

▶ America's Changing Business Environment

By Troy Anderson





Global Governance Hits Home

As the owner of a commercial photography and video production company, Bob Lukeman has been fighting the Fort Worth Trinity River project for years.

The flood protection and urban revitalization project is expected to transform the downtown area into an 800-acre urban waterfront village known as Trinity Uptown. The Trinity River Vision Authority expects the project to create 16,000 jobs, numerous mixed-use development projects, and 10,000 residential units near downtown.

But the project has drawn protests from Lukeman and nearly 100 property owners along the river who are concerned about the Authority's plan to seize their businesses and properties, to redirect the Trinity River to form an urban lake and a bypass channel.

"In this economic climate, everybody is screaming about its \$909 million cost," says Lukeman, owner of Bob Lukeman Productions. "It's just nuts. The project's public relations effort has published lots of pretty pictures portraying it like it's the hanging gardens of Babylon. But that's not included in the first costs. The first costs are just for the hard surfaces."

The Castle Coalition, the Institute for Justice's nationwide grassroots property rights activism project, says the Authority plans to sell the new waterfront properties to private developers.

"They're using the power of eminent domain to take the property of largely industrial businesses and some homeowners who are in this part of town that they want to redevelop," says Matt Miller, executive director for the Texas chapter of the Institute for Justice, a nationwide libertarian public interest law firm.



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Christina Walsh, the director of activism and coalitions at IJ’s national headquarters, says the plan calls for the businesses along the river to be seized and demolished.

“They worked their entire lives to build successful businesses, and naturally they are upset that the city is telling them that they have to go so that their land can be sold off to wealthy developers,” Walsh says.

But Fort Worth Mayor Mike Moncrief says the project will create jobs in an otherwise underutilized part of the city, and that it will further expand the city’s tax base and tourism market.

“Thanks to this point-and-click world, businesses have more options than ever before when considering where to invest human and capital resources,” Moncrief said during his recent State of the City address. “We’re not only competing with Austin, Houston, and San Antonio. We’re up against Beijing, Taiwan, New Delhi, and others. Fort Worth is in the middle of a fierce global battle for jobs. It would be irresponsible – especially in the shadow of this recession – to slow down or relent on major initiatives like the Trinity River Vision and others that hold such great opportunity for jobs. The public/private partnerships we’ve built over the last 20 years have diversified and strengthened our economy. They are the reason why Fort Worth remains in such an enviable position despite the economic downturn.”

For Better or Worse?

The project is one of hundreds of smart growth projects – or walkable communities – springing up throughout Texas and the nation. These high-density urban

developments are an outgrowth of “Agenda 21,” a 1992 United Nations plan adopted by 178 nations at the U.N. Conference on Environment and Development in Rio de Janeiro, says John Bush, executive director of Texans for Accountable Government in Austin. Agenda 21 calls for each nation to create a plan for sustainable development at the state and local levels that is consistent with the principles of the Rio Declaration.

“What we are ending up with in these cities committed to Agenda 21 and sustainable development are local outposts of world governance,” says Michael Shaw, founder and president of Freedom Advocates, an organization dedicated to showing how Agenda 21 violates American’s unalienable rights. “It’s being established right under our noses under the guise of sustainable development.”

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“I think this push for global governance is a problem, and it’s going to be a burden for a large majority of the population and the entrepreneurs and businesses who participate in the economy,” Bush says.

While its opponents are apprehensive, proponents claim that stronger global governance structures are necessary to deal with the increasingly complex economic and political problems facing the world. They say global governance has advanced significantly in the past few decades and is gaining even more momentum under the Obama administration.

Global governance – described by European Union Council President Herman Van Rompuy as the “global management of the planet” – will be a boon for the global economy, help avert future financial crises, and promote peace and security throughout the world, proponents say.

“The purpose of any of these global governance structures is to enhance stability and reduce the kind of risk contagion so some kind of economic upheaval in a particular country or region of the world doesn’t debilitate everyone else,” says Terry Clower, the director of

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the Center for Economic Development and Research at the University of North Texas in Denton. “When you have increased stability, you have better trade opportunities. I think Texas businesses are poised very well to take advantage of that.”

New Name, Old Idea

Although the term is new, the concept of global governance isn’t, says Matthew S. Weinert, an associate professor in the Department of

Political Science & International Relations at the University of Delaware. As early as 1555, early modern European states gathered at Augsburg, Germany to seek a solution to the religious wars that plagued the continent. Similar gatherings were held in Westphalia, Germany in 1648; in Utrecht, Netherlands in 1713; Vienna, Austria in 1815; Paris, France in 1919; and in San Francisco in 1945 when the United Nations was created following World War II.

The term itself is traced back to the 1991 Stockholm Initiative on Global Security and Governance, where 30 world leaders considered how to tackle issues related to peace, development, democracy, and human rights; and to the 1992 Commission on Global Governance established to explore possibilities for reforming the U.N., Weinert says.

“The term global governance is not meant or used as a prognosis of the end of the nation-state or to signal the advent of world government,” Weinert says. “Quite the contrary, global governance signifies the myriad formal, informal, and non-formal ways multiple actors attempt to shape and influence the behavior of others based on rules, norms, perceptions, knowledge, etc.”

In recent decades, the creation of international organizations such as the International Monetary Fund, World Trade Organization, The World Bank, the G-8, and most recently the G-20 – the main multilateral steering group



for the global economy – has had a significant impact on the move toward global governance.

“The global economic crisis that began to unfold in the summer and autumn of 2008 underscored the weakness of existing global governance arrangements for the world economy, particularly in safeguarding the stability of the world financial system against systemic risk,” wrote Stewart M. Patrick, a senior fellow and director of the Council on Foreign Relations’ Program on International Institutions and Global Governance, in a recent report called “Global Governance Reform: An American View of U.S. Leadership.”

The election of President Obama in 2008 created a great deal of excitement about global governance, Patrick wrote. Obama’s election, coupled with the global economic crisis, has encouraged “breathless expectations in some quarters that we may be in a rare ‘moment of creation,’ where the world order is suddenly in flux, and major institutional renovation is possible,” Patrick wrote.

However, absent a protracted depression or a cataclysm like nuclear attack, Patrick expects global governance to proceed incrementally, “through pragmatic tweaking of existing institutions, rather than through wholesale abandonment of old arrangements.”

A Cautionary Report

A recent 70-page report by the United States’ National Intelligence Council and the European Union’s Institute for Security Studies entitled “Global Governance 2025: At a Critical Juncture,” warns that the growing number of issues on the international

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agenda, and their complexity, is outpacing the ability of current international organizations and national governments to cope with them.

With the emergence or rapid globalization, the risks to the international system have grown to the extent that formerly localized threats are no longer containable, but are now potentially dangerous to global security and stability. These threats include transnational terrorism, climate change, overpopulation, energy



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insecurity, food and water scarcity, the ballooning debts of countries like the U.S., and the nascent recovery from the recent economic crisis – a phenomenon that has highlighted the importance of developing countries, particularly China, in helping to restart the global economy.

“What worries me is that you see a more chaotic world and a less capable U.S.,” says a think tank participant who contributed to the USNIC and EUISS report. “There are centrifugal forces pulling apart the nations of the world. Resource constraints will have huge implications for global society. The train wreck is right ahead of us.”

Between now and 2025, the global aggregate demand for grain promises to grow substantially because of the expected additional 700 million people in Asia, Africa, and Latin America; increasing dietary preferences for protein; and a high likelihood of a rise in demand for grain-based biofuel. On the supply side, global climate change trends are likely to depress agricultural productivity in some regions, the NIC/ISS report predicts.

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Currently, more than 1 billion people live in areas where human use of available water supplies has exceeded sustainable limits; by 2025 this figure will rise to 1.8 billion, with up to two-thirds of the world’s population living in water-stressed conditions. Climate change will compound the scarcity problem in many regions as precipitation patterns change and many populous areas become drier.

Meanwhile, four decades of oil shocks have proved to be extremely disruptive, regardless of whether

countries have been oil consumers or oil producers. As the world makes the transition to less carbon-intensive fuels, volatility in prices has led to stop-and-go investments in unconventional sources and renewable energy, and to an increased reliance on coal as a secure domestic source regardless of environmental consequences.

As sufficient supplies of essential goods, such as water, food, and energy become more difficult to obtain, the USNIC/EUISS report says that strengthening global governance



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structures will help address these problems before the next crisis hits.

Even as the calls for global governance is growing, the report observes that the U.S., Russia, China, India, and other nations share an ingrained suspicion of global governance mechanisms that could impinge on their sovereignty. In defense of global governance, the report notes that the term does not

“equate to world government, which would be virtually impossible for the foreseeable future, if ever.”

“Global governance,” the NIC/ISS report further explains, “is not slated to approach ‘world government’ because of widespread sovereignty concerns, divergent interests, and deep-seated worries about the effectiveness of current institutions.”

Patrick also echoed this sentiment, noting that it’s still political suicide for any U.S. aspirant to elective office to speak of moving “beyond sovereignty” or to speak the language of “global governance,” given the “undercurrent of suspicion that international institutions are running roughshod over the U.S. Constitution.”

A New Role for the U.N.

Dallas resident Cathie Adams, the national sovereignty and security chairman at the Eagle Forum, an organization that examines national sovereignty, national security, and domestic policies from a conservative, pro-family perspective, says one of the biggest concerns about global governance is a proposal first made in 1994 by the U.N.-funded Commission on Global Governance.

At the time, American economist James Tobin proposed an international tax on currency transactions to fund the U.N. In 1994, the tax was expected to raise \$1.5 trillion – 150 times the U.N.’s budget at the time.

“There are a couple of things that must happen before global government can occur,” says Henry Lamb, executive vice president of Freedom 21 Inc. and chairman of the board of Sovereignty International. “The most important is that the U.N. must have an independent source of financing. The U.N. since its very beginning has wanted the authority to tax.”

Lamb says the G-20 is working on ways to better fund the U.N., and that the most likely option is a tax on the transfer of currency between nations.

“The first thing they could do is pay for their own standing army,” Lamb says. “There has been no way for the U.N. to enforce any of the measures, treaties, or regulations it adopts. With a standing army and an international criminal court, the U.N. would become the de facto sovereignty of the world and nations, and the U.S. would be nothing more than an administrative unit of the global government.”

Despite these concerns, economists say global governance would promote global trade and have other positive effects.

Texas in a World Marketplace

Texas – the nation’s No. 1 exporter of merchandise, with \$169 billion in shipments in 2009 – could benefit

from global governance and increased trade, Clower says.

In 2009, export-supported jobs linked to manufacturing accounted for an estimated 8.2 percent of Texas' total private sector employment. More than one-fourth (26.3 percent) of all manufacturing workers in Texas depend on exports for their jobs, according to the U.S. Department of Commerce International Trade Administration. Among manufactured products, the state's leading export category is computers and electronic products at \$32.1 billion. The next-largest categories are chemicals at \$31 billion, machinery at \$23.8 billion, and petroleum and coal products at \$21.3 billion.

"We would be competing, obviously, in a world marketplace, and I think Texas businesses would have to adapt," Clower says. "There would be some businesses that might not survive, but there would be many business opportunities created. In terms of competition, compared to the U.S. as a whole, we are a pretty affordable place to do business, we have good infrastructure, and the Port of Houston is one of the busiest in the U.S. We are poised to expand trade with more countries in Central and South America."

But Barton Smith, a professor emeritus in economics at the University of Houston, calls global governance a "mixed economic bag." While global governance will likely promote more trade, Smith foresees that it will also impose even greater restrictions on the consumption of fossil fuels.

"That might have a negative impact on Texas," Smith says. "What about rules with regard to free flows of labor? That may create even greater influxes of cheap labor into Texas. I think

globalization is a mixed economic bag. Global governance is not just about goods and services, but a trade flow of capital and labor. How far we go with global governance can have all sorts of interesting implications for Texas

that are hard to predict at this point."

For instance, imagine a world in which new global governance laws deem everyone "global citizens," Smith says.

"That means we would have the right to live anywhere we want to," Smith says. "The implications for real wages, where anybody could freely come to the U.S. without restrictions,

would be mind-boggling. It would imply real wage equalization across the world; and real wage equalization is very scary. It should be very scary to us, given that the average family income is \$65,000 in the U.S. and the average family income in Central America is \$600 a year."

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All Globalization Is Local

Although most people may not realize it, the U.S. has already been heavily impacted by global governance, Bush says. In Texas, this impact can be seen in the proposal for the Trans-Texas Corridor, conservation easements, wildlife reserves that restrict people's ability to extract natural resources from these lands, and the acquisition of properties through eminent domain for smart growth projects like Trinity River, Bush says.

"We've already seen globalization and global governance taking place in the world with various agreements — NAFTA being one of them," Bush

says. "Of course, NAFTA did not follow through on a lot of its promises. NAFTA took a lot of jobs away from Texans and reduced the standard of living for a lot of people in Mexico as well."

As far as those affected by Trinity Uptown, Lukeman says he and dozens of other business owners have been waiting for years to find out if the Trinity River Vision Authority is going to acquire their properties through eminent domain procedures.

"Fort Worth has become the economic development and eminent domain capital of Texas," says Lukeman, who has developed maps and an alternative plan for flood control on his Web site, www.citizenswhocare.net. "There are more tax increment financing projects here than anywhere else in the state. They are just development crazy." **N**

Troy Anderson, an award-winning newspaper reporter based out of Southern California, freelances for a variety of national and regional magazines.