

# STORM WARNINGS

Volume 7, Issue 3 - October, 2018  
Myopic Malpractice



**R. Michael Conley**  
*Founder*

"We are heading into a perfect storm and don't see it coming," according to R. Michael Conley, Founder of Weathering the Storm, LLC and this website.

The WTS mission is to "Awaken, engage and help others to weather the storm."

The WTS website provides the following on a regular basis:

**Storm Warnings:** An in-depth quarterly newsletter.

**News Flash:** Frequent postings on topical perfect storm issues.

**Best Practices:** Featuring leaders in sustainability practices.

## Myopic Malpractice

Myopic malpractice is a contagious disease that seems to worsen in the runup to a general election. Fueled by political considerations, it contaminates the decision and policy-making process with an over-fixation on quick fixes and shallow soundbites – often leaving a toxic residue in its wake. R. Michael Conley, Publisher, focuses on this topic and the threat it poses.

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**WTS:** What is "myopic malpractice" and why is it such a threat to the policy and decision-making process?

**Conley:** We live in a dangerous world laced with minefields. With so many complex moving parts, it smacks of malpractice to make decisions and policies based on sketchy assumptions, narrow timeframes, and politically motivated end games. Our political leaders mirror the "*play now - pay later*" culture of constituencies obsessed with instant gratification and fast results, with the longer-term consequences mere afterthoughts that can be dealt with later.

This myopic failure to systemically address complex issues, connect the dots, and recognize that every action invites a reaction, opens the door to unintended consequences that, in turn, get passed on as intergenerational IOUs; often in the form of increased debt, climate change, or some other type of ticking time bomb.

**WTS:** What specific examples come to mind when you think of *myopic malpractice*?

**Conley:** The list is long, but let me mention three areas of great concern: The first is the manner in which we are disenfranchising ourselves from a world order that we were so instrumental in creating. The second is the "sugar high" we have injected into our economy with the recent tax cuts and troublesome ripples they'll produce. The last deals with climate change and opportunities we are squandering by being AWOL on the global effort to address it.

It's a troublesome trifecta that epitomizes myopic malpractice. It suggests that with eyes fixed on the tip of the iceberg, we overlook the churning seas below the waterline as well the direction of the currents moving it; not a good Rx for the future.

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**WTS Guide:** A free "how-to" Guide for beginners.

**Info & Resources:** Books, articles information & resources:

**weatheringthestorm.net**

**About the Founder:**

Mike Conley is the Founder of Weathering the Storm, LLC and Chairman & CEO of the Conley Family Foundation. As a former Fortune 500 business executive, author, lecturer, and public policy activist, Conley has written and spoken on topics related to the perfect storm. He graduated from the University of Minnesota, after serving in the U.S. Navy, and later completed a post-grad program at Stanford University. He is active on several boards and advisory groups.

**WTS:** Okay, let's start with your concern about disenfranchising ourselves from a world we helped to create? What exactly do you mean by this?

**Conley:** The United States emerged from WWII as the major architect and developer of the world order that has existed for decades. The international structures of trade and commerce, currency and transactional systems, dispute resolution mechanisms, military alliances, trade agreements, and so forth were greatly facilitated by the United States – usually to our distinct advantage, despite what some might say. (See: "[An Attitude of Gratitude](#)")

As such, the world was stunned when we reversed course and started backing away from well-established treaties and protocols toward protectionist trade and tariff policies, a new unilateralism, and a retrenchment from the global collaboration long a hallmark of American policy. Our flip-flop has destabilized the world, stunned allies, mobilized our adversaries, and tarnished the American *brand*, and the consequences are now a work in progress.

As global opposition to our policies mount, crucial American strongholds like our *Dollar's* dominant currency reserve position and the petrodollar system will be increasingly challenged. As we retrench, other nations will fill the void and/or find ways to work around us and not with us. We may discover that if we're not sitting at the negotiating table, we're part of the menu. Actions have consequences.

It took decades to build our brand and global infrastructures now evaporating along with a growing distrust toward the United States. If not repaired, it could create a new order not to our liking. The loss of good will, markets, and trust will not be easy to recapture, and these losses will surely constrict our global effectiveness going forward.

**WTS:** Can you give specific examples?

**Conley:** Pulling out of the Paris Accord and Iranian nuclear agreement, and sparking a trade war with China are examples. Regarding the latter, when two nations, like the United States and China, with almost 40% of the world's GDP lock horns, the collateral economic damage is felt everywhere. Tearing up and renegotiating trade agreements, like NAFTA, may play well for the moment, but the vile aftertaste from not honoring agreements when inconvenient for us could backfire with a vengeance.

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If a trade war with China fully materializes, American consumers will pay more to cover the tariff on foreign exports they're buying; soybean farmers will lose a major market that they may never fully recapture, and Boeing aircraft workers will not be making jets for export to China.

As an aside, in a trade war with China, technological supremacy – in areas such as quantum computing, artificial intelligence, robotics and more – will become a crucial battleground, and China is outspending the United States by a vast margin in this arena. If pushed to the wall in a trade or technological cold war, China could divest of at least part of the \$1.2 trillion dollars it holds in our government securities and change the whole ballgame. While not good for China, the impact on our economy would be devastating. Again, actions invite reactions that are not always anticipated nor immediately felt.

**WTS:** Moving on to another concern, why do you refer to the tax cuts as producing a “sugar high” that will be problematic over time?

**Conley:** It's myopic malpractice at its best. The American economy was running hot *before* the tax cuts, and a stimulus was not needed. While the tax cut has goosed our economy to new *sugar highs* that play well in an election year, it is exacerbating a far more toxic threat, our massive national *debt*.

There's merit in lowering corporate tax rates to make us more globally competitive, but the price tag may be higher than envisioned. The windfall tax breaks for corporations have boosted their quarterly earnings – it would be hard not to do so – but much of that largesse has been used for stock buy-backs and dividends and not for capital investments that spur on sustainable growth. The adrenaline rush from puffed-up earnings and a bullish Wall Street on steroids may look good now, but all bubbles burst. Our ability to fend off the next downturn will, in fact, be weakened by our massive debt that just keeps on growing.

**WTS:** Could you say a more about the debt and its downside?

**Conley:** We're living in the “moment” and mortgaging our future to do it. The 800-pound gorilla in the living room is our national debt. Despite our hot economy, the projected deficit this year will still approach a trillion-dollars; a direct result of lost tax revenues and spending increases. Further, we'll pay out almost \$400 Billion on interest alone just to finance our public debt.

But it gets worse. As our gross national debt – now exceeding our entire GDP – climbs and interest rates rise, the multiplier effect will create an ever-increasing drag on our economy. Our debt-servicing charges alone will surpass even our defense budget in the next few years and crowd out other programs. When coupled with an explosion of new entitlement payouts – mostly unfunded – to the 10,000 baby boomers retiring every day, the tax cuts in 2018 and additional debt created by them will make a bad situation even worse.

Ironically, the deficit hawks in Congress seem to have disappeared; the lure of tax cuts at election time has proven to be irresistible. So, enjoy the sugar high economy today but be reminded that what's intoxicating on the way up can be devastating on the way down. Myopic malpractice disregards what

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many of us learned as kids: There's no free lunch.

**WTS:** Switching gears, why do you think our national policy on climate change may actually impede and even squander new economic growth opportunities?

**Conley:** The ravages of climate change are exploding. The planet is warming, sea levels are rising, ice is melting, and extreme weather patterns are the new norm. Deadly hurricanes, floods, droughts, wildfires, and storm damage – turbocharged by climate change – are constant reminders. The recent report by the IPCC, the world's leading scientific authority on climate change, issued dire warnings of what we can expect if we don't dramatically act to mitigate its sharper edges – now.

The world gets it, our state and local governments get it, and the private sectors and grass roots America get it, but our national government has gone AWOL on global efforts to address climate change. As the world's largest economy and second largest emitter of greenhouse gases, our absence places an impossible burden on all other nations trying to pick up the slack. The negative vibes from our no-show position on climate change are creating headwinds that'll impede our ability to compete in the fastest growing market in the world.

I'm referring generically here to the clean energy market and the collateral sectors built around it like renewable energy, cleaner power plants and smarter grid systems, demand reduction and conservation efforts, waste management, and behavioral sciences that teach us how to do more with less. Ironically, the technological and innovative competencies required to thrive in these markets are deeply etched in our national DNA as a core competency, but we are not capitalizing on these opportunities like we should be.

**WTS:** Could you be more specific about how our climate change and energy policies are impeding our efforts to take full advantage of these growth opportunities?

**Conley:** There are at least three areas of concern that need to be addressed, and I would summarize them as; a) retrenchment, b) repression, and c) resiliency:

*Retrenchment:* By pulling the plug on the Paris Accord (See: "[\*Climate Change: What Next?\*](#)"), we have advised the rest of the world to take a hike. Our new "pariah" status as a climate change holdout does not sit well with the world and is certainly not conducive to building a global market in these high-growth arenas. It's like trying to play poker without kicking in your ante, and, frankly, it wouldn't surprise me to see countries torpedo our future competitive posture by levying a carbon tax on products we export. Again, actions have consequences.

*Repression:* We're moving against the tide as the EPA dismantles a portfolio of clean energy initiatives; or as we back away from CAFE standards on fuel efficiency while the world moves toward mandates banning the production of new gasoline/diesel powered vehicles within the next couple of decades. And, propping up a fading coal industry that the market is rejecting while neglecting to fully support

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our booming clean energy marketplace is simply inexplicable.

**Resiliency:** It doesn't have to be this way. By embracing and nurturing a position in the new clean energy market, we could create dramatic new engines of economic growth that capitalize on our technological and innovative skillsets. As an example, there are more than twice as many Americans working in the wind industry today than there are coal miners. Over the past three years, solar jobs have grown by 82% and wind related jobs by 100%. With more workers now employed in the clean energy arena than in our fossil fuel production sectors, one can only imagine what we could do if our national efforts were focused on these growing sectors.

By neglect and default, we are frittering away the full potential of a clean energy market that's made to order for us. By contrast, China has made clear its willingness to fill the climate change void we are leaving, and it's no coincidence that China has made major inroads into the clean energy market as a dominant exporter of wind turbine blades and solar panels.

**WTS:** You have given several examples of what you call "Myopic Malpractice." Are there any closing thoughts on things we need to factor into the equation?

**Conley:** We need to step back and take a long and hard look at the world we live in. With a growing population and global economy in search of finite resources, and a changing climate that will become a threat multiplier that progressively worsens, the world will struggle in its attempt to sustain an unsustainable growth trajectory. We'd be wise to recognize and respond to these global challenges in a paradigm of greater collaboration, but we seem to be moving in an opposite direction by building walls and not bridges.

A consistent theme of this publication has been the folly of myopic thinking that focuses on the moment and ignores the consequences of actions so thoughtlessly passed on to future generations for payment. We've taken it to new levels, and the contentious tribal nature of politics today makes collaborative policy-making all but impossible. In so doing, we are doing grievous harm to our planet, nation, and the world we are leaving for our kids and grandkids.

One thing I know for sure; the disease of *myopic malpractice* is hazardous to our health and potentially lethal to the generations following us. I'd like to think we're better than that...

Mike Conley

For more information, please visit our website at: [www.WeatheringtheStorm.net](http://www.WeatheringtheStorm.net)