

## The Three Musketeers

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“One for all and all for one!” That’s what most of us remember from the 17<sup>th</sup>-century set book, *The Three Musketeers*. Those very unique guards of the queen created greater value working together than they could apart. Each musketeer brought a different skill/strength to the effort, but through collaboration they were able to increase the overall group’s capability and output.  $1+1+1=5$ .

It seems that economy also has three musketeers: uniquely different forces that naturally guide sovereign economies. Each of these musketeers can provide economic value, but like the original story, when working together they can be an extremely powerful force.

What are our economic musketeers? To use an even more modern metaphor, they can be described as the *hardware*, the *software* and the *users* in a sovereign economy.

***Natural resources are the hardware of economy.***

All economy begins with natural resources. No house, car, airplane, train, computer, smart phone or appliance can be made without first extracting and processing natural resources. We need agriculture, timber, aluminum, copper, coal, iron ore, oil, natural gas, rubber and many other natural resources to make the things we use in our daily lives. We need ample water as well as ample waterways, the most natural transportation system.

For several millennia, empires were created by the desire to control natural resources. Even today, the grab for natural resources persists. Russia’s most recent take over of Crimea serves as an example. China’s muscle in the East China Sea and South China Sea, as well as in Africa, is about controlling natural resources. And Saudi Arabia’s current oil price strategy is all about maintaining control over oil’s fate.

Natural resources serve as the foundation to economy for numerous countries, including Russia, Canada, Australia, Saudi Arabia, Iran, Iraq, Kuwait, Norway, Chile, South Africa, Argentina, Brazil, Venezuela and Mexico. All these countries possess worthwhile natural resources, ample hardware. How successful these economies ultimately become is highly dependent, though, on their software.

***The software of economy is the socioeconomic infrastructure created by government.***

Software consists of the rules of commerce and social engagement, the inputs of government and how they influence the values and actions of the collective population (*users*).

Productive software empowers economy. It inspires users to create, to produce and to grow value. Unproductive software hampers economy. It impedes, or worse, enslaves its users.

Standing out from the pack of the hardware-based economies with productive software are Canada, Australia, Norway and Chile. These countries are economically stable with prosperity well distributed amongst its citizens. Software in these countries has put their hardware to worthwhile, productive use.

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In contrast, several of the hardware-dominated economies have weak software. These countries underperform to their potential. Prosperity is not well spread. Their social infrastructure is fragile. Users lack the confidence to act because they worry more than they dream. Software in these countries does not empower users. It keeps them in a state of uncertainty, chaos, control and/or fear of government.

The software of economy is much harder to value and understand than hardware. Natural resources are somewhat easy to pinpoint. But software, the basic infrastructure of commerce and society that government creates, is tougher to put your finger on. It seems, though, that all software generally resides within a definable range. On one side of the range are managed societies while on the other side of the range are market societies.

In managed societies, government makes all the decisions over what users should and can do. The most productive assets are controlled by government, or by a few elites in collusion with government. Users have little ownership interests or freedom of self-expression. For the most part, they are less like users and more like actors in roles assigned by the state and/or by the few in bed with the state.

When government lets the market lead economy, the collective population flourishes. In true market economies users possess rights of ownership, freedom of expression, control over their own destiny and the ability to create personal value. Market-oriented environments benefit from Adam Smith's belief that everyone profits more when individuals have the ability to maximize their own self-interests.

In market economies where government referees lightly, prosperity grows. In managed economies where government dominates, prosperity wanes. It is within this range that all sovereign software exists.

China was an excellent example of poor software until they moved away from overly managed to a more market-oriented economy. In just three decades, China has gone from extreme poverty to being one of the most powerful countries in the world.

Countries and regions with almost no hardware can still empower users with outstanding software. Israel, Switzerland, Singapore, Taiwan and Hong Kong all lack significant natural resources, but possess such good software their users still generate great value.

***Our third musketeer is the collective users within an economy, the sovereign citizens.***

Users are influenced by the availability of hardware, the software by which they are organized and governed, as well as by their innate necessity. Users with great necessity, even lacking in worthwhile hardware, can still create productive software.

Japan is a good example of a country with motivated users. Japan lacks meaningful hardware, meaningful natural resources. As an island nation, potential invaders can threaten Japan on all sides. Out of necessity Japan has over the years created productive software. The UK is similar, another island nation that has crafted productive software.

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Why are Japan and the UK so much more economically successful than, say, the much larger island nation of Madagascar? One could suggest this may be because of necessity, the threat of being taken over and controlled by larger, in-close-proximity sovereigns with more natural resources. Necessity motivated users in Japan and the UK to create productive software. There has been much less necessity in Madagascar, as virtually every African nation has such poor software, they are no threat to anyone but their own citizens.

Israel is another excellent example of necessity creating productive software. Few countries in the world have as much necessity. Israel is surrounded by neighbors seeking its extermination. It too is, in its own way, an island nation. There is great necessity in Israel not just to survive, but also to prosper enough to ensure the preservation of their country and culture.

One country has been home to the most motivated users in the history of civilization. Because of their previous experience with oppression from overly managed socio-economies, these users crafted great software. And to their good fortune, they were blessed with an enormous amount of hardware. These users created the United States of America.

No country in the world possesses the depth and breadth of natural resources. No country in the world possesses the immigrant users who came out of necessity to exploit those natural resources. And no country in the world—at any point in history—has possessed software as empowering to users as the United States of America.

But today, no matter its massive hardware advantage and its enormously motivated users, the United States fails to achieve its economic potential. It fails its users because of ever weakening software.

The market orientation that made the United States the greatest historical example of prosperity, innovation and civility is moving more and more towards an overly managed socio-economy. Evidence of this fall from grace can be seen in low economic growth, financial fragility, growing income disparity, destruction of the nuclear family and social disintegration.

In possession of all three musketeers, the United States is unique in history. But its swing more and more towards a managed socioeconomic model has restricted opportunity and reduced general prosperity, so much so that economy today seems highly dependent on government. Just imagine if the three musketeers in the United States were acting in a “one for all and all for one” fashion. Maybe something to consider in our next general election.



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