



The Passport

World Affairs Council of the Monterey Bay Area (www.wacmb.org)

June 2017

Sustaining Peace in Colombia

Professor Doug Porch

Distinguished Professor Emeritus, Naval Postgraduate School

Monday, June 19, 2017

11:30 am registration begins~noon luncheon~1-2 program

Rancho Canada, Carmel Valley Road

The 2016 peace agreement between Colombia's government and the country's largest rebel group, The Revolutionary Armed Forces of Colombia (FARC), ended Latin America's longest running insurgency. Initially, a national referendum narrowly defeated the agreement. Now, in light of significant changes, the peace process will be fulfilled in stages. As the guerillas transition into civilian life, Colombia faces a massive task of reconciliation to recover from a half century of conflict that killed more than 220,000 people and uprooted more than 6 million.



a professor of strategy at the Naval War College, a guest lecturer at the Marine Corps University, and the Mark W. Clark Professor of History at The Citadel. Professor Porch has written ten books, the most recent being *Counterinsurgency: Exposing the Myths of the New Way of War* (2013). At present, he is writing a book on France in World War II to be published by Cambridge University Press.

Professor Doug Porch will discuss Colombia's road to peace, the challenges that lie ahead, and the prospect for sustained peace.

An American military historian, Dr. Porch is the former chair of the Department of National Security Affairs at the Naval Postgraduate School. He has been

From 1999, Professor Porch lectured regularly on strategy at the Colombia "Esquella de Guerra" and traveled to Colombia frequently as part of a major defense restructuring project undertaken between the governments of Colombia and the United States. He continues to follow developments in Colombia with keen interest. Professor Porch earned his Pd.D. from Corpus Christi College, Cambridge University.

(Please see page 3 for reservation details.)

Calendar of Events

Thursday, June 1	Board meets in Conference Room, McCone building, MIIS. Open to members.	4:30 pm
Monday, June 12	Discussion Group ponders <i>Is Populism Prevailing?</i> Meets in Room 101, Social Science building, MPC.	4-5:30 pm
Wednesday, June 14	WAC Book Club meets at Monterey Public Library, Community Room to review <i>small great things</i> by Jodi Picoult	5-6:30 pm
Monday, June 19	Luncheon and presentation by Doug Porch at Rancho Canada Carmel Valley Road	11:30 -2 pm

The US Trade Deficit with China

by Thomas Hout, to WACMB lunch 4/26/17

A trade deficit or surplus is the net effect of buying and selling goods and services between two countries. In 2016 the US imported about \$300 billion more from China than we exported. The total US trade deficit last year was \$600 billion, so China accounted for about 50%. However, because of the way these flows are measured, our trade deficit was more like 20%. The export of a completed Apple product to the US from China counts as an import even though many of the parts were imported by China from all over the world.

The **causes**: (a) Most US imports from China are consumer goods, as 70% of the US economy is consumption; (b) The US dollar is held by central banks, corporations and households as capital because it is both a safe and liquid asset, while the Chinese yuan is not yet so regarded; (c) Market access to the US is more open than for US exports to China; (d) China prioritizes exports because it means jobs for an ever expanding population, and because it has not fully recognized that imports themselves, especially capital imports, become job creators. Up to now China has tended to view the transfer of US technology as the price we should pay for entry into their markets.

Over time this imbalance has had negative **people effects** for the US in the form of lost jobs. According to a study by MIT economists, between 1999 and 2011 Chinese imports were responsible for about 25% of US job losses. But even this large number masks the number of jobs-in-US created by our exports to China, as well as new jobs in other businesses that go to displaced workers. Moreover, the other 75% of US job losses can be attributed to the role of new technologies in production process, a fact of life that will have an even greater impact in the future.

Other financial effects, such as worry over whether we “owe” China for the deficit or whether they “owe” us are really quite muted. “Only about 20% of the US trade deficit with China ends up with Chinese owning US debt”. If Chinese earn dollars they can acquire selected assets, e.g., real estate or corporate stock, or simply bank them in Shanghai (which is a dollar deposit asset on a New York bank).

However, the financial and asset effects of trade deficits with China are more “messy” in terms of security since many Chinese companies have ties to the Army or to the Communist Party. So long as the boundaries between the state and private sectors in China remain opaque, it matters who the Chinese owners of buildings and stocks are.

Philip Morgan



New President of WAC

Cynthia Harris “You can’t go home again.” “But that ain’t necessarily so...”. Two old refrains mirror Cynthia Harris’ Army and State Department family upbringing which took her from Monterey High School and Monterey Peninsula College, through San Francisco State to a Master’s degree at UCSB and an MBA from the Harvard Business School. Now she’s back in Monterey as the newly elected President of the World Affairs Council of the Monterey Bay Area. Cynthia explains that her educational motif was to spend several years at each level and then move on. That probably reflected her restless upbringing which included time spent in Korea, Japan, Thailand and Liberia. She says that her Liberian classmates would ask her why the US gave foreign aid to Liberia and yet no economic development occurred. Seeking an answer to that question awakened Cynthia’s lifelong interest in international economic development, international relations, economics and political science.

After obtaining her MA in Political Science from UCSB, Cynthia went to work for the Bank of America as the first woman hired for their International Banking Trainee Program. But, although well educated in economics, as an international venture capital officer at BofA she needed a better understanding of business—hence the Harvard Business School and a new found future in marketing and project management. Marketing included giants such as General Foods, Bristol Myers, NYC Head Start, NYC Economic Development Agency and real estate development with Rose Associates.

Cynthia focused on New York because of her love of the arts, particularly African and Asian art, and she’s a member of the Asian Art Society here. But open roads still beckon. She travels regularly to Europe, Asia, Africa and the Caribbean and recently returned from a trip to Iran. Ask her about it! Because of the Board of Directors election of May 4 we know she’ll be around for a year, anyway. Congrats!, Cynthia.

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This is the monthly newsletter of the World Affairs Council of the Monterey Bay Area. Founded in 1951, the Council is a non-profit, non-partisan organization established to promote the presentation, discussion and study of international affairs. WACMB is a tax exempt 501(c)3 organization, EIN-0301206. Contributions are tax deductible as permitted by law. WACMB sponsors monthly luncheons, discussion groups and student scholarships.

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