

Ohio Association of Economists and Political Scientists 81st Annual Conference

“OAEPS’ Role in National Security”

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Thank you, Bill ... you are too kind.

And good evening to each of you ... or as we say in Cav Nation ...
Swords Up!

It is a pleasure to be with you tonight and I am thankful for the kind
invitation.

Economists and Political Scientists ... some might think y’all are strange
bedfellows but the reality is y’all need each other and decision-makers
need YOU.

They say that Christopher Columbus was the first economist

- When he left to discover America
- he didn't know where he was going
- when he got there he didn't know where he was
- and it was all done on a government grant.

Now ... there are stereotypes that do seem to have some truth in them.

For instance, a mathematician, an accountant and an economist apply for the same job.

- The interviewer calls in the mathematician and asks "What do two plus two equal?" The mathematician replies "Four." The interviewer asks "Four, exactly?" The mathematician looks at the interviewer incredulously and says "Yes, four, exactly."
- Then the interviewer calls in the accountant and asks the same question "What do two plus two equal?" The accountant says "On average, four - give or take ten percent, but on average, four."
- Then the interviewer calls in the economist and poses the same question "What do two plus two equal?" The economist gets up, locks the door, closes the shade, sits down next to the interviewer and says, "What do you want it to equal"?

We know he had a point, too ... the economist must examine a system of billions of different moving parts and try to make sense of it all.

The political scientist, on the other hand, doesn't study different moving parts of a system ... you know they study relationships and their impact on the system.

You seek to understand the behavior of the actors in the system ... analyze data and develop theories to explain trends in that behavior, and ultimately shape public discourse.

I am not deeply trained in your disciplines ... but I am an international practitioner with just enough education to get myself in trouble in groups like yours!

After graduating from the National War College in Washington DC – which is somewhat misnamed as it is really the National Security Strategy College with only 25% of the student body military and the 75% are other civilian senior leaders across all of government as we focus on leveraging all the tools of statecraft (Diplomatic, Informational, Military, and Economic/DIME) to achieve national interests, with a Master’s degree in National Security Strategy, I found myself posted as the senior American military officer in the United Arab Emirates in 2002 while concurrently serving as the Commander of the largest air operation in the Middle East with operations every day in Iraq and Afghanistan.

Several times a week, I found myself at the US Embassy in Country Team meetings or with the Ambassador engaging the Crown Prince or his diplomats as we sought to

- Conceptualize the framework of US and international interests
 - in other words, identify them!
- Build consensus
 - interagency and then with our Host Nation partner
- Execute on our Statement of US Policy and Statement of US Strategy
- Retail the policy
 - or “market it”
 - Our vital interests
 - Coalition interests
 - Media

Of course, I think it is fair to say that long-term interests change very little but the policies and threats certainly do.

And that is intersection of my experience with economists and political scientists as they help to answer important questions

- Are the proposed policies doable and viable?
- What are the costs and benefits analysis of executing these options?
- What are the priorities and why?
- There are always limited resources ... how best to use them?

Diplomacy, naturally, is important and I don't mean to leave the art of diplomacy out of this conversation.

- A global power has global concerns ...
 - We have a broad canvas on which to paint
 - We have broad goals ... not just simply pursuing our national interests for ourselves but also to advance a vision of a world that includes peacefully trading and cooperating with each other while respecting the human rights of all
 - But a paradox emerges ...
 - that as we do that it forms *both* the basis for cooperation and conflict with others

Diplomacy is not a zero-sum game ... so the nuances in the analysis are not unimportant

- We cannot dictate our national interests
 - Rather, diplomacy seeks to advance our national interests so that other nations will act cooperatively as they see gains in their national interests
- Here I think it is important to remember that the Ambassador is the direct, personal representative of the President – not the Secretary of State!
 - The Ambassador speaks to all US interest in a foreign land
 - The Ambassador seeks to reconcile differing points of view and competing national interests
 - The Ambassador leverages that Country Team to bring to the table senior representatives and other subject matter experts and expertise of all the Agencies needed to address the policy issues
 - This is where each of you has an important role:
 - The economists help us understand the inputs and outputs
 - The political scientist helps us understand who to approach, how, and what to say

In weighing policy options at the international, national, state, and local level, the disciplined thinking you bring to the table is critical.

But what does that have to do with this Association or the role of your Board of Directors?

Everything, I think ... it simply scales differently.

There is a lot going on in Ohio ... a changing landscape ... an opportunity for this association to help us make sense of it all.

I recall reading last fall an article on Ohio's growth into a now globally recognized R&D hub

- Top-notch universities
- Federal research institutes
- Leading companies from nine major industry sectors
- 14 top-ranked hospital systems
- The fifth-highest number of Fortune 500 and Fortune 1000 companies
 - and is home to more than 120 NYSE/Nasdaq companies with a combined market capitalization exceeding \$1 trillion.
- The article labeled Ohio as a “quiet giant” of innovation in industrial sectors and life science

You may recall Ohio government leaders in 2019 when I had just arrived in Ohio calling for JobsOhio,

- which is the state's private economic development corporation, established to
 - ... uncover new opportunities to enhance innovation within the state.
- JobsOhio saw a need for comprehensive initiatives that advance growth-enabling innovation and bring in companies and highly skilled talent.
- In collaboration with the state government and healthcare and university partners, JobsOhio launched a three-pronged innovation strategy for Ohio
 - Innovation Districts
 - R&D Grants
 - Capital growth

It seems to be working

- The state ranks in the top 20% for industrial diversity
 - improving yearly since 2013 at the fastest pace among Midwest peers and quicker than many of the largest coastal states.
- The diversification of economic activity is impressive!
 - Advanced materials ... Novagard Solutions rapid growth fueled by an R&D grant
 - Big Data ... Facebook, Honda, JP Morgan Chase, CitiGroup, Amazon Web Services
 - Broadband ... the initiatives underway expected to create 20k jobs and \$1B increase in Ohio's GDP
 - Electric vehicles ... Honda and its \$3.5B investment expected to grow to \$4.4B EV battery plant in Jeffersonville plus three separate \$700M investments to retool existing plants ... Ford Motor Co and its \$1.5B investment in Avon Lake ... \$100M investment in its Lima Engine and Sharonville Transmission plants
 - Healthcare Amgen's new 270k sq ft facility near Columbus is but one response to a growing demand for human therapeutics
 - Military ... Wright Pat as big as ever ... new mission money with ANG Cyber Warfare Wing in Mansfield ... work on Advanced Air Mobility technologies
 - Semiconductor manufacturing ... Intel's \$20B investment, for example, could grow to \$100B as it creates the "Silicon Heartland"
 - Sustainability ... we have the 7th largest US solar labor force

And so much more.

But what about our Ohio politics ... is there changing landscape there, too?

I'm not an Ohioan ... I'm a newcomer and for most of my life I was an out-of-state observer.

For instance,

- Growing up I thought Ohio mattered in Presidential Elections ... but did that change 20 years ago?
 - From 1992 – 2012, it was always voting for the winning candidate
 - 2016 and 2020 gave Trump 8-point win
 - In 2004, it was a highly contested, if not the most contested, state
 - Bush and Kerry visited it 40+ times for the 20 electoral votes
 - In 2008, Obama and McCain visited 50+ times and spent \$50M in advertising
- I wonder if the days as a swing state have ended?

2019 ... Inauguration of Kent State University President

- National Anthem was not played because it was thought to be “too divisive” ... wow ... at a large public university?
 - Is that the Ohio that produced 8 US Presidents, I asked myself in that moment?

2022 ... it seems to me that the State is now largely divided

- reliably Democrat in the urban areas and rural areas remaining consistently Republican

2023 ... what does the August failure (just last month!) of Issue #1 mean for Ohio?

- 2/3rds of the money has now been shown in financial filings to have been “outside money” ... yet the argument Sen Brown and others made to the voters was to reject the proposed change in amending Ohio’s Constitution in order to keep outside money out
- Looking towards November and the new Issue #1 for Ohio
 - Just last week the Human Rights Campaign (HRC), a national advocacy group for all things LGBTQ+-related, now fully endorses Ohio’s Issue #1
 - At a Catholic University ... we care deeply about life and respect for humanity ... so it shouldn’t surprise you that Walsh University will focus on pursuing the truth ... not the soundbites and will be mindful of the deceit too often present in reporting by today’s 4th Estate
 - So, I asked myself this simple question when I read the news report on this endorsement: Why?
 - Isn’t this amendment *just* about abortion?
 - That’s what we are being told ... so I went to read the actual language and think about *why* HRC would even care
 - Now I see it ...
 - This change could create a constitutional ‘right’ for minors to have transgender surgeries without their parents’ knowledge or approval
 - The specific language is for “*every individual*” ... not “every adult”
 - The specific language reads as follows: “*reproductive decisions including but not limited to abortion*”
 - Is this where Ohioans stand today – perform a double mastectomy or chemical sterilization on my 14-year old child without telling me?

This brings us back to the swing state question.

Some might have said a year ago we were no longer a swing state after Trump's victories in Ohio yet a loss in the Electoral College – would research affirm that sentiment?

- I am wondering tonight if that is true as our politics now start to look a bit like a “coastal” state rather than a “fly-over” state?

So how are we to put this all together tonight?

1. The rust belt is gone
2. We are surging in economic activity
3. The coalitions of voters are changing and shifting and that usually matters *a lot* in American politics

Applying the global perspective at the local level might offer us some points for reflection.

Consider for a moment the changing landscape and the questions that will naturally emerge with regard to its impact on us

- We remain today the world's global power
 - We are the economic locomotive of the global economy
 - Is Ohio returning to an economic locomotive at home?
 - We have been at the cutting edge of technical leadership
 - Are the demographics changing for the Ohio workforce?
 - Our impact has been unprecedented, in scope and substance, on culture
 - Do midwestern values make any difference in the culture?
 - We remain the most sophisticated in our reach of global military power
 - Is the role of WPAFB making exceptionally large contributions?

- And yet
 - Are we too preoccupied with domestic events and not even aware of international affairs?
 - Are we overly entertainment-oriented ... particularly the college-age generation which is where I am focusing my work?
 - Do we have consensus on what is important in life and a shared view of the impact that has on political and economic activity and the Common Good?
 - Do we allow narrow special interest groups and their views too much political power?

As we look forward, we are today a global power without a direct rival but that seems to be waning

- We see China on the rise
- Russia is exerting out-sized pressure on US interests
- Those that might rival us are forming coalitions to challenge our dominance
 - BRICS is the most worrisome, for sure, as the effort continues to replace the US Dollar as the world' currency
 - (Brazil, Russia, India, China, and South Africa)

Returning to this group ... to your work in this Association and on your Board of Directors

- whose work is to produce and disseminate useful research on subjects related to Ohio's economy and politics – here are my Top 5 questions for consideration for your research agenda
 1. Where do economics intersect with politics in Ohio?
 2. What can research tell us about an integrated global economy and Ohio's role in pursuing policies to promote prosperity?
 3. What should our economic strategy be for the State of Ohio to build on the past decade of commercial investment across a diversified portfolio?
 4. How does the shifting economic growth impact our elected leadership and our state politics?
 5. Most importantly in your contributions to building a more informed citizen: What are the digestible economic realities that are important to the voters as they consider our elected leadership for the next 10 years?

Thank you for what you are doing ... for your foresight that is desperately needed by policy makers to align still limited resources with purposeful activities.

Thank you for having me tonight ... I am happy to hear your thoughts and begin a conversation!

Swords Up!