



MAY/JUNE 2010

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Mandelbaum

Afghanistan's Local War

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Expeditionary Economics

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Empowering Women for Economic Success

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China's Grand Map

How Far Will Beijing Reach on Land and at Sea?

Robert Kaplan

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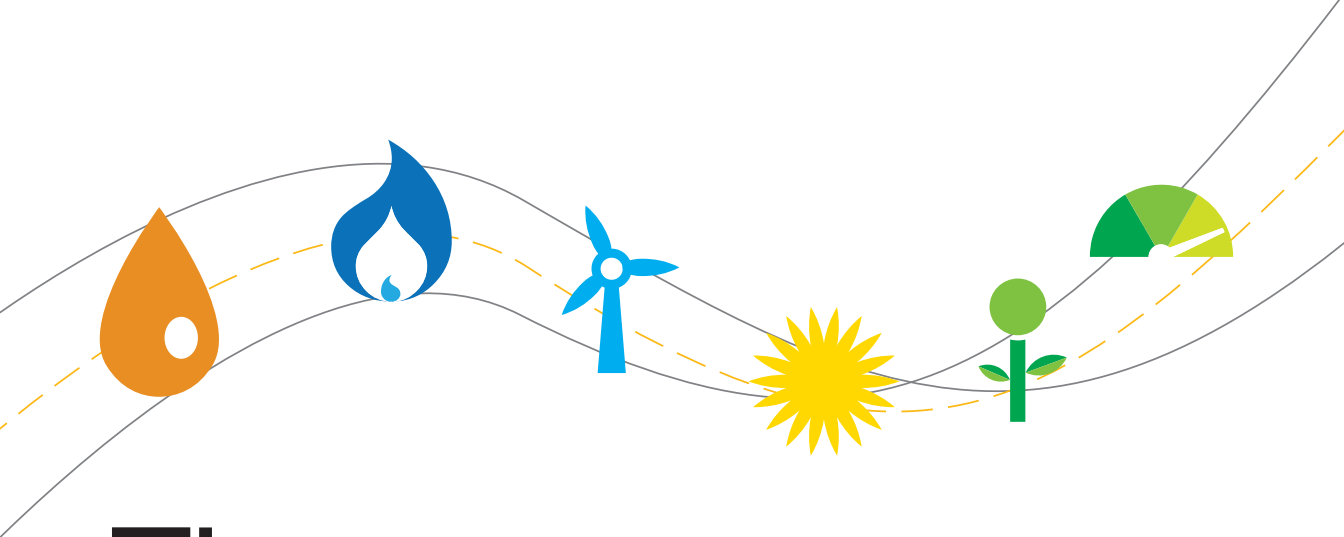
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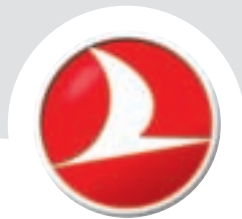
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Printed in the United States. Visit our Web site at www.foreignaffairs.com.

GST number 127686483RT.

Canada Post Customer #4015177 Publication #40035310.

Return mail in Canada should be sent to IMEX, PO Box 4332, Station Rd., Toronto, Ont. M5W 3J4

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Comments



Genuine cooperation between NATO and the EU would allow Western governments to meld hard power with soft, making both organizations better equipped to confront modern threats, such as climate change, failed states, and humanitarian disasters.

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Helping Others Defend Themselves

The Future of U.S. Security Assistance

Robert M. Gates

In the decades to come, the most lethal threats to the United States' safety and security—a city poisoned or reduced to rubble by a terrorist attack—are likely to emanate from states that cannot adequately govern themselves or secure their own territory. Dealing with such fractured or failing states is, in many ways, the main security challenge of our time.

For the Defense Department and the entire U.S. government, it is also a complex institutional challenge. The United States is unlikely to repeat a mission on the scale of those in Afghanistan or Iraq anytime soon—that is, forced regime change followed by nation building under fire. But as the Pentagon's Quadrennial Defense Review recently concluded, the United States is still likely to face scenarios requiring a familiar tool kit of capabilities, albeit on a smaller scale. In these situations, the effectiveness and credibility of the United States will only be as good as the effectiveness, credibility, and sustainability of its local partners.

This strategic reality demands that the U.S. government get better at what is called “building partner capacity”: helping other

countries defend themselves or, if necessary, fight alongside U.S. forces by providing them with equipment, training, or other forms of security assistance. This is something that the United States has been doing in various ways for nearly three-quarters of a century. It dates back to the period before the United States entered World War II, when Winston Churchill famously said, “Give us the tools, and we will finish the job.” Through the Lend-Lease program, the United States sent some \$31 billion worth of supplies (in 1940s dollars) to the United Kingdom over the course of the war. U.S. aid to the Soviet Union during those years exceeded \$11 billion, including hundreds of thousands of trucks and thousands of tanks, aircraft, and artillery pieces.

Building up the military and security forces of key allies and local partners was also a major component of U.S. strategy in the Cold War, first in Western Europe, then in Greece, South Korea, and elsewhere. One of the major tenets of President Richard Nixon's national security strategy, the Nixon Doctrine, was to use military and economic assistance to help U.S. partners and allies resist Soviet-sponsored

ROBERT M. GATES is U.S. Secretary of Defense.

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insurgencies without using U.S. troops in the kind of military interventions that had proved so costly and controversial in Korea and Vietnam.

ADVISORY DUTY

The global security environment has changed radically since then, and today it is more complex, more unpredictable, and, even without a superpower adversary, in many ways more dangerous. The U.S. military, although resilient in spirit and magnificent in performance, is under stress and strain fighting two wars and confronting diffuse challenges around the globe. More broadly, there continues to be a struggle for legitimacy, loyalty, and power across the Islamic world between modernizing, moderate forces and the violent, extremist organizations epitomized by al Qaeda, the Taliban, and other such groups. In these situations, building the governance and security capacity of other countries must be a critical element of U.S. national security strategy.

For the most part, however, the United States' instruments of national power—military and civilian—were set up in a different era for a very different set of threats. The U.S. military was designed to defeat other armies, navies, and air forces, not to advise, train, and equip them. Likewise, the United States' civilian instruments of power were designed primarily to manage relationships between states, rather than to help build states from within.

The recent history of U.S. dealings with Afghanistan and Pakistan exemplifies the challenges the United States faces. In the decade before 9/11, the United States essentially abandoned Afghanistan to its fate. At the same time, Washington cut

off military-to-military exchange and training programs with Pakistan, for well-intentioned but ultimately shortsighted—and strategically damaging—reasons.

In the weeks and months following the 9/11 attacks, the U.S. government faced a number of delays in getting crucial efforts off the ground—from reimbursing the Pakistanis for their support (such as their provision of overflight rights to U.S. military aircraft) to putting in place a formal Afghan military. The security assistance system, which was designed for the more predictable requirements of the Cold War, proved unequal to the task. The U.S. government had to quickly assemble from scratch various urgently needed resources and programs. And even after establishing funding streams and authorities, the military services did not prioritize efforts to train the Afghan and, later, the Iraqi security forces, since such assignments were not considered career enhancing for ambitious young officers. Instead, the military relied heavily on contractors and reservists for these tasks.

More recently, the advisory missions in both the Afghan and the Iraqi campaigns have received the attention they deserve—in leadership, resources, and personnel. Within the military, advising and mentoring indigenous security forces is moving from the periphery of institutional priorities, where it was considered the province of the Special Forces, to being a key mission for the armed forces as a whole. The U.S. Army has established specialized Advisory and Assistance Brigades—now the main forces in Iraq—and is adjusting its promotion and assignment procedures to account for the importance of this mission; the U.S. Air Force is fielding a fleet of light fighter jets and transport aircraft optimized

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to train and assist local partners, and it recently opened a school to train U.S. airmen to advise other nations' air forces; and the U.S. Navy is working with African countries to improve their ability to combat smuggling, piracy, and other threats to maritime security.

One institutional challenge we face at the Pentagon is that the various functions for building partner capacity are scattered across different parts of the military. An exception is the air force, where most of these functions—from foreign military sales to military training exchanges—are grouped under one civilian executive (the equivalent of a three-star general) to better coordinate them with larger goals and national strategy. This more integrated and consolidated approach makes better sense for the Pentagon and for the government as a whole.

The United States has made great strides in building up the operational capacity of its partners by training and equipping troops and mentoring them in the field. But there has not been enough attention paid to building the institutional capacity (such as defense ministries) or the human capital (including leadership skills and attitudes) needed to sustain security over the long term.

The United States now recognizes that the security sectors of at-risk countries are really systems of systems tying together the military, the police, the justice system, and other governance and oversight mechanisms. As such, building a partner's overall governance and security capacity is a shared responsibility across multiple agencies and departments of the U.S. national security apparatus—and one that requires flexible, responsive tools that provide incentives for cooperation.

Operations against extremist groups in the Philippines and, more recently, Yemen have shown how well-integrated training and assistance efforts can achieve real success.

But for all the improvements of recent years, the United States' interagency tool kit is still a hodgepodge of jury-rigged arrangements constrained by a dated and complex patchwork of authorities, persistent shortfalls in resources, and unwieldy processes. The National Security Act that created most of the current interagency structure was passed in 1947, the last major legislation structuring how Washington dispenses foreign assistance was signed by President John F. Kennedy, and the law governing U.S. exports of military equipment was passed in 1976. All the while, other countries that do not suffer from such encumbrances have been more quickly funding projects, selling weapons, and building relationships.

BRIDGING THE POTOMAC

In 2005, to address the country's most pressing needs, the Defense Department obtained authorities that enable the military to respond to unforeseen threats and opportunities by providing training and equipment to other countries with urgent security needs. These new tools came with an important innovation: their use requires the concurrence of both the secretary of defense and the secretary of state in what is called a "dual key" decision-making process. In recent years, the secretaries have used these authorities to assist the Lebanese army, the Pakistani special forces, and the navies and maritime security forces of Indonesia, Malaysia, and the Philippines.

Those authorities and programs—and the role of the Defense Department in foreign assistance writ large—have stirred

debates across Washington. I never miss an opportunity to call for more funding for diplomacy and development and for a greater emphasis on civilian programs. I also once warned publicly of a “creeping militarization” of aspects of U.S. foreign policy if imbalances within the national security system were not addressed. As a career CIA officer who watched the military’s role in intelligence grow ever larger, I am keenly aware that the Defense Department, because of its sheer size, is not only the 800-pound gorilla of the U.S. government but one with a sometimes very active pituitary gland.

Nonetheless, it is time to move beyond the ideological debates and bureaucratic squabbles that have in the past characterized the issue of building partner capacity and move forward with a set of solutions that can address what will be a persistent and enduring challenge. Last year, I sent Secretary of State Hillary Clinton one proposal that I see as a starting point for discussion of the way ahead. It would involve pooled funds set up for security capacity building, stabilization, and conflict prevention. Both the State Department and the Defense Department would contribute to these funds, and no project could move forward without the approval of both agencies. A number of other countries—in particular the United Kingdom, the primary model for this proposal—have found that using pooled funds from different ministries is an effective way of dealing with fragile or failing states. What I find compelling about this approach is that it would create incentives for collaboration between different agencies of the government, unlike the existing structure and processes left

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over from the Cold War, which often conspire to hinder true whole-of-government approaches.

Whatever approach we take to reforming and modernizing the United States' apparatus for building partner capacity, it should be informed by several principles. First, it must provide agility and flexibility. Under normal budgeting and programming cycles, a budget is put together one year, considered and passed by Congress in the next, and then executed in the third. This is appropriate and manageable for predictable, ongoing requirements. But as recent history suggests, it is not well suited to dealing with the emerging and unforeseen threats—or opportunities—often found in failed and failing states.

Second, there must be effective oversight mechanisms that allow Congress to carry out its constitutional responsibility to ensure that these funds are spent properly. Tools that foster cooperation across the executive branch could also enhance cooperation across the jurisdictional boundaries of congressional committees—thereby actually strengthening congressional oversight in the national security arena.

Third, security assistance efforts must be conducted steadily and over the long term so as to provide some measure of predictability and planning for the U.S. government and, what is more significant, for its partners abroad. Convincing other countries and leaders to be partners of the United States, often at great political and physical risk, ultimately depends on proving that the United States is capable of being a reliable partner over time. To be blunt, this means that the United States cannot cut off assistance and

relationships every time a country does something Washington dislikes or disagrees with.

Fourth, any government decision in this area should reinforce the State Department's leading role in crafting and conducting U.S. foreign policy, including the provision of foreign assistance, of which building security capacity is a key part. Proper coordination procedures will ensure that urgent requirements for military capacity building do not undermine the United States' overarching foreign policy priorities.

Finally, everything must be suffused with strong doses of modesty and realism. When all is said and done, there are limits to what the United States can do to influence the direction of radically different countries and cultures. And even the most enlightened and modernized interagency apparatus is still a bureaucracy, prone to the same parochial and self-serving tendencies as the system it has replaced.

Helping other countries better provide for their own security will be a key and enduring test of U.S. global leadership and a critical part of protecting U.S. security, as well. Improving the way the U.S. government executes this vital mission must be an important national priority. 🌐

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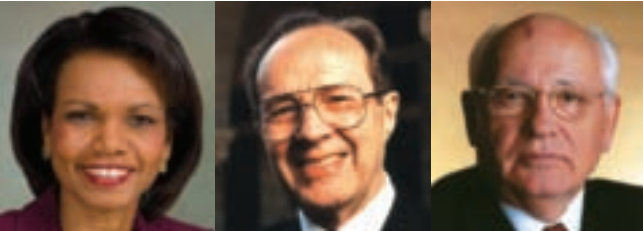
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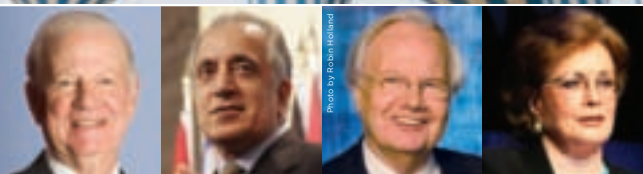
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The Brussels Wall

Tearing Down the EU-NATO Barrier

William Drozdiak

These days, there is a great deal of talk about the dawn of an Asian century—hastened by the rise of China and India. Meanwhile, the fractious Atlantic alliance, enfeebled by two wars and an economic crisis, is said to be fading away. But the West is not doomed to decline as a center of power and influence. A relatively simple strategic fix could reinvigorate the historic bonds between Europe and North America and reestablish the West's dominance: it is time to bring together the West's principal institutions, the European Union and the North Atlantic Treaty Organization.

When NATO's 28 leaders gather in Portugal later this year to draw up a new security strategy for the twenty-first century, they will consider a range of options, including military partnerships with distant allies such as Australia, Japan, and South Korea. Yet the most practical solution lies just down the road from the alliance's sprawling

headquarters near the Brussels airport. Genuine cooperation between NATO and the 27-nation European Union would allow Western governments to meld hard power with soft, making both organizations better equipped to confront modern threats, such as climate change, failed states, and humanitarian disasters. A revitalized Atlantic alliance is by far the most effective way for the United States and Europe to shore up their global influence in the face of emerging Asian powers.

NOT-SO-FRIENDLY NEIGHBORS

Anybody who spends time in Brussels comes away mystified by the lack of dialogue between the West's two most important multinational organizations, even though they have been based in the same city for decades. Only a few years ago, it was considered a minor miracle when the EU's foreign policy czar and NATO's

WILLIAM DROZDIAK is President of the American Council on Germany, Senior Adviser for Europe at the international strategic consultancy McLarty Associates, and Founding Director of the German Marshall Fund's Transatlantic Center, in Brussels. For an annotated guide to this topic, see "What to Read on the European Union" at www.foreignaffairs.com/readinglists/eu and "What to Read on Transatlantic Relations" at www.foreignaffairs.com/readinglists/transatlantic-relations.

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secretary-general decided that they should have breakfast together once a month. An EU planning cell is now ensconced at NATO military headquarters, but there is scarcely any other communication between the two institutions. With Europe and the United States facing common threats from North Africa to the Hindu Kush, it is imperative for Western nations to take advantage of these two organizations' resources in the fields of law enforcement, counterterrorism, intelligence gathering, drug interdiction, and even agricultural policy.

Past efforts to build bridges between the EU and NATO have routinely foundered due to mutual suspicions between France and the United States. When France left the NATO military command in 1965, it sought to establish a European defense capability as a counterweight to U.S. dominance. After the fall of the Berlin Wall, it was unclear whether the United States was willing to remain the primary security actor in Europe; painstaking negotiations eventually led to the "Berlin Plus" arrangements in 2003, which allowed European nations to use NATO assets when the United States or other NATO members chose not to get involved in peacekeeping missions. But the Balkan wars of the 1990s had by then humbled Europeans' ambitions to take control of their continent's security. More recently, in 2004, when the Republic of Cyprus joined the EU, its accession sparked tensions with the NATO member Turkey—which administers the northern half of the island. To this day, Ankara refuses to give its consent to Cypriot cooperation with NATO on diplomatic, intelligence, and military matters, and Cyprus continues to prevent Turkey's participation in the European Defense Agency—an EU body. The biggest impediment, of course, is that

the United States is not, and never will be, a member of the EU. But that should not forestall creative efforts to breathe new life into the Atlantic partnership by increasing coordination between the EU and NATO.

Now that France has fully rejoined the Western military alliance, there is an unprecedented opportunity for closer collaboration between the two organizations. The simultaneous expansion of both, to embrace former communist states in the East, has created greater overlap in their membership than ever before: 21 states are now members of both the EU and NATO. In addition, the enormous budgetary pressures created by the recent global economic downturn have compelled the United States and its European allies to reconsider their collective defense commitments and try to figure out how to adapt their partnership to cope with transnational challenges.

When Barack Obama spoke in Berlin to a crowd of more than 200,000 people during the 2008 U.S. presidential campaign, he referred to the West's triumph in bringing down the Iron Curtain and declared, "The walls between old allies on either side of the Atlantic cannot stand." Now that he is president, Obama and his administration should lead the way in breaking down bureaucratic barriers between the EU and NATO.

A NEW PARTNERSHIP

A strong connection between the EU and NATO would serve Western security interests on every major issue. Although Russia still regards NATO with trepidation, Moscow is eager to cultivate broader economic contacts with the EU. Dialogue with Russia could move beyond the issue of Western military encroachment to include energy security, investment in

The Brussels Wall

Russian infrastructure, and enhanced trade. Such talks may well convince Moscow that cooperating with the West serves its own security interests because the greater long-term threats come from Chinese intrusion on Russia's eastern border and the spread of Islamic radicalism to its south. In the Balkans, the prospect of future EU and NATO membership could become a tantalizing reward for good behavior, just as Hungary and Romania were prodded into resolving their long-standing ethnic dispute in Transylvania in order to qualify for EU and NATO membership. Indeed, Serbia's government now says that it wants to become a full-fledged member of the EU-NATO community of nations, a welcome change from the past, when it wallowed in victimhood and spouted self-defeating nationalist rhetoric. And in the Middle East, increased funds for peace-keeping forces, humanitarian aid, and trade and investment programs could yield new incentives to broker peace between Israel and the Palestinians—perhaps including shared security partnerships with NATO and an open trading zone with the EU. Israel's president, Shimon Peres, has often visited Brussels seeking to draw lessons from Europe's postwar reconciliation in the hope of one day establishing a common market in the Middle East.

Preparing for future threats will be just as important, and it will require imaginative policymaking. Burgeoning conflicts over cybersecurity and Internet freedoms have already emerged as a new source of tension with China and Russia. The World Bank expects demand for food to rise by 50 percent over the next two decades; at least 36 countries will be desperately short of crops or fresh water within the next ten years; and scientists from the Intergovern-

mental Panel on Climate Change predict that in the coming decade, up to 250 million Africans could face starvation or drought because of lower crop yields or a lack of fresh water supplies—all of which could trigger new wars that would require EU and NATO intervention.

Meanwhile, the Arctic Circle has become a hotly contested region; according to the U.S. Geological Survey, it holds 13 percent of the world's remaining oil reserves and 30 percent of undiscovered but technically recoverable natural gas deposits. Moreover, world shipping routes will be transformed by new northern sea routes made possible by the melting polar icecap; these new sea-lanes will shave thousands of nautical miles and up to seven days of travel time off current routes through the Suez and Panama canals. Given the competing claims of Arctic nations, notably Norway and Russia, and the absence of clear international rules, the rush to control new energy resources and shorter shipping routes could lead to armed confrontation. Together, the EU and NATO could take the lead in enforcing an Arctic agreement under the aegis of the United Nations. Finally, when it comes to combating terrorism, NATO could work more directly with the EU to connect national criminal databases and use the EU's special powers to seize the financial assets of suspected criminals. All these challenges will require a much higher degree of creativity and cooperation between Europe and the United States in order to minimize the risk that military conflicts will spread to previously peaceful parts of the world.

The enormous military, financial, and psychological burdens of fighting the wars in Afghanistan and Iraq over the past decade may give the U.S. government

William Drozdiak

pause before it undertakes future overseas adventures, but Washington cannot afford to resort to isolationism. More than ever, the United States will need to share costs and burdens with allies while still maintaining an active military posture. Although Obama has vowed not to make any cuts to next year's \$700 billion defense budget, he has made it clear that he expects NATO members to make greater contributions—if not in the form of combat troops in Afghanistan, then certainly through development aid, police training, or education to help rebuild war-ravaged nations.

UNDER ONE ROOF

Merging the U.S. missions to the EU and NATO as quickly as possible is an important first step. Doing so would send both a substantive and a symbolic message to European leaders. At the same time, it would shatter old mindsets and encourage new approaches to dealing with security threats that require more than firepower. Today, many of the organizational structures of the State Department and the Pentagon are still rooted in Cold War thinking and have not fully adapted to twenty-first-century threats. A “Grand Europe” embassy that consolidated U.S. delegations could encourage European allies to conceptualize policy solutions to complex problems by drawing on resources from government agencies apart from the foreign and defense ministries—for example, going beyond military force and border controls in dealing with such vexing challenges as illegal immigration and terrorist threats. Likewise, European efforts to bolster farm exports from North Africa could encourage the growth of local jobs in Morocco and Tunisia, thereby reducing the number of people who des-

perately try to cross the Mediterranean in search of work in Europe or fall under the sway of jihadist ideology at home. By helping raise living standards through innovative trade policies in Afghanistan and the Middle East, Europe and the United States could give potential terrorist recruits something to live for rather than something to die for—a far more effective strategy than staging military assaults.

This approach would also encourage European countries—the vast majority of which are both EU and NATO members—to build a new strategic partnership with the United States that reaches beyond their respective foreign and defense ministries and draws instead on all their government resources, including agencies not usually associated with national security policy. Finally, in confronting today's threats—whether they come from al Qaeda terrorists, Afghan heroin traffickers, Somali pirates, or Congolese warlords—there will have to be closer coordination than ever before between federal agents and counterterrorism analysts in Washington and their counterparts in Europe.

The long-awaited passage of the Lisbon Treaty has further integrated the EU, allowing Brussels to finally focus on shaping a new European security strategy. Gone are the grandiose visions of building a United States of Europe with a multinational army, a single European seat on the UN Security Council, or a jointly administered nuclear arsenal. Although Europe still aspires to play a greater role on the world stage, it has little desire to project military power: over the past decade, defense budgets in Europe have steadily fallen to the point where the 27 EU nations combined spend only \$300 billion on their militaries—under two percent of their collective GDP and less than

half the amount spent by the United States. European countries profess to maintain two million men and women under arms, yet only about 110,000 are capable of being deployed abroad. Beyond an absence of troops capable of fighting abroad, the EU lacks strategic transport planes that can carry heavy loads over long distances, which inhibits Europe's ability to project military power abroad. Washington's frequent pleas for European nations to build up their armed forces and modernize their arsenals have fallen on deaf ears at a time when many European voters see no enemy on the horizon. Having suffered two world wars on their continent in the past century, it is no surprise that Europeans now prize social welfare programs over funding national armies. They are much more willing to put their tax money behind the projection of soft power, in the form of development aid, educational assistance, and other tools to bolster civil society and democratic institutions in war-torn areas.

As the world's most successful experiment in multinational government, the EU boasts some of the world's highest living standards for its 500 million citizens, and its \$16 trillion economy is larger than that of the United States. The EU also offers some of the world's most generous aid programs, encourages democratic reforms among those of its neighbors that aspire to become members, and provides a good model of regional integration, which has been emulated in Latin America and Southeast Asia. Its military contributions to NATO pale in comparison to the United States', but they still matter: European nations have provided about one-third of the forces in Afghanistan and have suffered about 40 percent of the fatalities there since 2001, according to NATO figures.

Asia's Global Influence

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Still, Europe will never come close to acquiring the military power of the United States; its leaders and its voters have no desire or ambition to achieve that goal. Since Europe is prepared to pour its tax money and resources into noncombat roles, the United States should encourage its European allies to do what they do best—and what their people and their politicians are willing to support. Washington must accept that European leaders will almost always choose the soft-power option, leaving the exercise of hard power to the United States. In nearly all cases, that will mean that the United States will continue to assume the dominant role in supplying military firepower, while Europe steps up its extensive aid efforts in such fields as economic reconstruction, police training, health care, and education.

COMPARATIVE ADVANTAGES

The prospects for Western success in conducting counterinsurgency efforts in failing states will improve dramatically if the NATO military command structure and the well-funded EU foreign aid programs learn to cooperate. Afghanistan is a case in point: in January, German Chancellor Angela Merkel responded to Obama's urgent appeals for more troops by sending only 500 additional soldiers. However, she doubled Berlin's development aid to Kabul and provided an extra \$70 million to help entice Taliban insurgents to lay down their arms. This is a classic case of how Europe's most powerful nation, Germany, always opts to spend money on development programs rather than troop deployments. Given their history, Germans are even less willing than other Europeans to allow NATO to become an "expeditionary alliance"—as former President George W. Bush once prescribed.

A new initiative to pair EU and NATO institutional resources in ways that combine U.S. military capabilities with Europe's economic and political clout will not please everybody. In Afghanistan, U.S. soldiers look with scorn at their European counterparts, whose governments have imposed stringent rules of engagement. (Among U.S. soldiers, the initials for the NATO mission known as ISAF stand not for the International Security Assistance Force but rather for "I Saw Americans Fight.")

Yet the ongoing struggles in Afghanistan and Iraq demonstrate that modern warfare does not depend completely on military prowess and technological wizardry. More than ever, the United States needs to recognize that its overwhelming firepower will not be the most effective tool in twenty-first-century warfare. Much of Europe's reluctance to follow the United States' lead in Afghanistan is based on the belief that military force, particularly when it results in civilian casualties, only produces more recruits for the Taliban. By embracing Europe's arguments in favor of economic reconstruction and civic development projects over the use of brute military strength in counterinsurgency missions, the United States can revive public faith in the most successful alliance in history.

Until now, the policies of Western nations toward the EU and NATO have rarely been coordinated. Foreign ministries still operate on separate tracks when sending instructions to their respective EU and NATO missions. Unless policymakers revolutionize their thinking, the West's most important institutions will be condemned to mediocrity and eventual irrelevance. It is time to give the EU and NATO a new lease on life by endowing them with a common transatlantic mission. 🌐

The Global Glass Ceiling

Why Empowering Women Is Good for Business

Isobel Coleman

Over the last several decades, it has become accepted wisdom that improving the status of women is one of the most critical levers of international development. When women are educated and can earn and control income, a number of good results follow: infant mortality declines, child health and nutrition improve, agricultural productivity rises, population growth slows, economies expand, and cycles of poverty are broken.

But the challenges remain dauntingly large. In the Middle East, South Asia, and sub-Saharan Africa, in particular, large and persistent gender gaps in access to education, health care, technology, and income—plus a lack of basic rights and pervasive violence against women—keep women from being fully productive members of society. Entrenched gender discrimination remains a defining characteristic of life for the majority of the world's bottom two billion people, helping sustain

the gulf between the most destitute and everyone else who shares this planet.

Narrowing that gulf demands more than the interest of the foreign aid and human rights communities, which, to date, have carried out the heavy lifting of women's empowerment in developing countries, funding projects such as schools for girls and microfinance for female entrepreneurs. It requires the involvement of the world's largest companies. Not only does the global private sector have vastly more money than governments and nongovernmental organizations, but it can wield significant leverage with its powerful brands and by extending promises of investment and employment. Some companies already promote initiatives focused on women as part of their corporate social-responsibility programs—in other words, to burnish their images as good corporate citizens. But the truly transformative shift—both for global

ISOBEL COLEMAN is Senior Fellow for U.S. Foreign Policy and Director of the Women and Foreign Policy Program at the Council on Foreign Relations. She is the author of *Paradise Beneath Her Feet: How Women Are Transforming the Middle East*. For an annotated guide to this topic, see “What to Read on Gender and Foreign Policy” at www.foreignaffairs.com/readinglists/gender.

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corporations and for women worldwide—will occur when companies understand that empowering women in developing economies affects their bottom lines.

The majority of global population growth in the coming decades will occur in those countries where gender disparities are the greatest and where conservative religious traditions and tribal customs work against women's rights. As multinational corporations search for growth in the developing world, they are beginning to realize that women's disempowerment causes staggering and deeply pernicious losses in productivity, economic activity, and human capital. Just as many corporations have found that adopting environmentally sensitive business practices is not only good public relations but also good business, companies that embrace female empowerment will see their labor forces become more productive, the quality of their global supply chains improve, and their customer bases expand. They will also help drive what could be the greatest cultural shift of the twenty-first century.

BENEFITS PACKAGE

In 2006, General Electric was facing a growing disaster. Its ultrasound technology had spread to India, and Indian human rights groups and gender activists began to accuse the company of being complicit in female feticide. This was a burgeoning public relations nightmare that also threatened GE's profitable Indian ultrasound business.

In India, as in many other countries in South and East Asia, the heavy burden of dowry payments and/or patriarchal traditions make parents prefer male children to female ones. The spread of GE's portable sonogram machines to clinics

across rural India brought low-cost fetal sex screening to millions—which meant that parents could now easily abort unwanted girls. Although in 1994 the Indian government passed a law prohibiting sex-selective abortion, the problem persists. In some parts of the country, as many as 140 boys are born for every 100 girls. Comparing the cost of an abortion to a future dowry, abortion clinics lure customers with advertisements warning that it is better to “pay 500 rupees now, save 50,000 rupees later.” Because abortion providers have continued to flout the 1994 law, in 2002 the Indian government amended it to make the manufacturers and distributors of sonogram equipment responsible for preventing female feticide.

To protect its ultrasound business and avoid legal damages, GE created a series of training programs, sales-screening procedures, and post-sale auditing processes designed to detect misuse, and it also put warning labels on its equipment. Nonetheless, GE was caught off-guard by the media campaign launched by Indian activists, who accused it of enabling female feticide. Before long, GE realized that if it hoped to continue to dominate the country's ultrasound market, it would have to confront the low status of women in Indian society. It met with activist groups and launched a poster campaign to change attitudes about women's rights. At the same time, it began to fund education for girls and to sponsor a hip, young Indian female tennis star as a progressive role model.

As often happens when the private sector gets involved in the touchy subject of women's rights in the developing world, the case of GE in India was disappointingly reactive. Too often, companies act only after they face a public relations problem,

The Global Glass Ceiling

whether being charged with female feticide or with hiring underage girls in sweatshops. Perhaps it is not surprising that multinational companies tend to approach the topic gingerly and belatedly, given the cultural sensitivities regarding women in many emerging markets and the fact that the senior management of local subsidiaries is often overwhelmingly male.

Slowly, however, attitudes are beginning to change. Partly in response to shareholder demands, some companies are becoming increasingly proactive regarding women's empowerment. In addition, investors have put more than \$2 trillion into socially responsible investment funds, which weigh both financial returns and societal impact. Although supporting women's rights is not yet a primary concern of most such funds, it is becoming an increasingly high-profile component of the larger social justice agenda that dictates how and where socially responsible investment funds invest. Meanwhile, the rise of female senior managers, board members, and CEOs in Western companies is also raising the profile of women's rights in the global corporate agenda.

Nike is one company that has decided to take a proactive approach to women's empowerment. Having been regularly hit in the 1990s with accusations of relying on sweatshop labor abroad, Nike instituted an elaborate inspection system to root out the worst labor practices among its suppliers. Along the way, it realized that many of its overseas factories were overwhelmingly staffed with female workers, meaning that the problems of oppressed girls and women—including a lack of education and access to health care, child marriage, vulnerability to HIV/AIDS, human trafficking, and domestic violence—were

its problems, too. In 2004, the company created the Nike Foundation, which invests in health, education, and leadership programs for adolescent girls in the developing world. So far, it has distributed close to \$100 million. Perhaps more important, Nike has deployed its powerful brand and marketing skills in support of young girls. In 2008, it launched *The Girl Effect*, a dramatic, smartly produced video that has since gone viral on the Internet.

In 2008, Goldman Sachs put its own recognizable brand and considerable resources behind female empowerment when it launched a program called 10,000 Women, a five-year, \$100 million global initiative to invest in business and management education for female entrepreneurs in developing countries. The initiative helps make up for the lack of business education available to women in the developing world: in all of Africa, for example, there are fewer than 3,000 women enrolled in local MBA courses. Goldman touts the program on the economic grounds that closing employment gender gaps in emerging markets stimulates growth. The company's CEO, Lloyd Blankfein, says that the program is a way of "manufacturing global GNP," which, in the long run, is good for Goldman. Early assessments in the press indicate that graduates of the program have seen increases in the revenues of their businesses and have hired more employees, thus growing local GNP and raising the economic stature of women. The 10,000 Women program is also funding new teachers and curricula to educate future generations of female entrepreneurs in Africa, Asia, Latin America, and the Middle East. Just as governments and international development organizations

Isobel Coleman

have realized that empowering women is much more than a human rights issue, leaders in the private sector, such as Goldman Sachs and Nike, are starting to understand that enhancing women's economic power is good business.

RANI THE RIVETER

A 2009 McKinsey survey of corporations with operations in emerging markets revealed that less than 20 percent of the companies had any initiatives focused on women. Their executives have simply not made the issue a strategic priority. Perhaps they should reconsider. According to the same study, three-quarters of those companies with specific initiatives to empower women in developing countries reported that their investments were already increasing their profits or that they expected them to do so soon. Such investments pay off by improving a company's talent pool and increasing employee productivity and retention. Corporations also benefit as new markets are created and existing ones expand. In the developing world especially, networks of female entrepreneurs are becoming increasingly important sales channels in places where the scarcity of roads and stores makes it difficult to distribute goods and services.

One example of how a corporation can simultaneously expand its business and empower women is Hindustan Unilever, India's largest consumer goods company. It launched its Shakti Entrepreneur Program in 2000 to offer microcredit grants to rural women who become door-to-door distributors of the company's household products. This sales network has now expanded to include nearly 50,000 women selling to more than three million homes

across 100,000 Indian villages. Not only do these women benefit from higher self-esteem and greater status within their families, but they invest their incomes in the health, nutrition, and education of their children, thereby helping lift their communities out of poverty. Hindustan Unilever, for its part, was able to open up a previously inaccessible market.

Training women as local distributors of goods and services is important, of course, but so is incorporating women-owned businesses into global supply chains. As giant retailers such as Walmart and Carrefour move aggressively into emerging markets, they are trying to buy more of their products, particularly food, directly from local producers—both to lower prices and to improve quality. With more than \$400 billion in annual sales, Walmart is the world's largest retailer, so its purchasing decisions have a cascading effect throughout the global supply chain. Its recent sensitivity to environmental issues, for example, is starting to transform how companies around the world produce goods. This February, it announced a plan to reduce the greenhouse gas emissions produced by its global supply chain by 20 million metric tons within five years; it plans to do this by forcing its suppliers to adjust how they source, manufacture, package, and transport their products.

Similarly, there are signs that Walmart is beginning to understand the importance of women's empowerment in the developing world, where it projects that most of its future growth will take place. Since almost 75 percent of its employees are women, the company has a clear interest in promoting women's economic empowerment in its new markets. Working alongside CARE, a humanitarian organization that

WHEN WOMEN HAVE SECURE LAND RIGHTS



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combats global poverty, Walmart has launched several pilot programs to teach literacy and workplace skills in the developing world. In Peru, it is helping female farmers meet the company's quality-control standards. In Bangladesh, it is training local women in the garment industry to move up from fabric sorters to seamstresses and cutters. Similarly, it is developing the skills of female cashew farmers in India so that they can progress from low-level pickers to high-end processors. Walmart expects to see increased productivity, higher quality, and greater diversity in its supply chain as a result. "We aren't engaging with Walmart solely for the financial resources they bring to the table," says Helene Gayle, president and CEO of CARE. "We are working together to make change on a global level. Walmart has enormous potential to transform women's lives in the emerging markets in which it operates."

It is ironic, of course, that Walmart is embracing women's empowerment in emerging markets even as it fights the largest class-action sex-discrimination lawsuit in U.S. history. (Walmart is accused of discriminating against women in pay and promotions.) Undoubtedly, its women's empowerment initiatives could have multiple motivations, including diverting negative public attention. But Walmart's efforts will be sustainable only to the extent that the company considers them central to its long-term growth and profitability and not just part of a public relations strategy. The potential for its female employees and suppliers in the developing world is enormous: if Walmart sourced just one percent of its sales from women-owned businesses, it would channel billions of dollars toward women's economic empowerment—far more than

what international development agencies could ever muster for such efforts.

Interestingly, one organization that seems to understand the power of using its supply chain to further women's economic empowerment is the U.S. military. In Afghanistan, the United States has made strengthening the role of women in Afghan society a central element of its counterinsurgency strategy. To this end, the U.S. military is experimenting with setting aside some contracts for Afghan women entrepreneurs to supply uniforms for the national police and army. Initial results in the fall of 2009 were disastrous, however: proposals came back with mistakes and with product samples in the wrong color, fabric, and sizes. In response, the U.S. military has held several training courses to educate Afghan businesswomen on how to meet quality standards and navigate the complicated "request for proposal" process. It is too early to tell if any women-owned companies will be able to fill large military orders—the minimum is for \$300,000 worth of goods—but according to news reports, the women who have participated in the program say that the experience has been invaluable.

ATTITUDE ADJUSTMENT

Companies that are interested in women's empowerment—whether driven by corporate social responsibility or by business strategy—now have more tools and support available to guide their investments than ever before. The World Bank is one example of an institution that is partnering with private-sector firms in this effort. For two decades, economists at the World Bank have been making the case that girls' education and women's

Isobel Coleman

economic empowerment are among the best investments that the developed world can make to reduce poverty and stimulate growth in the developing world. As Robert Zoellick, president of the World Bank, frequently says, “Gender equality is smart economics.” The World Bank’s Gender Action Plan invests in infrastructure in the developing world, in areas such as energy, transportation, agriculture, water, and sanitation, in ways that are specifically focused on promoting women’s economic empowerment. But the plan is short on resources, with only \$60 million in funding over four years. Not surprisingly, then, the World Bank is looking for other ways to steer funding toward women in the developing world. In April 2008, it launched the Global Private Sector Leaders Forum to engage corporate executives in developing countries. Already, the 23 member companies in the forum and the World Bank itself have committed to spending \$3 billion on goods and services from women-owned businesses over the next three years. Initially, much of this procurement will take place in developed economies, where women-owned business are more established and the commitments are easier to track. But these conditions are beginning to change, thanks to organizations such as WEConnect International, which certifies the operations of women-owned businesses in the developing world according to international standards. Although the Global Private Sector Leaders Forum is composed largely of blue-chip companies based in the United States, such as Boeing, Cisco, ExxonMobil, and Goldman Sachs, it also has a sprinkling of prominent companies from emerging-market economies, such as Egypt, India, Peru, and Turkey.

Governments in emerging-market countries are beginning to understand that to be competitive, they will need to respond to the growing demands of the global economy regarding women’s empowerment. For example, in 2008, Morocco retracted its reservations about the UN’s Convention on the Elimination of All Forms of Discrimination Against Women—the leading international treaty to protect women’s rights—partly so that it would become more attractive to foreign companies. Even Saudi Arabia, an oil-rich state that has rejected any international standards on women’s rights, is finding it harder to resist the demands of the global economy. In 2009, recognizing that it must upgrade its educational system to produce enough skilled professionals to fuel growth, it opened a new \$10 billion university for science and technology—and, for the first time in the country’s history, enrolled women alongside men.

THE FIVE-POINT PLAN

Five principles should guide the efforts of those corporations that are just now beginning to consider women’s empowerment as a strategic aspect of their emerging-market operations.

First, success must be defined and measured appropriately. Success cannot be reduced to the types of metrics now familiar in Western corporate suites, such as how many women are in senior management positions. Instead, corporations must track the most basic information about their female employees, suppliers, and customers in emerging markets. For example, do their female employees have access to financial services so that they can actually control their incomes? Do they have identity cards that allow them

to be counted as citizens? Do they need a male family member's permission to work? Since obstacles to female empowerment differ across regions, companies should rely on local market studies and work-force surveys to identify the relevant issues for corporate growth in each market.

Second, although donating money to women's empowerment initiatives is a good start, incorporating such objectives into actual business practices is even better. Bringing female farmers into the global supply chain probably has the most potential in this regard. In sub-Saharan Africa and South Asia, for example, although farm labor is more than 70 percent female, women tend to focus on subsistence crops rather than cash crops, a sector that men still dominate. Using women to increase sales also holds great possibility, as the experience of Hindustan Unilever shows. Even sectors that employ a low percentage of women, such as the extractive industries, could target women-owned businesses for support services, such as catering, laundry, office cleaning, and transportation.

Third, companies should concentrate on providing skills and resources to female entrepreneurs and business leaders. For some firms, this could mean expanding their financial services to female clients—not just credit but savings products, too. Or it could take the form of supporting an existing local organization that helps women obtain access to health care, identity cards, or property rights. Leadership training, as well as secondary and university education, is central to developing the next generation of female business leaders and managers.

Fourth, even though companies are understandably wary of being associated

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with controversy, they cannot deny that they have an interest in the outcome of conflicts taking place over the role of women in many developing countries. Important and growing markets, such as Indonesia, Nigeria, and Pakistan, are home to protracted debates between moderates and extremists. Such thorny subjects as child marriage, domestic violence, and women's access to reproductive health may seem off-limits to corporations. But consider just one example: rapid population growth in Nigeria, already Africa's most populous state, will strain the country's resources and threaten its stability, thus jeopardizing substantial Western investments. Similarly, decades of research have shown that societies with a disproportionately high number of men—as is the case where families prefer male children to female ones—are less stable and more prone to violence, which hinders economic growth.

Fifth, corporations should not try to reinvent methods that have already been perfected by others simply to appear innovative and committed. Instead, they should look to partner with the many excellent nonprofit organizations that have been working on issues of women's empowerment for decades. Organizations such as CARE, Vital Voices, and Women's World Banking are eager to work with the private sector to develop programs that can take advantage of corporations' expertise and assets, including their brands, employees, supplier bases, technology, and funding. Nike and ExxonMobil have formed a number of such partnerships. Likewise, Goldman Sachs is working with more than 70 academic institutions and nongovernmental organizations around the world to develop its 10,000 Women

initiative. Walmart, meanwhile, is working with CARE in Bangladesh, where the organization has more than 50 years of on-the-ground experience.

Closing the gender gap and improving women's rights in the Middle East, South Asia, and sub-Saharan Africa may take many generations, but the benefits will be huge—not only for the individual women and their families but also for global markets. As companies seek new sources of revenue in emerging economies, they will find that gender disparities pose an obstacle to doing business. The sooner the private sector works to overcome gender inequality, the better off the world—and companies' own bottom lines—will be. 🌍

Bridges To The Future

The longest and tallest cable-stayed bridge in the world is found in the south of France. The Millau Viaduct has a road deck that soars 890 feet above the ancient river Tarn, and a mast taller than the Eiffel Tower. Its elegant lines are replete with electronic sensors, so engineers can detect even a millimeter of movement by its main components.

Bridges more remarkable than this are rising around the globe, in old industrial regions such as northern England, coastal China, eastern Germany and Northeast Ohio. Built of innovation and collaboration rather than of concrete and steel, these economic bridges will cross the chasm of recession and link the prosperous, manufacturing-based past to future economic successes in low-carbon energy, bioscience and advanced materials.

The Rise of Regionalism in the World Economy



Metropolitan regions, comprised of cities, suburbs and rural areas working in concert, form the supports for these bridges to the future. As the Brookings Institution and the Greater Ohio Policy Center state in their 2009 report, *Restoring Prosperity*, "Metropolitan regions are the key functional units in the global economy today, and their ability to thrive will depend on their ability to collaborate."

At the core of these metropolitan regions are public research institutions like The University of Akron. They are the anchor institutions that generate the innovation,

develop the human capital, and enhance the quality of life that are the very building blocks of the global knowledge-based economy.

It required imagination, determination and collaboration to span a river valley that some insisted could not be bridged. Those same qualities are at work today, building the new economies of the future.

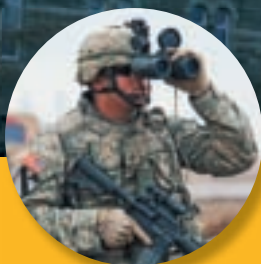


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Essays



Simply by securing its economic needs,
China is shifting the balance
of power in the Eastern Hemisphere.

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The Geography of Chinese Power

How Far Can Beijing Reach on Land and at Sea?

Robert D. Kaplan

THE ENGLISH geographer Sir Halford Mackinder ended his famous 1904 article, “The Geographical Pivot of History,” with a disturbing reference to China. After explaining why Eurasia was the geostrategic fulcrum of world power, he posited that the Chinese, should they expand their power well beyond their borders, “might constitute the yellow peril to the world’s freedom just because they would add an oceanic frontage to the resources of the great continent, an advantage as yet denied to the Russian tenant of the pivot region.” Leaving aside the sentiment’s racism, which was common for the era, as well as the hysterics sparked by the rise of a non-Western power at any time, Mackinder had a point: whereas Russia, that other Eurasian giant, basically was, and is still, a land power with an oceanic front blocked by ice, China, owing to a 9,000-mile temperate coastline with many good natural harbors, is both a land power and a sea power. (Mackinder actually feared that China might one day conquer Russia.) China’s virtual reach extends from Central Asia, with all its mineral and hydrocarbon wealth, to the main shipping lanes of the Pacific Ocean.

ROBERT D. KAPLAN is a Senior Fellow at the Center for a New American Security and a correspondent for *The Atlantic*. His book *Monsoon: The Indian Ocean and the Future of American Power* will be published in the fall. For an annotated guide to this topic, see “What to Read on Geopolitics” at www.foreignaffairs.com/readinglists/geopolitics.

Later, in *Democratic Ideals and Reality*, Mackinder predicted that along with the United States and the United Kingdom, China would eventually guide the world by “building for a quarter of humanity a new civilization, neither quite Eastern nor quite Western.”

China’s blessed geography is so obvious a point that it tends to get overlooked in discussions of the country’s economic dynamism and national assertiveness. Yet it is essential: it means that China will stand at the hub of geopolitics even if the country’s path toward global power is not necessarily linear. (China has routinely had GDP growth rates of more than ten percent annually over the past 30 years, but they almost certainly cannot last another 30.) China combines an extreme, Western-style modernity with a “hydraulic civilization” (a term coined by the historian Karl Wittfogel to describe societies that exercise centralized control over irrigation) that is reminiscent of the ancient Orient: thanks to central control, the regime can, for example, enlist the labor of millions to build major infrastructure. This makes China relentlessly dynamic in ways that democracies, with all of their temporizing, cannot be. As China’s nominally Communist rulers—the scions of some 25 dynasties going back 4,000 years—are absorbing Western technology and Western practices, they are integrating them into a disciplined and elaborate cultural system with a unique experience in, among other things, forming tributary relationships with other states. “The Chinese,” a Singaporean official told me early this year, “charm you when they want to charm you, and squeeze you when they want to squeeze you, and they do it quite systematically.”

China’s internal dynamism creates external ambitions. Empires rarely come about by design; they grow organically. As states become stronger, they cultivate new needs and—this may seem counterintuitive—apprehensions that force them to expand in various forms. Even under the stewardship of some of the most forgettable presidents—Rutherford Hayes, James Garfield, Chester Arthur, Benjamin Harrison—the United States’ economy grew steadily and quietly in the late nineteenth century. As the country traded more with the outside world, it developed complex economic and strategic interests in far-flung places. Sometimes, as in South America and the Pacific region, for example, these interests justified military action. The United States was also able to start focusing outward during that period because it had consolidated

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the interior of the continent; the last major battle of the Indian Wars was fought in 1890.

China today is consolidating its land borders and beginning to turn outward. China's foreign policy ambitions are as aggressive as those of the United States a century ago, but for completely different reasons. China does not take a missionary approach to world affairs, seeking to spread an ideology or a system of government. Moral progress in international affairs is an American goal, not a Chinese one; China's actions abroad are propelled by its need to secure energy, metals, and strategic minerals in order to support the rising living standards of its immense population, which amounts to about one-fifth of the world's total.

To accomplish this task, China has built advantageous power relationships both in contiguous territories and in far-flung locales rich in the resources it requires to fuel its growth. Because what drives China abroad has to do with a core national interest—economic survival—China can be defined as an über-realist power. It seeks to develop a sturdy presence throughout the parts of Africa that are well endowed with oil and minerals and wants to secure port access throughout the Indian Ocean and the South China Sea, which connect the hydrocarbon-rich Arab-Persian world to the Chinese seaboard. Having no choice in the matter, Beijing cares little about the type of regime with which it is engaged; it requires stability, not virtue as the West conceives of it. And because some of these regimes—such as those in Iran, Myanmar (also known as Burma), and Sudan—are benighted and authoritarian, China's worldwide scouring for resources brings it into conflict with the missionary-oriented United States, as well as with countries such as India and Russia, against whose own spheres of influence China is bumping up.

To be sure, China is not an existential problem for these states. The chance of a war between China and the United States is remote; the Chinese military threat to the United States is only indirect. The challenge China poses is primarily geographic—notwithstanding critical issues about debt, trade, and global warming. China's emerging area of influence in Eurasia and Africa is growing, not in a nineteenth-century imperialistic sense but in a more subtle manner better suited to the era of globalization. Simply by securing its economic needs,



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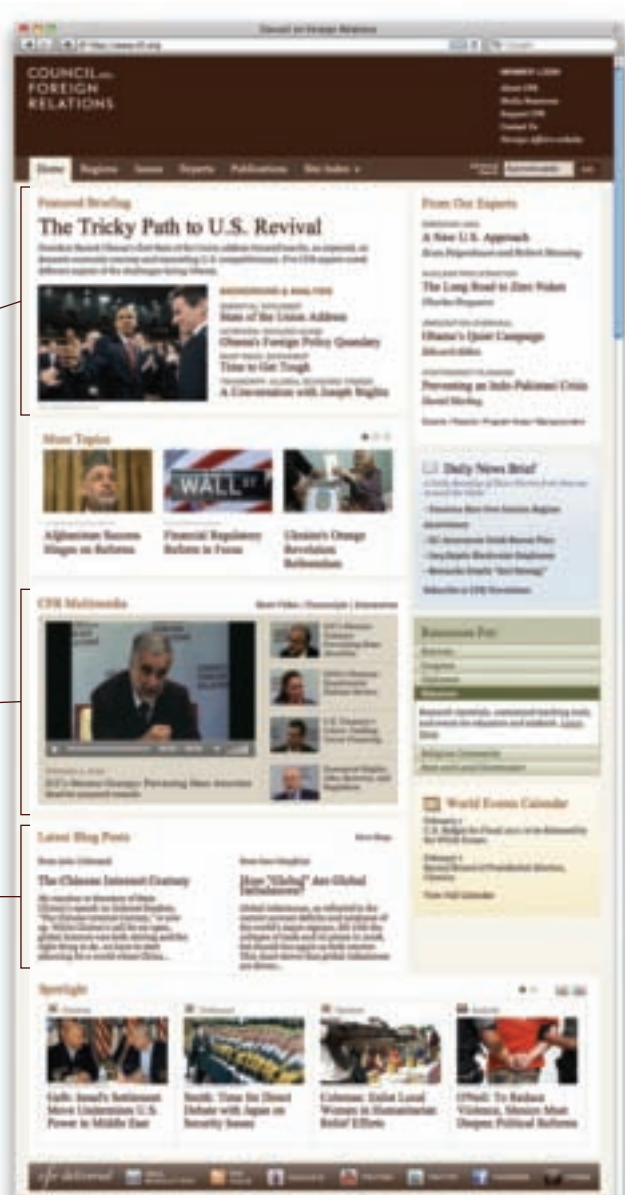
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China is shifting the balance of power in the Eastern Hemisphere, and that must mightily concern the United States. On land and at sea, abetted by China's favorable location on the map, Beijing's influence is emanating and expanding from Central Asia to the South China Sea, from the Russian Far East to the Indian Ocean. China is a rising continental power, and, as Napoleon famously said, the policies of such states are inherent in their geography.

IRRITABLE BORDER SYNDROME

XINJIANG AND Tibet are the two principal areas within the Chinese state whose inhabitants have resisted the pull of Chinese civilization. This makes them imperial properties of Beijing, in a way. In addition, ethnic nationalist tensions in these areas are complicating Beijing's relationships with adjacent states.

"Xinjiang," the name of China's westernmost province, means "new dominion," and it refers to Chinese Turkestan, an area twice the size of Texas that lies far from China's heartland, across the Gobi Desert. China has been a state in some form for thousands of years, but Xinjiang formally became part of it only in the late nineteenth century. Since then, as the twentieth-century British diplomat Sir Fitzroy Maclean once put it, the history of the province "has been one of sustained turbulence," punctuated by revolts and various periods of independent rule well into the 1940s. In 1949, Mao Zedong's Communists marched into Xinjiang and forcibly integrated the province into the rest of China. But as recently as 1990 and again last year, ethnic Turkic Uighurs—descendants of the Turks who ruled Mongolia in the seventh and eighth centuries—rioted against Beijing's rule.

The Uighurs in China number about eight million and make up less than one percent of China's population, but they account for 45 percent of Xinjiang's. China's majority Han population is heavily concentrated in the lowlands in the center of the country and by the Pacific, whereas the drier plateaus in the country's west and southwest are the historical homes of the Uighur and Tibetan minorities. This distribution is a continuing source of tension, because in Beijing's eyes, the modern Chinese state should exert total control over these tablelands. In order to secure these areas—and the oil, natural gas,

Robert D. Kaplan

copper, and iron ore in their soil—Beijing has for decades been populating them with Han Chinese from the country's heartland. It has also been aggressively courting the independent ethnic Turkic republics of Central Asia, partly to deprive the Uighurs of Xinjiang of any possible rear base.

Beijing has also been courting Central Asian governments in order to expand its sphere of influence; China already stretches far into Eurasia, but not far enough given its demand for natural resources. Beijing's sway in Central Asia takes the form of two soon-to-be-completed major pipelines to Xinjiang: one to carry oil from the Caspian Sea across Kazakhstan, the other to carry natural gas from Turkmenistan across Uzbekistan and Kazakhstan. China's hunger for natural resources also means that Beijing will take substantial risks to secure them. It is mining for copper south of Kabul, in war-torn Afghanistan, and has its eye on the region's iron, gold, uranium, and precious gems (the region has some of the world's last untapped deposits). Beijing hopes to build roads and energy pipelines through Afghanistan and Pakistan as well, linking up its budding Central Asian dominion to ports on the Indian Ocean. China's strategic geography would be enhanced if the United States stabilized Afghanistan.

Like Xinjiang, Tibet is essential to China's territorial self-conception, and like Xinjiang, it affects China's external relations. The mountainous Tibetan Plateau, rich in copper and iron ore, accounts for much of China's territory. This is why Beijing views with horror the prospect of Tibetan autonomy, let alone independence, and why it is frantically building roads and railroads across the area. Without Tibet, China would be but a rump—and India would add a northern zone to its subcontinental power base.

With its one-billion-plus population, India already is a blunt geographic wedge in China's zone of influence in Asia. A map of "Greater China" in Zbigniew Brzezinski's 1997 book *The Grand Chessboard* makes this point vividly. To some degree, China and India are indeed destined by geography to be rivals: neighbors with immense populations, rich and venerable cultures, and competing claims over territory (for example, the Indian state of Arunachal Pradesh). The issue of Tibet only exacerbates these problems. India has been hosting the Dalai Lama's government in exile since 1957, and according to



Daniel Twining, a senior fellow at the German Marshall Fund, recent Chinese-Indian border tensions “may be related to worries in Beijing over the Dalai Lama’s succession”: the next Dalai Lama might come from the Tibetan cultural belt that stretches across northern India, Nepal, and Bhutan, presumably making him even more pro-Indian and anti-Chinese. China and India will play a “great game” not only in those areas but also in Bangladesh and Sri Lanka. Xinjiang and

Robert D. Kaplan

Tibet fall within China's legal borders, but the Chinese government's tense relations with the peoples of both provinces suggest that as Beijing expands its influence beyond its ethnic Han core, it is bound to encounter resistance.

CREEPING CONTROL

EVEN WHERE China's borders are secure, the country's very shape makes it appear as though it is dangerously incomplete—as if parts of an original Greater China had been removed. China's northern border wraps around Mongolia, a giant territory that looks like it was once bitten out of China's back. Mongolia has one of the world's lowest population densities and is now being threatened demographically by an urban Chinese civilization next door. Having once conquered Outer Mongolia to gain access to more cultivable land, Beijing is poised to conquer Mongolia again, after a fashion, in order to satisfy its hunger for the country's oil, coal, uranium, and rich, empty grasslands. Chinese mining companies have been seeking large stakes in Mongolia's underground assets because unchecked industrialization and urbanization have turned China into the world's leading consumer of aluminum, copper, lead, nickel, zinc, tin, and iron ore; China's share of the world's metal consumption has jumped from ten percent to 25 percent since the late 1990s. With Tibet, Macao, and Hong Kong already under Beijing's control, China's dealings with Mongolia will be a model for judging the degree to which China harbors imperialist intentions.

North of Mongolia and of China's three northeastern provinces lies Russia's Far East region, a numbing vastness twice the size of Europe with a meager and shrinking population. The Russian state expanded its reach into this area during the nineteenth century and the early twentieth century, while China was weak. Now, China is strong, and the Russian government's authority is nowhere as feeble as it is in the eastern third of the country. Just across the border from the roughly seven million Russians who live in the Russian Far East—a figure that could fall as low as 4.5 million by 2015—in the three abutting Chinese provinces, live some 100 million Chinese: the population density is 62 times as great on the Chinese side as on the Russian side. Chinese migrants have been filtering into Russia, settling



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The Geography of Chinese Power

in large numbers in the city of Chita, north of Mongolia, and elsewhere in the region. Resource acquisition is the principal goal of China's foreign policy everywhere, and Russia's sparsely populated Far East has large reserves of natural gas, oil, timber, diamonds, and gold. "Moscow is wary of large numbers of Chinese settlers moving into this region, bringing timber and mining companies in their wake," David Blair, a correspondent for London's *Daily Telegraph*, wrote last summer.

As with Mongolia, the fear is not that the Chinese army will one day invade or formally annex the Russian Far East. It is that Beijing's creeping demographic and corporate control over the region—parts of which China held briefly during the Qing dynasty—is steadily increasing. During the Cold War, border disputes between China and the Soviet Union brought hundreds of thousands of troops to this Siberian back of beyond and sometimes ignited into clashes. In the late 1960s, these tensions led to the Sino-Soviet split. Geography could drive China and Russia apart, since their current alliance is purely tactical. This could benefit the United States. In the 1970s, the Nixon administration was able to take advantage of the rift between Beijing and Moscow to make an opening toward China. In the future, with China the greater power, the United States might conceivably partner with Russia in a strategic alliance to balance against the Middle Kingdom.

SOUTHERN PROMISES

CHINA'S INFLUENCE is also spreading southeast. In fact, it is with the relatively weak states of Southeast Asia that the emergence of a Greater China is meeting the least resistance. There are relatively few geographic impediments separating China from Vietnam, Laos, Thailand, and Myanmar. The natural capital of a sphere of influence centering on the Mekong River and linking all the countries of Indochina by road and river would be Kunming, in China's Yunnan Province.

The largest country of mainland Southeast Asia is Myanmar. If Pakistan is the Balkans of Asia, at risk of being dismembered, Myanmar is like early-twentieth-century Belgium, at risk of being overrun by

Robert D. Kaplan

its great neighbors. Like Mongolia, the Russian Far East, and other territories on China's land borders, Myanmar is a feeble state abundant in the natural resources that China desperately needs. China and India are competing to develop the deep-water port of Sittwe, on Myanmar's Indian Ocean seaboard, with both harboring the hope of eventually building gas pipelines running from offshore fields in the Bay of Bengal.

As for the region as a whole, Beijing has in some respects adopted a divide-and-conquer strategy. In the past, it negotiated with each country in ASEAN (the Association of Southeast Asian Nations) separately, not with all of them as a unit. Even its newly inaugurated agreement on a free-trade area with ASEAN demonstrates how China continues to develop profitable relationships with its southern neighbors. It uses ASEAN as a market for selling high-value Chinese manufactured goods while buying from it low-value agricultural produce. This has led to Chinese trade surpluses, even as ASEAN countries are becoming a dumping ground for industrial goods produced by China's cheap urban labor.

This is occurring as the once strong state of Thailand, which has been shaken by domestic political problems lately, plays less and less of a role as a regional anchor and inherent counterweight to China. The Thai royal family, with its ailing king, cannot be as much of a stabilizing force as it once was, and factionalism is roiling the Thai military. (China is developing a bilateral military relationship with Thailand, as well as building such relationships with other Southeast Asian countries, even as the United States is focusing less on military exercises in the region in order to concentrate on its wars in Afghanistan and Iraq.) To Thailand's south, both Malaysia and Singapore are heading into challenging democratic transitions as their nation-building strongmen, Mahathir bin Mohamad and Lee Kuan Yew, respectively, pass from the scene. Malaysia is further coming under the shadow of China economically, even as its ethnic Chinese population feels threatened by the majority Muslim Malays. And the government of Singapore, even though Singapore is a state whose population is mostly ethnic Chinese, fears becoming a vassal of China; for years now, it has nurtured a military training relationship with Taiwan. Lee has publicly urged the United States to stay engaged in the region,

militarily and diplomatically. Indonesia, for its part, is caught between needing the United States' naval presence to hedge against China and fearing that if it looks too much like a U.S. ally it will anger the rest of the Islamic world. As the United States' power in Southeast Asia passes its prime and China's rises, states in the region are increasingly cooperating with one another to mitigate Beijing's divide-and-conquer strategy. Indonesia, Malaysia, and Singapore have banded together against piracy, for example. The more self-reliant these states can become, the less threatened they will be by China's rise.

IN THE ARMY

CENTRAL ASIA, Mongolia, the Russian Far East, and Southeast Asia are natural zones of Chinese influence. But they are also zones whose political borders are unlikely to change. The situation on the Korean Peninsula is different: the map of China is particularly truncated there, and there political borders could well shift.

The hermetic North Korean regime is fundamentally unstable, and its unraveling could affect the whole region. Jutting out from Manchuria, the Korean Peninsula commands all maritime traffic to and from northeastern China. No one really expects China to annex any part of the Korean Peninsula, of course, yet China remains inconvenienced by the sovereignty of other states there, particularly in the north. And although it supports Kim Jong Il's Stalinist regime, it has plans for the peninsula beyond his reign. Beijing would like to eventually send back the thousands of North Korean defectors who now are in China so that they could build a favorable political base for Beijing's gradual economic takeover of the Tumen River region, where China, North Korea, and Russia meet and which has good port facilities across from Japan on the Pacific Ocean.

This is one reason why Beijing would prefer to see a far more modern, authoritarian state develop in North Korea—such a state would create a buffer between China and the vibrant, middle-class democracy of South Korea. But reunification on the Korean Peninsula would also eventually benefit Beijing. A reunified Korea would be nationalist and harbor some hostility toward China and Japan, both of which have sought to occupy it in the past. But Korea's enmity

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toward Japan is significantly greater than its enmity toward China. (Japan occupied the peninsula from 1910 to 1945, and Seoul and Tokyo continue to argue over the status of the Tokdo/Takeshima islets.)

China will project hard power abroad primarily through its navy.

Economic relations would be stronger with China than with Japan: a unified Korea would be more or less under Seoul's control, and China already is South Korea's biggest trading partner. Finally, a reunified Korea that tilted slightly toward Beijing and away from Japan would have little reason

to continue hosting U.S. troops. In other words, it is easy to conceive of a Korean future within a Greater China and a time when the United States' ground presence in Northeast Asia will diminish.

As the example of the Korean Peninsula shows, China's land borders beckon with more opportunities than hazards. As Mackinder suggested, China seems to be developing as a great land and sea power that will at the very least overshadow Russia in Eurasia. The political scientist John Mearsheimer wrote in *The Tragedy of Great Power Politics* that "the most dangerous states in the international system are continental powers with large armies." This might be reason to fear China's influence as the country becomes more of a continental power. But China only partially fits Mearsheimer's description: its army, 1.6 million strong, is the largest in the world, but it will not have an expeditionary capability for years to come. The People's Liberation Army did respond to the earthquake emergency in Sichuan in 2008, to recent ethnic unrest in Tibet and Xinjiang, and to the security challenge posed by the 2008 Olympics in Beijing. However, according to Abraham Denmark of the Center for a New American Security, this shows only that the PLA can move troops from one end of continental China to another, not that it can yet move supplies and heavy equipment at the rate required for military deployments. Perhaps gaining such a capability does not much matter anyway, since the PLA is unlikely to cross China's borders other than by miscalculation (if there is another war with India) or to fill a void (if the North Korean regime collapses). China can fill power vacuums on its vast frontiers through demographic and corporate means, without needing the backup of an expeditionary ground force.

The Geography of Chinese Power

China's unprecedented strength on land is partly thanks to Chinese diplomats, who in recent years have busily settled many border disputes with Central Asian republics, Russia, and other neighbors (India is the striking exception). The significance of this change cannot be overstated. There no longer is an army bearing down on Manchuria; during the Cold War, that ominous presence had forced Mao to concentrate China's defense budget on its army and neglect its navy. As the Great Wall attests, China had been preoccupied with land invasions of one sort or another since antiquity. No longer.

GETTING SEA LEGS

THANKS TO this favorable situation on land, China is now free to work at building a great navy. Whereas coastal city-states and island nations pursue sea power as a matter of course, doing so is a luxury for historically insular continental powers such as China. In China's case, this might be a luxury that is fairly easy to acquire since the country is as blessed by its seaboard as by its continental interior. China dominates the East Asian coastline in the temperate and tropical zones of the Pacific, and its southern border is close enough to the Indian Ocean that it might one day be linked to it by roads and energy pipelines. In the twenty-first century, China will project hard power abroad primarily through its navy.

That said, it faces a far more hostile environment at sea than it does on land. The Chinese navy sees little but trouble in what it calls the "first island chain": the Korean Peninsula, the Kuril Islands, Japan (including the Ryukyu Islands), Taiwan, the Philippines, Indonesia, and Australia. All except for Australia are potential flashpoints. China is already embroiled in various disputes over parts of the energy-rich ocean beds of the East China Sea and the South China Sea: with Japan over the Diaoyu/Senkaku Islands and with the Philippines and Vietnam over the Spratly Islands. Such disputes allow Beijing to stoke nationalism at home, but for Chinese naval strategists, this seascape is mostly grim. This first island chain is, in the words James Holmes and Toshi Yoshihara of the U.S. Naval War College, a kind of "Great Wall in reverse": a well-organized line of U.S. allies that serve as a sort of guard tower to monitor and possibly block China's access to the Pacific Ocean.

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China's answer to feeling so boxed in has been aggressive at times. Naval power is usually more benign than land power: navies cannot by themselves occupy vast areas and must do far more than fight—namely, protect commerce. Thus, one might have expected China to be as benevolent as other maritime nations before it—Venice, Great Britain, the United States—and to concern itself primarily, as those powers did, with preserving a peaceful maritime system, including the free movement of trade. But China is not so self-confident. Still an insecure sea power, it thinks about the ocean territorially: the very terms “first island chain” and “second island chain” (the second island chain includes the U.S. territories of Guam and the Northern Mariana Islands) suggest that the Chinese see all these islands as archipelagic extensions of the Chinese landmass. In thinking in such a zero-sum fashion about their country's adjoining seas, China's naval leaders are displaying the aggressive philosophy of the turn-of-the-twentieth-century U.S. naval strategist Alfred Thayer Mahan, who argued for sea control and the decisive battle. But they do not yet have the blue-water force to apply it, and this discrepancy between aspirations and means has led to some awkward incidents over the past few years. In October 2006, a Chinese submarine stalked the USS *Kitty Hawk* and then surfaced within a torpedo's firing range of it. In November 2007, the Chinese denied the USS *Kitty Hawk* carrier strike group entry into Victoria Harbor when it was seeking a respite from building seas and deteriorating weather. (The *Kitty Hawk* did make a visit to Hong Kong in 2010.) In March 2009, a handful of PLA navy ships harassed the U.S. surveillance ship the USNS *Impeccable* while it was openly conducting operations outside China's 12-mile territorial limit in the South China Sea, blocking its way and pretending to ram it. These are the actions not of a great power but of a still immature one.

China's assertiveness at sea is also demonstrated by its capital purchases. Beijing is developing asymmetric niche capabilities designed to block the U.S. Navy from entering the East China Sea and other Chinese coastal waters. China has modernized its destroyer fleet and has plans to acquire one or two aircraft carriers but is not acquiring warships across the board. Instead, it has focused on building new classes of conventional, nuclear attack, and ballistic missile submarines. According to Seth Cropsey, a former deputy undersecretary of the

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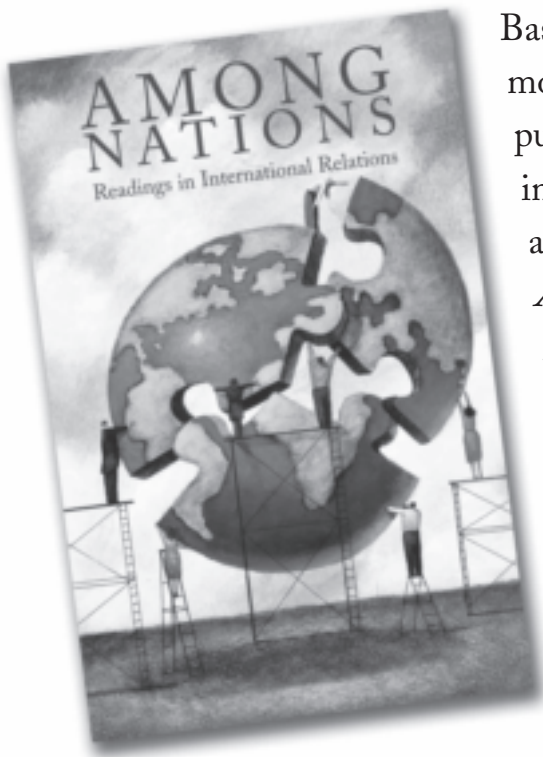
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U.S. Navy, and Ronald O'Rourke of the Congressional Research Service, China could field a submarine force larger than the U.S. Navy's, which has 75 submarines in commission, within 15 years. Moreover, the Chinese navy, says Cropsey, plans to use over-the-horizon radars, satellites, seabed sonar networks, and cyberwarfare in the service of antiship ballistic missiles. This, along with China's burgeoning submarine fleet, is designed to eventually deny the U.S. Navy easy access to significant portions of the western Pacific.

As part of its effort to control its offshore waters in the Taiwan Strait and the East China Sea, China is also improving its mine-warfare capability, buying fourth-generation jet fighters from Russia, and deploying some 1,500 Russian surface-to-air missiles along its coast. Furthermore, even as they are putting fiber-optic systems underground and moving their defense capabilities deep into western China, out of potential enemies' naval missile range, the Chinese are developing an offensive strategy to strike that icon of U.S. power, the aircraft carrier.

China is not going to attack a U.S. carrier anytime soon, of course, and it is still a long way from directly challenging the United States militarily. But its aim is to develop such capabilities along its seaboard to dissuade the U.S. Navy from getting between the first island chain and the Chinese coast whenever and wherever it wants. Since the ability to shape one's adversary's behavior is the essence of power, this is evidence that a Greater China is being realized at sea as on land.

STRAIGHT TO TAIWAN

MOST IMPORTANT to the advent of a Greater China is the future of Taiwan. The issue of Taiwan is often discussed in moral terms: Beijing talks about the need to consolidate the national patrimony and unify China for the good of all ethnic Chinese; Washington talks about preserving this model democracy. But the real issue is something else. As U.S. General Douglas MacArthur put it, Taiwan is an "unsinkable aircraft carrier" midway up China's seaboard. From there, say the naval strategists Holmes and Yoshihara, an outside power such as the United States can "radiate" power along China's coastal periphery. If Taiwan returned to the bosom of mainland China, the Chinese navy not only would suddenly be in an advantageous strategic position vis-à-vis

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the first island chain but also would be freed up to project power beyond it to an unprecedented degree. The adjective “multipolar” is thrown around liberally to describe the next world order; only the fusing of Taiwan with the Chinese mainland would mark the real emergence of a multipolar military order in East Asia.

According to a 2009 RAND study, by the year 2020, the United States will no longer be able to defend Taiwan from a Chinese attack. The Chinese, argues the report, will by that time be able to defeat the United States in a war in the Taiwan Strait even if the United States has F-22s, two carrier strike groups, and continued access to the Kadena Air Base, in Okinawa, Japan. The report emphasizes the air battle. The Chinese would still have to land tens of thousands of troops by sea and would be susceptible to U.S. submarines. Yet the report, with all its caveats, does highlight a disturbing trend. China is just 100 miles away from Taiwan, whereas the United States must project military power from half a world away and with more limited access to foreign bases than it had during the Cold War. China’s strategy to deny the U.S. Navy entry into certain waters is designed not only to keep U.S. forces away generally but also, specifically, to foster its dominance over Taiwan.

Beijing is preparing to envelop Taiwan not just militarily but economically and socially, too. Some 30 percent of Taiwan’s exports go to China. There are 270 commercial flights per week between Taiwan and the mainland. Two-thirds of Taiwanese companies have made investments in China in the last five years. Half a million tourists go from the mainland to the island annually, and 750,000 Taiwanese reside in China for about half of every year. Increasing integration appears likely; how it comes about, however, is uncertain and will be pivotal for the future of great-power politics in the region. If the United States simply abandons Taiwan to Beijing, then Japan, South Korea, the Philippines, Australia, and other U.S. allies in the Pacific Ocean, as well as India and even some African states, will begin to doubt the strength of Washington’s commitments. That could encourage those states to move closer to China and thus allow the emergence of a Greater China of truly hemispheric proportions.

This is one reason why Washington and Taipei must consider asymmetric ways to counter China militarily. The aim should be not to defeat China in a war in the Taiwan Strait but to make the prospect of war seem

prohibitively costly to Beijing. The United States could then maintain its credibility with its allies by keeping Taiwan functionally independent until China became a more liberal society. The Obama administration's announcement, in early 2010, that it would sell \$6.4 billion worth of weapons to Taiwan is thus vital to the United States' position vis-à-vis China, and in Eurasia overall. And the goal of transforming China domestically is not a pipe dream: the millions of Chinese tourists who travel to Taiwan see its spirited political talk shows and the subversive titles in its bookstores. And yet, somewhat counterintuitively, a more democratic China could be an even more dynamic great power than a repressive China would be, in an economic sense and hence in a military sense, too.

In addition to concentrating its forces on Taiwan, the Chinese navy is projecting more power in the South China Sea, China's gateway to the Indian Ocean and to the world's hydrocarbon transport route. The challenges of piracy, radical Islam, and the rise of India's navy reside all along the way, including near the bottlenecks through which a large proportion of China's oil tankers and merchant ships must pass. In terms of overall strategic significance, the South China Sea could become, as some have said, a "second Persian Gulf." Nicholas Spykman, the twentieth-century scholar of geopolitics, noted that throughout history, states have engaged in "circumferential and transmarine expansion" to gain control of adjacent seas. Greece sought control over the Aegean, Rome over the Mediterranean, the United States over the Caribbean—and now China over the South China Sea. Spykman called the Caribbean "the American Mediterranean" to underscore its importance to the United States. The South China Sea may become "the Asian Mediterranean" and the heart of political geography in coming decades.

LIQUID INSECURITIES

THERE IS, however, a contradiction at the heart of China's efforts to project power at sea in the Asian Mediterranean and beyond. On the one hand, China seems intent on denying U.S. vessels easy access to its coastal seas. On the other, it is still incapable of protecting its lines of communication at sea, which would make any attack on a U.S. warship futile, since the U.S. Navy could simply cut off Chinese en-

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ergy supplies by interdicting Chinese ships in the Pacific and Indian oceans. Why even bother trying to deny access if you never intend to enforce it? According to the defense consultant Jacqueline Newmyer, Beijing aims to create “a disposition of power so favorable” that “it will not actually have to use force to secure its interests.” Showcasing new weapons systems, building port facilities and listening posts in the Pacific and Indian oceans, giving military aid to littoral states located between Chinese territory and the Indian Ocean—none of these moves is secret; all are deliberate displays of power. Rather than fight the United States outright, the Chinese seek to influence U.S. behavior precisely so as to avoid a confrontation.

Nonetheless, there seems to be a hard edge to some of China’s naval activities. China is constructing a major naval base on the southern tip of Hainan Island, smack in the heart of the South China Sea, with underground facilities that could accommodate up to 20 nuclear and diesel-electric submarines. This is an exercise of Monroe Doctrine–style sovereignty over nearby international waters. China may have no intention of going to war with the United States today or in the future, but motives can change. It is better to track capabilities instead.

The current security situation at the edges of Eurasia is fundamentally more complicated than it was in the first years after World War II. As American hegemony ebbs and the size of the U.S. Navy declines or plateaus, while China’s economy and military grow, multipolarity will increasingly define power relationships in Asia. The United States is providing Taiwan with 114 Patriot air defense missiles and dozens of advanced military communications systems. China is building underground submarine pens on Hainan Island and developing antiship missiles. Japan and South Korea are continuing to modernize their fleets. India is building a great navy. Each of these states is seeking to adjust the balance of power in its favor.

This is why U.S. Secretary of State Hillary Clinton’s rejection of balance-of-power politics as a relic of the past is either disingenuous or misguided. There is an arms race going on in Asia, and the United States will have to face this reality when it substantially reduces its forces in Afghanistan and Iraq. Although no Asian state has any incentive to go to war, the risk of miscalculations about the balance of power will increase with time and with the buildup of air and naval

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forces in the region (if only by China and India). Tensions on land may reinforce tensions at sea: the power vacuums that China is now filling will in due course bring it into uneasy contact with, at a minimum, India and Russia. Once-empty spaces are becoming crowded with people, roads, pipelines, ships—and missiles. The Yale political scientist Paul Bracken warned in 1999 that Asia was becoming a closed geography and faced a crisis of “room.” That process has only continued since.

So can the United States work to preserve stability in Asia, protect its allies there, and limit the emergence of a Greater China while avoiding a conflict with Beijing? Offshore balancing may not be sufficient. As one former high-ranking Indian official told me early this year, major U.S. allies in Asia (such as India, Japan, Singapore, and South Korea) want the U.S. Navy and the U.S. Air Force to act in “concert” with their own forces—so that the United States will be an integral part of Asia’s landscape and seascape, not merely a force lurking over the distant horizon. There is a big difference between haggling with the United States over basing rights, as the Japanese have been doing recently, and wanting a wholesale withdrawal of U.S. forces.

One plan that has been making the rounds in the Pentagon argues that the United States could “counter Chinese strategic power . . . without direct military confrontation” with a U.S. fleet of just 250 ships (down from the 280 it has now) and a 15 percent cut in defense spending. This plan, designed by the retired U.S. Marine colonel Pat Garrett, is significant because it introduces into the Eurasian equation the strategic significance of Oceania. Guam and the Caroline, Marshall, Northern Mariana, and Solomon islands are all U.S. territories, commonwealths with defense agreements with the United States, or independent states that would probably be open to such agreements. Oceania will grow in importance because it is both relatively close to East Asia and outside the zone in which China is eager to deny easy access to U.S. warships. Guam is only a four-hour flight from North Korea and a two-day sail from Taiwan. It would be less provocative for the United States to keep bases in Oceania in the future than it has been for it to keep troops in Japan, South Korea, and the Philippines.

Andersen Air Force Base, on Guam, already is the most commanding platform from which the United States projects hard power anywhere. With 100,000 bombs and missiles and a store of 66 million

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gallons of jet fuel, it is the U.S. Air Force's biggest strategic "gas-and-go" facility in the world. Long lines of C-17 Globemasters and F/A-18 Hornets fill the base's runways. Guam is also home to a U.S. submarine squadron and is expanding as a naval base. It and the nearby Northern Mariana Islands are both almost equidistant from Japan and the Strait of Malacca. And the southwestern tip of Oceania—namely, the offshore anchorages of the Australian-owned Ashmore Islands and Cartier Islet and the adjacent seaboard of western Australia itself (from Darwin to Perth)—looks out from below the Indonesian archipelago toward the Indian Ocean. Thus, under Garrett's plan, the U.S. Navy and the U.S. Air Force could take advantage of Oceania's geography to constitute a "regional presence in being" located "just over the horizon" from the informal borders of a Greater China and the main shipping lanes of Eurasia. (The phrase "regional presence in being" echoes the British naval historian Sir Julian Corbett's "fleet in being" of a hundred years ago, which referred to a dispersed collection of ships that can quickly coalesce into a unified fleet if necessary. "Just over the horizon" reflects a confluence of offshore balancing and participation in a concert of powers.)

Strengthening the U.S. air and sea presence in Oceania would be a compromise approach between resisting a Greater China at all cost and assenting to a future in which the Chinese navy policed the first island chain. This approach would ensure that China paid a steep price for any military aggression against Taiwan. It would also allow the United States to scale back its so-called legacy bases on the first island chain but nonetheless allow U.S. ships and planes to continue to patrol the area.

The Garrett plan also envisions a dramatic expansion of U.S. naval activity in the Indian Ocean. It does not envision enlarging existing U.S. bases, however; it anticipates relying on bare-bones facilities in the Andaman Islands, the Comoros, the Maldives, Mauritius, Réunion, and the Seychelles (some of which are run directly or indirectly by France and India), as well as on defense agreements with Brunei, Malaysia, and Singapore. This would ensure free navigation and unimpeded energy flows throughout Eurasia. And by both de-emphasizing the importance of existing U.S. bases in Japan and South Korea and diversifying the United States' footprint around Oceania, the plan would do away with easy-to-target "master" bases.

The United States' hold on the first island chain is beginning to be pried loose anyway. Local populations have become less agreeable to the presence of foreign troops in their midst. And the rise of China makes Beijing intimidating and appealing at once—mixed feelings that could complicate the United States' bilateral relations with its Pacific allies. It is about time. The current crisis in U.S.-Japanese relations—which has arisen because the inexperienced Hatoyama government wants to rewrite the rules of the bilateral relationship in its favor even as it talks of developing deeper ties with China—should have occurred years ago. The United States' still extraordinarily paramount position in the Pacific Ocean is an outdated legacy of World War II, a function of the devastation that China, Japan, and the Philippines suffered during the conflict. Nor can the United States' presence on the Korean Peninsula, a byproduct of a war that ended over half a century ago, last forever.

A Greater China may be emerging politically, economically, or militarily in Central Asia, on the Indian Ocean, in Southeast Asia, and in the western Pacific. But just beyond this new realm will be a stream of U.S. warships, many perhaps headquartered in Oceania and partnering with naval forces from India, Japan, and other democracies. And in time, as China's confidence grows, its blue-water force could develop a less territorial approach and itself be drawn into a large regional naval alliance.

In the meantime, it is worth noting that, as the political scientist Robert Ross pointed out in 1999, in military terms, the relationship between the United States and China will be more stable than was the one between the United States and the Soviet Union. This is because of the particular geography of East Asia. During the Cold War, U.S. maritime power alone was insufficient to contain the Soviet Union; a significant land force in Europe was also required. But no such land force will ever be required around the edge of Eurasia, because even as the United States' land presence around the borders of a Greater China diminishes, the U.S. Navy will continue to be stronger than the Chinese navy.

Still, the very fact of China's rising economic and military power will exacerbate U.S.-Chinese tensions in the years ahead. To paraphrase Mearsheimer, the United States, the hegemon of the Western Hemisphere, will try to prevent China from becoming the hegemon of much of the Eastern Hemisphere. This could be the signal drama of the age. 🌐

Bigger Is Better

The Case for a Transatlantic Economic Union

Richard Rosecrance

THROUGHOUT HISTORY, states have generally sought to get larger, usually through the use of force. In the 1970s and 1980s, however, countervailing trends briefly held sway. Smaller countries, such as Japan, West Germany, and the “Asian tigers,” attained international prominence as they grew faster than giants such as the United States and the Soviet Union. These smaller countries—what I have called “trading states”—did not have expansionist territorial ambitions and did not try to project military power abroad. While the United States was tangled up in Vietnam and the Soviet Union in Afghanistan, trading states concentrated on gaining economic access to foreign territories, rather than political control. And they were quite successful.

But eventually the trading-state model ran into unexpected problems. Japanese growth stalled during the 1990s as U.S. growth and productivity surged. Many trading states were rocked by the Asian financial crisis of 1997–98, during which international investors took their money and went home. Because Indonesia, Malaysia, Thailand, and other relatively small countries did not have enough foreign capital to withstand the shock, they had to go into receivership. As Alan Greenspan, then the U.S. Federal Reserve chair, put it in 1999, “East Asia had no spare tires.” Governments there devalued their currencies and adopted high interest rates to survive, and they did not regain their former glory afterward.

RICHARD ROSECRANCE is an Adjunct Professor, a Senior Fellow, and Director of the Project on U.S.-China Relations at Harvard’s Kennedy School of Government.

Bigger Is Better

Russia, meanwhile, fell afoul of its creditors. And when Moscow could not pay back its loans, Russian government bonds went down the drain. Russia's problem was that although its territory was vast, its economy was small. China, India, and even Japan, on the other hand, had plenty of access to cash and so their economies remained steady. The U.S. market scarcely rippled.

Small trading states failed because the assumptions on which they operated did not hold. To succeed, they needed an open international economy into which they could sell easily and from which they could borrow easily. But when trouble hit, the large markets of the developed world were not sufficiently open to absorb the trading states' goods. The beleaguered victims in 1998 could not redeem their positions by quick sales abroad, nor could they borrow on easy terms. Rather, they had to kneel at the altar of international finance and accept dictation from the International Monetary Fund, which imposed onerous conditions on its help.

In the aftermath of the crisis, the small trading states vowed never to put themselves in a similar position again, and so they increased their access to foreign exchange through exports. Lately, they have proposed forming regional trade groups to get larger economically, by negotiating a preferential tariff zone in which to sell their goods and perhaps a currency zone in which to borrow cash.

CHALLENGE AND RESPONSE

GLOBAL MARKETS have grown dramatically in recent decades. The international consulting firm McKinsey & Company calculated that in 2007, world financial assets (including equities, private and public debt, and bank deposits) amounted to \$194 trillion, or 343 percent of the world's GDP. It is easy to see why smaller economies can be defenseless against shifts in the global market. Money coming into a country can be an unexpected (and sometimes unwanted) boon; money going out can spell disaster. Local inflation and deflation can occur as a result of the whims of untutored but powerful investors based far away on Wall Street or in the City of London. Should foreign investors lose faith in a small country's economy, for whatever reason, that country is in trouble.

During the recent global economic crisis, moreover, even the largest economies confronted huge losses as foreign and domestic

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investors removed funds or sold their holdings. From 2007 to 2008, stock markets worldwide depreciated by 50 percent. U.S. interest rates remained low only because China, Japan, and Europe continued to buy and hold U.S. securities; had these funds been removed, no amount of domestic spending (or printing of money) could have compensated. Even the biggest players, in other words, were too small to surmount the crisis on their own.

The world market, of course, has always been larger than its component parts, and it was in part to protect themselves from economic vulnerability that the great powers of the past sought to increase their size and strength. By 1897, the United Kingdom controlled an empire that covered one-quarter of the globe and included one-seventh of the world's population, as the historian Patrick O'Brien has documented. But even the British Empire did not control Russia, the United States, or the rest of Europe, and in 1929, an economic

The Great Depression and World War II forced even the major powers to recognize the limits of their individual capabilities.

crash originating on Wall Street undercut British imperial self-sufficiency. This proved that no purely political instrument could bring together the world market.

The Great Depression and World War II forced even the major powers to recognize the limits of their individual capabilities. In the aftermath of these traumas, Jean Monnet, a hitherto obscure broker from Cognac, convinced his French and, later, German

colleagues that the Western European states were too small to contend with the Soviet Union's huge landmass or the United States' vast industrial heartland. They could compete only if they came together, he argued. And thus began the process of European integration.

The 27 states that now compose the European Union will soon be accompanied by almost ten others, making Europe stretch from the Atlantic to the Caucasus. Member states have benefited from participating in an enlarged market extending beyond their national borders. The absence of tariffs in the EU allows greater cross-border commercial cooperation, which promotes specialization and efficiency and provides consumers in the member states with cheaper goods for purchase. Over time, as economists such as Andrew Rose and Jeffrey Frankel



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have shown, such trade zones increase their members' trade volume and GDP growth. There are also administrative advantages: southern and eastern European states with less advanced economies have found help and tutelage from veteran EU members and have not been allowed to fail (even if their fiscal policies have been reined in).

Something similar, if more gradual, has been occurring on the other side of the Atlantic as well, with the formation, in 1988, of the free-trade area between Canada and the United States and of the North American Free Trade Agreement, including Mexico, in 1994. In the 1980s, Canadian Prime Minister Brian Mulroney had worried that the Reagan administration, which was in financial trouble, might reduce Canada's access to the U.S. market. When Ronald Reagan agreed to a preferential trade agreement with Canada, Mexico's president, Carlos Salinas de Gortari, felt compelled to join, lest Mexican exports be excluded from the North American market. Although NAFTA is at best a pale replica of the EU (without courts, decision-making bodies, or a common currency), it paved the way for other efforts in Central and South America. The vaunted Free Trade Area of the Americas has not yet emerged, but there has been a proliferation of bilateral trade agreements containing implicit provisos that they could be merged into a larger unit later on.

In Asia, meanwhile, the Association of Southeast Asian Nations has become increasingly focused on economic unity since emerging in 1967 in the wake of a regional military crisis. As Europe further united, and particularly after the Asian financial crisis of 1997–98, ASEAN broadened its reach: China, Japan, and South Korea joined an ASEAN + 3 grouping in 1999, and Japan has proposed an Asian regional fund and has even floated the concept of an Asian currency union. These efforts have floundered on the inability of China and Japan to forge a consensus akin to that between France and Germany in Europe, but that does not mean they could not succeed at some later date, if there were to be a deeper Chinese-Japanese rapprochement.

Finally, in 2006, German Chancellor Angela Merkel—recognizing that the World Trade Organization's Doha Round of international trade negotiations would fail to reduce tariffs overall—proposed the establishment of a transatlantic free-trade area composed of the EU and the United States. If realized, this trade arrangement would encompass

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more than 50 percent of the world's GDP, providing a stimulus and an enlarged market for both U.S. and European industry. Hemmed in by Congress (which still has not ratified pending free-trade agreements with Colombia, Panama, or South Korea), U.S. President George W. Bush could not seriously take up Merkel's offer. But the deal might become more popularly attractive should the United States confront a slow economic recovery or even dip back into recession.

SIZE MATTERS

BEFORE THE twentieth century, states usually increased their power by attacking and absorbing others. In 1500, there were about 500 political units in Europe; by 1900, there were just 25—a consolidation brought about partly through marriage and dynastic expansion but largely through force.

In 1914, many statesmen thought that the Great War would consolidate the world even further, both within Europe and outside of it. Instead, the conflict led to the breakup of the Austro-Hungarian, Ottoman, and Russian empires and dealt their British and French counterparts a serious blow. Military force remained a successful means of territorial expansion outside Europe, however, and in the 1930s, Germany and Japan sought to establish new empires of their own. Their efforts were stopped during World War II, and the remaining European empires disintegrated during the 1950s, 1960s, and 1970s. The Soviet Union was the last to concede, emancipating all of its territories by 1991.

This splintering of global politics into more and smaller pieces, however, was inconsistent with the functional demands of global economics, which put a premium on size. The question of the late twentieth century, therefore, was how to construct larger economic units despite the discrediting of military expansion. Economic growth seemed a good bet, having worked for various powers in the past, and during the postwar era, the trading states had their heyday. But with that model having recently run into trouble as well, negotiated economic integration is becoming increasingly attractive.

Although the results of negotiated amalgamation are not the same as those of military conquest, they are likely to be more satisfactory and longer lasting. To be sure, an agglomeration of markets within a tariff

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zone does not guarantee political unity: as the EU shows, political disagreements still intrude, and participants often disagree on external policy. Yet the error is likely to be too much quietude, not aggression.

In the 1950s, the political scientist Karl Deutsch described how groups of countries could become so closely connected through the exchange of messages, values, migration, and trade that military conflict between them would essentially be ruled out. Norway-Sweden, Benelux, and the United States-Canada were cited as examples of such “pluralistic security communities.” Since Deutsch’s day, the EU has created another, forging a comparable connection between France and Germany and bringing others into their association. Subscription to the EU’s *acquis communautaire* (its current body of law) has a social impact among members. They do not think of breakup but rather think of the prospect of others’ joining.

Although the continent has no single decision-making center, its network has multiple nodes that hold the total complex together. The London-Frankfurt and Zurich-Milan corridors offer crucial economies of scale, as concentrations of expertise in finance, technology, and crafts greatly enhance efficiency. And in eastern Europe, a low-cost manufacturing sector is developing with links to hubs in France, Germany, and Italy. In 2008, 168 of the world’s 500 largest companies were based in the EU, compared with 153 in the United States.

Europe has fashioned a cost-effective response to the need for size that avoids the mistakes of yesteryear. The EU’s total GDP is higher than that of the United States and will remain so. And in addition to its internal growth, Europe can continue to expand geographically. China cannot take over India, Japan, or South Korea, but Europe can peacefully absorb its neighbors.

RESISTANCE IS FUTILE

THE UNITED STATES cannot ignore the need for size and the new means of attaining it and should recognize the developmental stimulus that would come from joining forces with Europe, the strongest economic power on earth.

A transatlantic economic association would not involve a political union. Nor would it mean a gathering of the world’s democracies,

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which do not necessarily have overlapping economic interests. Rather, it would mean combining the two most powerful economic regions of the globe, so that they could prosper more together than they would separately.

There are many theorists who still argue that geographic economic blocs are disadvantageous and potentially dangerous, providing little help for their members while increasing the risks of conflicts like those of the 1930s. Rather than paving the way for broader trade and political accords, these critics argue, such blocs hinder progress as they jockey for position with one another. Critics are right that the British, German, Japanese, and U.S. blocs did not cohere in the 1930s. But there was little foreign direct investment between them, nor production chains of the sort that join great economic powers today. Then, major countries sought to find and monopolize new sources of energy and raw materials, often following a mercantilist path in order to escape the constraining effects of foreign trade. The authoritarian powers also used violence as a tool for achieving economic and territorial gain.

But no great power today would think of solving its economic problems by military expansion. It could occupy neighboring areas but not assimilate large ones. It definitely could not guarantee extracting their raw materials, oil, or other natural resources, as such attempts would be vulnerable to local subversion. Military expansion, in other words, poses difficulties today that it did not 75 years ago, making the potential dangers of regional economic blocs less of a concern today.

The peaceful expansion of trade blocs today, moreover, is likely to bring outsiders in rather than keep them out. It has done so in Europe and to some degree in North America and Asia as well. Self-sufficient trade blocs are impossible and will not be sought after. The key to a successful trade group, in fact, is that as it grows, it attracts sellers from the outside.

What would China, India, and Japan do if the United States and the EU formed a trade partnership? They would not find an Asian pact a satisfactory rejoinder to the transatlantic combination. Since the major markets of the world are located in Europe and North America, Asian exporting nations would have to continue to sell to them. And if Japan eventually joined the partnership, the stakes for China and India would rise. China and India might not be significantly challenged if

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they could substitute domestic sales for exports. But even they, as big as they are, could not do so entirely. However important Chinese consumption becomes, it will not be able to sop up all the goods that China currently exports to technologically advanced and luxury markets in Europe, the United States, and Japan. To avoid falling behind, Beijing and New Delhi would need a continuing association with markets elsewhere.

What all this means is that the patterns of global politics and economics that have prevailed for the last half millennium are increasingly outmoded. During that period, eight out of the 11 instances of a new great power's rise led to a "hegemonic war." With a potential Chinese challenge looming in the 2020s, the odds would seem stacked in favor of conflict once again, and in other eras it would have made sense to bet on it.

Yet military conflict is not likely to occur this time around, because even if political power sometimes repels, today economic power attracts. The United States does not need to fight rising challengers such as China or India or even to balance one off against another. It can use its own market capacity, combined with that of Europe, to draw surging protocapitalist states into its web.

During the Cold War, the economic force of the West eventually surpassed and subverted even the heavy industrial growth of the Soviet economy. In the 1980s, the attractions of North Atlantic, Japanese, and even South Korean capitalism were a critical factor in Soviet leader Mikhail Gorbachev's decision to renew his country's economic and political system—and end the Cold War. They also helped stimulate Deng Xiaoping's reforms in China after 1978.

Now that the formula for capitalist economic success has become widely understood and been replicated, Western economic magnetism will stem not just from the triumphs of individual economies but from their development as an increasingly integrated group. The expansion and agglomeration of economies in Europe—and perhaps also across the Atlantic—will serve as a beacon for isolated successes such as those in Asia.

Washington can use its market capacity, combined with the European Union's, to draw protocapitalist states into its web.

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SCALE EFFECTS

THE NEED for a transatlantic economic union will become clearer should the U.S. economic recovery begin to flag. At some point, U.S. policymakers will recognize—and find a way to convince the country at large—that trade agreements with other nations are not a means of transferring U.S. production overseas but rather part of a robust recovery strategy to gain greater markets abroad. The crucial factor may be a recognition that such markets will not continue to open up without dramatic action. The failure of the Doha Round will become apparent, as will the fact that the only realistic response to that failure is to accept the EU's invitation to form a transatlantic free-trade area and essentially extend the U.S. market by almost half a billion people.

Such a move would be in keeping with broad and deep historical trends. The great French historian Fernand Braudel attributed countries' success in the Commercial Revolution of the sixteenth and seventeenth centuries to the size of their national markets. England gained over France and Holland because its market was large and undivided by internal tariff barriers. With the Industrial Revolution, international markets became central to economic success, and attempts to expand markets abroad became one of the driving factors in European imperialism.

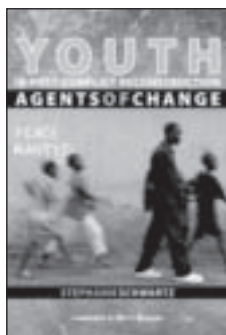
Military conquest lost its attraction following the two world wars, and for a period thereafter it seemed that trading states were charting a new path forward. But small was not beautiful, and as the world market continued to grow, trading states could not master it. Even great powers found themselves needing to negotiate larger markets through economic associations with others.

Given the failure of a truly global attempt at international commercial openness, the way to extend the range and vitality of the U.S. economy is through new customs unions and currency arrangements. These are important not only to overcome the recession's enduring effects but also to match the growth of rising powers. Combining forces economically increases growth for the countries involved, and in the twenty-first century, that can be done without the risk of economic fragmentation or geopolitical conflict. A transatlantic free-trade agreement would provide its members the economic scale they need now and attract others in the future. 🌐



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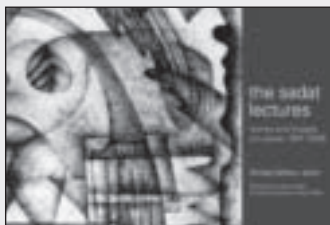
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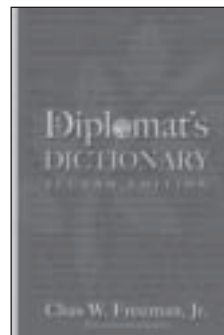
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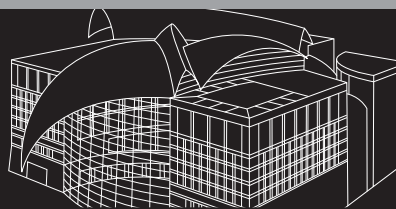
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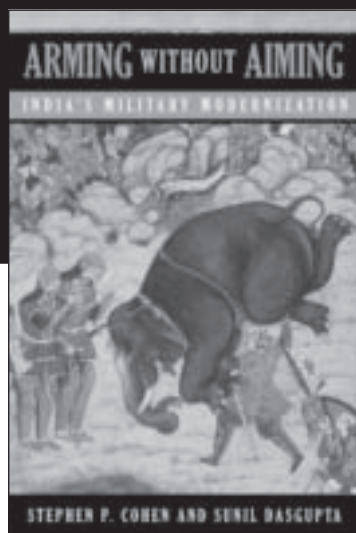
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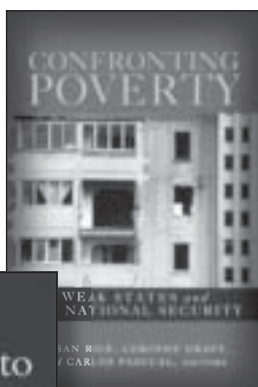
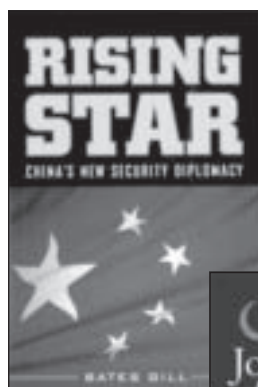


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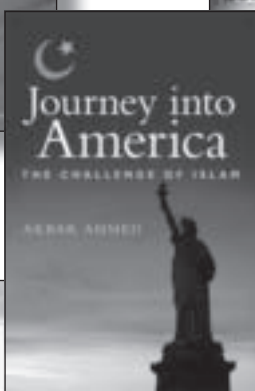
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And Justice for All

Enforcing Human Rights for the World's Poor

Gary Haugen and Victor Boutros

FOR A POOR person in the developing world, the struggle for human rights is not an abstract fight over political freedoms or over the prosecution of large-scale war crimes but a matter of daily survival. It is the struggle to avoid extortion or abuse by local police, the struggle against being forced into slavery or having land stolen, the struggle to avoid being thrown arbitrarily into an overcrowded, disease-ridden jail with little or no prospect of a fair trial. For women and children, it is the struggle not to be assaulted, raped, molested, or forced into the commercial sex trade.

Efforts by the modern human rights movement over the last 60 years have contributed to the criminalization of such abuses in nearly every country. The problem for the poor, however, is that those laws are rarely enforced. Without functioning public justice systems to deliver the protections of the law to the poor, the legal reforms of the modern human rights movement rarely improve the lives of those who need them most. At the same time, this state of functional lawlessness allows corrupt officials and local criminals to block or steal many of the crucial goods and services provided by the international development community. These abuses are both a moral tragedy and wholly counter-

GARY HAUGEN is President and CEO of International Justice Mission. VICTOR BOUTROS is a Federal Prosecutor in the Civil Rights Division of the U.S. Department of Justice. Both are lecturers at the University of Chicago Law School. The views expressed here are their own and not those of the U.S. Department of Justice.

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productive to the foreign aid programs of countries in the developed world. Helping construct effective public justice systems in the developing world, therefore, must become the new mandate of the human rights movement in the twenty-first century.

COLD CASES

IN A JUNE 2008 report, the United Nations estimated that four billion people live outside the protection of the rule of law. As the report concluded, “Most poor people do not live under the shelter of the law”; instead, they inhabit a world in which perpetrators of abuse and violence are unrestrained by the fear of punishment. In this world, virtually every component of the public justice system—police, defense lawyers, prosecutors, and courts—works against, not with, the poor in providing the protections of the law. Take, for example, the police. For most of the world’s poor, the local police force is their primary contact with the public justice system. The average poor person in the developing world has probably never met a police officer who is not, at best, corrupt or, at worst, gratuitously brutal. In fact, the most pervasive criminal presence for the global poor is frequently their own police forces. A 2006 study in Kenya, for example, revealed that 65 percent of those citizens polled reported difficulty obtaining help from the police, and 29 percent said they had to make “extraordinary efforts” to avoid problems with the police in the past year. According to a 1999 World Bank study, poor people in the developing world view the police as a group of “vigilantes and criminals” who actively harass, oppress, and brutalize them. Making matters worse is that in the cases in which local police officers are inclined to protect the poor, they frequently lack the training, resources, and mandate to conduct proactive investigations. As a result, when faced with danger or a crisis, the poor do not run to the police—they run away from them.

When a poor person does come into contact with the public justice system beyond the police, it is frequently because he or she has been charged with a crime. With incomes for the global poor hovering around \$1–\$2 a day, the average poor person cannot hope to pay legal fees. Many countries in the developing world do not recognize a right to indigent legal representation, leaving those who cannot afford

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a lawyer to navigate the legal process without an advocate. This means that a local official—or, for that matter, anyone in the community—can make an unsubstantiated accusation against a poor person that could put his or her liberty at risk without legal representation.

This problem is made worse by the simple scarcity of lawyers in the developing world. The average person in the developing world has never met a lawyer in his or her life. In the United States, there is approximately one lawyer for every 749 people. In Zambia, by contrast, there is only one lawyer for every 25,667 people; in Cambodia, there is one for every 22,402 people. There are more lawyers in the New York offices of some major law firms than there are in all of Zambia or Cambodia. Of this small class of lawyers, prosecutors represent an even tinier subset—and some of these are not even trained lawyers, and others, much like the police, extract bribes to drop cases. When cases are reported and referred for trial, there are frequently too few public prosecutors to handle the volume. This creates an enormous backlog, allowing cases to languish indefinitely on overloaded dockets.

Some experts, for example, have estimated that at the current rate, it would take 350 years for the courts in Mumbai, India, to hear all the cases on their books. According to the UN Development Program, India has 11 judges for every one million people. There are currently more than 30 million cases pending in Indian courts, and cases remain unresolved for an average of 15 years. Someone who is detained while awaiting trial in India often serves more than the maximum length of his or her prospective sentence even before a trial date is set. The International Center for Prison Studies at King's College London found that nearly 70 percent of Indian prisoners have never been convicted of any crime. Even those who are not held in custody before trial face difficulties: some courts are so far away that it is too costly or logistically challenging for the poor to reach them, and the cases are decided in their absence. In India, like in many countries in the developing world, judges and magistrates sometimes solicit bribes in exchange for favorable verdicts or, in other cases, to continue the case

The great legal reforms of the modern human rights movement often deliver only empty parchment promises to the poor.

Gary Haugen and Victor Boutros

indefinitely. Some courts do not even have access to the applicable legal texts, and judges consequently reach decisions without consulting the relevant legal standards.

In communities where *de facto* lawlessness reigns, even if a poor person is aware that he or she is being illegally abused, it is unlikely that such a person has ever seen a law against such abuse enforced on behalf of someone of similar social status. On the contrary, a poor person in the developing world is far more likely to know someone who has been a victim of the public justice system than a beneficiary of it. As a result, the idea of “law enforcement” is not one of the social mechanisms that most poor people in the developing world consider useful for navigating the threats of daily life.

A THIRD ERA?

THE MODERN human rights movement began in the years following World War II, when a number of scholars and diplomats began an effort to articulate and codify international standards on fundamental rights. Documents such as the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights—as well as conventions on discrimination, torture, children’s rights, and women’s rights—are the products of this movement. Over time, it produced a body of rights and norms to which all people of the world can lay claim. This work continues today, as international organizations and countries draft and amend treaties, conventions, and protocols that obligate states to extend fundamental legal protections to those within their borders.

If the first stage of the modern human rights movement was largely intellectual, the second was political. During this stage, the movement worked to embed the growing body of international norms into national law. Individual governments throughout the developing world began to enact reforms that protected political, civil, and economic rights. South Asian countries, for example, passed laws outlawing bonded slavery; African countries threw off centuries of traditional cultural practice and gave women the right to own and inherit land and to be free of ritual genital mutilation; Southeast Asian governments

And Justice for All

elevated the status of women and girls, creating new laws to protect them from sexual exploitation and trafficking; and Latin American countries adopted international standards for arrest and detention procedures and codified land reform rights. As a result of this global political movement, hundreds of millions of vulnerable and abused people became entitled to global standards of justice and equity under local law.

The tragic irony, however, is that the enforcement of these rights was left to utterly dysfunctional national law enforcement institutions. Most public justice systems in the developing world have their roots in the colonial era, when their core function was to serve those in power—usually the colonial state. As the colonial powers departed, authoritarian governments frequently took their place. They inherited the public justice systems of the colonial past, which they proceeded to use to protect their own interests and power, in much the same way that their colonial predecessors had. Rather than fulfill the post-colonial mandate of broad public service, the police and the judiciaries of the developing world often serve a narrow set of elite interests. The public justice systems of this part of the world were never designed to serve the poor, which means that there is often no credible deterrent to restrain those who commit crimes against them.

In the absence of functioning justice systems, the private sector has developed substitutes: instead of relying on the police for security, companies and wealthy individuals hire private security forces; instead of submitting commercial disputes to clogged and corrupt courts, they establish alternative dispute-resolution systems; and instead of depending on lawyers to push legal matters through the system, those with the financial means may seek and, in some cases, purchase political influence.

Without pressure from other powerful actors in society, elites have little or no incentive to build legal institutions that serve the poor. A properly functioning legal system would only limit their power—and require a substantial commitment of financial and human resources. At the moment, they see no serious benefits to justify the effort: for them, a functioning public justice system might, in fact, be a problem.

Two generations of global human rights efforts have been predicated—consciously or unconsciously—on assumptions about the effectiveness



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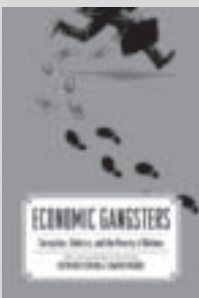
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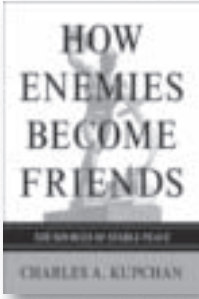
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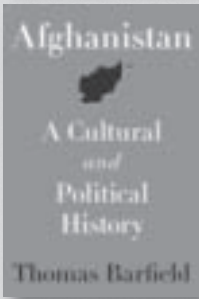
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of the public justice systems in the developing world. But those systems clearly lack effective enforcement tools; as a result, the great legal reforms of the modern human rights movement often deliver only empty parchment promises to the poor. In large part, the human rights community—which includes various UN bodies and agencies, government offices, nongovernmental organizations, and individual jurists and scholars—exists to defend the victimized, particularly where more powerful actors have little incentive to act on their behalf. Yet throughout the history of the modern human rights movement, this community has largely neglected the task of helping build public justice systems in the developing world that work for the poor.

THE HIGH COSTS OF LOW ENFORCEMENT

THE UNREALIZED potential of the human rights movement should not eclipse the significance of its enormous contributions over the last half century. Suppose that scientists had worked feverishly for two generations to develop and fill warehouses with miracle vaccines that hundreds of millions of vulnerable people desperately needed—but could not access. Theirs would be a great achievement, but the absence of an effective delivery system would present an urgent new priority for the international public health community. Similarly, after 60 years of developing and refining human rights law, few of the gains are reaching the people who need them most.

The absence of functioning public justice systems for the poor also jeopardizes half a century of development work, because there is no effective mechanism to prevent those in power from taking away or blocking access to the goods and services the development community is providing. Resources earmarked for aid efforts often never reach their intended beneficiaries. A World Bank study found that as much as 85 percent of aid flows are diverted away from their intended targets. To be sure, a considerable amount of the money and materials that go missing is siphoned off by corrupt leaders and high-level officials. But those resources that do reach local communities do not fare much better. Farming tools are of no use to widows whose land has been stolen, vocational training is not helpful for people who have been thrown in jail for refusing to pay a bribe, local medical clinics cannot treat bonded

And Justice for All

slaves who are not allowed to leave the factory even when they are sick, and microloans for new sewing machines do not benefit the poor if the profits are stolen by local police.

Similarly, a culture of impunity for such abuses undermines attempts to improve the health of the poor in the developing world. Take, for example, the damaging public health consequences of sex crimes. A 1994 World Bank report estimated that women in the developing world are as likely to die at the hands of an abuser as they are from cancer, and it found that their chances of being incapacitated by abuse are greater than their combined chances of being incapacitated by traffic accidents or malaria. A 2002 World Health Organization report, meanwhile, showed that in some countries, nearly two out of three women reported having been physically assaulted, and nearly half reported that their first instance of sexual intercourse was forced. The problem is pervasive. Surveys of villages in India cited by the United Nations reveal that in the 1990s, 16 percent of all maternal deaths during pregnancy came from domestic abuse. In Peru, about 40 percent of girls will be victims of rape or attempted rape by the age of 14. In parts of southern Africa, 78 percent of HIV-infected women and girls report having been raped—AIDS-education programs do little to help these women and children. As the sad facts surrounding sex crimes show, the unchecked violation of human rights in many parts of the developing world reflects an enforcement gap with disastrous effects on health, economic productivity, and stability.

PULLING UP SHORT

FEW, IF ANY, international human rights or development organizations focus on building public justice systems that work for the poor. Although the United Nations, some government agencies, and human rights organizations do important work in calling attention to human rights violations and lobbying for legal reforms, none measures its success by its ability to bring effective law enforcement to local communities in the developing world.

The problem is not that these groups fail to see the dysfunction of public justice systems in the developing world. Indeed, some of their

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researchers have been meticulously documenting this problem for decades. Why, then, have none of these agencies made the effectiveness of public justice systems a fundamental priority?

First, international human rights and development agencies may fear that building functioning public justice systems in the developing world is impossible. The evolution of these systems in the developed world suggests that such fear is unwarranted. A century ago, police and courts in the United States were nothing like the professional—albeit imperfect—U.S. law enforcement system that is now taken for granted. Instead, they resembled public justice systems in the developing world today. In 1894 and 1895, for example, the Lexow Committee in the New York State Senate collected testimony from hundreds of witnesses regarding pervasive extortion, bribery, counterfeiting, voter intimidation, election fraud, torture, and general brutality by the New York City Police Department. Police officers spoke openly of purchasing appointments to a particular rank or duty. The most lucrative assignments were in the red-light districts, where officers could extract hefty bribes in exchange for ignoring the criminal enterprises of brothel owners. This culture was challenged by a relatively small band of local crusaders and outsiders, who gained federal support to establish police and courts in New York City that were not controlled by patronage and corruption. Similar movements took place in other cities across the United States, and the deficiencies in public justice systems in the developing world today can be overcome in much the same way. Justice systems ruled by corruption, cronyism, and theft do not change by themselves—they need external pressure and resources.

Second, international human rights and development agencies may sense that larger bodies, such as the United Nations and the World Bank, are already undertaking such efforts. But sustained efforts to develop functioning public justice systems in poor countries have rarely been tried. Recently, there have been some attempts to build them as part of larger nation-building strategies in postconflict environments such as Afghanistan and Iraq. These efforts reflect a growing—if not desperate—recognition that public justice systems are fundamental to socioeconomic progress. To date, however, there have not yet been similar investments in more stable developing

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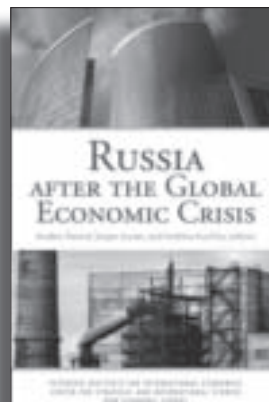


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countries, such as Bolivia, India, Indonesia, Kenya, or the Philippines, to name a few.

Much more money, intellectual effort, professional investment, and political and diplomatic capital have been poured into traditional development activities—fixing health care, distributing food, providing access to water, strengthening financial systems, and so on—than into supporting public justice systems. For example, excluding Afghanistan and Iraq, the United States allocated less than 1.5 percent of last year's foreign aid budget to rule-of-law programs.

When donor countries have invested in law enforcement training in the developing world, they have largely focused on transnational criminal issues, such as narcotics, arms trafficking, and terrorism. Such initiatives largely ignore the daily struggles that stem from the lack of legal protections for the global poor. And the little funding that has supported rule-of-law, anticorruption, and good governance programs has generally focused on reducing the theft or misappropriation of aid dollars or on strengthening legal protections for business and commerce. On those rare occasions when donors have invested in public justice systems with the goal of serving the indigenous public, the investments have been small, isolated, and ineffective.

CASEWORKERS FOR THE POOR

THE MODERN human rights movement must enter into a new era, shifting its focus from legal reform to law enforcement. In other words, the time has come to move human rights from wholesale to retail—to take the human rights promises stored in the warehouses of national law and deliver them to the poor standing in line for justice.

Admittedly, creating functioning public justice systems in the developing world will be difficult. It will require political will, steadfastness, and local knowledge and creativity. On the local level, approaches must focus on directly cultivating the political will and capacity of the police, prosecutors, and judges who are supposed to enforce the law on behalf of the poor. This could include providing financial assistance to build police and judicial units with salaries high enough to make petty corruption less likely; material resources that give police, prosecutors, social workers, and judges

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the basic tools of their trade; practical on-the-ground casework training; and legal aid and social services to the poor. These would be expensive investments, but they would represent a small fraction of the trillions of dollars that governments have spent on development aid—much of which has been of questionable long-term value given the absence of effective law enforcement systems for the poor. Indeed, rule-of-law aid and development aid are mutually reinforcing: as functioning public justice systems in the developing world mature, the poor will begin to fully reap the benefits of the enormous investments in development being made on their behalf.

At the state level, aid must focus on developing both the political will and the capacity of government elites to enforce existing laws.

This aid should target the diplomats, politicians, and policymakers

Rule-of-law aid and development aid are mutually reinforcing.

who set the agendas for the large cadres of enforcement personnel under their authority. To push this along, developed-country governments should link their international development assistance to the willingness of developing-country governments to

improve their public justice systems. One example of such a strategy is already working its way through the U.S. Congress: the Child Protection Compact Act would authorize U.S. government grants to developing countries that have demonstrated a commitment to combating child trafficking with effective tools, measured by concrete benchmarks. Likewise, the United States and other governments in the developed world should cut off or limit foreign aid to countries that are unwilling to improve their capacity to protect the poor from abuse and violence—especially since rampant lawlessness is likely to make any such assistance unproductive in the first place.

In places where central and local governments do show a willingness to reform, international agencies should be prepared to help. One promising model is called “collaborative casework.” In such programs, human rights lawyers and law enforcement professionals work with local officials to identify individual victims of violent abuse, extricate them from oppressive criminal enterprises, and support the prosecution of the perpetrators in the local public justice system. The International Justice Mission (IJM) has helped pioneer the

collaborative-casework approach over the last decade and has worked with local authorities to prosecute thousands of cases of violence against the poor.

A case-driven agency—whether it is a nongovernmental organization such as IJM or an office within the United Nations or within a national government—could select a particular geographic area and focus on a single abuse that is relatively uncontroversial and the targeting of which would not threaten the local political establishment—helping authorities in one city fight sexual violence against children, for example.

As part of this collaborative process, a case-driven agency builds the crime-fighting and judicial capacity of local police, prosecutors, and court officials. It identifies, for example, case after case of child rape and works with the relevant authorities to overcome any obstacles or chokepoints in the justice system. It does not publicly embarrass officials if they lack competence or integrity, except as a last resort—rather, it trains them in professional methods and facilitates their getting public credit for good work.

It is simply not true that all public authorities in the developing world are hopelessly corrupt, apathetic, and brutish. In places where the case-driven model has succeeded—such as in Cebu, in the Philippines, where two years of collaborative casework led by IJM resulted in a 70 percent reduction in the victimization of children in the commercial sex trade—it has required the courage and competence of local authorities. Such partners exist; they just need political support, training, and resources. When empowered, local law enforcement officials no longer treat serious crimes, such as child rape, as peripheral offenses. Instead, the effort to combat such crimes receives special training, international resources, and professional regard. As the authorities successfully solve and prosecute the kinds of cases that were once ignored, the poor and the underrepresented start to demand more justice. At the same time, dormant demands for the rule of law among the middle class are reignited, local leaders encouraged by these demands begin to emerge, and obstructionists begin to be marginalized.

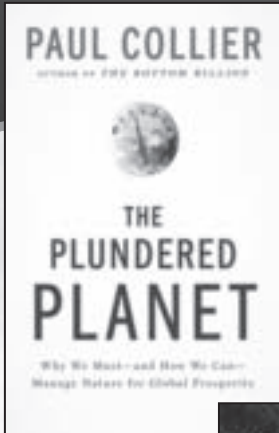
Over the last decade, IJM has used this model to provide legal assistance to nearly 15,000 individual clients in poor countries throughout

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Africa, Asia, and Latin America. There is no reason this approach cannot work on a larger scale with greater resources and investment. Working with local officials to protect against one category of abuse provides those officials with experience, allies, assets, and self-confidence, which then allow the justice system to work against other types of abuse—whether land seizures, forced labor, domestic violence, illegal detention, or police abuse.

To accomplish this goal, the human rights and development communities will have to restructure themselves to include those with the backgrounds and technical skills to diagnose and repair the ailments of broken public justice systems. Of course, these experts will not come with ready answers or quick solutions—but they will know where to start looking and will recognize what matters and what does not. And given even a small fraction of the time and money that have been devoted to fixing roads, improving health systems, providing clean water, and building schools in developing countries, they will begin to enable the poor to retain the benefits of such development assistance. On behalf of the billions of poor people in this world who are made small under the vast shadow of lawlessness, the time has come to construct a shelter of justice. 🌍

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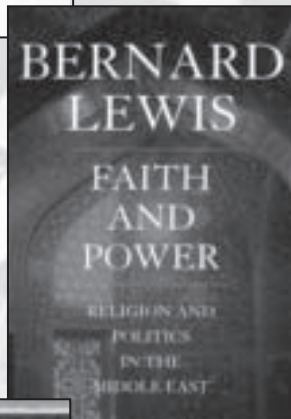


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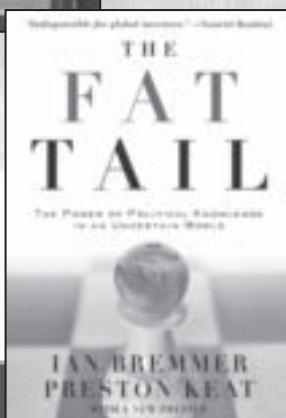
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The Rise of Asia's Universities

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THE RAPID economic development of Asia since World War II—starting with Japan, South Korea, and Taiwan, then extending to Hong Kong and Singapore, and finally taking hold powerfully in India and mainland China—has forever altered the global balance of power. These countries recognize the importance of an educated work force to economic growth, and they understand that investing in research makes their economies more innovative and competitive. Beginning in the 1960s, Japan, South Korea, and Taiwan sought to provide their populations with greater access to postsecondary education, and they achieved impressive results.

Today, China and India have an even more ambitious agenda. Both seek to expand their higher-education systems, and since the late 1990s, China has done so dramatically. They are also aspiring to create a limited number of world-class universities. In China, the nine universities that receive the most supplemental government funding recently self-identified as the c9—China's Ivy League. In India, the Ministry of Human Resource Development recently announced its intention to build 14 new comprehensive universities of "world-class" stature. Other Asian powers are eager not to be left behind: Singapore is planning a new public university of technology and design, in addition to a new American-style liberal arts college affiliated with the National University.

Such initiatives suggest that governments in Asia understand that overhauling their higher-education systems is required to sustain

RICHARD C. LEVIN is President of Yale University.

Richard C. Levin

economic growth in a postindustrial, knowledge-based global economy. They are making progress by investing in research, reforming traditional approaches to curricula and pedagogy, and beginning to attract outstanding faculty from abroad. Many challenges remain, but it is more likely than not that by midcentury the top Asian universities will stand among the best universities in the world.

THE PIONEERS

IN THE early stages of their countries' postwar development, Asian governments understood that greater access to higher education would be a prerequisite to sustained economic growth. A literate, well-trained labor force helped transform Japan and South Korea over the course of the past half century, first from agricultural to manufacturing economies, then from economies focused on low-skilled manufacturing to those focused on high-skilled manufacturing. With substantial government investment, the higher-education systems in both countries expanded rapidly. In Japan, the gross enrollment ratio—the fraction of the university-age population that is actually enrolled in some type of postsecondary educational institution—rose from nine percent in 1960 to 42 percent by the mid-1990s. In South Korea, the increase was even more dramatic, from five percent in 1960 to just over 50 percent in the mid-1990s.

During this period, China and India lagged far behind. Even in the mid-1990s, only five percent of university-age Chinese citizens remained in school, putting China on par with Bangladesh, Botswana, and Swaziland. In India, despite a postwar effort to create a group of national comprehensive universities and, later, the elite Indian Institutes of Technology, the gross enrollment rate remained a mere seven percent in the 1990s.

By the late 1990s, China's leaders knew their country had to catch up. Speaking at the one hundredth anniversary celebration of Peking University in 1998, Chinese President Jiang Zemin outlined a plan to greatly expand his country's system of higher education. And his administration made it happen—faster than any similar efforts ever before in history. By 2006, China was spending 1.5 percent of its GDP on higher education, nearly triple what it had spent a decade earlier.

Top of the Class

The results of Beijing's investment have been staggering. Over the decade following Jiang's declaration, the number of institutions of higher education in China more than doubled, from 1,022 to 2,263. Meanwhile, the number of Chinese who enroll in a university each year has quintupled—rising from one million students in 1997 to more than 5.5 million in 2007. This expansion is without precedent, and university enrollment in China is now the largest in the world.

China still has a long way to go to achieve its aspirations concerning access to higher education. Despite the enormous surge, China's gross enrollment rate for higher education stands at 23 percent, compared with 58 percent in Japan, 59 percent in the United Kingdom, and 82 percent in the United States. And the expansion has slowed since 2006, driven by concerns that enrollments have outstripped the capacity of faculty to maintain quality in some institutions. The student-teacher ratio has roughly doubled over the past decade. But enrollment will continue to rise as more teachers are trained, since China's current leaders are keenly aware of the importance of a well-educated labor force for economic development.

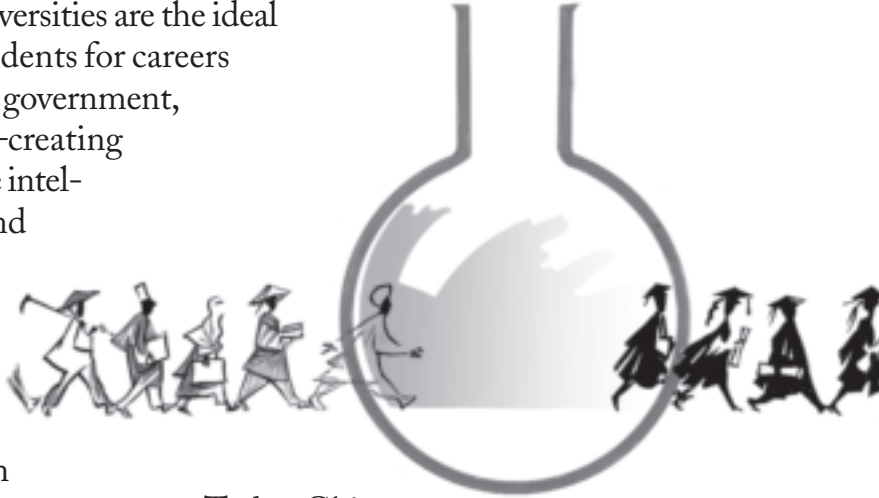
India's achievement to date has not been nearly as impressive, but its aspirations are no less ambitious. Already the world's largest democracy, India is on track to become the most populous country in two decades, and by 2050, if its growth can be sustained, its economy could become second in size only to China's. To fuel that economic growth, India's human resource development minister, Kapil Sibal, aims to increase his country's gross enrollment ratio in postsecondary education from 12 percent to 30 percent by 2020. This goal translates to an increase of 40 million students in Indian universities over the next decade—an ambitious target, to be sure, but even half that number would be a remarkable accomplishment.

COMPETING WITH THE BEST

HAVING MADE tremendous progress in expanding access to higher education, the leading countries of Asia are now focused on an even more challenging goal: building universities that can compete with the finest in the world. The governments of China, India, Singapore, and South Korea are explicitly seeking to elevate some of their

Richard C. Levin

universities to this exalted status because they recognize the important role that university-based scientific research has played in driving economic growth in the United States, western Europe, and Japan. And they understand that world-class universities are the ideal place to educate students for careers in science, industry, government, and civil society—creating people who have the intellectual breadth and critical-thinking skills to solve problems, to innovate, and to lead.



This recognition has come not a moment too soon. Today, China and India remain at a stage of development that allows them to compete with other countries thanks to their low costs of labor in manufacturing. These labor costs will remain low as long as there is underemployed labor in the agricultural sector. But eventually—as happened in Japan and South Korea—the manufacturing sector will grow to absorb the remaining surplus agricultural labor, and in the absence of an abundant supply of cheap labor, wages will begin to rise. At that stage, it will become impossible to sustain rapid economic growth without innovation and without introducing new products and new services, many of them the fruits of applied research based on underlying scientific advancements. At its current pace of urbanization, China will begin to lose its labor-cost advantage in manufacturing in about two decades. India will reach the same point a decade later. This gives both countries enough time to build up their capacity for innovation.

To oversimplify, consider the following puzzle: Japan grew much more rapidly than the United States from 1950 to 1990, as its surplus labor was absorbed into industry, and much more slowly than the United States thereafter. Now consider whether Japan would have grown so slowly if Microsoft, Netscape, Apple, and Google had been



Japanese companies. Probably not. It was innovation based on science that propelled the United States past Japan during the two decades prior to the crash of 2008. It was Japan's failure to innovate that caused it to lag behind.

Developing top universities is a tall order. World-class universities achieve their status by assembling scholars who are global leaders in their fields. This takes time. It took centuries for Harvard and Yale to achieve parity with Oxford and Cambridge and more than half a century for Stanford and the University of Chicago (both founded in 1892) to achieve world-class reputations. The only Asian university to have broken into the top 25 in global rankings is the University of Tokyo, which was founded in 1877.

Most of all, building universities capable of world-class research means attracting scholars of the highest quality. In the sciences, this requires first-class facilities, adequate funding, and competitive salaries and benefits. China is making substantial investments on all three fronts. Shanghai's top universities—Fudan, Shanghai Jiao Tong, and Tongji—have each developed whole new campuses within the past few years. They have outstanding research facilities and are located close to industrial partners. Funding for research in China has grown in parallel with the expansion of university enrollment, and

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Chinese universities now compete much more effectively for faculty talent worldwide. In the 1990s, only ten percent of those Chinese who received Ph.D.'s in the sciences and engineering in the United States returned home. That number is now rising, and increasingly, China has been able to repatriate midcareer scholars from tenured positions in the United States and the United Kingdom; they are attracted by the greatly improved working conditions and by the opportunity to participate in China's rise. India, too, is beginning to have more success in drawing on its diaspora, but it has yet to make the kind of investments that China has made in improving facilities, stepping up research funding, and increasing compensation for top professors.

THE RESEARCH PRIORITY

BEYOND THE material conditions required to attract faculty, an efficient system of allocating research funding is also needed. The underlying principles for creating such a system were articulated in a 1945 report by Vannevar Bush, then the science adviser to U.S. President Harry Truman. The report acknowledged that discoveries in basic science are ultimately the basis for developments in industrial technology, but it noted that the economic gains from advances in basic science often do not accrue for decades. And such advances often yield results that were entirely unanticipated at the time of the scientific breakthroughs. For example, when the laser was first invented, in the late 1950s, no one imagined that it would become useful in eye surgery decades later. Because the full economic benefit of a breakthrough in pure science can rarely be captured by the original inventor, private companies do not often have sufficient incentives to make many socially productive investments. Government must take the lead.

Bush's 1945 report established the framework for U.S. government support for scientific research. It was founded on three principles, which still govern today. First, the federal government bears the primary responsibility for funding basic science. Second, universities—rather than government-run laboratories, nonteaching research institutions, or private companies—are the primary institutions responsible for carrying out this government-funded research. Third, although the government determines the total amount of funding available for

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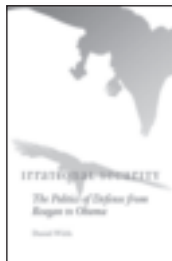
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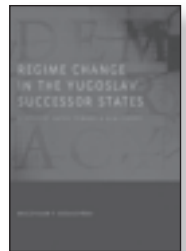
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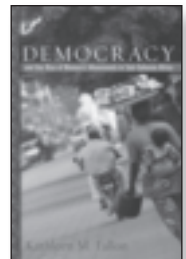
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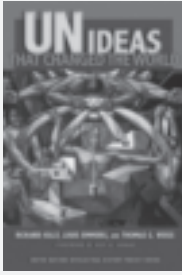
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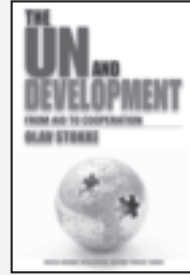
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This has not been the typical scheme for facilitating research in Asia. Historically, most scientific research there has taken place apart from universities, in research institutes and government laboratories. In China, Japan, and South Korea, funding has been directed primarily toward applied research and development (R & D), with a very small share devoted to basic science. In China, for instance, only about five percent of R & D spending is aimed at basic research, compared with 10–30 percent in most developed countries. As a share of GDP, the United States spends seven times as much as China on basic research.

Moreover, peer review is barely used for grant funding in most of Asia. Japan has historically placed the bulk of its research resources in the hands of its most senior scientists. Despite Tokyo's acknowledging several years ago that a greater share of research funding should be subjected to peer review, only 14 percent of the Japanese government's spending on non-defense-related research in 2008 was subjected to competitive review, compared with 73 percent in the United States.

Yet there is no doubt that Asian governments have made R & D a priority. R & D spending in China has increased rapidly in recent years, rising from 0.6 percent of the country's GDP in 1995 to 1.3 percent in 2005. That is still well below the spending in more advanced countries, but it is likely to keep climbing. The Chinese government

Increasingly, China has been able to repatriate midcareer scholars from tenured positions abroad.

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has set a goal of increasing R & D spending to 2.5 percent of GDP by 2020. And there is already some evidence of the payoff from increased research funding: from 1995 to 2005, for example, Chinese scholars more than quadrupled the number of articles they published in leading scientific and engineering journals. Only the United States, the United Kingdom, Germany, and Japan account for more.

MORE THAN MEMORIZATION

BUT IT takes more than research capacity alone for a nation to develop economically. It takes well-educated citizens of broad perspective and dynamic entrepreneurs capable of independent and original thinking. The leaders of China, in particular, have been very explicit in recognizing that two elements are missing from their universities: multidisciplinary breadth and the cultivation of critical thinking. Asian universities, like those in Europe but unlike those in the United States, have traditionally been highly specialized. Students pick a discipline or a profession at age 18 and study little else thereafter. And unlike in elite European and U.S. universities, pedagogy in China, Japan, and South Korea relies heavily on rote learning; students are passive listeners, and they rarely challenge one another or their professors in classes. Learning focuses on the mastery of content, not on the development of the capacity for independent and critical thinking.

The traditional Asian approaches to curricula and pedagogy may work well for training line engineers and midlevel government officials, but they are less suited to fostering leadership and innovation. While U.S. and British politicians worry that Asia, and China in particular, is training more scientists and engineers than the West, the Chinese and others in Asia are worrying that their students lack the independence and creativity necessary for their countries' long-term economic growth. They fear that specialization makes their graduates narrow and that traditional Asian pedagogy makes them unimaginative. Officials in China, Singapore, and South Korea have become increasingly attracted to the American model of undergraduate education. Universities in the United States typically provide students with two years to explore a variety of subjects before choosing a single subject on which to concentrate during their final two years. The logic behind

Top of the Class

this approach is that exposing students to multiple disciplines gives them alternative perspectives on the world, which prepares them for new and unexpected problems.

In today's knowledge economy, no less than in the nineteenth century, when the philosophy of liberal education was articulated by Cardinal John Henry Newman, it is not subject-specific knowledge but the ability to assimilate new information and solve problems that is the most important characteristic of a well-educated person. *The Yale Report of 1828*—an influential document written by Jeremiah Day (who was at the time president of Yale), one of his trustees, and a committee of faculty—distinguished between “the discipline” and “the furniture” of the mind. Mastering a specific body of knowledge—acquiring “the furniture”—is of little permanent value in a rapidly changing world. Students who aspire to be leaders in business, medicine, law, government, or academia need “the discipline” of mind—the ability to adapt to constantly changing circumstances, confront new facts, and find creative ways to solve problems.

Cultivating such habits requires students to be more than passive recipients of information; they must learn to think for themselves and to structure an argument and defend or modify it in the face of new information or valid criticism. The Oxford-Cambridge “tutorial” system is perhaps the epitome of such pedagogy. The American substitute has been the interactive seminar, in which students are encouraged to take and defend positions in small groups and to challenge, rather than blindly accept, the instructor's point of view. Examinations at top U.S. universities rarely call for a recitation of facts; they call on students to solve problems they have not encountered before or to analyze two sides of an argument and state their own position.

There has already been dramatic movement toward American-style curricula in Asia. Peking University introduced the Yuanpei Honors Program in 2001, a pilot program that immerses a select group of the most gifted Chinese students in a liberal arts environment. These students live together and sample a wide variety of subjects for two years before choosing a major field of study. At Fudan University,

Peking University has introduced a program that immerses the most gifted students in a liberal arts environment.

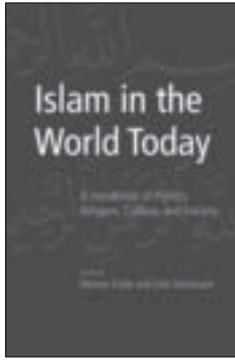
Richard C. Levin

For the West, the rise of Asian universities should be seen as an opportunity, not a threat.

all students now take a common, multidisciplinary curriculum during their first year before proceeding with the study of their chosen discipline or profession. At Nanjing University, students are no longer required to choose a subject when they apply for admission; they may instead choose among more than 60 general-education courses in their first year before deciding on a specialization. Yonsei University, in South Korea, has opened a liberal arts college on its campus, and the National University of Singapore has created the University Scholars Program, in which students do extensive work outside their discipline or professional specialization.

Changing the style of teaching is much more difficult than changing the curricula. It is more expensive to offer classes with smaller enrollments, and it requires the faculty to adopt new methods. This is a major challenge in China, Japan, and South Korea, where traditional Asian pedagogy prevails. (It is much less of a concern in India and Singapore, where the legacy of British influence has created a professoriate much more comfortable with engaging students interactively.) The Chinese, in particular, are eager to tackle this challenge, and they recognize that those professors who have studied abroad and been exposed to other methods of instruction are best equipped to revamp teaching. Increasing opportunities for Asian students to study in the West and for Western students to spend time in Asian universities will also help accelerate the transformation.

In China, however, gaining widespread support for such changes is difficult given the unique way in which the responsibilities of running a university are divided between each institution's president and its Communist Party secretary. Often, the two leaders work together very effectively. But there are concerns that the structure of decision-making limits a university president's ability to achieve his or her academic goals, since the appointment of senior administrators—vice presidents and deans—is in the hands of a school's university council, which is chaired by the party secretary rather than the president. The Chinese government appears to recognize that this structure of university governance is problematic; the issue is under review by the Ministry of Education.

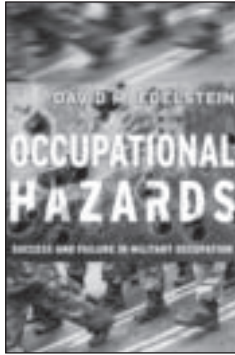


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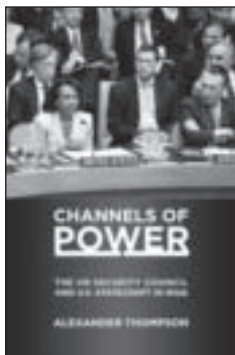
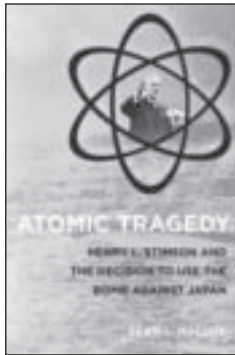
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A FOCUS ON FLAGSHIPS

NOT EVERY university can or needs to be world class. The experiences of the United States, the United Kingdom, and Germany are instructive. In the United States and the United Kingdom, higher education is a differentiated system of many types of institutions, of which the comprehensive research university is merely one. And within the group of comprehensive universities, government support for research is allocated chiefly on the basis of merit, which allows some institutions to prosper while others lag behind. In the United States, fundraising reinforces this differentiation. Success breeds success, and for the most part, the strongest institutions attract the most philanthropy. In Germany, by contrast, government policy since World War II has kept universities from maintaining their distinction. After the war, the government opened enrollment, allowed the student-faculty ratio to rise everywhere, isolated the most eminent researchers in separate institutes but otherwise distributed resources on the basis of equity rather than merit. In doing so, it destroyed the worldwide distinction Germany's best universities once held. Only recently has the government decided to focus its resources on three universities in particular, in order to make them more globally competitive.

Japan and South Korea have learned this lesson. Both have well-funded flagship national universities: the University of Tokyo and Seoul National University. And in Japan, at least two other public universities, Kyoto University and Osaka University, are not far behind the University of Tokyo and are well above the rest. China understands the strategy, too. In 1998, it identified seven universities for disproportionate investment: Fudan, Nanjing, Peking, Shanghai Jiao Tong, Tsinghua, Xi'an Jiaotong, and Zhejiang. And even within that group, the government has drawn distinctions, concentrating national resources on Peking University and Tsinghua University in an effort to propel them into the worldwide top 20. The Shanghai-based institutions—Fudan and Shanghai Jiao Tong—are making nearly comparable investments, thanks to generous supplemental funding from the Shanghai government.

India is the anomalous case. In the 1950s and 1960s, it focused its resources on establishing five Indian Institutes of Technology. These,

Richard C. Levin

and the ten more added in the past two decades, are outstanding institutions for educating engineers, but they have not become globally competitive in research. And India has made no systematic effort to raise the status of any of its 14 comprehensive national universities, which are severely underfunded.

India's current minister of human resource development is determined to create world-class comprehensive universities. But the egalitarian forces that dominate the country's robust democracy—which allow considerations of social justice to trump meritocracy in selecting students and faculty—threaten to constrain the prospects for excellence. To a greater degree than elsewhere in Asia, the admission of students and the hiring of faculty is regulated by quotas (“reservations”) ensuring representation of the historically underprivileged classes. Moreover, political considerations seem to prevent the concentration of resources on a small number of flagship institutions. Two years ago, the government announced that it would create 30 new world-class universities, one for each of India's states—clearly an unrealistic ambition. The number was subsequently reduced to 14, one for each state without a comprehensive university, but even this goal seems unattainable.

Given the extraordinary achievements of Indian scholars throughout the diaspora, the human capital for building world-class universities back home is surely present. But it remains to be seen whether the Indian government can tolerate the disproportionately high salaries that would be necessary to attract leading scholars from around the world. Consequently, the government is pursuing a more promising strategy that would allow the establishment of branch campuses of foreign universities and reduce the regulatory burdens on private universities.

In one respect, however, India has a powerful advantage over China, at least for now. It affords faculty the freedom to pursue their intellectual interests wherever they may lead and allows students and faculty alike to express, and thus test, their most heretical and unconventional theories—freedoms that are an indispensable feature of any great university. It may be possible to achieve world-class stature in the sciences while constraining freedom of expression in politics, the social sciences, and the humanities. Some of the specialized Soviet academies achieved such stature in mathematics and physics during the Cold War. But no comprehensive university has ever done so.

MUTUALLY ASSURED PROGRESSION

AS BARRIERS to the flow of people, goods, and information have come down, and as the process of economic development proceeds, Asian countries have increasing access to the human, physical, and informational resources needed to create top universities. If they concentrate their growing resources on a handful of institutions, tap a worldwide pool of talent, and embrace freedom of expression and freedom of inquiry, they will succeed in building world-class universities. It will not happen overnight; it will take decades. But it may happen faster than ever before.

For the West, the rise of Asian universities should be seen as an opportunity, not a threat. Consider how Yale has benefited. One of its most distinguished geneticists, Tian Xu, and members of his team now split their time between laboratories in New Haven and laboratories at Fudan University, in Shanghai. Another distinguished Yale professor, the plant biologist Xing-Wang Deng, has a similar arrangement at Peking University. In both cases, the Chinese provide abundant space and research staff to support the efforts of Yale scientists, while collaboration with the Yale scientists upgrades the skills of young Chinese professors and graduate students. Both sides win.

The same argument can be made about the flow of students and the exchange of ideas. Globalization has underscored the importance of cross-cultural experience, and the frequency of student exchanges has multiplied. As Asia's universities improve, so do the experiences of students who participate in exchange programs. Everyone benefits from the exchange of ideas, just as everyone benefits from the free exchange of goods and services.

Finally, increasing the quality of education around the world translates into better-informed and more productive citizens everywhere. The fate of the planet depends on humanity's ability to collaborate across borders to solve society's most pressing problems—the persistence of poverty, the prevalence of disease, the proliferation of nuclear weapons, the shortage of fresh water, and the danger of global warming. Having better-educated citizens and leaders can only help. 🌍

Faulty Basel

Why More Diplomacy Won't Keep the Financial System Safe

Marc Levinson

THE GLOBAL financial crisis that began in 2007 marked the failure of an ambitious experiment in financial diplomacy. Since the 1970s, officials from the world's leading economies have worked together to regulate financial institutions with the aim of making the international financial system safer. When the collapse of the U.S. subprime mortgage market triggered a cascade of events that put that new international regime to the test, the results were disastrous. International agreements on the regulation of banking and securities did little to protect against a financial meltdown that severely damaged the world economy.

Inevitably, painful experience has fueled a drive to get financial regulation right. The G-20 presidents and prime ministers who met in Pittsburgh last September found themselves discussing such arcane matters as bank leverage ratios and over-the-counter derivatives. A bevy of obscure multilateral organizations, from the Bank for International Settlements (BIS) to the International Accounting Standards Board, are now advancing proposals intended to prevent crises in the future. The G-20 finance ministers and central-bank governors are set to discuss international financial regulation in Berlin in May, and regulation will be on the agenda when the presidents and prime ministers convene again in Toronto in June. Meanwhile, some prominent bankers are proposing an international fund to insure against

MARC LEVINSON is Senior Fellow for International Business at the Council on Foreign Relations and the author of *The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger*.

Faulty Basel

the collapse of any institution deemed “too big to fail.” Regulatory cooperation is clearly a growth industry.

But that growth is not necessarily good for the global economy. Over three decades of experience have shown that international cooperation in financial regulation brings as many risks as benefits. The attempt to harmonize standards across borders has led many countries to make the same mistakes, adopting misguided rules in some areas and none at all in others. National governments have deferred important regulatory changes while waiting for multilateral agreements that may not be signed for years, if ever. Meanwhile, truly critical international issues, such as allocating responsibility for the oversight of banks operating across borders, have been addressed inadequately or not at all.

Financial diplomacy has its place, particularly when it comes to monetary policy, but on the regulatory side it is being tasked with a far heavier burden than it ought to bear. To rely on international organizations to protect the world economy against major financial disruptions is unrealistic. And expecting them to “level the playing field,” the traditional justification for harmonizing financial regulation across borders, is neither reasonable nor desirable. Although international cooperation in regulating and supervising financial institutions is important, it should not be a substitute for tough regulation at the national level. Well-crafted regulations in individual countries matter far more than international accords. Most important, international agreements should not discourage a diversity of national regulatory approaches, which could make the financial system more resilient during the next worldwide crisis.

DISASTER RESPONSE

CROSS-BORDER cooperation in financial regulation came about due to two near disasters. Late one afternoon in June 1974, West German regulators closed Bankhaus Herstatt, an insolvent institution in Cologne. Herstatt was a very small bank, but it had foreign exchange dealings with banks in other countries. Due to time differences, Herstatt had already received payments related to some of these transactions at the moment it was shuttered, but its corresponding payments had not yet

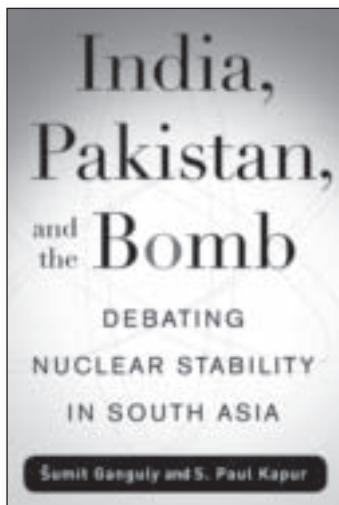
Marc Levinson

been sent. The precipitous closure blocked those payments, causing losses at many other banks around the world and roiling the foreign exchange markets for months. At the time of Herstatt's failure, U.S. regulators were trying to avoid the collapse of Franklin National Bank, a New York-based institution with a disproportionately large position in international currency markets. Fearful that Herstatt's abrupt demise could imperil other banks in the United States and Europe, U.S. regulators eventually averted a wider crisis through a government-assisted sale of Franklin National.

In late 1974, central bankers from Canada, Japan, the United States, and nine European countries responded to these crises by creating a new organization in Basel, Switzerland: the Committee on Banking Regulations and Supervisory Practices. Basel was already home to the BIS, which since 1930 has overseen the financial machinery for cross-border payments and provided a place for central bankers to talk shop. The new committee, subsequently renamed the Basel Committee on Banking Supervision, was more specialized and technocratic than the BIS: whereas in the BIS the heads of central banks met to discuss interest rates and inflation, the Basel Committee was mainly the province of bank regulators and senior central-bank staffers. The committee's initial efforts included searching for indicators that could provide early warnings of a banking crisis and compiling a list of regulators to contact in the event of a crisis.

The U.S. Congress gave the Basel Committee its first serious assignment in 1983, after Mexico's debt default blew holes in the balance sheets of most big U.S. banks. When members of Congress demanded that U.S. regulators require the country's banks to boost their capitalization, bankers objected that higher capital requirements would put U.S. banks at a competitive disadvantage. Their particular competitive worry was Japanese banks, which were then the world's largest and could lend at low interest rates because regulators in Tokyo allowed them to lend while keeping little capital on hand. Congress reached a compromise with the bankers and directed the Reagan administration to seek common international financial standards. The Basel Committee was placed in charge.

Bringing about international convergence on financial policy was easier said than done. Each country had its own standards for how



India, Pakistan, and the Bomb

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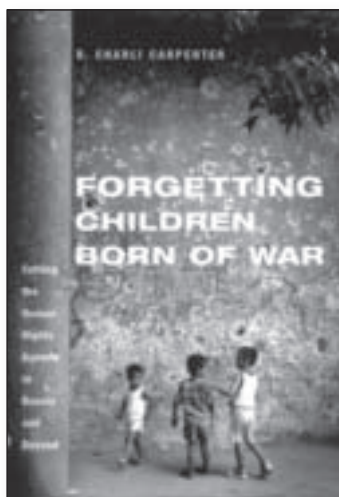
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Faulty Basel

much capital a bank needed and how that capital should be measured, and no country was eager to impose heavier costs on its own financial sector. The impasse was resolved only when the United Kingdom and the United States took matters into their own hands, striking a bilateral accord on bank capital rules in 1986. That was the first-ever international agreement designed to reduce the risk of a banking crisis. Japan, fearing that a plan shaped by London and Washington would harm its undercapitalized banks, soon joined in, and the three countries adopted a single negotiating position in Basel. Confronted with this deal among the major financial powers, the other members of the Basel Committee abandoned their parochialism and signed on to common standards that, although weaker than those accepted by London and Washington, at least represented a multilateral approach to financial regulation. Each country pledged to follow the agreed principles in its own domestic regulation. The 1988 agreement became known as the Basel Accord.

Over time, the Basel Committee acquired numerous siblings. The International Organization of Securities Commissions, established in 1983, brought together the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, and their foreign counterparts to coordinate securities and futures regulation. The International Association of Insurance Supervisors arrived on the scene in 1994; the Financial Stability Forum—now called the Financial Stability Board—was created in 1999 to bring political leaders, namely, finance ministers, together with regulators and central bankers; an existing international accounting committee was reconstituted in 2001 as the International Accounting Standards Board, a private body with strong government support, to standardize corporate accounting rules around the world; and the International Association of Deposit Insurers followed in 2002.

Thirty-five years of negotiations over financial regulation have produced some substantial achievements. Banks uniformly have more capital than they did in the 1970s. The basic plumbing of the financial system, the channels through which securities and money change hands, is far more robust than it used to be, in large part because bank

International
cooperation in financial
regulation brings as
many risks as benefits.

Marc Levinson

and securities regulators have collaborated to push banks to settle transactions quickly rather than letting paperwork languish for days or weeks. Supervisory “colleges” comprising regulators from several countries are beginning to oversee a handful of the largest financial institutions. Regulators now routinely collaborate on investigations of money laundering and terrorist financing. Perhaps most important of all, financial supervisors around the world know one another and see one another frequently. If there is a cross-border problem, they can readily pick up the phone and call their foreign counterparts—although they do not always do so, as was the case in January 2008, when French regulators failed to notify the U.S. Federal Reserve after learning of a five billion euro fraud at Société Générale, one of France’s largest financial institutions.

TAKE TWO

THE 1988 BASEL ACCORD was the culmination of years of bargaining. Its provisions were relatively simple, and its flaws were widely criticized. Throughout the 1990s, the Basel Committee, gradually expanding in size, tried to fix these problems. In 1998, it began work on an entirely new agreement on the safety and soundness of banks, which was approved in 2004. Known as Basel II, this framework now forms the basis for the regulation of almost all the banks in Europe, large U.S. banks, and many banks elsewhere. All 27 members of the Basel Committee are now bringing the Basel II principles into effect. Bank supervisors in many emerging economies, determined to prove that they can oversee financial institutions as effectively as their rich-country brethren, see Basel II as the regulatory standard to which they should aspire. In some ways, Basel II has succeeded admirably. In other ways, however, it worsened the problems that became apparent in the summer of 2007 and arguably made the financial system less stable.

Conceptually, Basel II divides bank regulation into three different areas, known as pillars. The first addresses the amounts and types of capital that financial institutions are required to have, the second concerns regulatory supervision and risk management, and the third deals with using market forces to encourage bankers to behave

Faulty Basel

prudently. Each pillar includes a large number of highly technical provisions that are meant to provide guidance to national banking authorities. The Basel Committee itself has no bank examiners and no enforcement power; its purpose is to encourage national regulators around the world to move in the same direction.

Unfortunately, financial regulation is far from a scientific enterprise. New regulations often respond to the last crisis rather than forestalling the next one. Some regulations prove unworkable or simply irrelevant. In some instances, the Basel Committee's attempts to harmonize the activities of national bank regulators have resulted in regulators everywhere making the same mistakes.

One such misstep was a heavy emphasis on capital levels to the exclusion of other financial concerns. Capital is critical to banks' health; it represents the resources available to repay depositors and trading partners in the event of losses. It can take several forms, such as equity (money raised when a firm issues shares), retained earnings (past profits that a firm set aside rather than using them for dividends or expansion), or loan-loss reserves (money held in expectation of future losses). Past crises, most notably the Japanese banking crisis of the early 1990s, found banks holding far too little capital to cover their losses, so Basel II told national regulators to impose higher capital requirements. Almost every country followed the same plan.

But inadequate capital is only one of the problems that can beset a financial institution during a crisis. Some institutions that seemed well positioned when the recent crisis struck suffered not from a lack of capital but from a lack of ready cash—what bankers refer to as “liquidity.” As the credit market froze up, they could not issue the short-term paper or obtain the overnight loans that they had always depended on to meet immediate cash needs. Insufficient liquidity left banks in various countries too cash-strapped to open their doors. One reason was that strong liquidity rules were virtually nonexistent, because Basel II did not mandate them.

The Basel Accords also failed the system by basing capital requirements on mistaken risk assessments. Basel instructed national regulators

Regulations often respond to the last crisis rather than forestalling the next.

Marc Levinson

to determine the amount of capital a bank must hold based on the riskiness of its business. Since holding capital is costly for a bank's shareholders, as capital represents money that cannot be lent at a profit, a requirement to hold more capital for some activities than for others inevitably encourages banks to aggressively pursue activities for which little capital is required. Around the world, regulators

Attempts to harmonize the activities of national bank regulators resulted in regulators everywhere making the same mistakes.

adhering to the Basel II rules required banks to hold less capital against home mortgages than against loans to big companies, which were deemed riskier. As a result, banks in many countries had too little capital to cover losses on mortgages when local housing prices collapsed and borrowers began walking away. Similarly, under Basel II, loans by foreign banks to Icelandic banks required less capital than loans to highly rated multinational corporations simply because the Icelandic

government had a strong credit rating. But as the crisis developed, all three of Iceland's major banks failed. In the end, Basel's capital requirements destabilized the financial system by giving banks an incentive to get loans off their books by securitizing them rather than setting aside more capital to back them.

Even less comforting, the Basel rules allow the biggest banks to calculate their own capital requirements based on their own internal risk models. By and large, these proprietary mathematical models performed disastrously in 2007 and 2008, failing to shield banks from large losses due to national housing-market collapses and the international economic downturn. That sorry record brings into question the wisdom of letting banks model their own capital requirements. At the same time, it is not clear that regulators have the time or the expertise to evaluate individual institutions' highly complex risk models properly and to demand changes.

Basel's creation of a uniform international definition of "capital" has also made the banking system less safe. Before Basel, some countries had stringent definitions, requiring banks to have large amounts of equity, whereas other countries' definitions meant far more lenient capital requirements. Basel II made leniency the international

Faulty Basel

standard. Although banks everywhere must have a certain amount of common equity, they are allowed to meet part of their capital requirements with special bondlike securities. The idea is that if a bank becomes distressed, it can stop paying interest on these so-called Tier 2 securities or convert them into equity even as the bank operates normally and services its other bonds. In all but a handful of recent bank bailouts, however, regulators treated the owners of Tier 2 securities, mostly institutional investors, no differently than other creditors, protecting them against default—which meant that the Tier 2 securities never played their intended role as a cushion against the banks' losses. What seemed a brilliant financial idea was a political nonstarter, because in many countries, the bank regulators and their political overseers were unwilling to force the fixed-income investors who held these Tier 2 securities to bear large losses. As a result, many banks were less able to cope with losses than their published financial statements indicated.

Finally, Basel II's emphasis on the ability of market forces to help keep banks in line proved fundamentally misguided. The agreement lays out in detail the disclosures a big bank must make about its capital position and its risks, asserting that "market discipline can contribute to a safe and sound banking environment." This premise, however, may be incorrect. Over the past year, studies have shown that the big banks that produced the best returns for shareholders in the years prior to 2007 were those hit hardest by the crisis. Because equity investors favored riskier banks, not more conservative ones, the market provided an incentive for bankers to take greater risks, not to be prudent. Nor did market discipline make credit investors wary of the bonds issued by institutions that took excessive risk and ended up in trouble. The markets bet that governments would make good on the big banks' debts, and with very few exceptions, the markets were right.

BANKERS WITHOUT BORDERS

INTERNATIONAL NEGOTIATIONS also failed to adequately assign responsibility for supervising those institutions whose activities cross borders. As a general rule, the lead regulator of such institutions is their home government: U.S. regulators have primary responsibility

Marc Levinson

for Goldman Sachs and Citigroup, German authorities take the lead in overseeing Deutsche Bank, and so on. This approach, known as home-country regulation, is problematic, because the countries responsible for regulation are not necessarily those whose citizens and economies would be crippled by regulatory failure. The most glaring example of the failure of home-country regulation is Iceland. That country's regulators permitted their rapidly expanding banks to take deposits in the Netherlands and the United Kingdom, but when the banks hit trouble and their foreign operations abruptly closed, the Icelandic government refused to repay Dutch and British depositors. On March 6, Iceland's citizens rejected a plan to make the depositors whole.

A more serious case, from the standpoint of systemic stability, arose with the failure of the New York-based investment bank Lehman Brothers in September 2008. Lehman had major operations in both New York and London. While it teetered, U.S. and British regulators each sought to avoid having their country's taxpayers take responsibility for the losses in Lehman's portfolio. Although an orderly sale of Lehman

Only national governments can be held politically accountable for regulatory failures.

might have been good for both countries' economies and the world financial system as a whole, allowing the credit markets to continue functioning and averting the steepest recession since the 1930s, neither country was willing to take actions that might have been domestically costly. In addition to this classic free-rider problem, the Lehman collapse exposed other glaring deficiencies in the regulation of cross-border activities. Hedge funds and other customers of the investment bank's London office found that Lehman had transferred \$8 billion from London to New York just before its bankruptcy filing, protecting the interests of money managers in the United States at the expense of those in Europe. Moreover, some U.S. money managers discovered to their surprise that their accounts were legally based in London and therefore subject to British, rather than U.S., bankruptcy rules. None of the accords worked out by the international bodies of banking or securities regulators addressed such situations.

The banking sector is not the only area of the economy in which international financial diplomacy has failed to confront major systemic

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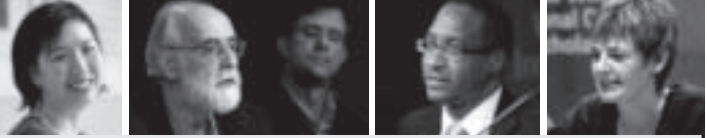
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risks. It was not until June 2009 that the International Organization of Securities Commissions—the securities-sector counterpart to the Basel Committee—launched a task force on cooperation on the oversight of cross-border securities. Moreover, the U.S. Commodity Futures Trading Commission, which probably oversees more trading of futures contracts than any other regulator in the world, is not even involved in overseeing cross-border transactions, even though futures trading has the potential to create systemic risk if a major market participant is not properly supervised. Finally, there is the insurance industry, where inadequate regulation contributed greatly to the global crisis.

Major bond insurance companies in the United States and Europe had provided guarantees to protect investors holding securities created from subprime mortgages. As increasing numbers of U.S. homeowners stopped making their mortgage payments, some of these insured securities went into default, passing losses on to the bond insurers. Investors in the \$2.6 trillion municipal bond market quickly sniffed trouble. Municipal bonds had nothing in common with subprime mortgages, save the fact that some bonds issued by local governments carried insurance from the same companies that insured subprime securities. The municipal bond market seized up as investors struggled to sort out the good risks from the bad, and some bondholders who had steered clear of subprime mortgages ended up facing losses on some of the most conservative investments available. This was a development the International Association of Insurance Supervisors had not foreseen.

In an increasingly multipolar world, such gaps in the international financial regulatory framework will become more difficult to address. The membership of the Basel Committee has grown from 12 in the 1970s to 27 today, the International Association of Insurance Supervisors includes representatives from 140 countries, and more than 100 national governments and several lesser jurisdictions are represented in the International Organization of Securities Commissions. All of these organizations operate by consensus. Having more countries at the table, each concerned with protecting the interests of its own domestic firms, makes consensus difficult and effective action even harder.

THE FIRE NEXT TIME

WITH THESE shortcomings now laid bare, the various international bodies are busy refining their approaches to regulatory harmonization, and there is much talk of a possible Basel III. Proposals include requiring banks to maintain additional capital, limiting bankers' pay, supervising big transnational insurance groups, and recommending that the purveyors of subprime mortgage securities be required to hold some of those securities on their own books rather than selling them all to investors. Had all of these regulations been in force five years ago, the crisis might have been forestalled.

Yet although the last systemic crisis could have been averted, the next one might not be. No one can say with any certainty what the best rules are, and whatever rules are imposed, it is a sure bet that smart bankers and insurers will do their best to circumvent them. The closer the world comes to having a single set of rules for financial institutions, the greater the likelihood that some gap in those rules will lead to global instability. Diversity can be a source of strength.

Spain's weathering of the recent financial crisis highlights the positive effects of regulatory diversity. The large Spanish banks withstood the crisis better than most of their European counterparts, despite the collapse of Spain's property market. Many scholars attribute Spain's success to its decision to depart from the Basel II norms in setting capital requirements. Alone among the large economies, Spain required its banks to set aside extra reserves for potential future loan losses during the boom years. In a world of regulatory diversity, if some countries make poor regulatory choices, the effects will likely be limited because other countries may have chosen to regulate differently.

Along with encouraging regulatory diversity, political leaders need to cultivate greater realism about what the international regulatory organizations can deliver. Realism must prevail when it comes to global governance, too: it cannot be expected to improve the stability of the global financial system. That must be the task of national governments, not multilateral committees.

There is simply no way to provide meaningful global regulation of far-flung international entities, no matter how well meaning the effort.

Only national governments have the ability to establish and enforce regulations on companies operating in their territory. And only national governments can be held politically accountable for regulatory failures. This implies a step back from financial globalization in the interest of safety. Prudence dictates a much greater role for host-country regulation, with each country taking responsibility for regulating the financial institutions that operate within its borders, no matter where they are based. This is undoubtedly an inconvenient solution for the financial industry: it may force large financial companies to establish separate subsidiaries in each country in which they do business, with each subsidiary having to meet local standards concerning capital, liquidity, and risk management. Yet even if the annual costs to these companies will be higher than they are today, it is hard to imagine that they will be greater than the costs of a massive regulatory failure such as the one the world just experienced. Weak regulation can be the most expensive regulation of all.

Shifting toward greater host-country regulation will not trigger a “race to the bottom” in which business flows to companies based in countries with lax regulation.

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There is little evidence to suggest that the risk of a race to the bottom is real. Regulation and reputation matter hugely in finance: banks' and insurers' big customers, lenders, and trading partners care greatly about the strength of the institutions they deal with and the legal environment surrounding them. Were regulatory laxity an important competitive advantage, the giants of finance would long since have moved their key operations to places where oversight is weaker than in London and New York. It is worth noting that when the United Kingdom's Financial Services Authority put forth new rules on bank liquidity in October 2009, it argued that "strengthened liquidity requirements can bring substantial long-term benefits to the competitiveness of the UK financial services sector"—in other words, it argued that the rules would stimulate a race to the top. Similarly, Washington needs to focus on stronger oversight of the operations of both foreign and domestic institutions within the United States.

The need for clear lines of responsibility should also doom the idea of an international bailout fund for the biggest banks. It would be extremely unwise to place hundreds of billions of dollars at the discretion of a multilateral committee with no direct responsibility for regulating the insured institutions. As the Icelandic saga should make clear, divorcing financial responsibility from regulatory responsibility is an invitation to supervisory neglect: if it is some international body's money that will be lost in the event of failure, and not domestic funds, no national supervisor will have the proper incentives for close oversight.

That does not mean regulators should walk away from the international bargaining table: cross-border cooperation and supervision in financial regulation are well worth pursuing. But asking international organizations to develop global standards for the financial sector will not preclude the next crisis. At some point, another crisis will come, and the precise mixture of problems that caused the last one will surely not cause the next. The best way to limit the fallout is to assign national supervisors clear responsibilities to regulate and police the financial institutions operating within their countries' borders, using a diversity of approaches. The lesson of 35 years of experience is that when it comes to financial regulation, less international diplomacy might be better than more. 🌐

Expeditionary Economics

Spurring Growth After Conflicts and Disasters

Carl J. Schramm

THE UNITED STATES' experience with rebuilding economies in the aftermath of conflicts and natural disasters has evidenced serious shortcomings. After seven years of a U.S. presence in Iraq and over nine years in Afghanistan, the economies of those countries continue to falter and underperform. Meanwhile, the damage caused by the earthquake in Haiti early this year revealed deep economic problems, ones that had confronted earlier U.S. efforts to boost Haiti's economy, and they will plague reconstruction efforts there for a long while. Economic growth is critical to establishing social stability, which is the ultimate objective of these counterinsurgency campaigns and disaster-relief efforts. Various obstacles, such as insurgencies and inadequacies in infrastructure, have made economic development difficult in these countries, of course, but these difficulties cannot be blamed exclusively on such obstacles. A central element in the failure to establish robust economies in war-torn or disaster-stricken countries is the prevailing doctrine of international development, according to which strong economies cannot emerge in poor countries.

Yet there is a proven model for just such economic growth right in front of U.S. policymakers' eyes: the entrepreneurial model practiced in the United States and elsewhere. This model rests to a huge extent on the dynamism of new firms, which constantly introduce innovations

CARL J. SCHRAMM is President and CEO of the Ewing Marion Kauffman Foundation and a co-author, with William J. Baumol and Robert E. Litan, of *Good Capitalism, Bad Capitalism*.

Carl J. Schramm

into the economy. Washington's recent engagements have made it appreciate that postconflict economic reconstruction must become a core competence of the U.S. military. But this appreciation has not yet been followed by sufficient enabling actions. The U.S. Army *Stability Operations* field manual, published in 2009, offers no relevant guidance on what role economic development should play in the United States' postconflict strategy or how to help build dynamic, growth-oriented economies. The manual epitomizes the central-planning mindset that prevails in the international development community.

It is imperative that the U.S. military develop its competence in economics. It must establish a new field of inquiry that treats economic reconstruction as part of any successful three-legged strategy of invasion, stabilization or pacification, and economic reconstruction. Call this "expeditionary economics."

A DISCOURAGING RECORD

THE U.S. MILITARY often cannot accomplish its long-term missions by force of arms (postinvasion Afghanistan and Iraq) or with its logistical skills (relief efforts in Haiti) alone. Military planners are by no means blind to this challenge. Most are not economists, but they are well aware that unrest in the world's trouble spots tends to be fueled by a lack of economic opportunity. Indeed, the areas that have proved most fertile for terrorism recently have had low or negative rates of economic growth over the last 30 years.

Yet U.S. military planners and U.S. troops on the ground often turn to U.S. and international development agencies or nongovernmental organizations (NGOs) for practical guidance on improving local economic conditions only to find that the putative experts are little help. The record of recent economic reconstruction efforts in postconflict settings is discouraging, to say the least. In Bosnia, which has received massive development aid from a coalition of countries since NATO and UN forces intervened there in the 1990s (close to \$10 billion since 1995), unemployment and poverty both hover around 25 percent today. A UN report released in early 2009 placed Iraq's overall unemployment rate at 18 percent (which means it remains virtually unchanged since 2004)—and unemployment in the volatile demographic of men

Expeditionary Economics

aged 15 to 29 at about 28 percent. Iraq's GDP per capita stands at \$3,300, roughly half the level of Bosnia's. In Afghanistan, meanwhile, the main growth industry remains opium cultivation, thanks to the support of both farmers and the Taliban, who sustain themselves financially partially thanks to the drug trade.

Elsewhere, the sweeping structural reforms that have often been mandated by lenders at the World Bank and the International Monetary Fund (IMF) have done little to help struggling economies. Long-running aid programs have left many African countries mired in poverty. Arguing that the aid may even have retarded progress, some informed voices in poor countries are pleading for an end to the assistance.

Two points stand out from these experiences. First, when rebuilding postconflict and post-disaster countries, it is not enough merely to restore the economy to a level resembling the pre-crisis status quo. The economy is often part of the original problem in places that become trouble spots. Afghanistan has been very poor and thus a magnet for illicit activities, such as the opium-poppy trade, for many years. Iraq has long relied on oil exports, treading the risky path of countries that depend on the extraction of natural resources. The risks include, among other things, rule by dictator, because a government that can control such resources can usually control almost everything else, too.

The second key point is that stabilizing a troubled country requires economic growth more than economic stability. For this, job diversity is needed in the private sector—in other words, options well beyond the usual public-sector sinecures are essential. New opportunities must be created that are more attractive than trading on the black market or making bombs.

The U.S. military is well placed to play a leading role in bringing economic growth to devastated countries. It may have little resident economic expertise, but it has both an active presence and an active interest in places where economic growth is sorely needed. The U.S. armed forces usually are the most formidable and best-resourced entity in the troubled countries in which they operate; indeed, the Defense Department today controls one-fifth of U.S. foreign aid. In many cases, the U.S. military effectively serves as the legs of the other

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government agencies and of the NGOs offering assistance. It also has a strong interest in concluding expeditionary ventures quickly: prolonged occupations increase the risks that more troops will die and that resources will be stretched thin. Such possibilities weaken the United States' chances of responding to the next crisis.

The U.S. military must therefore formulate a doctrine of expeditionary economics designed to spur solid growth as rapidly and effectively as possible. For this, it should draw on some of the more recent wisdom of the international development community—a growing number of scholars are rejecting the decades-old doctrine of big plans and dictated reforms and turning instead to more modest yet more effective projects. Some military officers, in fact, have already been doing work along these lines. The military could then use the various means of influence at its disposal to steer international development practices in the direction of the new doctrine.

MESSY CAPITALISM

THE UNITED STATES' method of producing economic growth has proved itself time and again. Entrepreneurs have continuously reinvigorated the U.S. economy, especially during periods when experts feared that it was slipping into decline. And they are poised to do so again now, in the wake of what is being called the Great Recession.

U.S. and international development policies would be much more successful if they applied to other countries the salient features of the United States' economic form, especially entrepreneurship. The rate at which new businesses are created in the United States is among the highest in the world. Many countries encourage the activities of small and medium-sized firms, but the United States boasts many young companies that grow rapidly to a significant scale and thus inject huge doses of dynamism into the system. This has been true even during economic downturns: over half the companies among the Fortune 500 were launched during a recession or in a bear market.

The creation of high-growth firms has multiple benefits, chief among them the constant creation of new wealth and new jobs, even as older firms recede because of global competition, changing lifestyles, or advancing technology. Intel, Genentech, and Google are such



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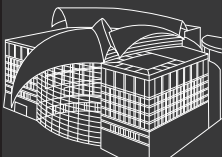
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dynamic companies, and there are others outside the technology sector. Some high-growth firms have introduced new services or business methods that have helped the entire U.S. economy operate more smoothly and more productively: some examples are delivery and transport firms, such as FedEx; low-cost retailers, such as Walmart; and various mutual funds and discount brokers, which have vastly broadened the scope of private investing.

Such transformative entrepreneurship is not a modern phenomenon or a phenomenon that occurs only in already developed economies. In the late 1800s and early 1900s, when the United States was itself a less developed country, high-growth enterprises included all the major railroads; Sears, Roebuck; Western Union; International Harvester; and Standard Oil. And this is not unique to the United States: two of the great economic stories of the past 30 years are China and India, whose progress has contributed to a historic drop in global poverty. Each is following a different model, and each is following a model different from the United States', but in both cases, entrepreneurs are playing an important role, as they did in the United States. Although much attention is paid to the role of the Chinese state, the creation of private enterprises has exploded in China over the last two decades, and many observers trace the origin of the Chinese miracle not to Deng Xiaoping's leadership but to the appearance and spread of village enterprises in the 1970s and 1980s. In India, firms such as Tata (an industrial giant), Wipro (a vegetable oil trading company turned technology giant), and Infosys (one of the country's largest information technology companies) have led the country's economic growth.

Entrepreneurial capitalism is messy, since it is highly organic rather than centrally planned or centrally managed. Many different people and entities bring the elements—from new firms to university research to federally funded research—into place, and activity flourishes from letting them all evolve and interact in the marketplace. It is nearly impossible to predict what outcomes these activities will bring beyond a broad trend toward higher productivity, rising standards of

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living, and continued economic growth. By contrast, the problem with international development today is that it is dominated by the theory and culture of grand central planning. Successful development requires a strategy, not a plan.

The so-called Washington consensus laid out a set of guidelines according to which troubled countries were to restructure their economies. For the World Bank, the IMF, and U.S. government agencies, these guidelines have become conditions for granting loans or aid. Countries seeking assistance are expected to, among other things, practice fiscal discipline, cut subsidies to domestic industries while investing more in infrastructure and education, privatize and deregulate key industries where possible, and reform or liberalize their policies on taxes, interest rates, and international trade. Development agencies then translate these policies into detailed plans to be implemented by allegedly competent government agencies and contractors.

This is the template that U.S. officials used for restructuring Iraq's economy after the U.S.-led invasion of 2003. The U.S. Agency for International Development (USAID) hired U.S. contractors, such as Bechtel, for large construction projects, mostly bypassing ordinary Iraqi citizens. Little regard was given to incorporating local residents or local businesses into the reconstruction efforts. At nearly every step, outside contractors were given priority, and insufficient attention was paid to helping build indigenous companies. The Coalition Provisional Authority sought to promote free trade and a market-driven economy, but its approach focused primarily on the predetermined institution building outlined by international development doctrine. It paid little attention to the creation of firms and jobs—in short, to the engine of growth, entrepreneurship.

Although international development policy is beginning to recognize the importance of entrepreneurship, it is so far doing so in ways that make little substantial difference. Microfinance for tiny enterprises helps many individuals earn a living, for example, but it does not stimulate high-growth enterprises. Attempts to cultivate high-growth firms, meanwhile, have focused on attracting venture capital and other growth incubators. Such important support mechanisms are, indeed, found in entrepreneurial capitalism, but in advanced economies, they do not help as much as is commonly believed. Less than 16 percent

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of the fastest-growing U.S. firms in the past decade received any venture capital. In developing economies, such capital sources should not be considered an agent for inducing entrepreneurship. Studies show that it is entrepreneurial activity that creates venture capital, not the other way around.

The U.S. military's economic programs in Iraq, like its civil programs, have led to mixed and sometimes contrary results. Operation Adam Smith, which was meant to revitalize Baghdad's commercial district, had little impact. The Commander's Emergency Response Program, which facilitates the rapid disbursement of funds for physical reconstruction in Afghanistan and Iraq, has helped quell strife by putting people to work, as was intended, but it may also have created dependence and led to the neglect of longer-term activities. These development efforts are motivated by the very best intentions. Still, a new and more effective doctrine for spurring economic growth is needed.

AN INTEGRAL GOAL

A DOCTRINE OF expeditionary economics, with practical guidelines for economic expansion, must begin with a clear notion of what works. Whenever the United States sends troops overseas, military planners must consider the effort in three phases: invasion, stabilization or pacification, and economic reconstruction. These are so strongly linked that the U.S. government should not engage in any significant military action until it has thought through and anticipated the requirements for stabilization or pacification and economic development.

Nor should economic development be seen as a separate task that can wait until after the others have been achieved. Although the various steps involved may compete for attention, there are also ways in which they can inform and reinforce one another. Counterinsurgency campaigns, for example, can facilitate economic growth by helping identify the entrepreneurial aspirations of certain individuals.

Going in, detailed economic planning probably is not necessary and may even be counterproductive. What is most needed then is a good assessment of the work that lies ahead (and attention paid to such assessments), with a range of options for how to meet the likely needs and with well-defined economic goals.

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Too often, in both the military and the international development spheres, there has been a failure to consider the postwar economy in any strategic sense. Military doctrine has usually treated operations other than war as secondary matters to be handed off to other agencies. These agencies, USAID in particular, have rarely conceived of their work as part of a larger strategy for the country in question or for promoting U.S. interests. One-off projects and bureaucratic delays—due in no small part to congressional constraints on USAID—have created the impression that dependence and subsistence are the inevitable future for countries such as Afghanistan. Economic growth is rarely even considered a possible goal. Regrettably, too, the body of scholarship on the relationships among economic prosperity, democracy, and war is a morass of tangled regression analyses and confused notions of causation. Yet economic growth plainly is a positive force in society and for governments; it is no coincidence that most conflicts today, most of which are civil wars, occur in countries with weak or stagnant economies.

Economic growth must be an integral goal of U.S. postconflict and post-disaster strategy. Growth is not simply a mechanistic composite of statistical indicators. It is in a very real sense an expansion of the imagination. “For income growth to occur in a society,” the economist and Nobel laureate Robert Lucas has written, “a large fraction of people must experience changes in the possible lives they imagine for themselves and their children, and these new visions of possible futures must have enough force to lead them to change the way they behave.” This view suggests that economic reconstruction must be rethought, especially by the military planners tasked with establishing the foundations on which stable postconflict economies will need to be built.

Economists sometimes get tripped up trying to measure growth; it can be misleading to look at a single standard, such as GDP growth. For example, Iraq’s per capita GDP rose from 2006 to 2008 due to increases in world oil prices, but was that really growth or just a fortuitous and temporary gain in revenues? Afghanistan has enjoyed double-digit GDP growth for the last several years, but largely because foreign aid accounts for roughly 40 percent of its economy and the opium trade accounts for another 40 percent. Strictly speaking, economies

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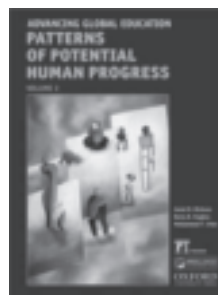
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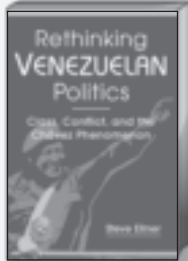


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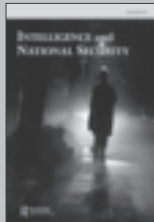
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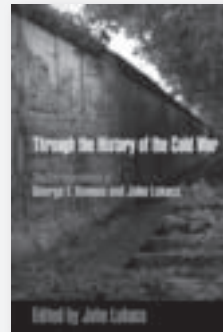


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do not grow. It is individual firms within these economies that grow—or shrink. The collective fate of these firms is the fate of the economy.

In other words, signs that real growth is occurring include the fact that new firms are being founded; that the number of jobs in firms younger than five years old is rising faster than that of jobs in older enterprises, including government-owned companies; and that new firms are growing to large sizes by bringing new products or new services to the market. For this growth to be sustainable, it is vital that firms regularly give birth to new lines of business or entire new industries, especially since existing industries tend to contract as they mature and as they face ongoing competition. Only then can real GDP expansion follow.

International development researchers have often been perplexed by the fact that a program that produces good results in one country may not work in another. They should not be: every situation is different; formulaic approaches cannot work.

It is not necessarily true, for example, that an economy needs great infusions of outside capital in order to grow. Start-up ventures do need capital, but the best sources of this capital may differ from one state to another. In poor postconflict countries, few entrepreneurs can finance their own projects, especially if these are ambitious ventures with high growth potential. In those instances, some direct investment from the U.S. military or other U.S. government agencies, preferably working through local lending institutions, may be required. Another possible model is something like the United States' Small Business Innovation Research Program, which makes grants to small firms so that they can develop and commercialize innovative technology.

Even for companies that are already growing fast but need financing to continue, venture capital is hardly a one-size-fits-all solution. Venture-capital financing, which is based on investors' ability to cash out quickly, may not be desirable in developing countries. In such places, one should prefer to see local entrepreneurs hold on to their ventures and eventually build iconic homegrown firms, like Infosys

Helping other countries' economies grow may be the United States' most potent way of projecting soft power.

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and Wipro in India, which not only generate more growth but can serve as examples for other entrepreneurs throughout the country. Thus, financing tailored to the circumstances of each country and the needs of its particular high-growth enterprises is required.

FOSTERING DYNAMISM

PLANNERS AND decision-makers everywhere try to control events and steer their policies toward predictable outcomes. But a successful entrepreneurial system requires a willingness to accept messy capitalism even when it appears chaotic, trusting that the process will eventually bring sustained growth, as it has in the United States and elsewhere.

Such an approach may seem to contradict the U.S. military's usual goal of imposing order in postconflict zones. But this is so only at first glance. The stability that the military seeks is primarily social and political, not economic. Some of the world's most dynamic economies exist in some of the most stable countries—the United States is an obvious example—and nothing about messy capitalism inherently suggests a connection to social chaos. Quite the reverse: social stability often enables entrepreneurial capitalism. The two goals may conflict sometimes, as when jobs are lost after major privatizations. Where and when they do, there is no easy answer for how to reconcile them. But it would be a mistake to invoke this problem as a justification for preferring stability to dynamism, as the U.S. government seems to do in other countries, when dynamism is required for economic growth. A new strategy that strikes a balance between control and *laissez faire* is necessary. Economic activity outside of the government's control should be more than just tolerated: it should be encouraged.

A successful example of this is the National Solidarity Program in Afghanistan, an Afghan government initiative that gives block grants to villagers, who then decide, through elected councils, how to spend the money. This program, which stresses accountability has been much more successful than many other development programs in Afghanistan. (A similar program in Indonesia also enjoyed success.) Unfortunately, the U.S. government has repeatedly

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scaled back funding for it, perhaps because of its persistent discomfort with projects that it cannot control.

If they want to do better at building vibrant economies in countries that have been devastated by war or natural disasters, U.S. military planners will have to look beyond international development organizations, which are prone to self-reinforcing thought patterns. They will have to consult people with practical experience, such as entrepreneurs who have gotten concrete results from launching successful firms.

Helping other countries' economies grow may be the United States' most potent way of projecting soft power. But such power will be effective only if what Americans have accomplished for themselves appeals to others. Some nations show disdain for American popular culture and its supposedly materialistic values, but many more consider U.S. levels of economic prosperity and opportunity to be the gold standard, even after the recent recession. They desire the same at home, only a version tuned to their own cultures and values. If the United States lets its economic performance slip or if it drifts away from the principles of entrepreneurial capitalism, it will endanger the standard that others view so highly and create the conditions for less America-friendly views to prevail in the world. Conversely, if it maintains its economic health and learns how to export it more effectively, the future will look bright for all.

The United States' armed forces are uniquely positioned to contribute to world peace and prosperity by means other than actual force. And if they apply the ideas outlined here, they could start a revolution in thinking about economic growth. But using the whole of American power effectively—beyond simply the “whole of government”—means reconfiguring the usual cast of actors, recognizing the limits of government, and tapping the enormous potential of entrepreneurs and skilled investors. If successful, such efforts could reshape current thinking about international development and help strengthen the United States' national security. One can only hope that this decade will one day be known as the decade of development, a decade when the world's most troubled nations finally began to grow. 🌍

NATO's Final Frontier

Why Russia Should Join the Atlantic Alliance

Charles A. Kupchan

AT NATO'S 2010 summit, planned for November, the alliance's members intend to adopt a new "strategic concept" to guide its evolution. NATO's relationship with Russia is at the top of the agenda. Since the collapse of the Soviet Union, the United States and its NATO allies have constructed a post-Cold War order that effectively shuts Russia out. Although NATO and the European Union have embraced the countries of central and eastern Europe, they have treated Russia as an outsider, excluding it from the main institutions of the Euro-Atlantic community. Russia's isolation is in part a product of its own making. The country's stalled democratic transition and occasional bouts of foreign policy excess warrant NATO's continued role as a hedge against the reemergence of an expansionist Russia.

Nonetheless, the West is making a historic mistake in treating Russia as a strategic pariah. As made clear by the settlements after the Napoleonic Wars and World War II—in contrast to the one that followed World War I—including former adversaries in a postwar order is critical to the consolidation of great-power peace.

CHARLES A. KUPCHAN is Professor of International Affairs at Georgetown University and a Senior Fellow at the Council on Foreign Relations. He is the author of *How Enemies Become Friends: The Sources of Stable Peace*. For an annotated guide to this topic, see "What to Read on Transatlantic Relations" at www.foreignaffairs.com/readinglists/transatlantic-relations.

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Anchoring Russia in an enlarged Euro-Atlantic order, therefore, should be an urgent priority for NATO today.

Russia has been disgruntled with the expansion of NATO ever since the alliance began courting new members from the former Soviet bloc in the early 1990s. However, Russia's economic and military decline and the West's primacy encouraged NATO members to discount the potential consequences of Russian discontent. "As American capabilities surged and Russian capabilities waned," the political scientists Daniel Deudney and G. John Ikenberry have observed, "Washington policymakers increasingly acted as though Russia no longer mattered and the United States could do whatever it wanted."

The strategic landscape has since changed dramatically, however, and the costs of excluding Russia from the Euro-Atlantic order have risen substantially. The Kremlin's recentralization of power and Russia's economic rebound thanks to higher energy prices have brought the country back to life. Russia now has the confidence and the capability to push back against NATO—just as the West urgently needs Moscow's cooperation on a host of issues, including the containment of Iran's nuclear ambitions, arms control and nonproliferation, the stabilization of Afghanistan, counterterrorism, and energy security.

Moreover, the ongoing expansion of NATO has made the question of Russia's place in the Euro-Atlantic order even more pressing. In its new military doctrine, released this February, Russia identified NATO enlargement as a primary external threat. The alliance has been contemplating membership for Georgia and Ukraine, a move that would dangerously escalate tensions between NATO and Russia. Indeed, the Russian-Georgian war of 2008 was to some extent a reflection of Moscow's disquiet about Georgia's westward geopolitical alignment. And rather than just opposing NATO enlargement, Russia is now offering its own ideas for revamping the Euro-Atlantic security architecture. In November 2009, the Russian government released a draft of a new European security treaty that laid out Moscow's proposals for a pan-European institution. NATO allies, it seems, no longer have the luxury of indefinitely postponing consideration of Russia's place in the post-Cold War settlement.

A vision for bringing Russia into the Euro-Atlantic space is readily within reach: Russia should become a member of NATO. The country's

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eventual admission to the alliance would be the logical completion of a Euro-Atlantic order in which NATO is the primary security institution. Having embarked on the process of enlarging NATO when the Soviet bloc collapsed, the Western allies should now do their best to conclude that process by integrating Russia and other members of the Commonwealth of Independent States (CIS) into the alliance.

There are, of course, many other options for pursuing a pan-European order, such as fashioning a treaty between NATO and the Russia-led Collective Security Treaty Organization; elevating the authority of the Organization for Security and Cooperation in Europe (OSCE), of which Russia is a member; or picking up on Russia's proposal for a new European security treaty. But now that NATO, the world's most powerful military alliance, has 28 members and more to come, these other options are merely strategic sideshows. Countries will be either NATO members or outsiders. The only logical path to a pan-European order thus entails Russia's integration into the alliance.

Russia may ultimately reject inclusion in NATO due to the requirements and constraints membership entails, instead choosing to go its own way. But if the primary institutions of the Euro-Atlantic community ultimately fail to extend their reach to Russia, let it be due to the Kremlin's missteps, not because the Atlantic democracies failed to demonstrate the vision or the will to embrace Russia in a pan-European order.

ONE ALLIANCE, TWO STRATEGIES

FROM ITS inception in the late 1940s, the Euro-Atlantic security order has had a dual character. On the one hand, Western institutions have sought to provide collective defense against external threats by amassing military forces to defend the territory of member states (primarily against the Warsaw Pact) and project power (as in Kosovo and Afghanistan). On the other hand, they have sought to provide collective security against internal rivalries by tethering members to one another through military, political, and socioeconomic integration (via both NATO and the European Economic Community, the predecessor to the EU). But there has always been tension between the two missions. Collective defense is primarily about the concentration of

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power through maximizing national armaments and coordinating decision-making; the aim is to produce a countervailing balance against external threats. Collective security is primarily about the deconcentration of power through collectivizing both armaments and decision-making; the aim is to neutralize internal threats through the centripetal force exerted by integration. During the Cold War, the institutional division of labor was relatively clear-cut. NATO pursued collective defense by amassing power against the Soviet threat and collective security by binding its members to one another. Meanwhile, the European Economic Community (and, later, the EU) focused on turning western Europe into a zone of stable peace through economic and political integration.

Since the Cold War's end, the Atlantic democracies have found it more difficult to balance collective defense and collective security. The United States sees NATO primarily as a tool for power projection, using it to gather European partners that can contribute to missions well beyond the European theater. The countries of western Europe tend to conceive of NATO as an instrument for consolidating peace and prosperity within Europe, and they therefore resist U.S. efforts to turn it into a vehicle for pursuing military campaigns around the globe. Meanwhile, the new members from central and eastern Europe view NATO in more traditional terms—as a bulwark against Russia. Their preoccupation with collective defense means that they favor a NATO-centered, rather than an EU-centered, Euro-Atlantic order. However, their reluctance to augment the military strength and profile of the EU could undermine the transatlantic link; a more capable EU is essential to keeping Europe geopolitically relevant to the United States.

Making Russia's inclusion in NATO a priority for the alliance would ostensibly exacerbate the tension between these divergent strategic perspectives. In the United States, pragmatists would be intrigued while Wilsonian liberals and neoconservatives would recoil. In western Europe, which is still struggling to digest a steady stream of new entrants to the EU and NATO, the idea would likely intensify “enlargement

The West is making a historic mistake in treating Russia as a strategic pariah.

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fatigue.” And in central and eastern Europe, where fear of Russia continues to be strong, the proposal would trigger consternation, if not outright alarm. Moreover, the notion of letting Russia join NATO admittedly strikes a dissonant chord due to the alliance’s Cold War mission, Russia’s backsliding on democratic reform, and its heavy-handed approach to its “near abroad.” Nonetheless, the prospect of Russian membership in NATO holds considerable promise for resolving not just how best to construct a pan-European order but also how to address the logical contradictions facing NATO’s future.

WELCOME TO THE CLUB

THE CASE for including Russia in NATO rests on five main arguments. First, opening NATO to Russia would restore one of the Euro-Atlantic order’s primary functions—to provide for collective security through the centripetal force of integration. From the perspective of most NATO members, Russia is stuck in a strategic no man’s land; it warrants neither the definitive cold shoulder of collective defense nor the warm embrace of collective security. Laying out a vision for Russia’s inclusion in NATO would resolve this limbo; unless given reason to do otherwise, the alliance would begin reaching out to Russia, thereby exposing it to the democratizing and pacifying effects of integration—just as it did to Germany in the 1950s and central and eastern European states in the last two decades. NATO would be back in business as Europe’s primary provider of collective security and would have a new *raison d’être*: the completion of a pacific pan-European community.

Second, Russia’s gradual integration into NATO would revitalize the transatlantic link by making Europe the stronger geopolitical partner that the United States urgently seeks, which is of particular importance given how slowly the EU moves on matters of defense. A bipartisan consensus now exists in Washington in favor of a more unitary and militarily capable Europe—raising risks to the transatlantic link if Europe fails to rise to the occasion. The Lisbon Treaty entered into force last year, bringing about institutional reforms that may gradually enable the EU to adopt more collective and muscular foreign and defense policies. Nonetheless, even under the most optimistic scenarios, the EU is likely to make only halting progress in

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aggregating its defense capabilities. Accordingly, Russia, which has over one million active-duty forces, has the potential to strengthen Europe's military heft if it becomes part of NATO. Admittedly, NATO would have to proceed carefully on the sensitive matters of sharing intelligence and military technology. But surely such issues can be managed if doing so would significantly augment the military strength of NATO and the security of the Euro-Atlantic community.

Third, Russia's integration into NATO would enable Georgia and Ukraine to join the alliance without provoking a crisis with Moscow.

According to the Russian political scientists Sergei Karaganov and Timofei Bordachev, the admission of these countries into NATO would increase "the risk of a conflict with unforeseeable consequences." Stopping the enlargement of NATO could avert this problem but would leave another one unsolved: How can Russia and its neighbors be integrated into a unitary Euro-Atlantic order? As Andrew

Monaghan of the NATO Defense College notes, "Even if enlargement stops, Russia remains excluded from Euro-Atlantic mechanisms."

The solution, then, is for Georgia and Ukraine to join a NATO in which Russia is already, or is soon to be, a member, ensuring that their entry would cause little, if any, geopolitical tension. More generally, if membership in the CIS remains separate from membership in NATO, Europe's East and West will be subject to indefinite geopolitical division and jockeying over zones of influence. In contrast, if NATO opens its doors to members of the CIS, such dividing lines and the competition that accompanies them will likely fade away. There is a precedent for this evolution: all of the CIS' members already cooperate with NATO through the Partnership for Peace program and the Euro-Atlantic Partnership Council.

Fourth, building a pan-European security order around NATO would ensure that the alliance remains in control of the evolution of the Euro-Atlantic space. Alternative options, such as turning to the OSCE or fashioning a new structure, would devolve power to other institutions—one of the main reasons why NATO members have reacted with little enthusiasm to Moscow's recent proposal for a European security treaty. Their reaction may be justified, but so, too, is Moscow's own pique at

Unlike most of the United States' partners in Europe, Russia has broader geopolitical horizons.

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NATO for ignoring its proposal, especially considering that the alliance has not come up with any credible counteroffers. Opening NATO to Russia and other CIS members represents just such a counteroffer—and one that would enable NATO to stay at the center of the game.

Finally, Russia's inclusion in NATO would help the Euro-Atlantic community focus its attention beyond its own neighborhood. To be sure, there is plenty of unfinished business in Europe itself, including in the Balkans and the Caucasus. But the collective interests of the states that occupy the geographic zone that runs from Vancouver to Vladivostok are increasingly affected by developments that are global in character, such as the rise of emerging powers, terrorism, nuclear proliferation, climate change, cyberattacks, and international crime.

Unlike most of the United States' traditional partners in Europe, which tend to be Eurocentric in their strategic orientation, Russia has broader geopolitical horizons. Moscow is an important player in negotiations with Iran and North Korea over their nuclear programs and wields considerable influence in Beijing. Russia is one of the world's major energy suppliers. It is also an influential member of the United Nations, the G-8, and other multilateral institutions. One of the primary challenges facing the West is determining how best to open up such institutions to emerging powers. Russia, as one of the "BRIC" countries (Brazil, Russia, India, and China), can assist the Euro-Atlantic community as it seeks to make the necessary adjustments, including expanding the UN Security Council and transforming the G-8 into the G-20. Indeed, in June 2009 Russia hosted the first BRIC summit, in Yekaterinburg, suggesting that Moscow can help shape the character of the West's intensifying interactions with emerging powers.

Including Russia in NATO thus promises to have positive spillover effects well beyond Europe. NATO membership for Russia could both complete the project of building a Euro-Atlantic community at peace and help prepare that community for the multipolar and politically diverse world of the future.

INCLUSION AND ITS CRITICS

THE PROSPECT of Russia's inclusion in NATO elicits three obvious objections: that it would bring the fox into the hen house, that it would

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dilute the alliance and weaken its solidarity, and that it would compromise the alliance's core values by admitting a member that is not a democracy.

To be sure, NATO would run a strategic risk by bringing Russia into an alliance that, for the moment, is still intended to hedge against a potential Russian threat. But NATO is actually running a potentially greater strategic risk by excluding Russia from the Euro-Atlantic order. And as long as it proceeds prudently, NATO can minimize the dangers involved in embracing Russia.

For starters, the process would move slowly and deliberately. NATO would begin by making clear that it welcomes Russian membership—a move intended to signal benign intent. Just as the allure of NATO membership helped induce the countries of central and eastern Europe to pursue political and military reforms, the prospect of joining NATO would expose Russia to the incentives and socializing norms that might change its politics and its policies. At a minimum, the West's leverage in Moscow would be enhanced, and more contact between NATO officials and their Russian counterparts would help reduce mistrust. Cooperation could be tested on many different fronts, including arms control and nonproliferation, missile defense, military exercises, peacekeeping, joint naval operations to combat piracy or drug trafficking, and cybersecurity. Such initiatives would not only enhance mutual confidence between NATO members and Russia but also provide NATO plenty of time to gauge whether Moscow is willing to deepen cooperation and channel its power toward common ends.

There is, of course, no guarantee that Russia would reciprocate NATO's overture and adopt domestic and foreign policies consistent with eventual membership. But NATO's opening to Russia would hardly be irreversible. Were Russia to take advantage of NATO's open door to thwart the alliance—blocking decision-making, stoking internal divisions within NATO, continuing to pursue coercive behavior in its neighborhood—the outreach to Moscow would quickly come to an end. NATO would readily veer away from providing collective security across Europe and return to providing collective defense against Russia.

As for the potential of Russian membership to compromise NATO's efficacy and solidarity, it is true that the alliance's dilution will unquestionably increase in step with the size and diversity of its membership. If by 2025 NATO includes Russia, Georgia, Ukraine, and a handful of

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other CIS members, it will be headed toward having some 40 members of remarkably diverse sizes, levels of wealth, and military capabilities. But is an alliance of 40 countries that different from one of 30? The reality is that the current NATO of 28 members has already been substantially

Were NATO to admit Russia, it would not be the first time a nondemocracy joined the alliance.

diluted by its size and diversity. Recent summits have witnessed major differences over the question of enlargement to include Georgia and Ukraine. Alliance members are divided over the merits of recognizing Kosovo. In Afghanistan, to its credit, NATO is carrying a heavy burden. But member states are taking on quite different levels of responsibility and risk, and the Dutch are poised to withdraw

from Afghanistan this summer; NATO is already a multi-tiered alliance, in which some countries shoulder much heavier burdens than others.

As a consequence, bringing Russia into the alliance would only advance institutional changes that are already beginning to take place. The automaticity and solidarity of collective defense are giving way to the contingent and looser character of commitments to collective security. Although the checkered performance of the League of Nations and other collective-security institutions provides cause for concern about this transition, NATO's transformation is a matter of necessity, not choice. It can remain a traditional alliance focused on territorial defense—and gradually slip into geopolitical irrelevance. Or it can become a broader political-military union focused on advancing the collective security of the Euro-Atlantic space—and secure its centrality for the foreseeable future.

In this respect, NATO needs to address its outmoded reliance on decision-making by consensus, which could become a recipe for paralysis. Precisely because its member states have such a wide array of interests, fears, and capabilities, the alliance is more likely to take effective and timely action through coalitions of the willing, not by unanimous consent. For the same reason, provisions may be necessary to isolate or suspend the privileges of recalcitrant members. Accordingly, NATO should move toward a more flexible system of decision-making. Russian membership would help drive home the importance of updating NATO's institutions and decision-making procedures.

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Should Russia join NATO, Moscow would likely oppose any such move away from unanimous decision-making. Moscow jealously guards its veto in the UN Security Council and insists on decision by consensus in the OSCE. Its draft of a European security treaty envisages a decision-making forum in which decisions “shall be taken by consensus.” Nonetheless, Russia, just like current NATO members, will have to get used to a more complicated strategic landscape, in which coalitions of the willing and more flexible systems of decision-making are likely to be essential for timely action.

Finally, admitting Russia and other CIS members to NATO would likely entail membership for countries that are not yet consolidated democracies. Russia may well move in a democratic direction in the years ahead—especially if helped along by deepening ties to the Euro-Atlantic community. But should democratization proceed in Russia, it would surely move slowly, confronting NATO with a timing problem. NATO needs to reach out to Russia sooner rather than later; locating Russia's place in the Euro-Atlantic space is an urgent issue. If NATO proceeds with Russian accession in a timely fashion, however, it will probably face the prospect of admitting Russia before it is fully democratic.

Is it feasible to admit a nondemocratic state to NATO? Doing so would certainly contravene the principles of “democracy, individual liberty and the rule of law” enshrined in the North Atlantic Treaty. Moreover, during the three waves of enlargement that have taken place since the end of the Cold War (in 1999, 2004, and 2009), the alliance stipulated that new entrants not only had to be democratic but also had to have a market economy, treat minorities fairly, and be committed to peacefully resolving disputes—none of which is exactly Moscow's strong suit.

Were NATO to admit Russia, however, it would not be the first time a nondemocracy joined the alliance. Portugal was an original signatory to the North Atlantic Treaty in 1949 but was not a democracy until 1974. Greece and Turkey were both admitted in the first round of enlargement, in 1952, but in the following years experienced political instability, coups, and military rule. In all three of these cases, admission was justified on strategic grounds. Even official NATO literature has acknowledged that early rounds

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of enlargement “took place during the Cold War, when strategic considerations were at the forefront of decision-making.”

Keeping the Soviet Union out of the West during the Cold War was certainly of greater urgency than is bringing Russia in today. But the potential payoff of finally anchoring Russia in the Euro-Atlantic space would be considerable. On a wide range of first-order issues, partnership with Russia is of paramount importance. Indeed, bringing Russia into NATO would contribute at least as much to Euro-Atlantic security today as did membership for Greece and Turkey when they were admitted. If strategic considerations warranted their membership, even as nondemocracies, then surely the same applies to Russia today.

Moreover, Portugal, Greece, and Turkey proved to be steady NATO allies. Indeed, democracies and nondemocracies have often teamed up to good effect. The United States and the Soviet Union were reliable partners during World War II. Currently, the sheikdoms of the Persian Gulf are some of the United States’ closest allies—even though they are among the world’s most illiberal regimes. Although all of NATO’s current members are democracies, some, such as Romania and Bulgaria, are falling prey to rampant corruption. The United States, in 2008, backed putting Georgia on the road to NATO membership just after its president, Mikheil Saakashvili, had violently suppressed antigovernment demonstrators and shut down opposition media outlets. If Washington is prepared to cut corners to get Georgia into NATO, then it should certainly do the same for Russia, a country of considerably more strategic importance. Since regime type is not a good predictor of foreign policy behavior, NATO would be wise to choose its partners on the basis of their conduct of foreign policy, not just the character of their domestic institutions.

THE HURDLES AT HOME

MANAGING THE politics of bringing Russia into NATO would be at least as difficult as managing the policy. The hurdles are high: every current NATO country must ratify the admission of new members. And NATO enlargement has already proved to be capable of stirring up passionate domestic debate. Indeed, the post-Cold War confrontation between NATO and Russia is in no small part the product of domestic

pressures. In the United States, suspicion of Russia has lingered among foreign policy elites and politicians, particularly on Capitol Hill, predisposing them to interpret Russian foreign policy in an aggressive light. (This bias became apparent at the outbreak of the Russian-Georgian war in 2008, when, despite considerable evidence that Georgia had initiated the hostilities, the dominant view in the United States was that Russia had acted as an unprovoked aggressor.) Moreover, the salience of NATO enlargement among U.S. voters of central and eastern European descent helped build political momentum behind expansion during the 1990s, as well as during the more recent rounds of enlargement. In central and eastern Europe itself, elites and electorates would be staunchly opposed to the notion of Russia's integration into NATO. Opposition would be much less potent in western Europe, where the publics, in part due to matters of energy dependence, tend to appreciate the need for outreach to Russia. In Russia itself, where Prime Minister Vladimir Putin and, to a lesser extent, President Dmitry Medvedev have helped ratchet up anti-Western populism, considering NATO membership would require a stark reversal of course.

In the United States, the Obama administration is working hard to "reset" relations with Moscow, a policy that, if successful in producing cooperation, promises to help dampen residual suspicion of Russia among the U.S. foreign policy establishment. Congress is likely to be the most difficult stumbling block, inasmuch as it could stand in the way of the ratification of arms control treaties and oppose other initiatives needed to promote mutual confidence between Washington and Moscow. Even though concrete strategic cooperation between NATO and Russia would help change attitudes on Capitol Hill, convincing Congress of the merits of Russian membership in NATO would be an uphill battle.

Altering attitudes toward Russia in central and eastern Europe would be even more challenging. For starters, NATO should balance a strategic outreach to Russia with reassurance to its members in central and eastern Europe that it remains committed to their territorial

If Washington is prepared to cut corners to get Georgia into NATO, then it should do so for Russia, too.

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defense. In this respect, the alliance should undertake the military planning and exercises needed to reaffirm the integrity of Article 5 of the North Atlantic Treaty, which provides for collective defense. NATO should also make clear to central and eastern Europeans that its outreach to Russia would take place with eyes wide open and would come to a halt should Russia consistently engage in behavior indicative of predatory or exploitative intent.

Central and eastern European leaders have their own hard work to do in toning down the Russophobia that continues to animate politics in the region. They need to impress on voters that Russia's integration into the Euro-Atlantic order is a far better investment in central and eastern Europe's security than tank traps, fighter jets, and Patriot missiles. Whether or not it is protected by NATO, central and eastern Europe will be a dangerous neighborhood if Russia remains estranged from the West. If Russia enters NATO and Europe's dividing lines dim, then the security problems in this neighborhood will be dramatically diminished. From this perspective, the countries of central and eastern Europe have a stronger interest than any other NATO members in the consolidation of a Euro-Atlantic order that includes Russia. Yes, it is difficult to imagine today that Poland will ratify Russian membership in NATO anytime soon. But so, too, was it hard to imagine in the late 1940s that Germany's neighbors would before long agree to its inclusion in the European Economic Community and NATO.

Russian leaders will also have to start laying the groundwork for a new domestic discourse about NATO. Rather than portraying the alliance as an offensive instrument intent on encircling Russia, Moscow should openly discuss the possibility that NATO could serve as the umbrella for a pan-European security structure. Sustained cooperation between NATO members and Russia would help improve perceptions of NATO among Russian elites and the Russian public. Russia has long sought to join international institutions, such as the G-8 and the World Trade Organization, in order to increase its sway and symbolize its integration into the international community. Indeed, Putin, during his early days as president, asserted that he "would not rule out" Russian membership in NATO "on condition that Russia's interests are going to be taken into account, [and] if Russia becomes a full-fledged partner." It is now time to hold Putin to his word. 🌐

Reviews & Responses



With Americans paying more to the government and receiving fewer benefits from it, popular support for an expansive foreign policy will decline.

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Overpowered?

Questioning the Wisdom of American Restraint

Michael Mandelbaum

Superpower Illusions: How Myths and False Ideologies Led America Astray—and How to Return to Reality. BY JACK F. MATLOCK, JR. Yale University Press, 2010, 368 pp. \$30.00.

The Power Curse: Influence and Illusion in World Politics. BY GIULIO M. GALLAROTTI. Lynne Rienner, 2010, 207 pp. \$58.50 (paper, \$22.00).

The Power Problem: How American Military Dominance Makes Us Less Safe, Less Prosperous, and Less Free. BY CHRISTOPHER A. PREBLE. Cornell University Press, 2009, 232 pp. \$25.00.

“Money can’t buy happiness,” the old saying goes, and anyone who doubts that this is sometimes true should conduct a Google search for “lottery winners horror stories.” He or she will find accounts of

people for whom a great financial windfall led to misery, bankruptcy, and even suicide. In international relations, power is the equivalent of money—highly desired, actively sought, and eagerly used. The theme of three new books about power and U.S. foreign policy is that as with money, so with power: a great deal of it does not necessarily bring success.

It can even have the opposite effect. Powerful countries can and do carry out foreign policies that fail, making them less prosperous, less respected, and, ultimately, less powerful. In each of the books, the prime example of the dangers of power, the equivalent of the lottery winners destroyed by riches, is the United States during the George W. Bush administration. For all three authors, the essence of what

MICHAEL MANDELBAUM is Christian A. Herter Professor of American Foreign Policy at the Johns Hopkins School of Advanced International Studies and the author of the forthcoming book *The Frugal Superpower: America's Global Leadership in a Cash-Strapped Era*. For an annotated guide to this topic, see “What to Read on American Primacy” at www.foreignaffairs.com/readinglists/american-primacy.

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Christopher Preble calls “the power problem” is that the United States has too much of it.

Each author advocates a foreign policy different from the one Bush conducted. Each calls for more modest aims and wider international cooperation. And although each severely criticizes the Bush administration, all find evidence of the drawbacks of power in the policies of other administrations and in the histories of other countries as well. The three books have another important feature in common: each is backward-looking. Although they do not seem to recognize it, the era in which U.S. foreign policy could be driven in counterproductive directions by an excess of power is in the process of ending.

DEBATING DOMINANCE

Jack Matlock is one of the most accomplished U.S. diplomats of the last half century. His specialty in the Foreign Service was the Soviet Union, where he served four tours of duty—the last of them, from 1987 to 1991, as U.S. ambassador. Prior to his final posting in Moscow, he advised President Ronald Reagan on Soviet affairs.

Matlock’s assessment of the Bush administration is harshly negative. He says, for example, that the 9/11 attacks “could have been prevented if the Bush administration had shown minimal competence in using the information the CIA had provided.” Matlock, a trusted aide to Reagan, contends that in temperament and outlook, if not always in policy preferences, Barack Obama more closely resembles the president with whom he worked than did President George W. Bush—a judgment likely to occasion both surprise and dismay among the partisans of all three chief executives.

The most important feature of *Superpower Illusions* is Matlock’s explanation of the wayward course of U.S. foreign policy after the Cold War. It has stemmed, he believes, from a mistaken understanding of how and why the great conflict with the Soviet Union ended. Americans have wrongly seen this end as a kind of military victory. In fact, it was “a negotiated outcome that benefitted both sides.” The four-decade-long policy of containment certainly helped create the conditions in which the conflict could end as it did, but military power alone could never have produced that ending. Matlock denounces “the idea . . . that it was U.S. force and threats, rather than negotiation, that ended the Cold War, and also that Reagan’s rhetoric ‘conquered’ communism, and that the collapse of the Soviet Union was the equivalent of a military victory.” Such claims, he goes on, “are all distortions, all incorrect, all misleading, and all dangerous to the safety and future prosperity of the American people.”

The triumphalist interpretation has had pernicious consequences. It has reinforced Russian leader Vladimir Putin’s narrative of his country’s recent history, which asserts that the end of the Soviet Union was an unmitigated disaster, foisted on the Russians by the West in order to weaken the Russian nation. That narrative supports Putin’s autocratic domestic policies and Russia’s reflexive hostility to the United States.

The incorrect reading of the Cold War’s end has also contributed, by fostering an exaggerated sense of American power, to harmful foreign policies on the part of the United States. Matlock is particularly eloquent and convincing on one of them: the decision to expand NATO to former

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communist countries and former republics of the Soviet Union while excluding Russia. NATO expansion was not necessary to assure the security of the newly independent countries of eastern Europe, he says, and it has had devastating consequences for U.S. interests. In his view, it “increased America’s exposure to risk by adding countries to its security guarantee, . . . weakened NATO (because the more members it had the more its unity was challenged by competing national interests), and . . . alarmed Russia and made it less willing to cooperate fully with the United States.”

NATO expansion proved all the more offensive to Russia because Western leaders had given assurances to their Soviet counterparts that the alliance would not move eastward. Matlock was present when U.S. Secretary of State James Baker conveyed such an assurance to Soviet leader Mikhail Gorbachev in February 1990. In light of his account, the argument made by the apologists for NATO expansion—that the United States was entitled to carry it out because Soviet leaders never received a written promise that it would not take place—can be seen as the travesty of basic American principles that it is. Neither the founders of the United States nor those who led it through the trials of the next two centuries ever intended their country to behave like a dishonest businessman whose word cannot be trusted unless it is formally embedded in an ironclad legal contract.

Matlock writes on the basis of 35 years as an active participant in making and carrying out foreign policy. Giulio Gallarotti’s perspective, by contrast, is that of an observer. Gallarotti is a professor of government at Wesleyan University, and *The Power Curse* is written in academic style for other academics.

Its title echoes a phenomenon familiar to economists: the resource curse. This is the perverse tendency for a large endowment of a valuable resource—usually oil—to make a country poorer by stunting the development of the institutions necessary for a productive economy and by boosting the value of the country’s currency, thereby harming its exports. Gallarotti asserts that a large endowment of power has a comparable effect, leading its possessor to adopt policies that weaken it.

In one sense, his thesis is surely correct. The foreign policies of great powers do sometimes fail, and their power is almost always a cause of the failure in that without this power they would not have embarked on the failed initiatives in the first place. To take two of the cases Gallarotti discusses, ancient Athens would not have tried to conquer Sicily and the United States would not have intervened in Vietnam had the two great powers not had substantial military and economic resources. Whether the systematic relationship between power and failure that Gallarotti posits actually exists is less clear.

He argues that power leads to failure in four distinct ways: by discouraging states from adapting to complexity, by making them vulnerable to overstretch, by leading them to fall victim to moral hazard, and by inducing them to act unilaterally. Not all of the terms he uses are well defined. “Moral hazard,” in its original economic context, refers to a situation in which the gains from economic activity are privatized and the losses are socialized—that is, borne by the government. As Gallarotti uses the term, however, it seems to mean merely overconfidence, which is something different. A firm or an individual operating in circumstances of moral hazard has a strong

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incentive to engage in behavior known to be risky because the potential economic benefits are large and the losses will be borne by somebody else. An overconfident government, by contrast, carries out policies that it does not consider risky. It believes that it will suffer no losses because the policies cannot fail.

Like Matlock, Gallarotti believes that the Bush administration's foreign policies, to which he devotes an entire chapter, weakened the United States, but the chapter does not always inspire confidence in his grasp of the realities of the world in which Bush and his colleagues formulated these policies. Gallarotti writes, for example, of the social welfare activities of the three principal terrorist organizations in the Middle East that "the generosity on the part of Hamas, Hezbollah, and Al-Qaida has become legend among Muslim populations in a number of countries." The policies of these three organizations that have had the widest effects, however, most certainly did not enhance the welfare of those they affected. Hamas' assaults on Israel and criticism of Egypt led to a blockade by the two countries of the Gaza Strip, where Hamas holds power, which has made the conditions of life there miserable. Hezbollah started an unprovoked war against Israel that caused extensive damage in southern Lebanon and parts of Beirut. Al Qaeda's major accomplishment since 9/11 has been to murder thousands of fellow Muslims. Gallarotti does not specify the countries in which these three groups have become legendary, but they cannot be the ones in which Hamas, Hezbollah, and al Qaeda actually operate.

The Power Curse concludes with a series of lessons from the cases it examines, which amount to an injunction to governments to

conduct their foreign policies in a prudent, cautious, and flexible fashion. This is surely good advice for powerful countries—and for weak ones, and for those that are neither, as well.

RESTRAINING ORDER

The recommendations for U.S. foreign policy in Christopher Preble's *The Power Problem*, by contrast, go well beyond prudence. Preble is the director of foreign policy studies at the Cato Institute, a Washington think tank with a libertarian political outlook that generally favors a far more modest foreign policy than recent administrations have chosen. On the evidence of this volume, Preble considers the defense of the borders of the United States to be the only legitimate use of U.S. military power.

He, his colleague Ted Galen Carpenter, and other foreign policy analysts affiliated with Cato can be counted on to make a cogent case against whatever international initiative the U.S. government happens to be contemplating or actually carrying out. Since the think tanks in the nation's capital that are more closely aligned with one of the two main political parties usually support the government's foreign policy initiatives (at least when their favored party is in power), and since the international projects the U.S. government launches sometimes turn out badly, this is a valuable service.

Preble denies that he is an isolationist, and he and his colleagues do strongly favor free trade. Cato's approach to foreign policy in fact corresponds to what the scholar Walter Russell Mead has called the Jeffersonian approach, one that the nation's third president embraced and sought to practice. Its main belief is that the liberty on behalf of which the Ameri-

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can colonists revolted against their British overlords is not only precious but also fragile: military adventures abroad can compromise it at home. Eighteenth-century Jeffersonians feared a “man on horseback,” a military leader, like Napoleon Bonaparte in France, who would seize political power. Today’s Jeffersonians have two different concerns about foreign wars and ongoing entanglements in the affairs of other countries. They fear the creation of a permanent coalition of interests—what President Dwight Eisenhower called “the military-industrial complex”—that will distort the nation’s foreign policies. And they object to spending money for foreign purposes rather than channeling it to social welfare programs in the United States or, as Cato would prefer, leaving it in the hands of U.S. taxpayers.

Some who find post-Cold War U.S. military interventions unwise would subscribe to President Theodore Roosevelt’s admonition to “speak softly and carry a big stick.” They would, that is, endorse a robust military as long as it is not used very often. Preble disagrees. For him, the United States and its armed forces recall Oscar Wilde’s remark that he could “resist everything except temptation.” Preble considers a large military to be a permanent, irresistible temptation to intervene overseas and therefore favors a smaller one. The United States should devote considerably fewer resources to defense, he believes, and he deftly illustrates the ways in which defense contractors and military officials manage to fund weapons systems the country does not need.

Preble makes frequent reference to the founders of the American republic, whose definition of a proper foreign policy in many ways matches his own. Like him,

they generally opposed maintaining a large military establishment and the waging of foreign wars. However, the United States’ foreign policy depends on not only what its eighteenth-century leaders believed but also what the world of the twenty-first century is like, and on the latter subject, Preble has very little to say. Readers of *The Power Problem* will find no discussion of North Korea’s nuclear weapons, or the growth of China’s power, or Iran’s regional ambitions, or the spread of Saudi Arabia’s radical Islamist ideology. Perhaps none of these requires the close and sustained attention of the United States, but Preble makes no serious effort to explain why this is so. The impression that emerges from the book, by default, is that the author sees the world outside North America as a larger version of Antarctica: alien, uniform, unpromising, and harmless.

THE FRUGAL FUTURE

Whatever the quality of the analysis underlying it, however, Preble’s vision of a more modest U.S. foreign policy, which Matlock and Gallarotti share, is destined to be adopted. The United States will do less, perhaps much less, beyond its borders in the next two decades than it has in the last two.

This retrenchment will not come about because the views of the founders have gained currency among the wider U.S. public or as the result of the disappointments and failures of recent U.S. military interventions. The principal cause will be the fiscal condition of the United States. The country will bear the burden of a huge and growing national debt, from three principal sources: the chronic deficits from 2001 to 2008, the very high costs of coping with the financial crisis of 2008 and the

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recession it dramatically deepened, and, most important, the skyrocketing bill for Social Security and Medicare as the baby-boom generation becomes eligible for these entitlements.

The Bush administration, it is worth noting, was directly responsible for the first of these sources, indirectly responsible for the second, and did nothing to reduce the costs of the third. Under the eyes of eternity, therefore, the greatest damage that the administration will be seen to have inflicted on the United States' position in the world will come not from the Iraq war, about which so much ink has been spilled (including in the three books under review), but rather from its profligate fiscal policies.

There are four ways to address a deficit: by borrowing, by reducing spending, by raising taxes, and by printing money. Because the second and the third have proved politically impossible and the fourth would be economically ruinous, the United States has relied on the first. But it will not always be able to borrow all the money required to fill the gap between the government's expenditures and its revenues. At some point, taxes will have to rise and spending will have to fall. Fewer resources will be available for all other programs, including foreign policy. In these circumstances, with Americans paying more to the government and receiving fewer benefits from it, popular support for an expansive foreign policy will decline. The public will insist more strongly than at any time since before World War II on using its dollars for domestic, rather than international, purposes.

It will not permit expensive military interventions leading to state-building exercises, such as those in Afghanistan and Iraq. It will not support the kind of humanitarian interventions, to rescue people under

assault from their own governments, that the Clinton administration undertook in the 1990s in Somalia, Haiti, Bosnia, and Kosovo. The nation's growing fiscal burden is also likely to put pressure on its most important international missions—its military presence, which helps keep the peace, in East Asia, Europe, and the Middle East, places where instability could seriously harm U.S. interests.

The prospect of a reduced U.S. presence around the world does not disturb Matlock, Gallarotti, or Preble. Each is confident that other countries will step forward to fill any geopolitically perilous vacuum that a more modest U.S. foreign policy creates. With the passing of what they regard as the wantonly unilateralist Bush administration, all see great potential for more extensive international cooperation. All believe, that is, that other countries will risk lives and spend money in pursuit of goals they have in common with the United States.

Perhaps eventually they will, but the first year of the presumably kinder, gentler, more multilateral Obama administration yielded little evidence of a willingness on the part of others to share the United States' global burdens. If, as Washington pulls back, others do not step forward, the world is all too likely to become both more disorderly and less prosperous. In that case, the verdict on the state of the world in the year 2030 may differ sharply from the judgment these three books pass on the last 20 years. Whereas their common theme is the dangers that arise when the United States has too much power, their successors two decades from now will be chronicling the even worse—perhaps far worse—consequences of the United States' having too little of it. 🌐

Review Essay

It Takes the Villages

Bringing Change From Below in Afghanistan

Seth G. Jones

My Life With the Taliban. BY ABDUL SALAM ZAEEF. Columbia University Press, 2010, 360 pp. \$29.95.

Decoding the Taliban: Insights From the Afghan Field. EDITED BY ANTONIO GIUSTOZZI. Columbia University Press, 2009, 420 pp. \$40.00.

Empires of Mud. BY ANTONIO GIUSTOZZI. Columbia University Press, 2010, 320 pp. \$35.00.

I met Abdul Salam Zaeef, the Taliban ambassador to Pakistan, twice in 2009 and was quickly drawn to his unassuming demeanor and erudition. His jet-black beard and round spectacles gave him the aura of a soft-spoken professor, not a battle-hardened guerrilla fighter who had

first tasted war at the age of 15. Zaeef told me about his childhood in southern Afghanistan, the Soviet invasion, his life with the Taliban, and the three years he spent in prison in Guantánamo Bay, Cuba. What was particularly striking was his contempt for the United States and what he regarded as its myopic understanding of Afghanistan. “How long has America been in Afghanistan?” Zaeef asked rhetorically. “And how much do Americans know about Afghanistan and its people? Do they understand its culture, its tribes, and its population? I am afraid they know very little.”

Zaeef is largely correct. In fact, U.S. Major General Michael Flynn, deputy

SETH G. JONES is a Senior Political Scientist at the RAND Corporation and the author of *In the Graveyard of Empires: America's War in Afghanistan*. In 2009, he served as a Plans Officer and Adviser to the Commanding General of U.S. Special Operations Forces in Afghanistan. For an annotated guide to this topic, see “What to Read on Afghan Politics” at www.foreignaffairs.com/readinglists/afghanistan and “What to Read on Fighting Insurgencies” at www.foreignaffairs.com/readinglists/fighting-insurgencies.

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chief of staff for intelligence in Afghanistan, echoed this point in early 2010: “Eight years into the war in Afghanistan,” Flynn wrote in a poignant unclassified paper, “the vast intelligence apparatus is unable to answer fundamental questions about the environment in which U.S. and allied forces operate and the people they seek to persuade.”

Three new books provide important insights into that environment. The first is Zaeef’s own *My Life With the Taliban*, which serves as a counternarrative to much of what has been written about Afghanistan since 1979. It offers a rare glimpse into the mind of a senior Taliban leader who remains sympathetic to the movement. “I pray to almighty *Allah*,” he writes, “that I will be buried beside my heroes, brothers and friends in the *Taliban* cemetery.”

The other two books are edited and written, respectively, by Antonio Giustozzi, a research fellow at the London School of Economics who has spent several decades working in Afghanistan. In *Decoding the New Taliban: Insights From the Afghan Field*, Giustozzi compiles essays from journalists, former government officials, aid workers, and academics to examine the nature of the insurgency. Some chapters offer refreshing new insights, especially those that deal with Helmand Province, in the country’s south; Uruzgan, in the center; and the problems of eastern Afghanistan. Others, such as the chapter on Kandahar, contribute little to what has already been published. In *Empires of Mud*, Giustozzi assesses the dynamics of warlordism. The book focuses on Abdul Rashid Dostum in the north, Ismail Khan in the west, and Ahmad Shah Massoud in the Panjshir Valley.

All three books provide a nuanced micro-level view of the country. More important, they offer a chilling prognosis for those who believe that the solution to stabilizing Afghanistan will come only from the top down—by building strong central government institutions. Although creating a strong centralized state, assuming it ever happens, may help ensure long-term stability, it is not sufficient in Afghanistan. The current top-down state-building and counterinsurgency efforts must take place alongside bottom-up programs, such as reaching out to legitimate local leaders to enlist them in providing security and services at the village and district levels. Otherwise, the Afghan government will lose the war.

THE CENTER WILL NOT HOLD

Experts on state building and counterinsurgency in Afghanistan fall into two competing camps. The first believes that Afghanistan will never be stable and secure without a powerful central government capable of providing services to Afghans in all corners of the country. The other insists that Afghanistan is, and always has been, a quintessentially decentralized society, making it necessary to build local institutions to create security and stability.

Since the Bonn agreement of December 2001—which established an interim government and a commission to draft a new constitution—international efforts in Afghanistan have unfortunately focused on initiatives directed by the central government to establish security and stability. On the political front, the focus has been supporting the government of Hamid Karzai and strengthening institutions in Kabul. On the security front, the international community has built up the

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Afghan National Police and the Afghan National Army as bulwarks against the Taliban and other insurgent groups. Yet this effort has been unsuccessful: there are too few national security forces to protect the population, the police are legendary for their corruption and incompetence, and many rural communities do not want a strong central government presence. On the development front, the focus has been improving the central government's ability to deliver services to the population, including through such institutions as the Ministry of Rural Rehabilitation and Development. These top-down strategies reflect the conventional wisdom among many policymakers and academics, but this consensus view is misinformed.

Current international efforts to establish security and stability from the center are based on a fundamental misunderstanding of Afghanistan's culture and social structure. After all, few non-Afghan civilians ever spend time in the violent areas of eastern, southern, and western Afghanistan. And security concerns prevent far too many U.S. and NATO officials from traveling outside their bases or urban areas. Likewise, most academics cannot access rural areas central to the insurgency because these areas are deadly for Westerners. Yet the insurgency is primarily a rural one. The growing size of the international bases in Bagram, Kabul, Kandahar, and other areas is a testament to this risk aversion, which prevents foreigners from understanding rural Afghanistan and its inhabitants. This is harmful, because state building and counterinsurgency tend to be context-specific; history, culture, and social structure matter.

As Giustozzi convincingly argues, the well-intentioned proponents of the

top-down model have survived for too long solely on an idealist's diet of John Locke and Immanuel Kant. "My purpose with this book," he writes in *Empires of Mud*, "is to inject a fair dose of Hobbes, Machiavelli, and Ibn Khaldun in the mix"—the latter a reference to the fourteenth-century North African historian and social commentator who developed theories of tribalism and social conflict.

Western officials seeking to stabilize Afghanistan would do well to heed his advice. They must begin by accepting that there is no optimal form of state organization and that there are not always clear-cut "best practices" for solving public-administration problems. Although some tasks, such as central banking reform, are suited to technocratic tinkering by outsiders, others, such as legal reform, can be more difficult. The challenge for Washington, then, is to combine its knowledge of administrative practices with a deeper understanding of local conditions.

BEYOND THE STATE

Many Western countries are characterized by strong state institutions, in which power emanates from a central authority. But in a range of countries—including many in South Asia and Africa—the central government has historically been weak. Top-down reconstruction strategies may have been appropriate for countries such as Japan after World War II and Iraq after 2003, both of which had historically been characterized by strong centralized state institutions. But they do not work as well in countries such as Afghanistan, where power is diffuse.

David Kilcullen, who served as a senior counterinsurgency adviser to General David Petraeus in Iraq, notes in *Decoding*

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the New Taliban that the social structure in Pashtun areas of Afghanistan is based on what anthropologists call a “segmentary kinship system”: people are divided into tribes, subtribes, clans, and other subsections based on their lineage from common male ancestors. As Zaef argues, the identity of Afghans “lies with their tribe, their clan, their family, and their relatives.” It is a patently local sense of identification. Tom Coghlan, a correspondent for *The Times* in London and *The Economist*, repeats this theme in his chapter of Giustozzi’s book, noting that the structure of social relations in Helmand Province is premised on the *qawm*—a form of kinship-based solidarity that can distinguish almost any social group, from a large tribe to a small isolated village, and is used to differentiate between “us” and “them.”

A tribe or subtribe in one area may be very different in its structure and political inclinations than the same tribe or subtribe in another area. In working with leaders of the Noorzai tribe in 2009 to establish local security and basic services, for example, I found significant differences in the social and cultural practices between communities in western Herat and those in southern Kandahar Province. Despite these regional variations, power tends to remain local in Pashtun areas, which is where the insurgency is largely being fought. Pashtuns may identify with their tribe, subtribe, clan, *qawm*, family, or village based on where they are at the time, who they are interacting with, and the specific event. *Pashtunwali*, the Pashtun code of behavior, shapes daily life through obligations of honor, hospitality, revenge, and providing sanctuary. *Jirgas* and *shuras*—which are decision-making councils—remain instrumental

at the local level, where state legal institutions are virtually nonexistent.

Martine van Bijlert, who served as a political adviser to the European Union’s special representative in Afghanistan, writes that among the Pashtuns in Uruzgan, the subtribe—which can vary in size from a few hundred to thousands of people—“remains the main solidarity group, defining patterns of loyalty, conflict and obligations of patronage.” She goes on to argue that subtribal affiliations have become more important since 2001 due to the absence of central government institutions. Opinion polls conducted by the Asia Foundation indicate that Afghans continue to turn to community leaders—not officials in Kabul—to solve their problems.

In the absence of strong government institutions, groups formed based on descent from a common ancestor help the Pashtuns organize economic production, preserve political order, and defend themselves against outside threats. These bonds tend to be weaker in urban areas, where central government control is stronger and where individuals may identify themselves with their city rather than their tribe. This phenomenon is clearly illustrated by the growing number of people who identify themselves as “Kabulis” because they live in Afghanistan’s heterogeneous capital. (And unlike among the Pashtuns, tribal identity tends to be weaker or nonexistent among many other Afghan ethnic groups, such as the Tajiks, the Uzbeks, and the Hazaras.)

In Pashtun areas where tribal and subtribal relationships remain strong, they are not the only force governing local politics. Additional social structures have evolved over the past several decades because of war, drought, migration, sedentarization,

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and other factors. As a result, a range of other identities can transcend tribal structures, such as identities based on reputations earned during the anti-Soviet jihad, land ownership, or wealth acquired through licit or illicit activity (such as road taxes or the drug trade). In such an environment, outsiders—especially foreign soldiers—have a limited ability to shape local politics.

The insurgency takes advantage of this situation. It is composed of a loose amalgam of groups, such as the Taliban, allied tribes and subtribes, drug traffickers and other criminals, local powerbrokers, and state sponsors such as Iran and Pakistan. How these groups come together varies considerably from village to village. In parts of Khost Province, for example, the insurgency includes members of the Haqqani network, Zadran subtribes, timber traders, and al Qaeda operatives. In some areas of Helmand, the insurgency includes Taliban fighters, Ishaqzai tribal leaders, and poppy traffickers. A failure to understand these nuances can be fatal to counterinsurgency efforts, especially because the Taliban and other insurgent groups have developed their own local strategies for co-opting or coercing existing tribal and other local networks.

THE PRINCE OF KABUL

One of the most significant contributions of all three books is their insights into the modus operandi of the insurgency. Zaeef offers a particularly interesting discussion of the Taliban's origins and the group's effectiveness in working with locals. In 1994, state authority had collapsed, and governance was fractured among a range of warlords and local commanders. A network of mullahs in southern Afghanistan

decided to take action. "The founding meeting of what became known as 'the Taliban,'" Zaeef writes, "was held in the late autumn of 1994." Zaeef was present with a number of religious leaders and local commanders, including Mullah Muhammad Omar, who became the Taliban's leader. "Each man swore on the *Qur'an* to stand by [Mullah Omar], and to fight against corruption and the criminals."

The Taliban moved quickly, beginning in Kandahar Province. They co-opted some groups through bribery and promises of power sharing, such as Mullah Naqib's Alikozai tribe, which agreed to ally with the Taliban and hand over the city of Kandahar. When the Taliban failed to co-opt others, such as fighters loyal to Commander Saleh, who operates along the Kandahar–Kabul highway, Taliban forces defeated them on the battlefield. These negotiations and battlefield successes had a domino effect, and before long, a growing number of local groups had allied themselves with the Taliban. After establishing control in an area, Taliban leaders would set up sharia courts in which their handpicked judges adjudicated local disputes.

As Giustozzi explains in *Empires of Mud*, the Taliban continued to use this bottom-up strategy when they expanded beyond the south beginning in 1995. In western Afghanistan, for instance, the Taliban allied with the warlord Dostum in order to defeat Ismail Khan's militia in Herat Province. In eastern Afghanistan, the Taliban co-opted a range of local Pashtun tribes, subtribes, and powerbrokers. The large Suleiman Khel tribe in Paktika asked the Taliban to take over the province's capital, Sharan, after hearing they had conquered nearby Ghazni.

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Today, Taliban leaders have adopted a similar approach in fighting the Karzai government and U.S. and NATO forces. As in the 1990s, they aim to co-opt or coerce local leaders and their networks by capitalizing on grievances against the government or international forces, offering money, and conducting targeted assassinations of those they regard as anti-Taliban collaborators. To more effectively reach out to the population, the Taliban often appoint commanders who come from local subtribes or clans. They frequently reach out to tribes and other local communities that have been marginalized by those favored by the government, such as the Popalzais and the Barakzais.

Decoding the New Taliban describes this micro-level strategy in detail. Coghlan argues that in Helmand Province, Taliban officials secured the loyalty of a range of Ishaqzai leaders marginalized by Kabul, as well as that of some Kakars and Hotaks. The government's appointment of Alizai leaders to many of the district governor positions, Noorzais to police chief posts, and Alikozais and others to key intelligence positions appears to have angered their Ishaqzai rivals, exacerbated the tribal fissures in the area, and facilitated the co-optation of marginalized tribes by the Taliban.

The Taliban is not the only insurgent group that effectively uses local networks to its advantage. One of the most significant is the Haqqani network, which was established by the legendary mujahideen commander and former CIA ally Jalaluddin Haqqani and now operates in eastern Afghanistan. As Thomas Ruttig explains in *Decoding the New Taliban*, one of the Haqqani network's strongest support bases is the Mezi subtribe of the Zadrans, who

live along the Afghan-Pakistani border. The Haqqani network also co-opted a range of Kuchis, who are nomadic herds-men, in Paktia and Khost and developed a close relationship with Ahmadzai subtribes across the border in Pakistan.

There is a common thread in many of these accounts: the Taliban and other insurgent groups have recognized the local nature of politics in Afghanistan and have developed a local strategy—combining ruthlessness with cunning diplomacy. The Afghan government and U.S. and NATO forces, meanwhile, have largely been missing at the local level.

ALL POLITICS IS LOCAL

There is an urgent need to refine the international community's state-building and counterinsurgency efforts in response to the Taliban's bottom-up strategy.

One key area is security. During Afghanistan's most recent stable period, that of the Musahiban dynasty (1929–78), the Afghan rulers Nadir Shah, Zahir Shah, and Daoud Khan—who established a republic in 1973—used a combination of centralized and decentralized strategies that are worth emulating today. National forces established security in urban areas and along key roads, and local communities established security in rural areas with Kabul's blessing and aid. In Pashtun areas, locals used traditional police forces, such as *arbakai*, and other small village-level police forces under the control of recognized local institutions, such as *jirgas* or *shuras*.

These were not militias, in the sense of large offensive forces under the command of warlords, which tend to be used today in the Tajik and Uzbek areas of northern and western Afghanistan. “In the King's

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time it was an honor to be a member of an *arbakai*,” a tribal leader in eastern Afghanistan proudly told Ruttig. Then, the central government did not establish a permanent security presence in many rural areas, especially Pashtun ones, nor did locals generally want the government to play that role. While traveling through rural Pashtun areas over the past year, I discovered that many of these traditional policing institutions still exist, although some have been co-opted by the Taliban. If leveraged by the Afghan government, they could help trigger a revolt against the Taliban in rural areas. This would require identifying those local communities already resisting the Taliban; providing training, monitoring, and equipment to facilitate their resistance; and then trying to turn others against the Taliban.

U.S. and NATO forces must do a better job of capitalizing on popular grievances against the Taliban, who are much weaker than is generally recognized: most Afghans do not subscribe to their religious zealotry. Although Taliban leaders are influenced by the Deobandi movement—an Islamic school of thought that originated in India in 1866—their brand of Islam would not be recognizable to the Deobandi movement’s founders. And despite popular misconceptions, Taliban commanders tend to be even more corrupt than Afghan government officials. As the former ABC News reporter Gretchen Peters describes in a chapter of *Decoding the New Taliban*, a significant portion of the Taliban’s funding comes from taxes collected from poppy farmers, levies imposed on drug shipments, and kidnapping ransoms. Public opinion polls continue to show low levels of support for the Taliban, even compared to the Afghan government.

In a January 2010 poll conducted by ABC News and other organizations, 90 percent of the Afghans polled said they supported the government, whereas only six percent claimed to support the Taliban.

The growing number of local tribes and communities resisting the insurgency is evidence of the Taliban’s waning popularity. They range from the Noorzais, the Achakzais, and the Alikozais in the west and south to the Shinwaris, the Kharotis, and the Zadrans in the east. Afghan, U.S., and NATO forces have taken advantage of some of these opportunities through the Local Defense Initiative, a new program that supports village-level community police by providing training, radios, and uniforms.

U.S. forces have opted not to pay these local police, based on the belief that individuals should be motivated to work for their communities and not outsiders. Instead, the Afghan government and international organizations have provided development projects to participating communities. They have also established a quick-reaction force to assist local communities that come under attack from the Taliban and other insurgents. In southern Afghanistan, the program has been particularly successful in helping local leaders protect their populations and draw them away from the Taliban.

These local efforts can also have a positive impact on the defection of mid- and lower-level insurgents, which is more commonly called “reintegration.” As Coghlan explains, most insurgents are not ideologically committed. Rather, they are motivated by tribal or subtribal friction, grievances against the Afghan government or U.S. and NATO forces, money, or coercion by insurgent leaders.

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Battlefield successes against the insurgency, sustainable development, and effective cooperation with local communities can significantly improve the chances of defection. As van Bijlert points out in *Decoding the New Taliban*, the local nature of power in Afghanistan makes the Taliban highly vulnerable to defection and double-dealing. I witnessed this firsthand in southern and western Afghanistan in 2009: villages that decided to resist the Taliban gave insurgent sympathizers in their communities a stark choice—leave the area or give up. In a country where loyalty and group solidarity are fundamental to daily life, community pressure can be a powerful weapon.

LONG LIVE THE KING

When I last spoke with Zaeef, he remained bewildered by the international community's lack of understanding of rural Afghanistan. Kabul, with its restaurants that cater to Western guests and its modern indoor shopping mall equipped with escalators and glass elevators, is vastly different from the rural areas where the insurgency is being waged. He politely reminded me that a better understanding of Afghanistan would help establish peace. Rural communities have been protecting their villages for centuries and can do it better than the Afghan government or international forces.

In his conclusion to *Empires of Mud*, Giustozzi writes that a durable peace will likely require a careful combination of top-down institutionalization and bottom-up co-optation of local leaders. Focusing only on the former has failed to help the Afghan population, which continues to feel deeply insecure because of insurgent and criminal activity. Moreover, there has

been—and will likely continue to be—an insufficient number of U.S., NATO, and Afghan national forces to protect the local population in rural areas. But that is all right, since many rural Afghans do not want a permanent central government presence in their villages; they want to police their own communities.

Some worry that empowering local leaders may help the Afghan government and the international community achieve short-term goals but will undermine stability in the long run by fragmenting authority. This is an academic debate. Afghan social and cultural realities make it impossible to neglect local leaders, since they hold much of the power today.

The old monarchy's model is useful for today's Afghanistan. It combined top-down efforts from the central government in urban areas with bottom-up efforts to engage tribes and other communities in rural areas. The central government has an important role to play. National army and police forces can be critical in crushing revolts, conducting offensive actions against militants, and helping adjudicate tribal disputes when they occur. But the local nature of power in the country makes it virtually impossible to build a strong central government capable of establishing security and delivering services in much of rural Afghanistan—at least over the next several decades. Afghans have successfully adopted this model in the past, and they can do so again today. 🌍

Responses

To the Finland Station

Is Taiwan Selling Out to China?

Taipei Is Not Helsinki

VANCE CHANG

In “Not So Dire Straits” (January/February 2010), Bruce Gilley seeks to explain the dynamics underlying current relations among the Republic of China (Taiwan), the People’s Republic of China (PRC), and the United States. Yet his use of post–World War II Finland as a model for understanding recent developments in cross-strait relations, although superficially intriguing, does not hold up under detailed examination. And his attempt to portray the diplomatic strategy of Ma Ying-jeou, Taiwan’s president, as an effort to advance the “Finlandization” of Taiwan is both inaccurate and unjustified.

Gilley acknowledges some of the key building blocks that have helped the American people and the people of Taiwan forge a common set of values and interests: shared objectives during World War II, enduring strategic interests embodied in the 1979 Taiwan Relations Act, and a mutual commitment to demo-

cratic and economic freedom, to name a few. But by using the model of Finlandization to describe Taiwan’s present course and by pairing this with an unsubstantiated claim of a “stark choice” facing U.S. policymakers, Gilley fails to grasp current political realities.

Consider, for example, the key elements of the theory of Finlandization. Gilley notes that in its 1948 agreement with the Soviet Union, Finland agreed not to join any alliances challenging Moscow and subsequently pursued a policy of appeasement and neutrality on U.S.-Soviet issues. Moscow, in turn, upheld Finland’s autonomy and respected its democratic system. According to this theory, the “Finlandized state” sustains a peaceful relationship with the neighboring superpower by making strategic concessions to it, while the superpower need only make vague threats—rather than pursue military coercion—to influence the smaller neighbor’s policies.

In many ways, relations between Taiwan and mainland China over the past half century have represented the exact opposite of the Finlandization model. Taipei has maintained an alliance with

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the United States over six decades, has frequently been at odds with Beijing, has rejected concessions and appeasement when its core values and freedoms have been challenged, and has been a strong supporter of U.S. interests in the region. For its part, the PRC can hardly be said to have upheld Taiwan's autonomy or respected its democratic system. In addition to issuing diplomatic threats, the PRC has consistently displayed its military might—with a large and growing battery of missiles pointed across the Taiwan Strait.

Nor does Finlandization accurately describe the state of Taipei's relations with Beijing today. Ma's policies and actions since taking office in May 2008 defy such a characterization. Rather than propounding the more neutral or concessionary stance predicted by the Finlandization model, in his inaugural address, Ma strongly reaffirmed the United States as Taiwan's "foremost security ally and trading partner." Further defying any suggestion of appeasement, he then declared that "Taiwan doesn't just want security and prosperity. It wants dignity. Only when Taiwan is no longer being isolated in the international arena can cross-strait relations move forward with confidence."

And instead of "taking itself out of the game," as Gilley suggests, Taipei has set a course that has made the prospects for a triple win for Taiwan, China, and the United States more promising than ever before. Specifically, Ma has brought a new approach to Taiwan's foreign policy, aiming to reduce cross-strait tensions while simultaneously reinvigorating the historic partnership between Taipei and Washington. This points to yet another noteworthy distinction

between the Finlandization model and Taiwan's experience—unlike Finland's occasional reliance on the United States after World War II, Taiwan's partnership with the United States over the years has been consistent and steeped in shared values and a common sense of purpose. As a result, Ma has taken major strides to reestablish and strengthen mutual trust with Washington, including engaging in consultations with U.S. leaders during transit stops in the United States and negotiating arms deals in October 2008 and January 2010 that will augment Taiwan's defensive capabilities.

With the benefit of this strong partnership, Ma has also worked to forge a new relationship with Beijing—based on a confident assessment of Taiwan's interests, not the strategic concessions typical of a Finlandized state. Taipei and Beijing have forged agreements on issues ranging from direct flights and shipping channels to combating crime and ensuring food safety. The most recent round of talks, in December, produced accords on both fishing rights and agricultural product inspections—issues of critical importance to Taiwan's enduring commercial strength.

Likewise, Taiwan's broader diplomatic endeavors exhibit confidence rather than capitulation. Through subtle diplomacy, Taiwan's long-standing efforts to gain a seat at the table of international organizations bore fruit when the director general of the World Health Organization invited Taiwan to participate in the World Health Assembly as an observer in May 2009—a welcome first step on the road to broader participation in the WHO.

Gilley asserts that Washington today "faces a stark choice": to pursue a

Vance Chang, Hans Mouritzen, and Bruce Gilley

“militarized realist approach” in which Taiwan is used to balance the power of a rising China or to promote long-term peace by resigning itself to closer ties between Taiwan and China. Yet recent developments have demonstrated that this presumed stark choice is in fact a false one. Just as it did half a century ago, Taiwan’s strong security partnership with the United States provides a foundation of support for broader diplomatic efforts today—whether they are focused on advancing cross-strait economic cooperation or tackling transnational threats such as climate change or terrorism.

Beyond its importance for Taiwan, Ma’s approach can help build confidence between Beijing and Washington, making it easier to realize a scenario that benefits all three parties. To this end, Taipei has pursued a close and, as Ma has described it, “surprise-free and low-key” relationship with the Obama administration. In return, Barack Obama and other senior U.S. officials have praised and encouraged Ma’s efforts to improve cross-strait relations.

The prospect of Taiwan’s sliding toward Finlandization could not be more remote. Instead, Taipei welcomes the opportunity to continue simultaneously a constructive dialogue with Beijing and a sustained partnership with Washington that advances Taiwan’s democratic values and allows Taiwan to serve as a beacon for other states that share the same aspirations.

VANCE CHANG is *Director of the Information Division at the Taipei Economic and Cultural Representative Office in Washington, D.C.*

The Difficult Art of Finlandization

HANS MOURITZEN

Bruce Gilley develops a “Finlandization” scenario for Chinese-Taiwanese relations in his article “Not So Dire Straits.” Although my theory of Finlandization is applied and discussed in a fair and interesting way, Gilley paints an excessively rosy picture of the concept, and I do not share his view that Taiwan will eventually choose the Finlandization option by discreetly pushing the United States aside.

Finlandization, or adaptive acquiescence, is a relatively infrequent phenomenon in world politics, and for good reasons. It is a difficult model of politics for a weak state, and the odds are stacked against it: an unequal relationship with a neighboring great power that is often motivated by a different ideology does not bode well. The weak power must show realist resignation, essentially declaring, “We recognize that we are part of a great-power sphere of interest, and we abstain from borrowing military strength from any competing great power to revise this status quo. In return, we expect respect for our core values, so that we can preserve the traditional way of organizing our society.” It also requires Bismarckian restraint on the part of the great power, which must resist the temptation to simply impose its own puppet regime—which historically has been a much more common phenomenon than Finlandization.

The devilish logic of Finlandization is that the concessions are often mutually

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committing. They create goodwill in the short run, but they also lead to raised expectations for the future, and the weak state often finds itself on the slippery slope of making further concessions. Of course, there are countermeasures that can be used to gain a foothold on this slope.

First and foremost is maintaining an overarching commitment to the weak state's core values. For example, Finnish President Urho Kekkonen, in a 1960 luncheon speech to his guest, Soviet Premier Nikita Khrushchev, declared, "Even if the whole of the rest of Europe becomes communist, Finland will remain a traditional Scandinavian democracy." Statements like this must be repeated over and over again in order to be effective. Second, such statements must be given credibility, which depends on the presence of a civil society historically committed to democracy. Third, to sustain this credibility, Finlandization efforts should preferably be headed by a politician with nationalist credentials who cannot be suspected of selling out the state's core values. Fourth, Finlandization requires an elitist approach to foreign policy: only a small number of top politicians should be kept adequately informed and involved in major decisions. Finally, governments pursuing Finlandization cannot always afford the luxury of free and frank democratic debate, since that could rock the boat in relations with the bigger neighbor; the media may therefore have to act as "co-diplomats" by endorsing the government's policy line.

As Gilley illustrates, much good can come out of Finlandization under the right circumstances. From a regional

perspective, stable peace is preferable to escalating tensions and arms races. For China, it would be a major security gain if Taiwan were no longer seen as a pistol in the back or a floating U.S. base. And the trade benefits for both sides could be legion.

My main objection to Gilley's analysis is that unilateral dependency is not a desirable project for any small power. It may be necessary for a nation to make the best out of a difficult situation, but no small power today will voluntarily discard a reasonable alliance option and limit its room to maneuver in the way Finlandization requires. Taiwan is already pursuing a *détente* policy in line with West Germany's *Ostpolitik*—which took place within NATO—but that should not be mistaken for Finlandization.

Finlandization may eventually come to the Taiwan Strait, but only if an overburdened United States decides to reduce its future role in Asia, creating a wholly new regional environment. Before doing so, decision-makers in Washington should consider the likelihood of three possible consequences: the worst-case scenario, in which former U.S. allies become puppets of Beijing; the best-case scenario, in which China achieves *détente* with its neighbors; and, finally, the possibility that U.S. allies will turn to the difficult art of Finlandization, with all of its virtues and vices. The vices should not be overlooked.

HANS MOURITZEN is a Senior Research Fellow at the Danish Institute for International Studies, in Copenhagen. He is the author of *Finlandization: Towards a General Theory of Adaptive Politics*.

Vance Chang, Hans Mouritzen, and Bruce Gilley

Gilley Replies

Taiwan's Foreign Ministry is understandably keen, as Vance Chang's response to my article shows, to avoid the perception that it is selling out to China. Taiwanese President Ma Ying-jeou's carefully calibrated reconciliation with Beijing is designed to reassure the Taiwanese people that their democracy and autonomy will remain intact. As Hans Mouritzen's response implies, probably only the opposition Democratic Progressive Party could ever truly make peace with China—given that its specifically Taiwanese nationalist credentials are even more impressive to Taiwanese voters than the Kuomintang's broader Chinese nationalism. Nonetheless, the drift toward closer relations with China is clear, and if it continues, Taiwan's relationship with China will increasingly come to resemble that between Finland and the Soviet Union during the Cold War. A corollary will be the reconfiguration of Taiwan's relations with the United States—namely, Taipei's purchasing fewer arms from Washington and shifting its diplomatic focus to relations with Beijing.

Chang is right that Chinese-Taiwanese relations since 1949 have been the exact opposite of Finlandization: Taiwan has maintained a militarized strategic alliance with the United States, and in return, China has overtly threatened Taiwan's autonomy and national security. The question is whether this is now changing, and whether it should be. Strategists on both sides recognize that the current stalemate can end only when each side protects the core interests of the other—for Taiwan, remaining democratic and

autonomous, and for China, enjoying offshore security.

Helsinki's foreign relations with Moscow were aimed at advancing Finland's democratic values, just as Taipei's relations with Beijing today are aimed at advancing Taiwan's democratic values. Chang overlooks this key positive element of Finlandization. And the claim that Taipei has made no concessions to Beijing is false: Taipei has halted its constitutional advance toward independence and opened formerly closed sectors of its economy to investment from China. It has also redirected its quest for a greater international voice through Beijing and suspended its attempts to rejoin the United Nations. Taiwan's invitation to the 2009 meeting of the World Health Assembly came not as a result of Taipei's diplomatic efforts but rather due to the assent of Beijing, which may well rescind the offer in 2010 to protest recent U.S. arms sales to Taiwan. No recent case more starkly illustrates the centrality of Beijing to Taipei's core interests—and the logic of Finlandization that this implies.

Like Chang, many analysts in the United States and Taiwan have commented that my argument about Finlandization amounts to the abandonment of a successful policy of U.S.-led deterrence just as it is bearing fruit. This assumes that the current thaw between Taipei and Beijing is because of the U.S.-Taiwanese alliance, rather than in spite of it. That is partly right. Similarly, if not for the implicit threat of NATO support, Finland's special relationship with Moscow would have been impossible, and Finland would have been folded into the Eastern bloc. But Finland also wisely rejected formal inclusion in NATO. Had Finland joined the

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Atlantic alliance, Moscow would have felt threatened on its border, opening the way to responses that could have escalated. Russia's 2008 war against Georgia serves as a reminder of how the West can miscalculate the phobias, however indefensible, of rival great powers.

The theory of Finlandization suggests that Taiwan should reposition itself as a neutral party in the U.S.-Chinese struggle for mastery in Asia. Ma may want to have his cake and eat it, too—the “triple win” of close ties to both the United States and China, as Chang puts it—but Beijing is unlikely to agree to such a scenario. Peace with China and a bigger role for Taiwan in the international arena will depend on evidence that Taiwan is no longer part of a U.S.-led encirclement of China. The choice facing Taiwan's people is which road to take. And in the end, they may well reject the Finlandization option.

Mouritzen helpfully supplies some of the reasons why. Finlandization depends on expectations that the great power will exercise restraint and farsightedness. Given that such expectations are both risky and uncertain, there is a basic game-theory problem: weak states have little incentive to abandon close ties with protective great powers. I do not think, however, that only a U.S. abandonment of Taiwan could produce such a change. If China were to reduce its threat to Taiwan by promising verifiable and immediate force reductions, as well as by allowing Taipei to continually expand its role in international organizations, Taiwan may decide that participating in U.S. military planning, purchasing major weapons systems from the United States, and denying offshore naval security to China are no longer worth it. However,

an implicit U.S. promise to intervene in the event of any invasion of Taiwan would be necessary in order for Taipei to choose to change course.

The endgame in the Taiwan Strait is two independent and democratic states with close, post-Westphalian ties. The question is how to get there. Taiwan could remain armed and politically isolated from a rising authoritarian China and hope for the best. Alternatively, it could shift its strategy to demilitarization and political engagement and hope to speed China's transition to democracy. Both courses involve risks; Taiwan's people alone should decide which course to take. 🌐

Recent Books on International Relations

Political and Legal

G. JOHN IKENBERRY

The Great American Mission: Modernization and the Construction of an American World Order. BY DAVID EKBLADH. Princeton University Press, 2009, 404 pp. \$35.00.

In this important book, Ekbladh provides one of the most compelling portraits yet of the liberal ideas that guide U.S. foreign policy. Although the United States has always had a distinctive ideology of development and progress, he argues that a new synthesis of these ideas developed during the progressive movement and in the New Deal years. It was a vision of the United States as global leader, wielding technology and know-how, engaging in large-scale projects worldwide, and encouraging social and political progress abroad. Ekbladh traces its various threads from post-Civil War efforts at reconstruction to early-twentieth-century efforts at nation building in the Philippines and follows it into the 1920s, when the United States attempted to cultivate modern institutions in Latin America and elsewhere through education and the transfer of technology. The American “style” of progress crystallized in the 1940s when New Deal ideas about

large-scale planning, groundbreaking technologies, and social transformation (ideas like those behind the Tennessee Valley Authority) emerged as the liberal alternative to fascist and communist models of advancement. The result was a U.S. doctrine of “modernization,” enshrined in the Truman Doctrine and the 1949 “Point Four” program of economic assistance to poor countries. Even though the liberal vision of modernization lost appeal amid the trauma of the Vietnam War, as Ekbladh’s fascinating account makes clear, it remains deeply embedded in the American imagination.

How Enemies Become Friends: The Sources of Stable Peace. BY CHARLES A. KUPCHAN. Princeton University Press, 2010, 448 pp. \$29.95.

It is easier to explain the absence of conflict between states than to explain how former rivals have eliminated war as a legitimate tool of statecraft. Kupchan’s magisterial accomplishment, drawing on an extraordinary range of theories and cases, is to provide an overarching account of when and why countries in conflict move toward stable peace. Kupchan sees this as a sequential process in which Hobbesian anarchy must be addressed before crafting the institutions prescribed by John Locke,

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which, in turn, allow for deeper political integration. The conditions that Kupchan identifies as critical for reconciliation are institutionalized restraints on power, compatible social orders, and cultural commonalities—factors he explores in a wide array of instances of both failed and successful peace building (from mere peaceful coexistence to full-fledged unification). His intriguing finding is that social and cultural affinities are a more important ingredient of stable peace between former enemies than are democratic governments or deep economic ties. This book will be read by scholars and policy thinkers for a very long time.

Means to an End: U.S. Interest in the International Criminal Court. BY LEE FEINSTEIN AND TOD LINDBERG. Brookings Institution Press, 2009, 150 pp. \$24.95.

Books of this sort are all too rare. Two experienced policy intellectuals, one liberal, one conservative, have come together to find common ground on a controversial foreign policy issue. Feinstein and Lindberg argue that the time has come to rethink U.S. opposition to the International Criminal Court. To date, the debate over the ICC in the United States has been divided between those who emphasize the “global governance” virtues of membership and those who, in opposing membership, wave the flag of sovereignty. But the ICC is a means, not an end—after all, the goal is to hold perpetrators of atrocities to account for their deeds. To Feinstein and Lindberg, therefore, the case for the court must be made on more traditional grounds of American values and interests. Since its earliest days, the United States has

championed universal norms and institutions of justice—and the international court is simply an instrument of these cherished commitments. The authors contend that the court could also serve real national interests, for cooperation with it would improve relations with close allies and military partners. The book is short, but it goes a long way toward clearing the ideological air.

Advancing Democracy Abroad: Why We Should and How We Can. BY MICHAEL MCFAUL. Rowman & Littlefield, 2009, 304 pp. \$27.95.

Ever since the Bush administration’s “freedom agenda” foundered, democracy promotion—after a decade at the center of U.S. foreign policy—has fallen on hard times. McFaul offers a spirited defense of democracy promotion as a necessary component of the United States’ global strategy. He makes a compelling case that established democracies are unusually reliable partners and that when the United States has intervened to disrupt democratic change—as it did in Iran in the 1953 coup—its long-term security interests have suffered. The book acknowledges that democratization efforts in the Middle East have not produced more stable allies and that elections can bring anti-Western radicals to power, but McFaul counsels patience. His most important contribution is his sketch of a reformulated democracy-promotion agenda that would begin with the restoration of the “American example,” which was tarnished by Abu Ghraib and the “war on terror”: the United States should tone down its grandiose rhetoric, renounce the use of force as a tool of democracy promotion, and engage autocracies. In the end, the specific promotion

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policies may matter less than the ability of the United States to provide security and open markets, both of which have historically created the most favorable conditions for democratic advancement.

Does the Constitution Follow the Flag? The Evolution of Territoriality in American Law. BY KAL RAUSTIALA. Oxford University Press, 2009, 328 pp. \$29.95.

Since the rise of the nation-state, law has been territorial, circumscribed by the sovereign boundaries of the state. But its geographic scope has always been contested—and today, in controversies over Guantánamo and secret prisons, debates rage over the reach of U.S. law beyond the water's edge. Raustiala has written a masterful account of the United States' centuries-long legal and political struggle over extraterritoriality. He shows how throughout the modern age, even as Westphalian norms of legal sovereignty spread, European great powers were extending their laws to protect their own overseas citizens and create distinct legal categories for different parts of their empires. From these distinctions, Raustiala argues, "we can trace, albeit unevenly, a route to the American naval base at Guantanamo Bay." The book follows the many waves of debate over territory and law from the American Revolution to the post-World War II decades, when rapid economic growth and growing interdependence forced a retreat from strict interpretations of territoriality. More recently, the "war on terror" has triggered an even more contentious struggle between legal ideals and national security imperatives. Raustiala wonderfully illuminates the history and politics behind these controversies.

Economic, Social, and Environmental

RICHARD N. COOPER

From Poverty to Prosperity: Intangible Assets, Hidden Liabilities, and the Lasting Triumph Over Scarcity. BY ARNOLD KING AND NICK SCHULZ. Encounter Books, 2009, 350 pp. \$27.95.

The central thesis of this book is that mainstream economics, with its emphasis on labor and capital and its focus on the efficient allocation of an economy's output, is not so much wrong but utterly misleading in its understanding of modern economies, especially that of the United States. By rough analogy with computers, it is the software rather than the hardware—the intangible assets rather than the tangible—that really makes a modern economy run: rules, customs, norms, standards, and, above all, entrepreneurship. These factors have raised societies' standards of living to previously unthinkable levels, improvements that are well documented in the book. Over half the text is devoted to interviews with ten well-known economists. (Four have won Nobel Prizes.) All of them underline the importance of technological change, more than savings and investment, in assuring economic progress.

Opium: Uncovering the Politics of the Poppy. BY PIERRE-ARNAUD CHOUVY. Harvard University Press, 2010, 272 pp. \$27.95. Opium, the sap of poppies, is an addictive drug that can also be made into heroin and morphine. Poppy production has grown enormously in Afghanistan during the past decade, even while it has fallen

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in the “golden triangle” of Myanmar (also called Burma), Laos, and Thailand. Meanwhile, the United States has supported extensive eradication programs in several countries. This book traces the use of opium back to prehistoric times and sketches its complex and interesting history in Europe and especially in Asia, from ancient China and ancient Persia to modern times. It contends that opium production is intimately related to poverty and food insecurity, that eradication programs have inevitably failed to suppress opium production, and that the only way to reduce opium production is to address its economic and social sources by providing livelihoods superior to poppy production. Contrary to conventional wisdom, the labor-intensive production of opium is not highly lucrative to the poppy farmers; it does, however, compare favorably to alternative crops in the states where it is produced.

Taking Back Eden: Eight Environmental Cases That Changed the World. BY OLIVER A. HOUCK. Island Press, 2010, 200 pp. \$27.50.

This interesting and well-written book tells of eight cases in eight countries—Canada, Chile, Greece, India, Japan, the Philippines, Russia, and the United States—where environmentalists have mounted legal challenges to the actions of business and government (or, in the case of the pollution-eroded Taj Mahal, government inaction) and won. In all the cases, laws calling for the protection of particular parts of the environment were on the books. But government agencies either ignored the laws completely or treated them as a low priority. Often with incredible persistence, citizens challenged the government and, after establishing legal standing (sometimes no

easy task), gradually persuaded courts to take decisions against government agencies—something common enough in the United States but extremely unusual in many other countries, such as Japan and Russia.

Smuggling: Contraband and Corruption in World History. BY ALAN L. KARRAS. Rowman & Littlefield, 2009, 224 pp. \$34.95.

In this unusual book, Karras has combed the archives for evidence of smuggling from the eighteenth century to the twenty-first. Many of the examples he finds took place in British and French colonies in the Caribbean and in Asia, where locals resented metropolitan efforts to restrict trade or raise revenue. But they also include the failure of former Florida Governor Jeb Bush’s wife to declare to U.S. Customs the results of a \$19,000 shopping spree in Paris, for which she had to pay a fine of over \$4,000. Karras discusses the intimate connection over the centuries between smuggling and the corruption of local officials, which, while strictly illegal, sometimes eased the life of local residents. In the end, Karras takes a tough position against smuggling, arguing that it corrodes legitimate government. But he pays too little attention to the content of the legal regimes that have made smuggling especially attractive, such as the eighteenth-century requirement that residents of European colonies trade only with the metropolitan power and not with those neighbors ruled by different colonial powers.

Capital Ideas: The IMF and the Rise of Financial Liberalization. BY JEFFREY M. CHWIEROTH. Princeton University Press, 2009, 352 pp. \$75.00 (paper, \$29.95). Should governments be permitted, or even encouraged, to try to control the movement

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of financial capital into and out of their countries? Unlike in the area of foreign trade, in which the presumption that more freedom is good is generally acknowledged, this issue has never been definitively resolved by either academic economists or the policy community. The original Bretton Woods monetary system, established after World War II, permitted such controls; some would say that its fixed exchange rates even required them. But sentiment gradually shifted away from controls in the following decades, and resistance to controls perhaps reached its apogee when the European Economic Community abolished them in Europe in the late 1980s. A move soon developed to formally amend the international rules to make the free movement of capital an international objective. The effort received a setback with the Asian financial crisis of the late 1990s and again with the global financial crisis of 2008. This book, the outgrowth of a Ph.D. dissertation, usefully traces the evolution of the thinking about this issue at the International Monetary Fund, the international body most directly concerned with it.

Military, Scientific, and Technological

LAWRENCE D. FREEDMAN

Moral Dilemmas of Modern War: Torture, Assassination, and Blackmail in an Age of Asymmetric Conflict. BY MICHAEL L. GROSS. Cambridge University Press, 2009, 336 pp. \$85.00 (paper, \$27.99).

Gross is known for bringing a sharp intellect and a keen moral sense to the perplexing

character of modern war. In his latest book, he considers the prominent role of civilians in contemporary conflicts—including wars initiated to protect the welfare of oppressed civilians and those in which enemies use noncombatants as shields or targets. Against such unrestrained enemies, Western countries face the dilemma of whether to abandon their past prohibitions on such practices as torture and assassination. Gross traces the processes by which exceptions, such as “enhanced interrogation techniques” and targeted killings, take hold and then start to become accepted, especially if they are considered effective. In exploring the “constant interaction” between military necessity and humanitarianism, he notes that traditional norms regarding the protection of combatants and non-combatants have considerable influence, even when governments start to slide down the slippery slope away from them. Gross’ wariness of dogmatism ensures that there are no easy answers; this is a book that will keep you thinking.

Peddling Peril: How the Secret Nuclear Trade Arms America's Enemies. BY DAVID ALBRIGHT. Free Press, 2010, 304 pp. \$27.00.

In the 1970s, the Pakistani scientist A. Q. Khan used his position at a uranium-enrichment consortium in the Netherlands to acquire the information and contacts he needed to help his country build nuclear weapons. Khan later turned his network into an instrument of proliferation, assisting would-be nuclear powers with basic plans and infrastructure. These stories have been told before, but Albright is on top of the material and conveys the underlying scientific and engineering issues with

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lucidity and authority. He sketches the links among Iran, Iraq, North Korea, and Libya and, more alarming, throws light on what al Qaeda was up to while it enjoyed sanctuary in Afghanistan. The book is particularly good at tracing the movement of technology and uncovering how proliferators circumvented export controls and confused intelligence agencies—for example, by using split orders and complex payment schemes to obscure why and how particular components were bought and sold. At times, following this trail can be as challenging to the reader as it was to the agencies, but Albright is undoubtedly right to emphasize that specialist manufacturers, the best placed to pick up the signs of dubious enterprises, should be enlisted to keep watch.

Rommel's Desert War: Waging World War II in North Africa, 1941–1943. BY MARTIN KITCHEN. Cambridge University Press, 2009, 616 pp. \$38.00.

The strategic importance of the back-and-forth fighting between Allied and Axis troops in North Africa from 1941 to 1943 has long been debated. In some respects, it was a sideshow to World War II, the main event being in Europe. Germany only became involved to rescue the Italians, but then General Erwin Rommel's dash and flair raised the possibility of humiliating the British. The result was that German forces became overextended and scarce resources were diverted to the desert campaigns, which still ended in defeat. Thanks to Kitchen's meticulous research, there is now a compelling account of the battles from a German perspective, with a well-rounded and not altogether flattering picture of Rommel. The book gives due weight to both his operational

brilliance, especially in retreat, and his poor strategic judgment. Ultimately, Rommel undermined himself by banking on his special relationship with Hitler to offset his differences with those above and below him in the chain of command.

A Genius for Deception: How Cunning Helped the British Win Two World Wars.

BY NICHOLAS RANKIN. Oxford

University Press, 2009, 480 pp. \$29.95.

Because the British have never been sure of their military prowess, they have always looked for ways to outsmart their enemies, by hiding the extent of any defensive weaknesses and obscuring the timing and direction of any offensives. Thus, the British integrated deception into the highest levels of strategic planning during the two world wars, and with considerable success. Some of the escapades became famous: phony units with pretend tanks, a double of General Bernard Montgomery arriving in Gibraltar to discuss fake operations, a corpse washing up on the Spanish shore dressed as a top officer with secret plans. These ruses were intended to persuade the Germans that invasions were to take place well away from their planned locations. By and large, they worked. When the Allies landed in Sicily and Normandy, the Germans were looking the wrong way. Rankin's page-turner makes the most of the gifted amateurs, eccentrics, and professional illusionists responsible for these imaginative schemes and details the care and seriousness with which they were implemented. But one of the story's key points actually hinges on Germany's, or, more specifically, Hitler's, gullibility: deception works best when the target is ready to be deceived.

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The United States

WALTER RUSSELL MEAD

Bomb Power: The Modern Presidency and the National Security State. BY GARRY WILLS.

Penguin Press, 2010, 288 pp. \$27.95.

The Jeffersonian dirge—lamenting the erosion of the limited government bequeathed by the founders and, usually, focusing on the growth of presidential power—is one of the great standard themes in American political literature. Wills offers a well-honed example of this classic genre, focusing on the rise of presidential power and the national security state from the time of President Franklin Roosevelt to the Obama administration. Wills is correct in much of what he says; for virtually all of the last 60 years, the United States has lived in a state of emergency, brought on by one crisis after another. First came World War II, then the Cold War, and now the conflict formerly known as the war on terror. Wills is right that presidential power has vastly expanded during these two generations and that the existence of the atom bomb has contributed to the trend. What he spends less time examining is the persistence of freedom and political debate even in the shadow of a powerful security state. It seems unlikely that jackbooted secret police will be calling Wills to account for this spirited attack on the foundations of executive power anytime soon. Let us hope that he and his fellow Jeremiahs can continue unmolested to chastise the overmighty executive for many years to come.

Blue and Gray Diplomacy: A History of Union and Confederate Foreign Relations. BY

HOWARD JONES. University of North Carolina Press, 2010, 432 pp. \$30.00.

This comprehensive study provides an illuminating survey of the intricate diplomatic maneuvers of the American Civil War, as the North, the South, the United Kingdom, France, and Russia all struggled to manage the consequences of the conflict. The United Kingdom and France were the European powers most intimately concerned with the war. Both had large textile industries dependent on Southern cotton and close commercial ties with the North. The United Kingdom also had substantial holdings in the Americas, and France sought the same. The Lincoln administration, whose initial military blunders led the United Kingdom to hedge its bets and recognize the Confederacy as a belligerent, frequently misunderstood British aims. Overall, however, the North's diplomacy was more realistic and consistent than any effort the South could manage. As Jones makes plain, the Confederacy's inability before and during the war to understand its international vulnerabilities played no small part in its defeat.

Game Change: Obama and the Clintons, McCain and Palin, and the Race of a

Lifetime. BY JOHN HEILEMANN AND MARK HALPERIN. HarperCollins, 2010, 464 pp. \$27.99.

Assuming its sourcing holds up, this compulsively readable account of the 2008 U.S. presidential campaign will set a new standard for political journalism. Fast paced, detailed, and intelligently organized, *Game Change* not only reveals the inner deliberations of the leading candidates and their teams during one of the country's

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most remarkable presidential campaigns; it illuminates the state of American democracy and perhaps even of the American soul. The portraits of the Clintons are riveting. The dysfunctional and deeply flawed Edwardses are flayed and filleted. And the two most meteoric figures in the campaign, Barack Obama and Sarah Palin, are beautifully portrayed in all their complexity. Reading the book so long after the campaign is a bittersweet experience. As Obama has now settled into the harsh task of governing, some of the promise and appeal he displayed as a candidate now seems far away. In any case, if the health of American democracy is in question at the moment, Heilemann and Halperin demonstrate that the art of political journalism is flourishing as never before.

A Country of Vast Designs: James K. Polk, the Mexican War, and the Conquest of the American Continent. BY ROBERT W. MERRY. Simon & Schuster, 2009, 592 pp. \$30.00 (paper, \$18.00).

Merry's extraordinary study of the Polk administration succeeds on two levels. First, it brilliantly accomplishes its primary task of gathering together various elements of U.S. politics to present a clear narrative account of the tenure of one of the most important but least studied figures in U.S. history. Second, it pulls off the far more difficult feat of making the history and politics of a faraway period useful to contemporary readers. James Polk's administration was dominated by the Mexican-American War, a conflict primarily remembered in the United States today as an easy, if morally tainted, victory. Merry demolishes the cakewalk view of the war, demonstrating just how politically tortuous and risky Polk's path to victory really was,

and how large a role luck (and quiet British diplomatic assistance) played in the triumph. At the same time, he qualifies the conventional view of Mexico as the innocent victim of cold-blooded aggression and avarice. Arrogance and fecklessness marked Mexico's approach to its dangerous neighbor, and the Mexican catastrophe was brought on as much by Mexico's own reckless folly as by American greed.

Global Compassion: Private Voluntary Organizations and U.S. Foreign Policy Since 1939. BY RACHEL M. MCCLEARY. Oxford University Press, 2009, 256 pp. \$35.00.

Although it is not the most readable book of the season, McCleary's short but thorough overview of the partnership between the U.S. government and private voluntary organizations—the Aga Khan Foundation, CARE, and World Vision, for example—is a useful introduction to a complex and vital aspect of U.S. foreign policy. As McCleary demonstrates, the relationship between the government and these private charities has varied over time: from outright government licensing and control of their activities (during World War II) to formal and informal partnerships (during much of the Cold War), to tense and sometimes conflicted relations (as in Afghanistan and Iraq today). The private-public connection raises complex political and managerial issues, as a thicket of competing bureaucratic and commercial interests create enormous inefficiencies and bitter conflicts in the aid and development “business.” Large private voluntary organizations lobby Congress for favored programs, different religious and ethnic groups compete for shares of the aid pie, and the increasing role

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of the Department of Defense in development work further muddies the waters.

Western Europe

ANDREW MORAVCSIK

The New Old World. BY PERRY ANDERSON.

Verso, 2009, 592 pp. \$39.95.

In the era of blogs, sound bites, and op-eds, Anderson is an old-fashioned intellectual. A British historian who teaches at UCLA, his preferred medium is the 50- to 70-page essay, in which he summarizes and critiques the best historical and theoretical literature on a subject. One might think that such an approach would generate dry academic debates of little interest to practitioners. Yet Anderson is among the most insightful and policy-relevant analysts of modern Europe—even if he tends at times to exaggerate the pessimistic. His essays in *The New Old World*—on France, Germany, Italy, Cyprus, Turkey, and, above all, the European Union—combine a Marxist’s hardheaded appreciation for the centrality of economic and political self-interest with a traditional historian’s sense of detail and contingency. Typical is Anderson’s masterful chapter on Turkey. It explains, more lucidly than any comparable work, how the domestic and international options that face politicians in this critical country are decisively shaped by a century of historical influences.

What Is the Impact of EU Interventions at the National Level? BY YVES BERTONCINI.

Notre Europe, 2009, 134 pp. Free online.

A specter haunts Europe: that of an EU superstate populated by unelected bureaucrats in Brussels who are expanding their

reach into every aspect of Europeans’ lives. Euroskeptics—including a former president of Germany (Roman Herzog), Tory politicians in the United Kingdom, and obliging journalists and columnists around the continent—have propagated the myth that 80 percent of the EU countries’ new laws and regulations originate with the EU. Their protests have fueled movements to democratize EU institutions, limit the scope of the EU’s policy activities, or populate the European Parliament with right-wing extremists. Now comes Bertoincini’s book, a comprehensive policy study with real numbers. It turns out that only 12 percent of French laws from 1987 to 2006 originated in Brussels, a proportion that is actually declining. Why so low? Because the EU’s activity is concentrated in only a few areas: half of its regulations are agricultural, and most of the rest concern trade, fishing, and industrial standards. The bulk of modern states’ policies—those having to do with social welfare, health care, pensions, education, law and order, defense, and infrastructure—require the hefty fiscal power that national governments retain and that the EU lacks.

Koestler: The Literary and Political Odyssey of a Twentieth-Century Skeptic. BY

MICHAEL SCAMMELL. Random House, 2009, 720 pp. \$35.00.

Arthur Koestler has sunk into unjust obscurity. Few still read his once ubiquitous novel *Darkness at Noon*, with its lurid description of how the Stalinist show trials used totalitarian tactics to persecute fellow Communists. Yet who has a better claim to be the archetypal figure of twentieth-century Europe than Koestler?

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Born an upper-class Jew in the waning years of the Austro-Hungarian monarchy, he was successively a Zionist settler, an intellectual star in Weimar Berlin, a convinced Communist, a brilliant journalistic observer of the Spanish Civil War, an anticommunist Cold War intellectual, an anti-death-penalty advocate, and a proponent of parapsychology and Eastern mysticism—living long enough to pop magic mushrooms with associates of Dr. Timothy Leary. Scammell, a Columbia professor and prize-winning biographer of the Soviet writer Aleksandr Solzhenitsyn, has written a gripping chronicle of Koestler's life that captures the essence of a man who reflected so many of the great political and cultural currents of his time. Koestler was, to quote the subtitle of the British edition of this book, an "indispensible intellectual."

Shoulder to Shoulder: Forging a Strategic U.S.-EU Partnership. BY DANIEL S. HAMILTON AND FRANCES G. BURWELL. Center for Transatlantic Relations, 2010, 84 pp. Free online.

Despite headlines to the contrary, the U.S.-European relationship remains the world's most important economic, strategic, and political partnership. Yet it is often taken for granted, and it is so firmly institutionalized that it is difficult to identify viable policy proposals for improving it. Based on a multinational collaboration among think tanks, this recipe book for those seeking to strengthen transatlantic relations contains a report (plus background papers) outlining a number of specific recommendations: a single transatlantic marketplace, shared planning for civilian intervention abroad, strengthened military and antiproliferation efforts,

more effective development and humanitarian policies, and an initiative linking the North and South Atlantic regions, to name a few. Most valuable, the report includes a wealth of concrete proposals for realizing each goal. It is required reading for anyone engaged in U.S. or European foreign policy.

Ship of Fools: How Stupidity and Corruption Sank the Celtic Tiger. BY FINTAN O'TOOLE. PublicAffairs, 2010, 240 pp. \$25.95.

Every happy economy is happy in its own way; unhappy economies are all alike. When the "Celtic tiger" was growing by close to ten percent per year, floating on foreign investment to a per capita income above that of its old imperial neighbor, many extolled the unique virtues of the Irish. Yet just as in Japan, Italy, the United States, and elsewhere, when the boom ended in Ireland, it inevitably uncovered a toxic combination of lax regulation, property speculation, and political corruption. Wealthy land speculators had cornered urban markets, driving housing prices up by 500 percent in a decade. Bankers on the take had provided the financing, and corrupt politicians had facilitated tax evasion. State assets were sold for a song. Now Ireland's GDP is shrinking fast, its housing prices are in free fall, its banking system has collapsed, and its gross indebtedness outstrips that of Japan. O'Toole's argument is that Ireland, like other rapidly developing countries, went too quickly from a premodern economy to a postmodern one based on free-market ideology while retaining the essentially clientelistic politics of the past. To this day, corruption in Ireland remains unpunished, and Irish politics, unreformed.

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Western Hemisphere

RICHARD FEINBERG

Without Fidel: A Death Foretold in Miami, Havana, and Washington. BY ANN LOUISE BARDACH. Scribner, 2009, 352 pp. \$28.00.

Fidel Castro outwitted ten U.S. presidents and, stubbornly defying the Grim Reaper, is now watching vigilantly over his younger brother and “relief pitcher,” Raúl, who faces the 11th. Bardach, a journalist, skillfully takes the reader back and forth between Havana and Miami, exposing the intricate webs of intrigue, spying, and violence that characterize Cuban politics on both sides of the Florida Strait. Her research is indefatigable (she took 12 trips to the island); her access, remarkably wide; and her opinions, centrist and considered. Particularly interesting are her mappings of the multiple extended families of the Castro brothers (including Fidel’s ten children). Bardach paints a rather positive portrait of Raúl, as a man who, compared with his older brother, is less charismatic and more institutional, and perhaps relatively more pragmatic. But unless U.S. policy changes more quickly, she warns, Washington will be poorly positioned to enter the competition between Hugo Chávez of Venezuela and an energized Brazil for influence in a post-Fidel Cuba.

Brazil’s New Racial Politics. EDITED BY BERND REITER AND GLADYS L. MITCHELL. Lynne Rienner, 2009, 251 pp. \$59.95.

Visitors to Brazil frequently comment

on the apparently harmonious race relations in a country where half the population is black. Yet the persistent and extreme social stratification by skin color has exploded the dominant myth of Brazilian “racial democracy,” of Brazil as a color-blind paradise in the tropics. As democracy has taken root, Brazilians have become more self-critical, and in 2001 the government instituted a policy of affirmative action for Afro-Brazilians in university admissions. This reform introduced an incentive for blacks to identify themselves as such. The scholar-activists writing in *Brazil’s New Racial Politics* find that not all Afro-Brazilians vote for black candidates but that those who embrace their blackness tend to do so, suggesting that blacks may begin to be better represented in electoral politics. Certainly, the activist nongovernmental organizations and black hip-hop artists examined here very much hope that the quality and diversity of Brazilian democracy will continue their forward march.

Favela: Four Decades of Living on the Edge in Rio de Janeiro. BY JANICE PERLMAN. Oxford University Press, 2010, 448 pp. \$29.95.

Ordinary Families, Extraordinary Lives: Assets and Poverty Reduction in Guayaquil, 1978–2004. BY CAROLINE O. N. MOSER. Brookings Institution Press, 2009, 360 pp. \$32.95.

Viewed from afar, the urban slums of developing countries often spark moral disdain for a “culture of poverty” and fears of impending social explosions. In these complimentary volumes, two mature social scientists provide compelling

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counterperspectives that add sophistication, humanity, and hope to what is understood about urban poverty in Latin America. Perlman returned repeatedly to the famed slums of Rio de Janeiro to follow four generations of residents over 40 years. She writes with compassion, artistry, and intelligence, using stirring personal stories to illustrate larger points substantiated with statistical analysis. Not all of her subjects find paths out of poverty, but Perlman chronicles an overall improvement in living standards and a surprising degree of upward social mobility, especially among families with fewer children. She discovers many innovative social interventions (by community organizers, nongovernmental organizations, and international agencies) that, if replicated, could have widespread benefits.

Moser follows the 30-year transformation of a community of squatters on the periphery of Guayaquil, Ecuador, from a shantytown of bamboo-walled houses in a mangrove swamp into a consolidated settlement with cement block houses. Her focus is on those assets—homes, appliances, education, capital, social networks—which energetic citizens can accumulate to overcome poverty. Like Perlman, Moser seeks broad societal explanations, but she also recognizes that personal traits and luck explain individual outcomes. Both scholars worry that the emerging democracies of Latin America have so far failed to fully incorporate their expanding urban populations and produce enough good jobs. But their uplifting reportage from the edge provides solid ground for reasoned optimism.

Brazilian Foreign Policy in Changing Times: The Quest for Autonomy From Sarney to Lula. BY TULLO VIGEVANI AND GABRIEL CEPALUNI. TRANSLATED BY LEANDRO MOURA. Lexington Books, 2009, 182 pp. \$65.00.

In Washington, seasoned diplomats often chide idealistic newcomers who imagine that they can improve U.S. relations with Brazil. The veterans warn that such idealism will eventually be shattered by the defensive double-dealing that is endemic to Brazilian foreign policy. Vigevani and Cepaluni help explain why this is so, untangling the three main quests that have guided Brazilian foreign policy at various times: for “autonomy through distance” from a liberalizing international order, for “autonomy through participation” in international forums, and for “autonomy through diversification” of relations—combined with the ever-present quest for autonomy from the United States. Brazil’s powerful Foreign Ministry, Itamaraty, seems to give little thought to discovering cooperative solutions to common international problems. Although generally sympathetic to Itamaraty, the co-authors do note the inherent tension between its pursuit of a freer hand in global affairs and Brazil’s aspirations to become a regional leader—a position that would require it to accept some constraints imposed by regional partners. A more critical assessment of Itamaraty would also draw attention to its hankering for procedural formalities and prestige of place over concrete results and its anachronistic domination by elite white males in a young, multiracial society.

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Eastern Europe and Former Soviet Republics

ROBERT LEGVOLD

In the Name of the Nation: Nationalism and Politics in Contemporary Russia. BY MARLÈNE LARUELLE. Palgrave Macmillan, 2009, 264 pp. \$85.00.

Nationalism crosses the minds of many observers when they think about the most prominent forces affecting contemporary Russia—an unhealthy, chest-thumping, aggrieved sentiment whipped up by overzealous politicians. That is not Laruelle's take. She sees nationalism as a natural, albeit conflicted, mix of symbols and notions that society uses to stake out a workable identity and that politicians use to connect with society. She makes her case by surveying the nationalist urgings in Russia in three political clusters: parties at either extreme of the spectrum that eschew participation in the conventional political process; opposition parties that do take part in the system but favor populist appeals, such as the Communist Party and the Liberal Democratic Party; and the dominant party, United Russia, the bearer of Prime Minister Vladimir Putin's vision. She also fits in the Russian Orthodox Church and the military. In her careful reconstruction, important differences exist between these contending nationalisms, but they ultimately all yield to xenophobia and patriotism—for now, the common denominator.

Conspirator: Lenin in Exile; The Making of a Revolutionary. BY HELEN RAPPAPORT. Basic Books, 2010, 416 pp. \$27.95.

Whatever else one would say of Lenin, his near-superhuman, self-sacrificing focus on the revolution he embraced while still in his early 20s cannot be denied. Never before have his mind, habits, quirks, and passions been so well portrayed as in this book. Lenin's five years in power are crucial to Russian history, but the 25 years before—most spent dodging the Russian secret police while fleeing back and forth across Europe—are critical to understanding him and his conspiratorial movement. The events of these years have been recounted a thousand times, but Rappaport penetrates beyond them by trailing after Lenin, his utterly devoted wife, Nadezhda Krupskaya, and the sundry young Russian revolutionaries who collected about him in an endless succession of one-room furnitureless apartments, makeshift meeting places, and furtive printing centers. Lenin comes to life as he frequents the streets, cafés, and reading rooms of Geneva, Munich, London, Zurich, Paris, and Stockholm; hikes the Swiss mountains; and plots the revolution's dawn with a shrinking band of tolerated associates.

Extreme Politics: Nationalism, Violence, and the End of Eastern Europe. BY CHARLES KING. Oxford University Press, 2009, 256 pp. \$99.00 (paper, \$21.95).

King trains his eye on two targets. One is the large, shapeless issues of nationalism, ethnic politics, and social violence and the indirectly related phenomenon of communism's demise in Eastern Europe. The other is the way scholars conceive nationalism and theorize about its consequences. He tackles these issues broadly,

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dealing with not only places where nationalism is ascendant but also places where it has fizzled and addressing not just collective violence on a grand scale, such as the Balkan wars, but also mass mobilizations short of war, such as the periodic violence in the Indian states of Bihar and Uttar Pradesh. His treatment of the fall of communism in Eastern Europe and the disintegration of the Soviet Union is thoughtful but somewhat tenuously linked to the book's core themes. Each step of the way, he reflects on the state of the study of nationalism, beginning with the early, mostly British thinkers who carved out the field. If their ideas endure largely unimproved, it is, he suggests, because their rich, historically grounded approach and readiness to borrow across disciplines have given way to studies more concerned with the rigorous manipulation of data than an expansive notion of evidence, and more concerned with the application of formal theory than unfettered imagination.

Russia Against Napoleon: The True Story of the Campaigns of War and Peace. BY DOMINIC LIEVEN. Viking, 2010, 656 pp. \$35.95. This is a large, booming riposte to all those histories and novels that downplay Russia's role in Napoleon's ultimate defeat, leaving the credit mostly to "General Winter" or, according to Tolstoyan myth, to the patriotism of the Russian people. No, says Lieven, the Russian government itself defeated Napoleon, and it did so because Tsar Alexander I and his war minister had anticipated the war, knew the enemy and his weaknesses, and had designed a superior strategy. "From the start," Lieven writes, "their plan was to wear down Napoleon by a defensive campaign in Russia, and then to pursue the defeated

enemy back over the frontier and raise a European insurrection against him." Hence, the importance of the years 1813–14. This was the decisive phase of the Napoleonic Wars, but it has been neglected thanks to self-serving retellings found in British, French, and Prussian histories and in later Russian novels and musical overtures. Lieven not only makes his case in rich, probing detail; he also encases it in a fluent reading of Russia's larger political and social dynamics during this period.

The Road to Independence for Kosovo: A Chronicle of the Ahtisaari Plan. BY HENRY H. PERRITT, JR. Cambridge University Press, 2009, 328 pp. \$85.00. Kosovo's declaration of independence, in 2008, was the last—or, alas, possibly only the latest—chapter in the painful and complex demise of Yugoslavia. Perritt comes as close as an outsider can to opening doors into the chambers where the political forces of Belgrade and Pristina tangled and diplomats from Russia, the EU, and the United States struggled to craft the least destabilizing disposition of Kosovo nearly ten years after the NATO-led war broke Serbia's hold over it. His account makes plain that independence (and not just some form of autonomy or partition) was in the cards from the start. But to get there without running over the Russians and, if possible, while reconciling the Serbs and holding the EU constituency together was no mean diplomatic feat. In the end, only the last of these objectives was achieved. Sympathetic as Perritt is to the Kosovars' cause, he notes how much uncertainty persists about future Russian behavior, the prospects of an independent Kosovo, and the ability of the UN Security Council to deal with the next comparable crisis.

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Meeting the Demands of Reason: The Life and Thought of Andrei Sakharov. BY JAY BERGMAN. Cornell University Press, 2009, 480 pp. \$39.95.

Surely, Andrei Sakharov will be regarded as one of twentieth-century Russia's historic figures. His scientific achievements, including his role in the development of Soviet nuclear weapons, along with his courage and prominence as a political dissident, guarantee that. Bergman, however, introduces a figure who transcends Russian history. Sakharov's faith in reason, originally limited to the sphere of nuclear weapons, gradually acquired a moral sensibility stirred by the ethical implications of testing these weapons in the atmosphere, a step that led to a far more profound concern with the whole sphere of human rights. Bergman opens Sakharov's mind to the reader and illustrates how Sakharov bonded reason with ethics and applied ideas not only to an astonishing range of technical scientific subjects but also, ultimately, to matters of human freedom and world peace. This makes Sakharov of greater philosophical interest, and the book, an excellent companion to Richard Lourie's earlier sterling biography.

Middle East

L. CARL BROWN

The Other War: Winning and Losing in Afghanistan. BY RONALD E. NEUMANN. Potomac Books, 2009, 256 pp. \$27.50.

From August 2005 until April 2007, Neumann served as U.S. ambassador to Afghanistan—the third official to hold the position since the Taliban's overthrow in

2001. Yet the problems recounted in this career diplomat's down-to-earth memoir are so severe that it reads as if he had been the first. Not much was settled in the task of putting together a post-Taliban Afghan state, and there was a disturbing continued Taliban presence. Neumann chronicles the Afghan government's sluggish policymaking process, the country's woefully inadequate infrastructure, Washington's miserly budgeting, NATO's problems of coordination, and the U.S. embassy's delicate chore of supporting Afghan President Hamid Karzai without dominating him. Neumann comes across as a hands-on diplomat, careful to avoid settling scores (only former Secretary of Defense Donald Rumsfeld receives explicit criticism) and understated in appraising his own record. When it comes to the future of Afghanistan, Neumann's take is measured: he is optimistic about the possibility of success.

Mullahs, Guards, and Bonyads: An Exploration of Iranian Leadership Dynamics. BY DAVID E. THALER, ALIREZA NADER, SHAHRAM CHUBIN, JERROLD D. GREEN, CHARLOTTE LYNCH, AND FREDERIC WEHREY. RAND, 2010, 168 pp. \$33.00.

After describing the various formal organs and rules of government in Iran, this short study suggests that Iranian governance is best understood as an informal balance of contending forces under the aegis of a powerful, "but not omnipotent," supreme leader, Ayatollah Ali Khamenei. The authors break down the ups and downs of these contending forces by decade: the 1980s belonged to the clerics, the 1990s to the Bonyads (charitable foundations), and the first decade of this century to the

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Revolutionary Guards. They interpret the political struggle as pitting revolutionary Iran (“a model of resistance and self-sufficiency”) against republican Iran (“a model of a normal state”), with the former on the rise since the June 2009 presidential election. The United States, the authors conclude, would be well advised to appreciate this constellation of forces shaping Iranian foreign policy.

The Future of Islam. BY JOHN L.

ESPOSITO. Oxford University Press, 2010, 256 pp. \$24.95.

Princeton Readings in Islamist Thought:

Texts and Contexts From al-Banna to Bin Laden. EDITED BY ROXANNE L.

EUBEN AND MUHAMMAD QASIM ZAMAN. Princeton University Press, 2009, 536 pp. \$69.50 (paper, \$26.95).

Esposito, who has spent some three decades writing books that present Islam and Muslims to nonspecialists, is at his best here. He shows Islam as a sister religion to Judaism and Christianity and as equally diverse. And he addresses the hot-button questions suspicious Westerners pose about Islam and Muslims; the book’s section headings include “Muslims in the West: Can They Be Loyal Citizens?” “Is Islam Capable of Reform?” and “What About Women’s Rights?” The result is a sort of comparative religion catechism. Although Osama bin Laden and his ilk are given their space, Esposito devotes many more words to modernists and mainline Muslims. (He also introduces Islam’s “Billy Grahams,” the several successful Muslim televangelists.) Some scholars and secularists would say that Esposito’s interpretation of Islam and Muslims today is too rosy. But he rightly shows that Islam and Muslims are not some strange and frightening “other.”

Princeton Readings in Islamist Thought presents representative writings of that radical minority of Muslims who reject political quietism, resist alien intrusions, and call for a divinely mandated state and society as set out in the Koran and as exemplified in the early Muslim community. Included are selected texts of 16 individual Islamists (12 Sunni and four Shiite) and two radical Sunni groups (Hamas and the Taliban). Of the 16, only seven are from the ranks of the *ulama* (Islamic clergy). Twelve are from the Arab world, two are from Iran, and two are from the Indian subcontinent. Two are female. All are moderns, none born earlier than the twentieth century. Six of the ten no longer alive met a violent death: two were assassinated, three were executed, and one committed suicide (Mohamed Atta of 9/11 notoriety). The 55-page introduction and the substantial introductions to each chapter deserve, and require, a careful reading, for this collection situates radical political thought within the distinctive Islamic intellectual tradition in all its complexity.

From Coexistence to Conquest: International Law and the Origins of the Arab-Israeli Conflict, 1891–1949. BY VICTOR KATTAN. Pluto Press, 2009, 544 pp. \$149.50 (paper, \$54.95).

This veritable “Brandeis brief” of facts and law makes the case that in terms of international law, the Palestinians repeatedly got a raw deal in the period from the rise of Zionism to the creation of Israel. It is a convincing argument, but is the story of those years best told in terms of the use and abuse of international law? True, states and would-be states usually present their actions in terms of law and justice, and the ensuing discourse is a useful part

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of the historical record. And yet, the United Kingdom's contradictory commitments to the Zionists and the Arabs are better understood using a realist, rather than a legal, reconstruction. The same would hold for making sense of the mandate system, the partition plans for Palestine, and the intensive U.S. involvement of 1946–48. Ironically, plaintiffs putting others on trial in that elusive court of international law risk being diverted from adopting policies more likely to succeed. Kattan, moreover, presents the problem too much in terms of outside actors ("It was European anti-Semitism and British colonialism which caused the conflict in Palestine"). This unduly downplays the role of those Zionists/Israelis and Arabs who were intimately involved.

Asia and Pacific

ANDREW J. NATHAN

Nothing to Envy: Ordinary Lives in

North Korea. BY BARBARA DEMICK.

Spiegel & Grau, 2009, 336 pp. \$26.00 (paper, \$16.00).

The Hidden People of North Korea: Everyday

Life in the Hermit Kingdom. BY RALPH

HASSIG AND KONGDAN OH. Rowman & Littlefield, 2009, 296 pp. \$39.95.

Why do North Koreans continue to obey a regime that abuses and starves them?

Demick interviewed six citizens from a single small town who had defected.

Rich in context and detail, the book provides a riveting account of how a functioning totalitarian system decayed into a land of starvation. Each individual was subjected to multiple vectors of fear—for his career, his freedom, and his life.

Demick explores the double-mindedness that political repression creates, when the prudent self helps the regime force the doubting self to keep quiet. As their belief in the Kim dynasty fell apart, these North Koreans went through a lonely, painful process. The careful objectivity of its author makes this compulsively readable, intimate story of fear, conformity, starvation, and flight all the more moving.

Hassig and Oh describe the country's economic, political, and caste systems from an institutional perspective. They explain how the government controls wages and rations food, how it monitors the population, and how it conducts propaganda—with the unintended help of the United States, starring as the bogeyman. They offer a detailed picture of the lives of Kim Jong Il and the members of his entourage and a study of why and how defectors break for the outside. Both books show that the regime is under stress, but they also reveal the mechanisms by which, for the time being, it is holding tight.

The Beijing Consensus: How China's

Authoritarian Model Will Dominate

the Twenty-first Century. BY STEFAN

HALPER. Basic Books, 2010,

312 pp. \$28.95.

Amid the flood of writings on how China's rise threatens the West, this breezily written work sensibly locates the main threat not in the military or the economic field, or (despite its subtitle) in a supposed Chinese strategy to dominate the world, but in the realm of values. Beijing's "market authoritarian model," as Halper calls it, looks increasingly attractive compared to the faltering liberal capitalist model. Even though no other authoritarian state has the organizational resources to model

itself fully on China, many are emboldened to try their own homebrews of repression and state capitalism. Disagreeing with those who think that a search for respectability will lead China to scale back its relations with rogue states, Halper argues that Beijing is locked into such relationships due to its dependence on natural resources. Likewise, he doubts that China will democratize as it grows richer, because it is wealth that underwrites the regime's legitimacy. In Halper's telling, the real threat facing the West is the West's own failure to practice and promote its values.

Islamism and Democracy in India:

The Transformation of Jamaat-e-Islami.
BY IRFAN AHMAD. Princeton
University Press, 2009, 328 pp. \$65.00
(paper, \$24.95).

Islamism in Indonesia: Politics in the

Emerging Democracy. BY BERNHARD
PLATZDASCH. Institute of Southeast
Asian Studies, 2009, 412 pp. \$59.90
(paper, \$42.90).

The fountainhead of political Islam in South Asia was Syed Abul Ala Maududi (1903–79), whose writings inspired disciples in India, Pakistan, Bangladesh, and Sri Lanka and eventually influenced al Qaeda. In *Islamism and Democracy in India*, an exploration of the Jamaat-e-Islami (Party of Islam) movement in India and its student movement offshoot, the anthropologist Ahmad shows how political Islam adapts its tactics (and even its ideology) to political circumstances. Because the religious neutrality of the Indian political system served its constituents' interests, the movement became a supporter of secular democracy. The student offshoot, however, responded to the rise of Hindu fundamentalism by going radical,

COUNCIL *on* FOREIGN RELATIONS

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through a process of internal struggle that Ahmad describes.

Indonesia, which has the largest Muslim population in the world, is another case study of how Islamism can move toward the center in response to political opportunities. Since the democratic period began in Indonesia in 1998, the major parties with sharia agendas have remained loyal to the constitutional process—a paradox explained by their need to move toward the center if they are to survive. Dwelling in sometimes excessive detail on the three main Islamist parties in the first five years of the new democracy, Platzdasch uses party records and his conversations with party activists to show how these parties downplayed their Islamist goals. The fact that some adaptations were only tactical implies that political Islam in Indonesia could change direction in response to global or domestic trends. Together, the two books suggest that political Islam is like any other ideology in its propensity to develop in different ways depending on the circumstances. The reminder is timely, as the West puzzles over how to coexist with Islamist movements around the world.

The Struggle for Tibet. BY WANG LIXIONG AND TSERING SHAKYA. Verso, 2009, 288 pp. \$17.95.

Tibet's Last Stand? The Tibetan Uprising of 2008 and China's Response. BY WARREN W. SMITH, JR. Rowman & Littlefield, 2009, 320 pp. \$39.95.

What first catches one's attention in *The Struggle for Tibet*, a collection of back-and-forth articles by Wang (an independent Chinese intellectual) and Shakya (a Tibetan academic living in exile), is Shakya's blistering response to

Wang's initial effort to understand the Tibetan frame of mind. Since Wang is the most sympathetic Han scholar writing on the issue, the exchange testifies to the gap between the two ethnic groups. The issues at stake (summarized in an introduction by Robert Barnett) are fundamental—such as what geographic unit constitutes Tibet, whether modernization is good or bad for the Tibetans, whether resistance is self-generated or incited from abroad, and whether the Dalai Lama is a religious or a political figure. As the dialogue proceeds, both authors converge on the view that Han Chinese rule in Tibet is infused with old-fashioned colonialist attitudes of racial and cultural superiority, including contempt for the Tibetans' religion. It is not so much the struggle for sovereignty as the struggle for respect that drives Tibetan resistance, which persists despite improvements in Tibet's economic conditions. Unfortunately, the March 2008 demonstrations in the Tibetan Autonomous Region and other Tibetan-populated areas of China and the vitriolic popular Han response have further polarized ethnic antagonisms.

These protests are the subject of *Tibet's Last Stand?* by Smith, a Radio Free Asia researcher. He sides with those who believe in full independence for Tibet, a position supported by neither the U.S. government nor the Dalai Lama. Nonetheless, the book is a useful, detailed account of the 2008 demonstrations, the official response, and surrounding events, based heavily on Chinese newspaper reports. Readers will gain a clear idea of the Chinese position on Tibet and of Beijing's strategy in the region: a combination of Han immigration, economic development, assimilation, repression, and waiting for the Dalai Lama to die.

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Africa

NICOLAS VAN DE WALLE

The Ethiopian Revolution: War in the Horn of Africa. BY GEBRU TAREKE. Yale University Press, 2009, 464 pp. \$45.00. Tareke's perceptive and readable history of contemporary Ethiopia and its violent conflicts is billed as a military history. But only the last third of the book provides the kind of detailed description of military campaigns that would qualify it as such. There, making judicious use of extensive internal Ethiopian military records and interviews with key officers, Tareke recounts the major battles that Mengistu Haile Mariam's regime fought and lost against the Eritrean and Tigrayan guerrilla movements during the Ogaden War against Somalia in 1977–78 and during the 1980s. The first two thirds of the book place these battles in their context, analyzing the country's political dynamics since the 1970s. Tareke blames the downfall of Mengistu's communist dictatorship on its repeated purges of public officials, which weakened the military and left too many mediocre sycophants in charge of state institutions. Tareke also dissects the Eritrean and Tigrayan secessionist movements and investigates the sources of their battlefield victories. In Eritrea, the single-minded discipline of the secessionist movement's leaders—particularly the country's current strongman, Isaias Afwerki—helped account for its resilience and military success. But it also explains the movement's dogmatism in power and the authoritarian stagnation of the independent nation it created.

From Global Apartheid to Global Village: Africa and the United Nations. EDITED BY ADEKEYE ADEBAJO. University of KwaZulu-Natal Press, 2009, 692 pp. \$66.00.

Africa and the World Trade Organization. BY RICHARD E. MSHOMBA. Cambridge University Press, 2009, 382 pp. \$80.00. Given their weakness domestically and internationally, African governments have traditionally turned to multilateral organizations more often than most other governments have. It is in the United Nations, which counts more member countries from Africa in the General Assembly (53) than from any other region, where these governments have pursued their most active diplomacy. As the large and sometimes unwieldy volume edited by Adebajo notes, much of the regional diplomacy against South African apartheid was coordinated through the UN, and a disproportionate share of UN organizations' activities, from development assistance to peacekeeping, concern Africa. The collection's early chapters focus on the core institutions of the UN; a second section addresses its peacekeeping and human rights operations in the region; and a third, more sprawling section covers the Africa-focused activities of 12 different UN bodies.

Mshomba's book on the role of the World Trade Organization in Africa adopts a more overtly public policy approach and provides a valuable overview of the trade issues of particular concern to Africa. For each issue, Mshomba examines the underlying economic dynamics before turning to the implications for Africa. The WTO, he admits, does not always provide a level playing field for the small economies of Africa, dominated as the organization is by the interests of richer states. Unfortunately,

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the book does not get into the actual process and politics of negotiation in the WTO or the manner in which African governments articulate and defend their interests there. Mshomba is mostly content to argue that the WTO can advance African trade interests in the positive-sum game of international trade.

Development and Dreams: The Urban Legacy of the 2010 Football World Cup. EDITED BY UDESH PILLAY, RICHARD TOMLINSON, AND ORLI BASS. HSRC Press, 2009, 328 pp. Free online.

The planet's top international soccer tournament, the FIFA World Cup, will take place in South Africa this summer and will easily constitute the biggest and most expensive sporting event ever organized on the African continent. FIFA, the sanctioning international governing structure, sold television rights to the event for over \$3 billion. But will hosting the World Cup benefit the average South African? This collection of essays by South African academics and policy experts provides some tentative answers. In particular, it assesses the event's impact on the nine big cities where matches will be held. For the most part, the contributors are skeptical about the economic benefits; previous World Cup host countries saw only minimal net increases in tourism, and the overall economic gains are unlikely to compensate for the enormous cost of building new sports stadiums and improving urban infrastructure (notably, public transportation). Nonetheless, the contributors praise the selected cities for coming up with pragmatic strategies to maximize the long-term benefits of the resources they have received for hosting the month-long event. The main gain

from holding a successful World Cup, they conjecture, will be South Africa's improved global image.

Africa's Infrastructure: A Time for Transformation. World Bank, 2009, 462 pp. \$39.95.

Africa's woeful infrastructure is no secret, but this World Bank report offers an unusually comprehensive analysis of the region's rail and road grid, communications network, transportation sector, power supply, and potable water systems. It will be the standard empirical source on African infrastructure for the foreseeable future. According to the report, the public infrastructure in most African countries increasingly lags behind those of poor countries in other regions—in part due to Africa's difficult geography, but largely thanks to governments' and private actors' chronic underspending. For instance, in 1970, Africa's per capita power generating capacity was three times as great as South Asia's; now, it is less than half as great. Lagging infrastructure, the report estimates, depresses firms' productivity by about 40 percent. The solution, it suggests, is to more than double infrastructure spending from present levels. Given that total investment in Africa's infrastructure has already doubled over the last decade, this only confirms the depth of the problem. 🌍

Letters to the Editor

*Marisa Porges and Jessica Stern on deradicalization;
Joseph Chamie and Jack Goldstone on demography*

GETTING DERADICALIZATION RIGHT

To the Editor:

In “Mind Over Martyr” (January/February 2010), Jessica Stern suggests various ways to rehabilitate terrorists and combat the ideological influence of terrorist movements.

To determine whether these tactics are effective and worthy of support, the U.S. government should consider deradicalization programs (which aim to reform terrorists in custody) separately from counter-radicalization efforts (which help prevent the radicalization of vulnerable populations in the first place). Deradicalization can thus be distinguished as a tool that supports broader counterterrorism and counter-radicalization strategies. Only then will policymakers appreciate why highly individualized programs that focus on rehabilitation and behavioral modification are the best approach for mitigating the potential future threat of detained terrorists.

Deradicalizing terrorists in custody requires not only identifying how they became radicalized. It entails determining whether the process can be reversed and how government-led initiatives can help ensure that committed terrorists will avoid illicit activity after they are released from custody. To date, established deradicalization

strategies used in Iraq, Saudi Arabia, Singapore, and elsewhere address this challenge through a combination of education, vocational training, religious dialogue, and postrelease programs that help detainees reintegrate into society. Involving family members in the process also plays a role, depending on the cultural norms and the particular detainees involved. Religious engagement, one of the more contentious elements of deradicalization programs, may be effective in reforming radical Islamists—but primarily because it provides an environment conducive to behavioral reform, not necessarily because it encourages ideological reform. This is an important point for programs run by non-Muslim or secular countries, such as Singapore and the United States, where limited capability and credibility constrain authorities’ ability to influence ideology.

Focusing on rehabilitation, as opposed to ideological change, is particularly sensible if it is acknowledged that committed ideologues may never give up their beliefs but might change their behavior. Even the Saudi rehabilitation program, which historically treated religious dialogue as primary, has gradually adopted more behavior-focused components, such as education, vocational instruction, and postrelease reintegration efforts. Riyadh thus offers a

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noteworthy example of how lessons learned can help refine a program's focus.

Perhaps the most critical element of deradicalization initiatives is the amount of individual attention given to each detainee. Anecdotal evidence from Afghanistan, Saudi Arabia, and Singapore suggests that fostering mentoring relationships between detainees and program officials—including guards, psychologists, and teachers—greatly increases the likelihood that the detainees will successfully reintegrate into society and avoid returning to terrorism. Such one-on-one relationships have also been shown to encourage detainees to reconsider the negative opinions of government officials that, in many cases, contributed to their initial radicalization. Furthermore, individual attention of this sort allows officials better insights into each detainee's history and into how each is progressing through rehabilitation. This, in turn, helps address the weakest part of current deradicalization efforts: measuring their effectiveness.

The most common way to measure effectiveness is by the rate of recidivism: how many graduates of a particular deradicalization program returned to terrorism. But recidivism rates can be misleading. They are often inaccurate, reflecting only what is known to intelligence services, which is limited. The Saudi deradicalization program, for example, was considered a complete success until just last year, when the terrorist activities of 11 graduates were discovered. Furthermore, most deradicalization programs have not been around long enough for observers to judge which strategies have the most lasting impact on behavior. This will take years—which, of course, does not help U.S.

officials wondering what deradicalization program may be suitable for the detainees currently held in Afghanistan and Guantánamo Bay, Cuba.

Since recidivism cannot be identified until well after a detainee's release, it is important to consider whether it is possible to gauge detainees' progress while they are still in custody. Some programs evaluate those in custody through psychological assessments, evaluations of their participation in various classes and activities, and input from less traditional sources, including family members. This complicated procedure requires significant resources and individualized attention, a particularly difficult proposition when working with large numbers of detainees. But although refining such assessment tools is crucial, they will never provide a perfect real-time measurement of a program's success.

Deradicalization efforts must therefore be considered important not just for their effect on detainees but also for their secondary benefits beyond the walls of detention facilities. Saudi Arabia's rehabilitation program, for example, contributes to broader counter-radicalization efforts by facilitating government contact with those who are vulnerable to radicalization and recruitment, including detainees' friends and families. The same is true in Afghanistan, where deradicalization efforts in U.S. detention facilities have become a key component of General Stanley McChrystal's counterinsurgency strategy. Another secondary benefit of deradicalization programs is that they may indirectly prevent graduates from rejoining terrorist groups even when the detainees have not personally been reformed: since some governments have used deradicalization

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programs for counterintelligence purposes, all graduates are potential government informants. Former detainees may therefore find their ability to regain the trust of old colleagues inhibited. Secondary results like these help deradicalization programs serve larger, long-term counterterrorism goals and may be the most significant outcome of such efforts.

MARISA L. PORGES

International Affairs Fellow, Council on Foreign Relations

Stern replies:

Marisa Porges raises important points about the significance of deradicalization efforts and the difficulty of assessing their quality.

The list of difficulties is long, indeed. For example, since terrorism is generally a young man's profession, some ex-detainees might appear deradicalized when in fact they have simply chosen to retire from violent activity. In such cases, deradicalization programs may get credit they do not deserve. Similarly, since some rehabilitation programs involve extensive postrelease surveillance, some of their apparent success may result not from effective jailhouse deradicalization but from the deterrent quality of this monitoring. These factors are hard to parse, but researchers must do so.

Researchers would be helped if the Saudi government, among others, gave outsiders greater access to its program's methods and statistics. It is not clear, for example, how the Saudis define and measure recidivism, which for an ex-detainee can mean many different things, including being arrested for a new crime, being convicted of that crime, being sentenced to prison for that crime, or returning to prison for any technical violation.

DECODING DEMOGRAPHY

To the Editor:

Jack Goldstone ("The New Population Bomb," January/February 2010) offers interesting insights regarding demographic trends, but several points should be clarified.

First, although global population growth is clearly slowing, it will not "nearly halt by 2050." According to the medium variant of the United Nations' data, the current level of annual growth, 79 million, is projected to decline to 31 million by 2050. Therefore, it is incorrect to state that by 2050, "the world's population will have stabilized."

Second, Goldstone writes that global population in 2050 is projected to be 9.15 billion, but that figure rests on the assumption that developing countries' fertility rates will continue to decline. For that to happen, family planning practices will have to expand greatly, especially among the poorest nations. If not, and fertility rates remain at their current levels, global population in 2050 will be around 11 billion and growing by some 131 million annually.

Third, although Goldstone stresses four important population trends, he ignores or pays insufficient attention to other vital trends with enormous global consequences. He does not note, for example, the changing status of women or the transformation of family structure.

Fourth, Goldstone's grouping of "the Muslim world" is problematic, as it ignores the enormous diversity that exists across countries with predominately Muslim populations. For example, whereas the fertility rate in Pakistan is about four children per woman, in Iran it is near the replacement level.

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Still, Goldstone's overall conclusion is correct. Developments in world demography are making the strategic and economic policies of the twentieth century obsolete, and it is time to find new ones. The challenge, of course, will be to find the correct new ones.

JOSEPH CHAMIE

Research Director, Center for Migration Studies, and former Director, United Nations Population Division

Goldstone replies:

Joseph Chamie concurs that demography is changing the world, but he is concerned that I am too sanguine that world population will stabilize at around 9.15 billion by 2050. In writing that global population growth will "nearly halt by 2050," I was citing the medium projection of the United Nations' 2008 long-term population forecast. Although this does show the world's population still growing slowly in 2050 and for a few years thereafter, it also shows that this slight growth will soon reverse: after 2060, the UN projects, global population will decline and stabilize just below nine billion.

Chamie is correct that the UN's projections assume a continued decline in fertility in developing nations, which in turn depends on making family planning more widely available in poor countries. In March 2010, U.S. President Barack Obama proposed a foreign assistance budget that would allot \$715.7 million to support inter-

national family planning and reproductive health. If adopted by Congress, this would be a 54 percent increase in funding since the last fiscal year of the Bush administration. Such policies would go far toward preventing the scenario Chamie envisions, of global population being 11 billion by 2050.

Chamie is also correct in writing that the Muslim world is highly diverse in terms of culture, religious practice, and fertility. Still, fertility remains high in many Muslim countries that are also major U.S. security concerns: for example, Afghanistan, Iraq, Pakistan, Somalia, and Yemen. These countries' populations will double in the next three decades, meaning that there will be many more young people seeking employment and purpose in their lives. Meanwhile, other Muslim countries, such as Indonesia and Turkey, are slower growing but have large populations and will be vital contributors to the global economy. The imperative remains acute, then, to improve relations between the West and the Muslim world, in all its diversity. 🌍

FOR THE RECORD

In "Complexity and Collapse" (March/April 2010), a sentence on the decline of the British Empire should have read, "Within a dozen years, the United Kingdom had let go of its overseas possessions in Burma, Eritrea, Ghana, India, Jordan, Malaya, Newfoundland, Palestine, Sri Lanka, Sudan, and the Suez Canal Zone."

Foreign Affairs (ISSN 00157120), May/June 2010, Volume 89, Number 3. Published six times annually (January, March, May, July, September, November) at 58 East 68th Street, New York, NY 10065. Subscriptions: U.S., \$44.95; Canada, \$56.00; other countries via air, \$79.00 per year. Canadian Publication Mail—Mail # 1572121. Periodicals postage paid in New York, NY, and at additional mailing offices. **POSTMASTER:** Send address changes to *Foreign Affairs*, P.O. Box 62040, Tampa, FL 33662-0408. From time to time, we permit certain carefully screened companies to send our subscribers information about products or services that we believe will be of interest. If you prefer not to receive such information, please contact us at the Tampa, FL, address indicated above.



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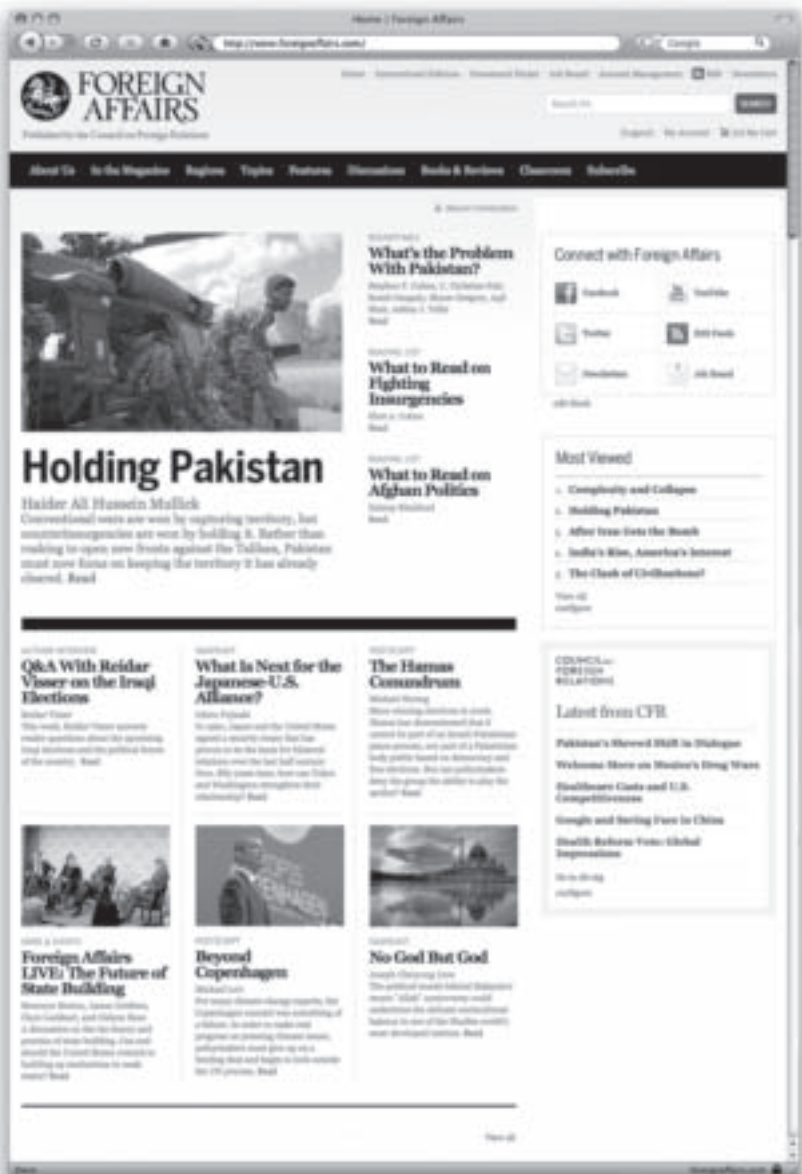
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