

January 19, 2006

To:

Representatives of the building industry including:

- Construction Unions
- Manufacturers of construction products
- Mortgage companies
- Public utilities
- Real estate developers
- Real estate investors

Subject:

A proposal to continue building Regardless of increases in the interest rate

The attached document is a summary description of what I think the construction industry could and should do to sustain itself and the community economy as well. I also have the details in separate documents.

It is clear that housing sales are decreasing which eventually will reduce construction employment, which will create a major dampening of the entire economy. This will happen because the economy is currently being driven by the construction industry.

Government does not seem to be taking the initiative to stabilize either income from exports or borrowed money for construction. Frankly, this may be due to conflicts of interest with the general population. What wins elections (the majority) does not necessarily build an economy. What pays local government bills (retail sales and property appreciation) does not necessarily improve the economy.

Hundreds of billions of dollars of bonds for infrastructure development places a financial burden on our children. They will have to earn new money to pay off the debts.

As an example, only a small percentage of the working public actually creates the new money that is necessary for economic development. These workers would primarily include those in the mining, manufacturing, and tourism industries.

The miners convert natural resources to cash. Manufacturing exports products in exchange for foreign cash. Tourism extracts money from foreigners. Service industries create new money if they sell to foreign customers.

Almost everyone else is support service, creating no new money.

George Soros, the world-famous financial speculator, stock investor, philanthropist, liberal political activist and donor predicts a recession as early as 2007. Any other forecaster that has self-interest and predicts a rosy future should be listened to with caution.

The system I propose could take over and simultaneously make both construction and manufacturing sustainable indefinitely. Everything I propose either already exists somewhere else or has been tested.

I need help from people who are ready to determine their own destiny rather than waiting for government action.

To fully understand what I am saying you may have to be familiar with a number of documents I have reviewed and abstracted. They are attached as "Mandatory Reading".

If you buy the concept, the next step is a commitment from people in the construction business to raise funds. This could be done internally or by pressuring politicians to act. A reasonable program could be started with as little as \$100,000. The county already funds an Office of Protocol" with a \$100,000 budget that merely entertains foreign dignitaries and seems to be unaccountable for their results.

Realistically, much more money will be required to make a significant dent but the money should be readily available with the right supporting organizations. Typically, there could be as many as 100 organizations interested in direct involvement.

Sincerely,

M. L. "Bud Warrick
1048 Fairbrook Lane
Santa Ana, CA 92706
Phone: 714/953-2731
email: Bud@ZapConnect.com

Attachments:

- Draft program proposal
- FBI news article
- George Soros prediction
- Mandatory reading
- MLW bio
- MLW economic development experience

Introduction

Our economy slipped into unknown territory in December of 2000. The manufacturing industry proceeded to lose more than 3 million jobs over a 2 year period stopping the shedding and holding the jobs steady for the 4 years since then.

In the same time, California lost 350,000 manufacturing jobs while Orange County probably lost at least 40,000 manufacturing jobs.

Manufacturing employment has remained steady since then. This flattening could be a sign that outsourcing has saturated the capability of the Chinese.

While the government concentrates on the percentage of unemployed without comment on the type of jobs, there has been an erosion of our ability to create new cash through the exporting of products and services.

It turns out that the basis for sound economic development has at its heart manufacturing. Much like the gold mining towns, the source of money was not the general store but the production of gold.

One can use bonds and changing interest rates like drugs to take the economy to an artificial "high". These actions will not survive forever. Eventually there is a piper to pay.

Unfortunately, this artificial tinkering with interest rates has spurred the real estate development and elevated the cost of living. Immigration is falling and college graduates have to move elsewhere to find housing compatible with their starting salaries.

This also damages family sustainability and may disunite children from parents as soon as they realize they have little hope of living near their parents after graduation without dormitory style living conditions.

The whole situation can be reversed by increasing education, exports and tourism, all of which are falling.

In my opinion, the government and the real estate industry have either ignorantly or deliberately presented an image that the economy is normal based on a constant unemployment rate. This ignores the cash-generating capability to the community of different kinds of jobs. While Orange County lost 40,000 manufacturing jobs it gained way more than 40,000 real estate agent and construction jobs neither of which bring in money from outside the community. They merely facilitate the release of cash from real estate assets that acts as a pseudo economic stimulus

Other evidence of a problem

- Tourism also is showing a gradual decline for the past two years.
- Santa Ana K-12 schools are shrinking in student population
- 100,000 people per year are leaving the state.
- There are those, like the billionaire George Soros¹ for example who predict not just a decline in 2007 but also a recession.

¹ See attached news article about George Soros "

Other factors

The economics of any community is dependent upon exporting and tourism, both of which bring new money to the community. Both the County of Orange and the State of California have neglected to focus on this dependency and have even let the economic development systems deteriorate.

Currently the economic situation is somewhat chaotic being controlled by interest rates, which is driving construction. This is also propping up the economy by people using home equities to purchase creature comforts. This is a simple way to make voters comfortable for a short period.

An economy cannot grow indefinitely on borrowed money. Eventually the bill will have to be paid and hopefully not by our children.

The state is preoccupied with politics and the County is preoccupied with a bankruptcy.

Economic collapse causes

There are three primary causes of this loss of economic development engine.

1. Cutbacks in Aerospace and Defense spending due to the collapse of the Soviet Union
2. Increased productivity
3. The entry of China as a world competitor

Other factors include:

1. The federal government failed to create a workable defense conversion program that would take advantage of the high technology skills necessary in the defense and aerospace industries
 2. An increase in productivity cuts jobs which should have been moved to areas of diversification rather than just layoffs
 3. We could compete with China by continuing to increase our technological sophistication.
 4. We have thousands of products developed by federal research grants that instead of being financed by U.S. companies are taken over by companies from other countries.
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Local government actions

Currently, actions by local governments are to support retail operations because they produce sales taxes, which are the heart of local government income. Similar things can be said about promoting real estate appreciation because income is limited by a percentage of the assessed value of a property. One can hardly blame them for doing anything to promote the appreciation of real estate.

Manufacturing is ignored by local government because it does not provide a direct source of income to the local government. Even property tax income is less. Local governments have been know to approve the destruction of industrial plants to be replaced by retail stores and residences neither of which bring any new money to the community other than from borrowing.

State actions

All of this talk about a \$200 billion budget for infrastructure may be futile if the state does not have industries that can bring in new money such as tourism and manufacturing. Global competition cannot be left out of the economic equation and so for this country has about an accumulative \$700 billion trade deficit each year thanks mostly to Chinese manufactured goods and oil imports.

The state exacerbated the problem by destroying the State office of International trade that was creating jobs at a cost of \$3,000 each by assistance in exporting.

Construction related issues

U. S. Department of Labor predictions

Although the U.S. Department of labor predicts there will be a 40% increase in Construction Industry jobs between 2002 and 2012, we all know that it is dependent upon the economy and government forecasts are unreliable.

Carrying this a step further, construction increase is tied to business increase except for the recent increases in resident densities. That is, more than one family living in the same house or apartment.

Need I really be the first to claim that construction increase is tied to healthy economic development?

It was only a few years ago that the educational system was clamoring for more schools and now we see a decrease in the number of students in Santa Ana Schools.

Good news - other solutions

Other counties or regions in the United States are electing to create regional stewardship programs to improve the sustainability of their region. That is, to make sure they leave the place better than they fund it rather than encumbered by unemployment, bills, traffic and pollution.

Orange County is blessed with economic assets to the point of lethargy and almost being able to survive with little organization or stewardship.

Dozens of communities have realized that the secret to economic stability and growth is to drive it locally rather than wait for a larger element of government to do it.

For example:

- You can study the works of “[John Gardner](#)”, a former Secretary of Secretary of Health, Education, and Welfare, father of “Public Radio”, father of “Common Cause”, and Engineer of the “Great Society Programs” – (<http://www.pbs.org/johngardner/>)
- “[Alliance for Regional Stewardship](#)”, an association of 90 regions dedicated to regional stewardship and following John Gardner and the book “Civic Revolutionaries” published by the founders of “Collaborative Economics” – (<http://www.regionalstewardship.org/>)
- “[Collaborative Economics](#)”, a consulting organization – (<http://www.coecon.com/>)
- “Civic Revolutionaries”, a book published by the founders of the “Alliance for Regional Stewardship” and the “Collaborative Economics” consulting organization.

More specifically

I have identified and quantified the two following economy-driving opportunities:

1. The export collapse has not been total. In California, exports have only reduced by 20 to 25% meaning that foreigners are still willing to buy our costly products because of our technology or quality.
2. We have an opportunity to produce more high quality products and make their existence known worldwide. Success is quite possible because of the marginal promotional efforts conducted by all levels of government.

Help needed

All of us need the financial assistance of leading Orange County organizations that benefit from an increasing economy.

[Introduction.doc]

Needs/suggestions

What is needed is a special program to improve successes for companies that manufacture and export thus bringing new cash to the community. These programs should be directed at existing businesses and not just startup operations, which is the driving force of many assistance programs. Manufacturing is already burdened by high costs and can little afford research and development or special promotion programs.

Other types of businesses could rightfully make special contributions the real source of their prospective success.

Since the heart of the success of the economy lies within these companies it is appropriate for the government at any level to insure the process just the same as they insure that there will be workers by using 40% of the state budget to prepare children for the workforce.

Another precedence has been set in the State's tourism promotion program that advertises every business that can extract money from a tourist. This includes entertainment as well as hotels and motels. Why is there an effort for this industry and no effort to increase the exports of companies?

If regional government does not act, it is appropriate for regional business to intercede and put the tools of sustainable economic development in place.

(Basic needs)

Proposed Program

Grass roots civic revolutionaries need to step up and take control of their own economic futures. If you think this is sedition, I suggest you examine the State's only effort organized under the California Center for Regional Leadership at:

<http://www.calregions.org/regcivic/summit2003/session-economic.html>

The California Center for Regional Leadership is a statewide nonprofit organization established to support, facilitate, and promote innovative regional solutions for our major economic, environmental, and societal challenges, to help achieve a more sustainable California. CCRL works with a network of collaborative regional organizations from throughout California, and works on behalf of this network to encourage and enable effective regional strategies by local and state government.

The current funders of this operation are:

[Bank of America](http://www.bankofamerica.com) - (<http://www.bankofamerica.com>)

[Ford Foundation](http://www.fordfoundation.com)- (<http://www.fordfoundation.com>)

[The James Irvine Foundation](http://www.irvine.org)- (<http://www.irvine.org>)

[Morgan Family Foundation](http://www.morganfamilyfoundation.org/) - (<http://www.morganfamilyfoundation.org/>)

[Noel Perry](http://www.calregions.org/about) - (<http://www.calregions.org/about>)

[Pacific Gas and Electric](http://www.pge.com) - (<http://www.pge.com>)

[Surdna Foundation](http://www.surdna.org) - (<http://www.surdna.org>)

[William and Flora Hewlett Foundation](http://www.hewlett.org) - (<http://www.hewlett.org>)

Initial Plan - Assist exporting an product introduction

Having studied our resources and the opportunities available, I suggest the establishment of an economic development plan that first concentrates on two issues.

The initial plan should focus on **exporting** and the **commercialization of available technology**. A more advanced plan should be drawn to include the interest of all organizations that significantly contribute to or benefit from economic development.

The elements of the program I propose in the simplest form consist of **industrial directories** to be distributed internationally by both publishing and the Internet. See www.ZapConnect.com for the Medical Device directory, which attracts approximately 10,000 buyers each day.

This same thing can be done for any technological industry from Agriculture to Zoology.

Half of all new business comes from being in a directory and there are dozens if not hundreds of directories that could be published for various industries. This is no more inappropriate than publications of the tourism industry already offered by the state.

Secondly, we would make readily available the results of federal research and development, which has commercial value. We would do this through an innovation and commercialization center that trains existing companies in the process and sources. A sample of this can be found on the ZapConnect.com website which has 4,000 medical devices that have had more than a million dollars of research funded by the federal

government and are now looking for commercialization funding. See the attached article² that claims the Chinese and others are using our technology to compete with us.

These actions should reinforce the current image of California a land of quality product offerings.

A more advanced plan

To assure smooth and sustainable actions, all relevant elements of the community must be organized eventually for technical and financial support. We are all on the same ship.

Orange County is far behind other and even smaller regions in assuming the responsibility for their own destiny.

As an example, the Economic Development Alliance for Business (EDAB) in the East Bay area in Northern California with a region 25% smaller than Orange County has approximately 130 members. See: <http://www.edab.org/> on the Internet. The member list is at: "About EDAB" and under Membership links.

Memberships are available from \$100 to \$5,000. There is an Executive committee of 34, a Staff of 6, and 6 officers. Sponsorships are available as high as \$20,000 per year for various publications and events.

If we follow their lead in acting and specifically develop and export superior products, we will also develop the financial resources for a program that can make a significant dent in the economy. These actions are the same as those that built Taiwan, Hong Kong, and then China.

We should begin with a focus on the areas that can bear the most fruit with the least risk. That involves the largest of the small businesses that do or could export products that are more attractive with state of the art technologically

We would train them in how to find state of the art technological opportunities either from government owned inventions available for licensing or from the Deep Web that contains 500 times as much data as the Internet but is probably only accessible to companies that have their own librarian.

Next would be to produce directories of exportable products, perhaps beginning with the medical device industry. It has already been completed for Orange County and contains 1,600 companies.

Orange County is probably an ideal candidate for regional stewardship if it is properly managed.

Orange County has at least 1% of the U.S. population and 10% of the California population. It has major capabilities in the manufacture of medical devices and in the biotech industry in general. It is large enough to sustain itself economically. What it lacks is serious unity of purpose.

A small number of organizations could act as catalysts to make the community sustainable environmentally and family-wise.

Without pointing fingers, no organization stands out as the unification leader. All seem to be doing their own thing and under the current artificial system of economic development, they are comfortable if they do not look at the situation too closely. None are powerful or original enough to drive the region.

² FBI.doc

This battle cannot be won by laws and ordinances. It must be driven by spirit and innovation.

[Proposed Program]

Leadership

I have done a preliminary analysis and plan for revitalizing economic development. I need some help to get it underway.

Leadership opportunity

Some organization could step in and act as a stimulus to real economic development while at the same time stabilizing and improving its own industry.

It will not be an organization that is unaffected by the economy such as anything related to the government, or educational institutions. The simple reasons are the stability of these industries is based on their ability to create income through taxation.

Business organizations have not stepped up to bat. Income producing businesses are a small percentage of their membership and often take a back seat to the short-term interests of the service providers and retailers.

With an economy that is currently based on construction, it is in the interest of anyone involved in the industry to see that there are reasons other than interest rates to sustain construction. Candidates for participation would be:

- Construction Unions
- Manufacturers of construction products
- Mortgage companies
- Public utilities
- Real estate developers
- Real estate investors

All of these organizations would like to continue to grow without having to depend on lower interest rates but relying more on the need for housing and hopefully based on quality job creation in the communities.

These cyclic industries are hard on family sustainability and “roots”. Since the government likes to dabble in the construction industry every time they want to create jobs, we should use the opportunity to stabilize the industry with or without federal subsidy.

All of the workers in these industries should welcome being used as legitimate tools of economic development rather than political yoyos to pacify the public.

It will happen when construction participants realize they are in the same financial “ark” as manufacturers. That is, **houses should be ready when manufacturing discovers a need for new employees**. The key is synchronization and while I am at it, education has to participate as well providing workforce skills matching the needs of the business community. As a reminder, the manufacturing community should be the primary target. Retail and service providers should merge in almost without assistance. Programs occur when they serve both segments of the economy and succumb to the service providers because they represent larger numbers of voters.

The alternative scenario is what happened in 2000 where we lost 3 million U.S. manufacturing jobs. They have been replaced with real estate industry jobs by lowering loan interest rates.

The interest rates have been rising and construction has been falling. There may be a resultant recession in 2007 and we do not have the manufacturing industry to fall back on to create cash for economic development

Although there may be time delays between them, eventually they both follow a similar path. The manufacturing industry started down in 2000 and almost immediately thereafter the construction industry started to grow. It was of course stimulated by the lowering of interest rates.

It may turn out to have had a seven-year boost from artificial stimuli and now is headed down even as more high-tech manufacturing disappears. So far, the only defense has been to increase housing density not only in the size of lots but in the number of square feet of living space per person.

Those involved in the construction industry could economically justify the seeding of an export assistance program for manufacturers that do or could export. As it turns out, 85% of the manufacturing companies that could export, do not.

A coordinated plan between cash-producing companies and housing construction could cut down on massive freeways that are used largely to overcome errors in planning towns and stabilizing jobs.

In the long term, a good education, an attractive living environment, and reasonable prices are the ideal features that cause the best companies to come to your community.

A community that does not generate its own economy without outside artificial sources, does not compete globally with the offerings of products and services, and does not provide a workforce that matches the needs of the cash generating community is doomed to benevolent government support as it tries to repair the mistakes made by moving to virgin geography.

Potential Union Contribution

Union organizations could take an aggressive position by supporting the growth of exporting. For each two jobs involving making products for export, there is a resultant need for a \$600,000 residence. In addition, another two or three support service jobs would be created.

Those two manufacturing jobs can probably be created at a cost of \$3,000, each which is 2% of the value of the home. This is not bad for an insurance policy for a number of jobs at the same cost of the water and sewer hookup.

The plan can be funded by one or a small number of organizations but eventually implementation will require a larger group of partners to strengthen the actions.

The precedence for this kind of activity is the State's Tourism support program that promotes every company in California that can extract a dollar from a tourist. When the State had an office of International Trade, it was a similar effort but this organization was destroyed just before Schwarzenegger took over as Governor. The International Trade office was creating jobs at a cost of \$3,000 each which was one of the most cost-effective programs in recent history.

Economics

If you know how many residences you would erect, multiply that number by \$6,000 to approximate the job creation funds necessary. If we assume a supporting a shortfall of 10,000 houses per year to sustain the construction industry, only 1,000 of these jobs would have to be in the manufacturing industry which is an investment of only \$6 million in a program to assist exporting businesses this would amount to a \$60,000,000 investment to create 20,000 core manufacturing jobs. We would be just about where we were in December of 2000 after which we lost 350,000 California manufacturing jobs and approximately 40,000 in Orange County. Two years of this effort should get us back on the track of sustainable economic development.

Construction worker incentives

Extend the sustainability of the career and family of a construction worker. It is often to get back to work after prolonged layoffs. It may be even necessary to pack up the family and move away from friends and relatives.

County involvement

It is probably appropriate to have the County as the prima fascia organization however, they cannot be expected to provide funding since the bankruptcy trustees have a way of getting all surplus funds.

It is probably correct to not allow the County to control the activities since they have not created a plan on their own already. The County has had a Comprehensive Economic Development Strategy Committee for several years but has no money and no strategic plan. It was primarily set up to qualify for federal funding and only one project has been funded in the past three years.

[Leadership]

Fund Raising

The initial funding must come from local individuals or organizations. A starting budget should be in the range of \$50,000 to \$100,000 annually. It is then possible to solicit funds from non-profit organizations such as the James Irvine Foundation.

The first efforts have to do with establishing an economic development plan for Orange County designed around the resources and programs described in this document. Additionally, more founding members would have to be recruited.

Other sources of funds can be the members of the economic development organizations and the businesses that receive assistance. Even the government is a potential source of funding although I would not suggest that the survival of the organization be dependent on government funding.

I already have a major utility interested in giving a grant to the organization if others contribute as well.

Ultimately, in order to have a significant impact on the economy there would have to be a minimum budget of \$300 per intended job. If 40,000 manufacturing jobs were the target, \$12 million would be appropriate target budget. Even the state is a candidate for this level of funding considering the fact that they spend twice that in promoting tourism.

Ultimately, it would not be unreasonable to spend \$3,000 per job, which would be \$120 million. The State Workforce Investment Board already spends \$500 million annually and is merely training, not creating jobs. Their budget is approximately \$6,000 per job.

The now defunct State office of International Trade had a budget of \$3,000 per job and needs to be resurrected. Rather than being based solely out of Sacramento, they should fund trade assistance programs at the local level.

Do not be misled by the Centers for International Trade at the California community colleges. They are advisory rather than action oriented and do not create jobs. They do not publish business directories and have no way to generate significant numbers of trade leads.

My current medical device website has been visited by as many as 10,000 potential buyers each day creating thousands of trade leads internationally. We also display 4,000 government financed medical inventions most of which are in need of companies to bring them to market.

Attachments

- FBI news article
- George Soros prediction
- Mandatory reading
- MLW bio
- MLW economic development experience

Monday, August 4, 2003

FBI tackles growing economic espionage

U.S. has plenty of scientific data, defense secrets and more that foreign spies want.

By CURT ANDERSON

The Associated Press

WASHINGTON – The world wants what America has, from cutting-edge computer software to scientific research and sensitive defense technology, and nations and overseas companies are increasingly using espionage to get it.

In fact, the FBI believes more foreign spies than ever are operating in the United States.

Even as it concentrates on preventing terrorism, the FBI is overhauling its counterintelligence efforts to blunt the threat. Agents are less focused on finding spies among diplomats and embassies - hallmarks of the long Cold War - and more interested in espionage directed at corporations, research centers and universities.

"Left unchecked, such a situation could greatly undermine U.S. national security and U.S. military and economic advantage," FBI Director Robert Mueller told Congress recently.

For instance, the FBI believes China has more than 3,000 "front" companies in the United States whose real purpose is to direct espionage efforts. Many of the thousands of Chinese visitors, students and business people who come to this country each year also have a government intelligence task to perform, authorities say.

The FBI ranks China as the greatest espionage threat to the United States in the next 10 to 15 years.

"They figured out that what they want is throughout the United States, not just embassies, not just consulates," said David Szady, FBI assistant director for counterintelligence. "It's a major effort."

China is not alone. Russia remains an espionage power, and the United States also must be vigilant against adversaries such as Iran and North Korea. Friendly countries such as Taiwan and India also pose a threat.

There are 40,000 foreign diplomatic officials in the United States, some of whom are intelligence officers. Saudi Arabia alone has 900 officials in this country.

Modern espionage can range from finding out where an aerospace company produces gyroscopes for satellites to socializing with a U.S. nuclear research scientist in hopes of gaining scraps of knowledge. In one recent case, adhesive maker Avery Denison estimated a \$50 million loss after a spy sold company secrets to a Taiwanese conglomerate.

To meet this challenge, the FBI has transferred 167 agents into counterintelligence and set up an anti-espionage operation for the first time in all 56 field offices. Each is putting together a

comprehensive survey of the potential espionage targets in their domain to give the FBI its first broad national picture.

Preventive efforts include FBI meetings with corporate executives, university officials and others to gauge vulnerabilities. It also means undercover work at conferences that draw foreign scientists and development of intelligence "assets" who describe for an FBI agent what the foreign government wants.

End

Note from Bud Warrick:

While this is going on, we have poor business intelligence systems in the City of Santa Ana and the County of Orange. At the same time, California Democrats have seen fit to destroy our State Foreign trade office.

What is wrong with this picture? Whose side are they on?

January 9, 2006

Soros sees chance of recession in 2007

By Rajat Bhattacharya and Mia Shanley

SINGAPORE (Reuters) - Billionaire investor George Soros said on Monday the U.S. [Federal Reserve](#) might overshoot in its bid to tighten monetary policy, deflating housing prices and tipping the economy into recession in 2007.

A collapse in U.S. housing prices could be associated with a dollar decline, scuppering the Fed's attempt to engineer a "soft-landing" for the economy, Soros told an audience at the Singapore Institute of International affairs.

Soros -- best known for his famous bet against sterling as Britain was forced to pull its currency out of the European currency grid in 1992 -- said he expected the federal funds rate, now at 4.25 percent, to peak at 4.75 percent.

Nevertheless, the Fed could be late in estimating when to stop raising rates, he said, creating a "reasonably significant chance" of a "hard-landing."

"If housing continues to cool while rates are slowing then it could turn into a hard landing," Soros said.

"That's why I expect a recession to happen in 2007, not 2006."

The Fed has raised its key rate at each of its policy meetings since June 2004, but has indicated the tightening cycle is close to peaking.

Although economies in Europe and Japan are recovering from slowdowns, they may not be in a position to counterbalance the impact of a U.S. recession, he said. Besides, Japan's economy could slow down if the Chinese economy slows.

"Europe is growing relatively well... but a hard landing in the U.S. will be associated with a decline in the dollar which would hurt the European economy," he said.

Soros said he believed the **U.S. housing bubble**, a major factor behind strong U.S. consumption, had reached its peak and was in the process of being deflated.

A way to tackle an ensuing global slowdown would be to stoke domestic demand in Asia and other developing regions, he said.

He suggested an [International Monetary Fund](#) proposal for richer countries to donate their Special Drawing Rights (SDR) to poorer countries would be a way to stimulate that demand.

GLOBAL RISKS

The 75-year-old investor turned philanthropist, said the world economy faced two other significant risks -- the U.S.-led war on terror and global warming.

He argued the war on terror that followed the September 11 attacks on the United States in 2001 and the war in [Iraq](#) had turned global opinion against the world's most powerful country.

"The biggest blunder was declaring war against terror. Today, most Americans realize that the Bush administration has led us astray," he said.

Soros said global warming threatened humankind and should be tackled by penalizing carbon emissions, instead of the current system of rewarding companies that reduce pollution.

"Our civilization is at stake," he said.

An advocate of freedom of information, Soros noted media power was being concentrated in fewer hands in the United States, Russia and China.

"I'm really concerned about China," he said.

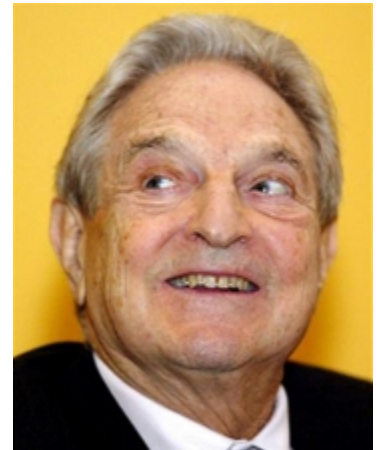
As long as China's economy is booming, the lack of free discourse may not be a big issue, but once the economy starts to slow down and faces a crisis, free speech or a lack of it could make or break the country, he said.

"They should use the current period of prosperity to open up for greater freedom of speech and expression. There is no doubt in my mind that some kind of crisis will emerge."

Soros said he saw encouraging signs in terms of creating a more open society in Taiwan, Indonesia and Malaysia.

"I see improvement in Malaysia since my friend left," he said, referring to former Prime Minister Mahathir Mohamad.

Soros was heavily criticized by Mahathir, who said the investor had bet against Asian currencies during the 1997/98 Asian financial crises, contributing to the subsequent economic meltdown.



[Reuters Photo:](#) George Soros is seen during a news conference in Tirana, Albania November 19, 2005. Soros...

Mandatory Reading

“The World is Flat”

Thomas Friedman, 2005

When scholars write the history of the world twenty years from now, and they come to the chapter "Y2K to March 2004," what will they say was the most crucial development? The attacks on the World Trade Center on 9/11 and the Iraq war? Or the convergence of technology and events that allowed India, China, and so many other countries to become part of the global supply chain for services and manufacturing, creating an explosion of wealth in the middle classes of the world's two biggest nations, giving them a huge new stake in the success of globalization? And with this "flattening" of the globe, which requires us to run faster in order to stay in place, has the world gotten too small and too fast for human beings and their political systems to adjust in a stable manner?

In this brilliant new book, the award-winning *New York Times* columnist Thomas Friedman demystifies the brave new world for readers, allowing them to make sense of the often bewildering global scene unfolding before their eyes. With his inimitable ability to translate complex foreign policy and economic issues, Friedman explains how the flattening of the world happened at the dawn of the twenty-first century; what it means to countries, companies, communities, and individuals; and how governments and **societies can, and must, adapt.** *The World Is Flat* is the timely and essential update on globalization, its successes and discontents, powerfully illuminated by one of our most respected journalists.

“Civic Revolutionaries”

Douglas Henton, John Melville, Kim Walesh, 2004

“Civic Revolutionaries offers a practical guide for renewing the great American tradition of spirited, breakthrough community leadership. By their very nature, revolutionary leaders help their communities reconcile the competing values on which our nation was built: individualism and community, freedom and responsibilities, trust and accountability, economy and society. Like the Founders, today’s civic revolutionaries are extraordinary leaders who are deeply committed to place, not just to specific issues or constituencies. They provide the vital spark, inspiring others who must ultimately own the revolution if it is to be successful.”

“The Rise of the Creative Class”

Richard Florida, 2002

One of the few things we have left to sell to the world is our creativity and fortunately, 30% of the workforce needs creativity to do their job. The public and government need to understand how the scientists, artists, entrepreneurs, venture capitalists, and other self-motivated people are changing this society.

In addition, they need to be respected, nurtured, and supported. They are the solution to our societal problems.

The new economic development will come from companies chasing the creatives, not visa versa.

“Bowling Alone”

Robert D. Putnam, 2000

Putnam says that people have become increasingly disconnected from each other and social structures – whether they are PTA, church, or political parties – have disintegrated.

Society’s success requires unification.

“Differentiate or Die” –

Jack Trout, 2000

In today’s ultra-competitive world, the average supermarket had 40,000 brand names on its shelves. Car shoppers can wander through the showrooms of over twenty automobile makers. For marketers, differentiating products today is more challenging than at any time in history – yet it remains at the heart of successful marketing. More importantly, it remains the key to a company’s survival.

Our virtually limitless federally funded research and development has the potential to keep our products technologically superior throughout the world.

“Sunrise or Sunset”

M. L. “Bud” Warrick January 2004

My company has spent the past five years solving a problem of the federal government that influences the ability to monitor, forecast, and help develop the economy.

In June of 2003, I thought it was time to show the solution to the government because it had revolutionary job creation potential. I held meetings with numerous government officials, business organizations and civic leaders where I found a lack of understanding of economic development and the importance of the manufacturing industry. I also found a lack of programs to significantly help our economy and create quality jobs.

I found programs and people with appropriate sounding titles that were not solving our economic problems.

I found poor and misleading information on the situation in both the media and project reports.

I found without surprise a continuing use of federal business coding systems, which are at the heart of monitoring and forecasting our economy.

This **55-page** document describes my findings and recommendations.

([View document](#)) (File name: [Economic status and recommendations 03.pdf](#))

California Economic Development Proposal

M. L. “Bud” Warrick June 2004

Submitted to the Governor and endorsed by Senator Joe Dunn. A potential substitute for the destruction of the State Trade Agency

This **124-page proposal** described a problem with government product coding systems that has hampered trade for nearly 200 years. It describes how we

solved the problem and how our solution is applicable to job creation. It outlines **27 specific state agencies** and programs that need this capability to grow.

In summary, government coding systems cannot distinguish the difference between a **helicopter and a hang glider**. If you cannot do that, you cannot forecast the need or activity for each individually nor will you need to know whether to train seamstresses or aircraft designers.

We can make this distinction and are currently processing approximately 5,000 to 10,000 trade leads each day. This would be approximately twice the annual activity of the prior State Trade Agency (3,500 trade leads per year) nearly EVERY DAY OF THE YEAR.

If the state were to adopt our procedures and systems, it would be possible to double California exports.

[\(View document\)](#) (File name: [California Proposal.pdf](#))

Proposal for an Innovation and Commercialization Center.

M. L. "Bud" Warrick December 2005

A counter proposal to the creation of an Innovation Hub in Orange County because more jobs are created in the commercialization process than the Innovation process and there is already a surplus of innovated products available due to federally funded research and development. The National Institute of Health lists 4,000 medial devices in which they invested more than \$1 million each and they are now ready for commercialization.

270 other federal agencies have similar programs the results of which are all available on the Deep Web.

[\(View document\)](#) (File name: [Innovation & Commercialization.pdf](#))

"One million California manufacturing jobs still at risk"

Bay Area Economic Forum et al., March 2005

McKinsey and Company prepared this **30-page** report for the Bay Area Economic Forum and its partners in this project, the California Manufacturing and Technology Association, the Silicon Valley Manufacturing Group, and the Semiconductor Industry Association.

The report addresses issues that are critical to the future of manufacturing in California, and with it millions of California jobs and the state's industrial base. It maintains that 1 million manufacturing jobs are still in danger.

These are jobs that have an average pay of \$53,700, 30% higher than the service sector jobs.

One very important item in this document is on page 14 where the state of Alabama spent \$120,000 per job to lure Toyota, Mercedes Benz, and Hyundai. Not necessarily recommended but showing other approaches the competition is using for job creation.

Many local development organizations have been using government funds to finance development without regard to cash creation potential for the economy. The state government, to balance their budget, is reducing these funds. Funds

should be restored if they are used to support manufacturing that pays quality wages and benefits.

The report offers lists of problems, solutions and targets of opportunity.

([View document](#)) (File name: [at risk jobs 20050301.pdf](#))

“Recapturing the Dream”, January 2005

Los Angeles Economic Development Corporation

Joel Kotkin and Jack Keyser

This **43-page** document published in January of 2005 should be required reading for anyone who wishes to understand the current business climate in California. Today, there is a disconnect between the public and private sectors. This disconnect will not be bridged without private sector leadership.

Historically California has been a recognized world leader in innovation and that reputation is slipping.

Excerpt: “One crucial reason for the economic problems afflicting greater Los Angeles lies in the increasingly ambivalent attitudes among local leadership about economic growth. **In many instances, concerns about the environment or social justice are considered far more important than sustaining job growth and business creation.** At present, there is an unprecedented disconnect between the priorities and perceptions motivating much of the public sector, media and intellectual elites and the businesses community.”

“As a result, much of the regional policy-making community no longer perceives the fundamental connection between fostering economic growth and enhancing the social well being of the citizenry. Los Angeles area leadership, especially the city of Los Angeles, is indifferent, if not hostile to business activity.”

“These attitudes have, in turn, generated adverse circumstances in such regulatory and policy areas as workers compensation, inclusionary zoning, and business litigiousness. Rather than encouraging the job growths necessary to elevate the social conditions of the poor and working class, regional leaders have focused on initiatives that reduce incentives for new employment and cause the economy to substantially under-perform.”

“This has all taken place within an environment increasingly dominated by the emergence of faster growing economies, both within the Western states, and, most portentously, in China and other emerging Asian countries. Increasingly these countries are challenging Southern California --- and other advanced industrial regions --- not only in lower wage jobs but also in higher end employment ranging from business services and technology to precision manufacturing and aerospace.

Yet, despite these obstacles, surveys and focus groups indicate that there remains a core of entrepreneurs in the Los Angeles region still disposed to remain in the area. Climate, cultural attractions, pockets of skilled, specialized labor and the immigrant community's work ethic are all viewed as important economic assets.”

Regional businesses, however, cannot be expected to thrive or expand in a community whose leadership remains fundamentally indifferent if not actively resistant to their endeavors. Los Angeles must reclaim its historic

commitment to broad-based economic growth, and job creation as the single most effective way to lift people from poverty and achieve upward mobility. This in turn means rededicating Los Angeles to what remains the most important role of any great metropolis: creating and nurturing a middle class.”

“Leadership from the business sector on the other hand, is essential to help the larger community understand and support a vibrant economic base as the enabler of the quality of life we all seek. This is the key to a winning regional strategy.”

[\(View document\)](#) (File name: [Recapturing the Dream.pdf](#))

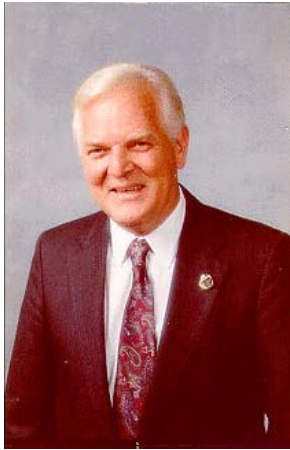
The Deep Web

Relatively unknown resources that can keep the U.S. technologically ahead of the rest of the world. We do research and it sometimes falls into the hands of foreign competitors. The technological opportunities must be more widely known by our midsize companies. Contained in the Proposal for an **Innovation and Commercialization Center** document.

ZapConnect.com

The world cannot buy our products if they cannot find them. This website creates 5,000 trade leads per day in the medical device industry. It contains 200,00 companies and 100,000 products. It can be altered to do the same thing for any industry.

Biographical Abstract - M. L. "Bud" Warrick



A business development consultant undertaking assignments to identify, quantify and acquire new business opportunities.

A degree in Physics with product development experience but most of the past 30 years has been spent in external information acquisition systems planning, marketing and fund raising.

Provided counsel to more than 800 businesses including assisting in starting more than 100 new businesses and in the process preparing more than 20 business plans.

Raised money for approximately 20 companies including four public offerings.

Science Advisor to a former Mayor of Los Angeles (Yorty), a former Governor of California (Reagan) and invited to work on the staff of three U.S. Presidents (Nixon, Carter, & Reagan).

An extensive business intelligence capability with computerized access to most of the World's published information.

Cutting-edge business relationships with the former Soviet Union, recently completing eight transactions with Russian defense companies.

Lecturer in external business information acquisition and management, fund-raising, business plan preparation, defense conversion and doing business in the former Soviet Union.

President, Warrick & Associates – an organization specializing in Business Intelligence, Competitive Intelligence and Corporate Investigations.

President, ZapConnect.com - a medical device supply chain Internet web site.

Affiliations - past and present:

Advisor on Defense Conversion - LA Community Development Commission (91 - 96)

Advisor on Defense Conversion - LA County Overall Economic Development Plan (72 - 76)

Advisor on Defense Conversion - Orange County Partnership 2010 (93 - 96)

Advisor on Defense Conversion - Association of Defense Contractors, City of Vladivostok, Russia

Consultant on Business Diversification - Orange County Business Council (96 - 97)

Director, Business Development Programs - Orange County Management Council (70-71)

Founding Member, Technology Transfer Society (71 - 75)

Member, Active Corps of Executives, U. S. Small Business Administration (71 - 76)

Member, Board of Advisors - Orange County Business Development Center (88)

Member, Board of Advisors - Univ. of Calif. at Irvine, Technology Executive Roundtable. (88 - 90)

Member, Business Development Commission, Business & Transp. Agency, State of California (80)

Member, Information Industry Association

Member, LA County Aerospace Task Force (91 - 92)

Member, Orange County Chamber of Commerce

Member, Society of Competitive Intelligence Professionals

Member, Technology Assistance Group, Venture Point Small Business Development Center (99 - 01)

Member, Technology Utilization Task Force, LA Chamber of Commerce (71 - 73)

Education:

BS Physics, MBA equivalent

Economic Development & Job Creation Credentials

M. L. "Bud" Warrick

Orange County Management Council (1970-1971)

As Executive Director of a program I designed and implemented, 40 unemployed aerospace engineers were able to start their own businesses. Seven of which received SBA "Minority Loans" even though they were white.

Small business funding, Orange County Management Council (1970-1971)

Working with the Bank of America, I successfully arranged seven SBA minority loans for unemployed aerospace engineers even though they were white.

Established a special business bank funded by General Motors, Bank of America, and Banco Del Pueblo. The Bank combined an SBIC, a Minority Enterprise SBIC, a Local Development Corporation and a State Loan Guarantee program.

SBA Active Corps of Executives (1971 - 1976)

Volunteer, providing business and technical assistance to small businesses in Southern California.

California Job Development Corporation Law Executive Board (1973)

As a consultant to this board appointed by the governor, I successfully changed the law to include any person who was economically disadvantaged in obtaining business loan guarantees. Previously, this program was restricted to ethnic minorities. Last year, this program made several hundred disadvantaged white loans.

Also advised the board on creating jobs through technology transfer of government-owned technology to commercial products.

First OEDP - County of Los Angeles (1975)

Before any community can apply for economic development assistance from the federal government, they must first design an Overall Economic Development Plan. I instigated and participated in the OEDP for the County of Los Angeles.

Defense Diversification program - County of Los Angeles (1975)

I designed the defense diversification program for the County of Los Angeles. 28 of the 40 defense contractors I worked with were successful in identifying commercial business opportunities for their businesses.

First OEDP - County of Orange (1976)

I instigated the first OEDP for the County of Orange. This plan has not been maintained since the county bankruptcy.

Orange County Business Development Center (1985)

As a member of the Board of Directors, arranged for funds from the State of California to establish a Small Business Development Center in Orange County.

Commissioner - California Department of Business & Transportation (1987)

Participated in hearings throughout the state to find flaws in assistance programs for small business.

Defense Diversification program, County of Los Angeles (1991 - 1993)

Consultant to the Community Development Commission. Awarded Certificate of Appreciation from the Board of Supervisors for contributions to the program to assist defense subcontractors in the County of Los Angeles.

City of Vladivostok, USSR (1991-1995)

Consultant on defense conversion. Advised local defense companies on the process of converting from defense to commercial products. Created more than 100 jobs in four factories in the process.

Defense Diversification program - County of Orange - OCBC (1992 - 1994)

I designed, helped raise the money, and implemented this program. The following organizations are a result of the original funding.

- Venture Point Small Business Development Center
- Tech Coast Alliance
- Tech Coast Advisory Group

Tech Coast Advisory Group - Orange County Business Council, Venture Point Small Business Development Center. (1995 - 2000)

Consultant to both Venture Point and numerous entrepreneurs seeking to start new businesses in Orange County.

Grass Roots Leadership Conference, Chapman University - (1998)

My financial sponsorship of this conference resulted in sponsorships from Mercedes Benz and the Irvine Company.

Orange County Department of Education Workforce preparation taskforce (1998 - 2000)

Advisor to the Department of Education on the job needs of the technology community in Orange County.

ZapConnect.com (1998-2005)

Founder and President of this company. This database of companies in the medical device supply chain can be used to assist companies in buying locally and to promote products throughout the world. This web site is the flagship for multiple vertical sites for different industries with the same purpose in mind.

(Construction Proposal.doc)