also* National service corps
- Mann, Thomas, 207
- Manufacturing technologies:
 leveraging advances in, 226–228
 priorities for, 218–226
- Margin requirements, for derivatives, 99
- Marius, Consol, 208–209
- Market-based competition, 97
- Market manipulation, 125
- Markham, Jerry, 93
- McGowan, William T., 30
- McNichol, E., 137
- Mead, Margaret, 30
- Measurement:
 of economic success, 258–260
 of leaders' performance, 30–39
- Medicaid:
 and lower interest rates, 114
 restoring, 141
- Medicare, 85
 and lower interest rates, 114
 restoring, 141
- Methane gases, 175
- Mexican financial crisis, 94, 95
- Mexican–U.S. water resources, 179, 245
- Microlending, 237–242
- Middle East:
 demise of peace process in, 70
 potential scenario for, 271
 water wars in, 247
- Military conflicts, 72–73
- Military overstretch, collapse of empires and, 212
- Mohamad, Mahathir, 125
- Monaghan, Thomas, 30
- Monetary policy:
 China's view of, 118
 of Greenspan, 116
 politics of, 62–63
 private vs. public control of, 117
- Money supply, 15. *See also* Inflation
 in the 1970s, 59
 growth of, 124
- Money transactions, transaction fee on, 141, 142, 145, 269
- Morgan Stanley, 61–62, 127
- Morris, Charles, 134–136
- Mortgages:
 federally-insured, 134
 “floating rate,” 114
 fraudulent documents for, 63
 GSEs owned by, 87
 no-fault, 124
 refinancing boom for, 113
 upside down, 114
- Mortgage-backed securities, 87
- Moses, 260
- Moyers, Bill, 262
- Mulder, Christian, 128
- Multilateral Agreement on Investment (MAI), 128
- N**
- NABARD (National Bank for Agriculture and Rural Development), 238–239
- Nabih (Druse merchant), 7
- National Association of State Budget Officers, 137
- National Bank for Agriculture and Rural Development (NABARD), 238–239
- National community, 43
- National debt repayment strategy, 138, 141–145
- National financial bankruptcy, 43, 45
- National Governors Association, 137
- National lands, 176
- National Oceanic and Atmospheric Administration (NOAA), 106
- National service corps, 141, 145, 158–160, 192, 270, 281–287
- National Water Census, 154
- Natural disasters, 103–110
 costs of, 87–88
 impact of, 104
 plan for dealing with, 107–108
 potential scenario for, 265
 preparing for, 105–107
 reserves for, 108
 vulnerability to, 14
- Natural gas consumption, 164
- Nehemiah, 25–27
- New markets, regulation and management of, 63
- New Zealand, 121–122

- NOAA (National Oceanic and Atmospheric Administration), 106
- No-fault mortgages, 124
- Non-traditional threats, 201
- North America, agricultural water use in, 248
- Northwestern Airline, 135
- Norway, 161–162
- Nuclear power, 166, 171, 178
pollution from, 181
potential scenario for, 270
- O**
- OECD (Organisation for Economic Co-operation and Development), 128
- OECD countries, oil use by, 164
- OEPB, *see* Other employee benefit plans
- Oil, 163–164
pollution from, 180
from tar sands, 248
- Oil consumption, 144
- Oil prices, 71, 73–74, 232, 233
- O’Neill, Paul, 30
- OPEB obligations, *see* Other post-employment benefit obligations
- OPEC nations:
and 2007 oil prices, 70–71
and currency for oil price, 73–74
and decline in dollar, 70
- Opportunity International, 239
- Options, 93. *See also* Derivatives
- Organisation for Economic Co-operation and Development (OECD), 128
- Osgood, Charles, 261–262
- OTC markets, *see* Over-the-counter markets, derivatives traded in
- Other employee benefit plans (OEPB), 136, 137
- Other post-employment benefit (OPEB) obligations, 136, 137
- Outsourcing, 269
- Overfishing, 250
- Oversight:
ineffective, 62
problems in, 63
by regulated industries, 63
- Over-the-counter (OTC) markets, derivatives traded in, 95, 98–100
- Oxfam, 239
- P**
- PBGC, *see* Pension Benefit Guaranty Corporation
- Peace dividend era, 201
- Peak oil, 163–164
- Pensions, 15, 132–139
avoiding responsibilities for, 114
of Congress, 133
erosion of, 133
federal pension guarantee programs, 134
potential scenarios for, 265, 269–270
private, 134–135
public, 134, 136–138
restoring, 141
and Social Security Trust Fund, 134
- Pension Benefit Guaranty Corporation (PBGC), 134, 135
- Pension funds:
losses in, 133
and lower interest rates, 114
- Performance measurement, 30–39
evaluating leadership attributes, 31–38
leadership models, 30–31
stretch goals for performance, 31
- Persistent organic pollutants (POPs), 180, 250
- Pesticide Act, 180
- Pesticide residues, 180
- Petroleum refining, water problems and, 248
- Phantom wealth, 112. *See also* Inflation
- PISA (Program for International Scholastic Assessment), 16
- Planning:
for counterterrorism, 233–234
for currency contingencies, 81
for natural disasters, 107–108
- Politics:
business and, 49
of monetary and fiscal policy, 62–63
“Political” nation, nation of the people vs., xiii–xiv
- Political parties, absence of leadership in, 45
- Political process, 41–46
and elite minority, 45

Index

327

- as reservoir of leaders, 42–43
 - roles of principled leaders in, 43–44
 - Politicians, xiv
 - assessing attributes and actions of, 44
 - and decline in value of dollar, 71
 - donor-focused activities of, 113
 - as great leaders, 44
 - pensions for, 133
 - principled, 46–50
 - self-serving, *see* Self-serving politicians
 - Pollution:
 - energy, 180–181
 - persistent organic pollutants, 180, 250
 - water, 248
 - Pollution Prevention Act, 180
 - Pompey the Great (Gnaeus Pompeius Magnus), 209
 - POPs, *see* Persistent organic pollutants
 - Populations trends, 16
 - Poverty, worldwide, 124
 - PPPs, *see* Public–private partnerships
 - Pragmatism, 215
 - Prestowitz, Clyde, 76
 - Price discovery, derivatives and, 96
 - Principled leaders, 46–50
 - actions of, 26–30. *See also specific topics*
 - for America’s turnaround, 257–262
 - assessing motivations and attributes of, 31–38
 - Principled leaders (*Continued*)
 - attributes and actions of, 26–30
 - in business leadership, 6
 - self-serving politicians vs., 42, 50
 - Prisons, 18
 - Private pensions, 134–135
 - Production, consumption vs., 79, 80
 - Program for International Scholastic Assessment (PISA), 16
 - Psychological engineering, 116
 - Public debt, 14, 85, 86, 88
 - national debt repayment strategy, 138, 141–145
 - retirement of, 129, 141–145
 - Public pensions, 134, 136–138
 - Public–private partnerships (PPPs):
 - for international relations, 203–204
 - potential scenario for, 268
 - for water resource use, 154–156
 - Public school facilities, 192
 - Public service, mandatory, 141, 145. *See also* National service corps
 - Public unfunded liabilities, 85
 - Puffing, 63
 - Purchasing power, 76–79, 81, 119
- R**
- Radioactive nuclear waste, 181
 - Rail system, 186
 - Rain forest destruction, 177, 250
 - Rang De, 239
 - RCRA, *see* Resource Conservation and Recovery Act
 - Reagan, Ronald, xiii, xiv
 - Reagan Inside Out* (Bob Slosser), xiii–xiv
 - Real asset value, testing for, 119
 - Real estate:
 - collapses of, 61
 - housing bubble, 80, 122–123, 259–260
 - and inflation, 117
 - Recessions, 57–59
 - Recycling, 177, 253–254
 - Refinancing boom, 113
 - Reforestation, 176
 - Regulation(s):
 - of derivatives, 91, 95, 98–99
 - outflanking, with derivatives, 95, 96
 - problems in, 63
 - self-, 64
 - Regulation Q, 59–60
 - Religion, as primary economic institution, 5
 - Renewable energy, 165, 167–168
 - Reporting requirements, for derivatives, 99
 - Reserves:
 - for federal loan losses, 87
 - for natural disasters, 108
 - for pension obligations, 135
 - Resource Conservation and Recovery Act (RCRA), 177, 178
 - Resource management:
 - energy, 161–171
 - environment, 173–183
 - infrastructure, 184–193
 - potential scenario for, 270
 - water, 151–158
 - Responsibility for the future, 20–21, 261–262

- Retirements:
 - impending, 158
 - replacing workers, 158–160
- Retirement benefits, 85. *See also* Pensions
- Rickenbacker, Edward V., 30
- Risks:
 - business, 57
 - with derivatives, 92, 94–101
 - externality of, 97–98
 - from terrorism, 233–234
- Risk shifting, 95–96
- Roadways, 186
- Roman Empire, 208–211
- Roosevelt, Franklin D., 200
- Roosevelt Good Neighbor Policy, 199–202
- Rouse, James W., 30
- Rural Development Telephone Bank, 87
- Russia, 125

- S**
- Sale, Kirkpatrick, 211–213
- Salk, Jonas, 30
- Salomon Smith Barney, 127
- San Francisco earthquakes, 106
- Saudi Arabia, 248
- Savings:
 - increasing, 80
 - and inflation, 116
- Savings and loan collapse, 59–61
- Schaefer, Standard, 112–118
- Secular humanism, xiii, 71
- Security:
 - spending on, 15, 213–214
 - and terrorism, 230–235
- Security policy, 200
- Self-help groups (SHGs), 238–239
- Self-regulation, 64
- Self-serving politicians, 6
 - attributes and actions of, 46–49
 - in business leadership, 6
 - and deficits in the United States, 20
 - as institutional leaders, 6
 - principled leaders vs., 50
- Sempra Metals, 76
- September 11, 2001 terrorist attacks, 232
- Servant leaders, 271
- SHGs (self-help groups), 238–239
- SHG-Bank Linkage Model, 239
- Silverado Savings and Loan, 61
- Slosser, Bob, xiii–xiv
- Small Business Administration, 87
- Smith, Fred, 30
- Social Security, 85
 - and lower interest rates, 114, 115
 - restoring, 141
- Social Security Administration, 160
- Social Security Trust Fund, 259
 - potential scenario for, 265
 - predicted insolvency of, 134
 - restoring solvency of, 141
- Society, secular humanist view of, xiii
- Soros, George, 78, 125
- South Korea, 76
- Special interests:
 - in international assistance programs, 199
 - massive influence of, 63
- Speculation, 117
- Spending:
 - curbing, 80, 88
 - on international assistance, 198–199, 202, 204
 - role of Federal Reserve in, 143–144
 - on security, 213–214
- Spent nuclear fuel disposal, 178, 181
- Standard of living, 124
- Standstill provisions, for derivatives trading, 99
- Stock market bubbles, 115, 116, 133
- Storm intensity, 175
- Strategic thinking, 26
- Studebaker, 135
- Subprime mortgages, 122
 - collapse ignited by, 70
 - loan documents for, 63
 - and pension funds, 133
- Suhbaatar, Batasayan, 239
- Sumitomo Bank, 94
- Superfund program, 178
- Superpower, U.S. as, 233
- Supervision, ineffective, 62
- Sustainable development, 200
- Swan, Edward J., 93
- Swaps, 93. *See also* Derivatives
- Systemic risk, with derivatives, 100

Index

329

“A System Under Stress” (Charles Morris), 134

T

TARP, 61, 62, 265

Tar sands oil, 248

Taxes, 63

federal tax cuts, 117

on money transactions, 141, 142, 145, 269

potential scenario for, 269

Tech bubble, 133

Technical bankruptcy, 85, 267

Technology, potential scenario for, 264

Technology losses, 19, 217–229

as opportunity for business innovation, 218–228

principled leaders’ responses to, 218

Tennessee Valley Authority, 178

Terrorism, 19, 230–235

costs of, 87–88

history of, 231–233

planning for risk mitigation, 233–234

purposes of, 231

roots of, 231–232

Terrorism Risk Insurance, 87

Thailand, 126

Thatcher, Margaret, xiii, xiv

Three Billion New Capitalists (Clyde Prestowitz), 76

Three Mile Island, 178

Tijuana River, 179, 245

Time magazine, 250

“Too big to fail” firms, 97

Trade, as measure of economic activity, 259

Trade deficit, 259

Transaction fee, on money transactions, 141, 142, 145, 269

Transparency, 269

Transportation, 144, 164, 166, 232, 270

Trickle Up seed capital grants, 240, 241

Truman, Harry, 30

Trust funds, OPEB, 137

Turnaround of America, 267–271

choosing leaders for, 258–260

and double value system, 258

principled leadership for, 257–262

Twain, Mark, 69

Tyndale, William, 30

Tytler, Alexander Fraser, 3–4

U

UBS/SBC Warburg Dillon Read, 127

Underdeveloped nations, 237. *See also* Developing countries

Unemployment:

and economic recoveries, 113

potential scenario for, 265

Unfunded liabilities, 85, 86

paying off, 141–145

potential scenarios for, 265, 270

Unilateralism, U.S., 201–202

United Airlines, 135

United Nations, 124

United States. *See also specific topics*

in 7th stage of democracy, 4–5

causes of profound changes in, 46

domestic challenges for, 15–18

economic challenges for, 13–15

“elite minority” in, xiii–xiv

energy demands of, 165

as great experiment, 3

hope for, 9

institutions of, 13

international challenges for, 19–20

major deficits in, 6, 43

our perceptions of, xi

permanent class of politicians in, xiv

resolving central issues of, 45

turnaround of, 257–262, 267–271

value sets in, xii–xiii

water use in, 153–154

without a turnaround, 263–266

U.S. Environmental Protection Agency (EPA), 176–180

U.S. Geologic Survey, 163–164

U.S. Steel, 135

Urbanization, water problems and, 248

V

Values, xii–xiii

established by leaders, 6

institutional abandonment of, 5

of principled leaders, 25

two systems of, xii–xiii, 71, 258

unifying, 45, 258

Value extraction, 116

330

Venezuela, 70, 73, 74
 Veteran's Administration, 134
 Victims of leadership failure, 57
 Vision, 25
 Volcker, Paul, 59, 78–81
 "Vulture foreign investors," 126

W

Walker, David, 6
 Wall Street, 87
 and derivatives trading, 92
 and excess liquidity, 122
Wall Street Journal, 259
 Wars, water and, 246–247
 Washington, George, 30, 31, 84
 Waste disposal, 177
 Wastewater, 178, 253–254
 Wastewater treatment, 158
 Water, 151–158
 clean, 179–180, 238, 247–249
 desalination of, 247–248
 for developing countries, 238
 as international issue, 246–247
 issues with, 18
 lack of, 245
 and national service corps, 158–160
 potential scenarios for, 266, 271
 price of, 251
 public private partnerships for
 managing, 154–156
 world use of, 153–154
 Water/energy balance, 153
 Water pollution, 248
 Water purification and delivery systems,
 186

INDEX

Water treatment plants, 186
 Wattleton, Faye, 22
 Wealth:
 destruction of, 87
 as financial market value, 116
 phantom, 112. *See also* Inflation
 scramble to appropriate, 125
 Wealth creation, 115, 116
 Weather disasters, 104
 Weiss, Martin, 73–74
 Wessner, Kenneth T., 30
 Wetlands, 177
The White Man's Burden (David Ignatius),
 202
 WHO (World Health Organization),
 249
 Wilberforce, William, 30
 Willers, Eddie, 111
 Winner take all economy, 44
 World economy:
 derivatives risks to, 92
 post-Cold War crisis in, 124
 World energy demand, 164–165
 World Health Organization (WHO),
 249
 World Trade Center attack, 232
 Wube, Frew, 240–241
 Wube, Haimanot, 240, 241
 Wube, Melkan, 240, 241

X

XacBank, 239

Y

Yellowstone National Park, 177