

The link between foreign investment and peace

by Jack_Kemp

Dear senators and members of Congress:

I recently visited NASDAQ on behalf of NFL Hall of Famer Ronnie Lott to help raise money for his "All Stars Helping Kids" program, and while I was there I had the opportunity to say in my luncheon remarks on Wall Street that I've long believed that where capital investment and trade are crossing borders, armies don't.

In an increasingly flat world, to draw on Thomas Friedman's very apt metaphor for our globalizing planet, it behooves us to welcome foreign investment and trade and take caution not to discourage it out of fear or shortsighted protectionist measures. Yes, we have to be careful, but an open world trading system leads ultimately to a more peaceful and prosperous world.

This concept should be especially welcome at a time when our nation needs more friends and allies in the Middle East and the Islamic world. I was strongly in favor of Dubai Ports World's competing for contracts to help manage ports on the East Coast; unfortunately for everyone concerned, that didn't work out. We cannot afford more rebukes to friends of the United States who want to invest in our economy, especially coming from the Middle East.

The United States has no better friend and ally in the Gulf region than the United Arab Emirates, and with Borse Dubai investment in NASDAQ for a minority position, it's a win-win situation for all who believe in the possibility of a diplomatic solution to the war in Iraq and the many challenges we face throughout that part of the world. Beyond this, foreign investment is so important to our domestic economy, our job climate and the future growth of U.S. capital formation.

It's my view that NASDAQ will be financially strengthened, as will Borse Dubai (a holding company established by Dubai's two stock exchanges), which will be able to advance its marketing and technological know-how on a much broader scale. Equally important, this will allow NASDAQ to develop the largest global network of exchanges and exchange customs linked by technology in the world today.

Wisely, this will be reviewed in a timely and transparent manner. There are plenty of built-in protections for both sides. Borse Dubai is managed by a highly professional staff with a board of directors that has the proper fiduciary responsibilities, as does NASDAQ. U.S. security is always a key issue, and this will be a part of the review. Indeed, this is a minority investment in NASDAQ that will actually enhance security because it will create greater opportunities to track and monitor the original source of funds.

I've traveled several times to the Gulf region, and while I have no financial interest in these transactions, I

can say unambiguously that these U.A.E. friends of the United States, among others, are well positioned to help us bring about a more peaceful and prosperous Middle East.

As a former member of Congress and Cabinet officer in the first Bush administration, I urge you to give this issue your deepest and most profound review as it comes at such a critical moment in the relations between the United States and our Arab friends in this vital part of the world.

Jack Kemp is founder and chairman of Kemp Partners.

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