FOREIGN AFFAIRS
JULY/AUGUST 2013 • VOLUME 92 • NUMBER 4 • DEATH FROM ABOVE

JAPAN IS BACK: A CONVERSATION WITH SHINZO ABE

JULY/AUGUST 2013

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Death From Above
Are Drones Worth It?

Daniel Byman vs. Audrey Kurth Cronin

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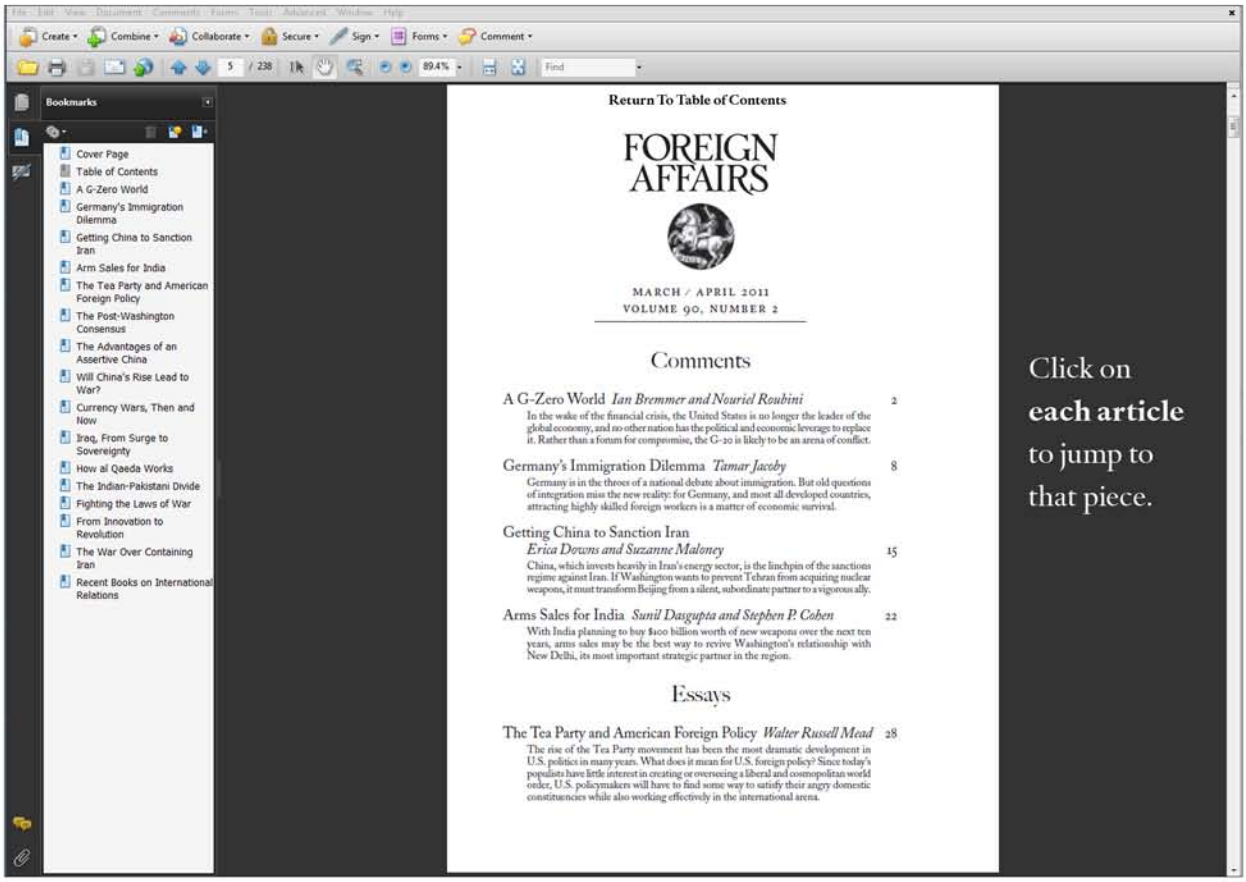

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Return to Table of Contents

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CONTRIBUTORS

AUDREY KURTH CRONIN thinks that U.S. drone strikes have little chance of defeating al Qaeda, as she argues in "Why Drones Fail" (page 44). And she should know: she literally wrote the book on "how terrorism ends." A political scientist currently at George Mason University, Cronin has also taught at Oxford University and the National War College, advised the U.S. Congress, and served in the Office of the Secretary of Defense.

The son of a U.S. Army officer stationed in postwar Germany, **RICK ATKINSON** came by his passion for military history early. After turning down an appointment at West Point, he studied English and then embarked on a career translating the sights and sounds of the battlefield into the written word. A foreign correspondent for *The Washington Post* before turning to writing history full time, Atkinson has won the Pulitzer Prize twice. His essay "The Road to D-Day" (page 55) describes the prelude to the battle that helped end World War II in Europe and is drawn from his newly published final volume of an epic trilogy on the war.

After graduating from the U.S. Coast Guard Academy in 1997, **SCOTT BORGERSON** spent ten years in the Coast Guard, including stretches as the navigator on a drug-busting cutter in the Caribbean and as the captain of a patrol boat in the Gulf of Mexico. He then got a Ph.D. from Tufts University and worked as a fellow at the Council on Foreign Relations before co-founding the big-data technology start-up at which he currently works. In "The Coming Arctic Boom" (page 76), he maps out the massive economic gains to be had as the top of the world melts.

ADAM POSEN is an American economist, but his perspective is decidedly international: he has worked in finance in Germany, advised the former Japanese prime minister Junichiro Koizumi, and recently completed a three-year stint on the Bank of England's Monetary Policy Committee, which sets British interest rates. Earlier this year, he was named president of the Peterson Institute for International Economics. In "The Myth of the Omnipotent Central Banker" (page 166), Posen reviews Neil Irwin's book *The Alchemists* and explains what central bankers have actually done, and not done, during the global economic crisis.

ATKINSON PHOTO: MARK THIESSEN / NATIONAL GEOGRAPHIC

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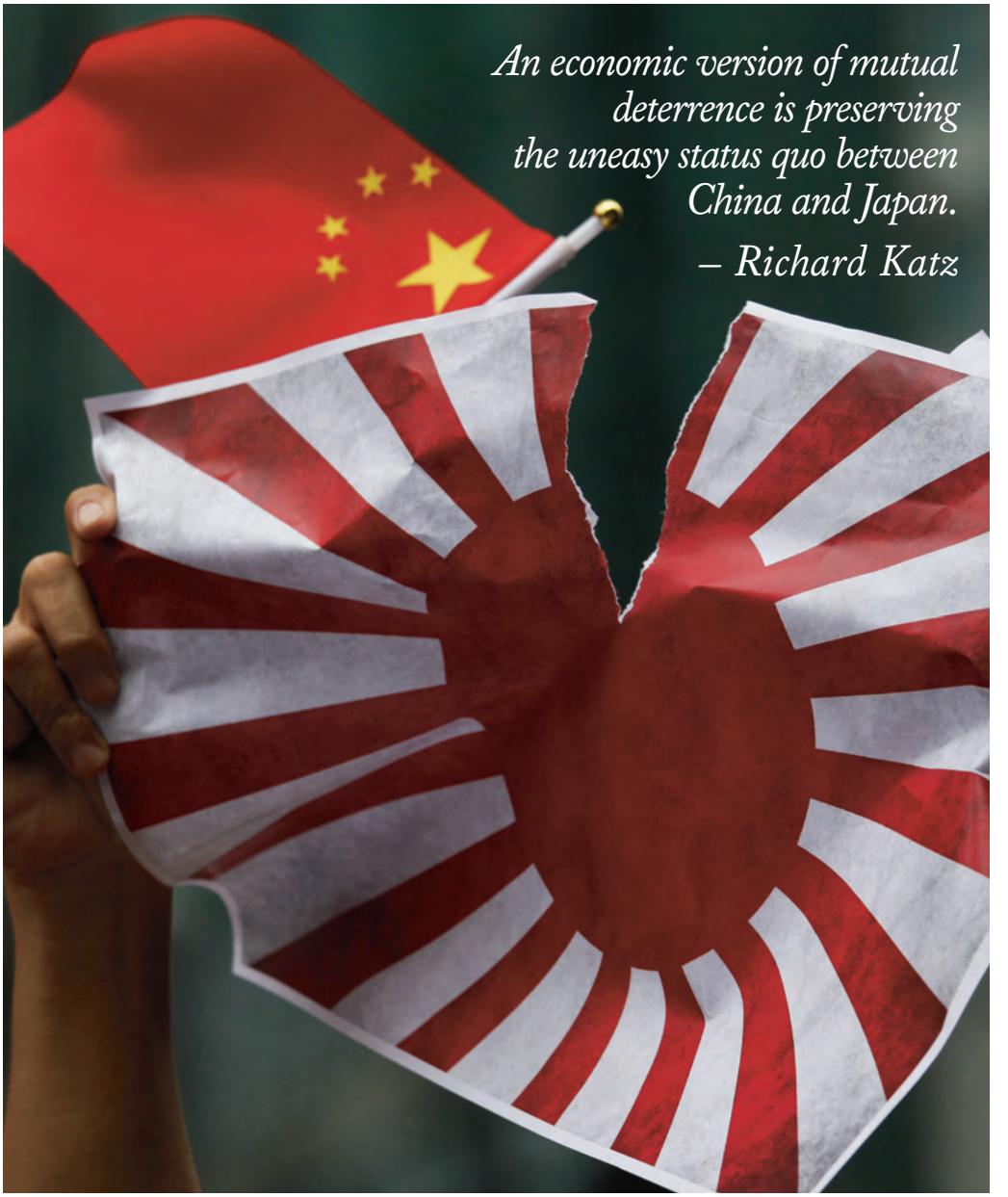


REUTERS / BOBBY YIP

Japan Is Back

A Conversation With Shinzo Abe

After serving a brief, undistinguished term as Japan's prime minister in 2006–7, Shinzo Abe seemed destined for the political sidelines. Then, last December, he surged back into the limelight, retaking office in a landslide victory. The return to power of his Liberal Democratic Party (LDP)—which has run Japan for 54 of the last 58 years, including most of the last two "lost decades"—initially worried investors and pundits. But Abe immediately embarked on an ambitious campaign to revive Japan's economy, and, some six months later, his efforts seem to be paying off. On the foreign policy front, however, Abe—known in opposition as a conservative nationalist—has sparked controversy by seeming to question Japan's wartime record. In mid-May, as tensions were rising with Japan's powerful neighbors, he spoke with *Foreign Affairs* managing editor Jonathan Tepperman in Tokyo.

This is your second tenure as prime minister. Your first was not so successful, but this time, everything seems different: your approval rating is over 70 percent, and the stock market is at a five-year high. What lessons did you learn from your past mistakes, and what are you doing differently this time?

When I served as prime minister last time, I failed to prioritize my agenda. I was eager to complete everything at once, and ended my administration in failure.

After resigning, for six years I traveled across the nation simply to listen. Everywhere, I heard people suffering from having lost jobs due to lingering deflation and currency appreciation. Some had no hope for the future. So it followed naturally that my second administration should prioritize getting rid of deflation and turning around the Japanese economy.

Let's say that I have set the priorities right this time to reflect the concerns of the people, and the results are increasingly noticeable, which may explain the high approval ratings.

I have also started to use social media networks like Facebook. Oftentimes, the legacy media only partially quote what politicians say. This has prevented the public from understanding my true intentions. So I am now sending messages through Facebook and other networks directly to the public.

So that way you get to bypass journalists?

Sort of [laughs]. No, I attach importance to face-to-face interviews like this one, and I have never been media shy. My point was that what I actually mean sometimes gets lost when it is only partially—even mistakenly—quoted.

You've said that your economic agenda is your top priority. Abenomics has three "arrows": a 10 trillion yen fiscal stimulus, inflation targeting, and structural reform. You've fired the first two arrows already. What will the third look like?

The third arrow is about a growth strategy, which should be led by three key concepts: challenge, openness, and innovation. First, you need to envision what kind of Japan you wish to have.

REUTERS / BAZUKI MUHAMMAD

Japan's prime minister in the Philippines, January 2007

That is a Japan that cherishes those three concepts. Then, you get to see areas where you excel. Take health care, for instance. My country has good stock, which enables Japanese to live longer than most others. Why not use medical innovation, then, both to boost the economy and to contribute to the welfare of the rest of the world?

My recent trip to Russia and the Middle East assured me that there is much room out there for Japan's medical industries. The same could be said for technologies to reduce carbon dioxide emissions, of which Japan has plenty. But to foster innovation, you must remain open.

But Japan has constraints on its economy that keep it from growing: high agricultural subsidies, overregulation, underutilization of women, a poor immigration policy. Past prime ministers have tried to deal with these problems and have run into a wall. What reforms will you focus on?

Time is not on our side. Prolonged deflation and the resulting economic stagnation that has lasted for 15 years have kept my country almost standing still, while the rest of the world has gone far. This is the last chance for us, and the sense of urgency is therefore enormous. It's shared more widely than ever before among my fellow lawmakers.

True, agriculture still matters, not only as an industry but also for keeping Japan's social fabric well knit. But my approach is to make it stronger and export-oriented. Japanese farmlands are endowed with rich natural attractions. Let them simply be sold more to the world. Where necessary, we will cut red tape, for sure. More investment in core technologies is also important, as is foreign direct investment in Japan. We must do all this now, in one fell swoop.

As for openness, of special note is my decision on the TPP [Trans-Pacific Partnership]. Previous administrations were indecisive. I decided to enter into the TPP negotiations. Of course, the agricultural lobby is fiercely against it, and agricultural associations are among the biggest and most important supporters of the LDP. So we are working hard to bring them along. If we don't change, there won't be any future for Japanese agriculture, or for Japan's regions and local communities.

You've launched a major stimulus program that has been successful so far. But aren't you worried about Japan's debt, which is already at 220 to 230 percent of GDP?

Japan is facing an extremely rapid decline in birthrates, and Japan's national income has lost as much as 50 trillion yen due to prolonged deflation. Put those together, and you get a much smaller tax base. That is why we are facing a very difficult financial situation, and that was the core concern that led my government to launch the "three arrow" recovery plan.

The bond repurchase and interest payments aside, the government's current spending must meet its annual tax revenue. To achieve that balance remains our first priority, and we have made an international pledge to do so. By fiscal year 2015, we are going to halve our primary-balance deficit, and by 2020, we will achieve balance. To do so, we have to increase tax revenue. We also need to end the deflationary cycle. And we have to achieve economic growth.

We also need to improve the efficiency of government expenditures. We have decided to increase the consumption tax rate, which is important to sustain our social security services. I know that the current situation is difficult, and the world economy will have ups and downs. But that is the mandate I was given, and we are elbowing our way through.

It sometimes seems like there are two different Shinzo Abes: the nationalist or conservative Abe, who does controversial things, such as support history textbook revision, question the comfort women issue, or question the legitimacy of the Allied war crimes tribunal, and the pragmatic Abe, who reaches out to China and South Korea and who has been careful not to escalate tensions over the Senkaku Islands. In recent weeks, both have been on display: first, you seemed to question in the Diet whether Japan was the aggressor in World War II, and then, a week later, you acknowledged the suffering that Japan caused during the war. Which is the real Abe, and how should people interpret the shifts between the two?
As I said at the outset, I have had my remarks only partially or mistakenly quoted by the mainstream media. Let me set the record straight. Throughout my first and current terms as prime minister, I have expressed a number of times the deep remorse that I share for the tremendous damage and suffering Japan caused in the past to the people of many countries, particularly in Asia. I have explicitly said that, yet it made few headlines.

Do you accept that Japan was the aggressor when it invaded China, when it invaded Korea, and when it attacked the United States in World War II?
I have never said that Japan has not committed aggression. Yet at the same time, how best, or not, to define "aggression" is none of my business. That's what historians ought to work on. I have been saying that our work is to discuss what kind of world we should create in the future.

It always seems to cause problems when you talk about history, so why not just avoid it? And let me ask a related question: In order to put these issues aside, can you promise that as prime minister, you will not visit Yasukuni Shrine in either your official or your private capacity?
I never raised the issue of history myself. During [recent] deliberations in the Diet, I faced questions from other members, and I had to answer them. When doing so, I kept saying that the issue is one for historians, since otherwise you could politicize it or turn it into a diplomatic issue.

About the Yasukuni Shrine, let me humbly urge you to think about your own place to pay homage to the war dead, Arlington National Cemetery, in the United States. The presidents of the United States go there, and as Japan's prime minister, I have visited. Professor Kevin Doak of Georgetown University points out that visiting the cemetery does not mean endorsing slavery, even though Confederate soldiers are buried there. I am of a view that we can make a similar argument about Yasukuni, which enshrines the souls of those who lost their lives in the service of their country.

But with all due respect, there are 13 Class A war criminals buried at Yasukuni, which is why it makes China and South Korea crazy when Japanese prime ministers go there. Wouldn't it be easier just to promise not to go?
I think it's quite natural for a Japanese leader to offer prayer for those who sacrificed their lives for their country, and I think this is no different from what other world leaders do.

After Yasukuni enshrined the souls of the Class A criminals, China and South Korea did not make any claims about visits there for some years. Then suddenly, they started opposing the visits. So I will not say whether I will visit or refrain from visiting the shrine.

You said in January that there is no room for negotiation over the Senkaku Islands. If you take such an inflexible position and China takes such an inflexible position, there will be no progress. So what is the solution?
Seven years ago, as prime minister, I chose China as the first destination for an official visit. On that occasion, I agreed with the Chinese leaders that both countries would strive for a mutually beneficial relationship based on common strategic interests. I conveyed to the Chinese that Japan and China enjoy an inseparable relationship, especially in terms of economic ties. And I believe that it is wrong to close down all aspects of the bilateral relationship because of a single issue—it would not be a smart move. That is why I always keep the door open for dialogue. I think China should come back to the starting point of the mutually beneficial relationship the two countries agreed on.

As for the Senkaku Islands, Japan incorporated them back in 1895, after taking measures in accordance with international law. And it was not until 1971 that China made its territorial claims over the islands. The Senkaku Islands are an integral part of Japanese territory, based on both history and international law. Only after keeping silent for 76 years, and after the United Nations referred to the possible existence of natural resources underneath the adjacent seabed, did China start making their territorial claims, rather abruptly.

Since 2008, the Chinese side has been dispatching official or naval vessels to intrude into Japanese territorial waters. The phenomenon is older and more deeply rooted than may meet the eye. There is no question that we have to address the issue in the most professional manner, and I have instructed the whole of my government to respond to the situation in the calmest manner possible. And we are [still] saying that we will always keep the door open for dialogue.

But what are you willing to do to resolve the problem? Cui Tiankai, the new Chinese ambassador to the United States, told me recently that the best thing would be to just ignore the sovereignty issue and return to the status quo where China and Japan agree to disagree.
That Chinese claim means Japan should admit that there exists an issue of territorial sovereignty to be resolved. We can never let this argument take place. The Chinese side has been using a similar argument against Vietnam and the Philippines to gain control over islands in the South China Sea. And recently, on May 8, China's *People's*

Daily published an article questioning the status of Okinawa itself.

We have never agreed with the Chinese to shelve the issue of the Senkaku Islands. To say that we have in the past is a complete lie by the Chinese.

Given the rise of China and its more aggressive behavior, are you still confident in the U.S. security relationship, or do you feel that Japan needs to be doing more to protect itself? And is this why you're interested in revising Japan's constitution?

Of course, I have full confidence in the Japanese-U.S. alliance—one hundred percent. After the Great East Japan Earthquake of 2011, the United States dispatched a total of 20,000 military personnel; even under difficult circumstances, the United States offered to cooperate in Japan's reconstruction efforts. That is a true reflection of our relationship. And we fully welcome and happily support the strategic rebalancing by the United States toward Asia.

But at the same time, Japan is also willing to fulfill its responsibilities. Over the past ten years, my country has continued to cut its defense budget. China, on the other hand, has increased its military spending 30-fold in the last 23 years. Therefore, this year, for the first time in 11 years, my government chose to slightly increase the defense budget. That is a sign of Japan's willingness to fulfill its own responsibility.

With regard to the issue of the right to collective self-defense, imagine that U.S. vessels on the high seas were being attacked and an armed ship, say an Aegis-type destroyer, from Japan, America's treaty ally, was just passing by. The arrangement we currently have

in Japan does not allow the destroyer to make any response whatsoever. That is insane.

So do you want to change Article 9 [the pacifist clause in Japan's constitution] to address this?

To amend the constitution requires overcoming a high hurdle: we would have to get the approval of at least two-thirds of the members of the Japanese parliament and later a simple majority in a national referendum.

Yet the fact remains that Japan is the only country in the world that does not call its defense organizations a military. That is absurd, when the government is spending a total of 5 trillion yen [a year] for self-defense.

I think that our constitution should stipulate that our Self-Defense Forces are military forces (as it currently does not) and should also stipulate the long-established principles of civilian control and pacifism. Even if we reactivated the right to have a collective self-defense or amended Article 9 of the constitution, that would only put Japan in the same position as other countries around the globe. We should address this issue in a restrained manner. Even if we amended the constitution and were able to exercise the right to collective self-defense, we would still be in a more limited position than the Canadians.

So to be clear, do you want to change the constitution to make collective self-defense easier?

I would like to see the constitution amended, and my party has already published a draft proposal for the amendment of the constitution, including Article 9.

Why does the majority of the Japanese public still oppose constitutional revision?

More than 50 percent of Japanese nationals support the idea of changing the constitution [in general], while less than 50 percent support the amendment of Article 9. But polls also indicate that once told the rationale in more detail, they turn in favor of amendment.

So you think they just don't understand the issue?

Only 30 percent of the people support enabling the right to use force for collective self-defense. But when we present a specific case involving, for instance, a missile launch by North Korea, and we explain to the public that Japan could shoot down missiles targeting Japan, but not missiles targeting the U.S. island of Guam, even though Japan has the ability to do so, then more than 60 percent of the public acknowledges that this is not right.

Beijing's Brand Ambassador

A Conversation With Cui Tiankai

Cui Tiankai, 60, arrived in Washington, D.C., on April 2 to take up his new post as China's ambassador to the United States. A fluent English speaker with a master's degree from Johns Hopkins' School of Advanced International Studies, Cui spent five years as a farm hand during the Cultural Revolution before entering Shanghai Normal University. During his extensive diplomatic career, he has also served as China's ambassador to Japan and vice minister of foreign affairs. He spoke with *Foreign Affairs* managing editor Jonathan Tepperman in China's new I. M. Pei–designed embassy a few weeks after presenting his credentials to President Barack Obama.

Having just arrived in Washington, what's your assessment of the state of U.S.-Chinese relations?
For the last four years or so, relations have been moving forward steadily, although we sometimes wish they could move even faster. President Hu Jintao and President Obama met 12 times in the last four years. This is quite rare, even between the U.S. and its allies; it's certainly rare for China's relations with other countries.

Now that we have a new leadership in China, we have to spend time on the transition. President Xi Jinping and President Obama had a very good conversation on the phone [shortly after Xi took office] and reaffirmed that they will make every effort to have a cooperative partnership.

What are your priorities as ambassador?
First, I have to make sure that the frequency of the high-level contacts continues and the mechanisms that we have set up between the two countries also continue and, where necessary, improve.

Many people seem worried that the relationship is drifting. President Xi has come up with what sounds like a new paradigm, what he calls "a new type of great-power relationship," to address this. What does he mean?
I think there is a clear mutual understanding between the two governments about the need to have a constructive and steady relationship—to base our partnership on mutual respect and mutual benefit. This is our goal.

As for the concept of a new type of relationship between our two countries, that is also our goal. But of course, this is a long-term goal, which means that we have to give more substance to it.

In the past, when one big country developed very fast and gained international influence, it was seen as being in a kind of a zero-sum game vis-à-vis the existing powers. This often led to conflict or even war. Now, there is a determination both in China and in the United States to not allow history to repeat itself. We'll have to find a new way for a developing power and an existing power to work with each other, not against each other.

AP / JACQUES BRINON

The ambassador, then China's assistant minister of foreign affairs, in Paris, May 2006

Scholars sometimes distinguish between status quo and revisionist powers, arguing that problems arise only if the new power is the latter and wants to change the rules of the game. Which is China?
It is an oversimplification to put China and the United States in the same category of power. The U.S. is still much more developed, much stronger. China is huge but still a developing country, whether in terms of the economy, science and technology, or military power. In many respects, we still have a long way to go before we can really be seen as on par with the United States.

As for whether we are trying to change the rules of the game, if you look at recent history since China reformed and opened up, there has been a clear integration of China into the existing global order. We are now members of many international institutions, not only the United Nations but also the World Bank and the International Monetary Fund. We have joined the World Trade Organization. We are taking part in many regional mechanisms.

So we are ready to integrate ourselves into the global system, and we are ready to follow the international rules. Of course, these rules were set without much participation by China, and the world is changing. You cannot say that the rules that were set up half a century ago can be applied without any change today. But what we want is not a revolution. We stand for necessary reform of the international system, but we have no intention of overthrowing it or setting up an entirely new one.

What sort of rules does China feel need to be adjusted?
For the last few years, we've had the G-20. This mechanism is quite new. It's different from the G-7 or the G-8. The G-20 has all the existing powers and also countries like India, Brazil, South Africa, Russia. China is also a member of the G-20, and we are playing a very important role in it. For the first time in history, these countries are sitting together around the same table as equals and discussing major international financial and economic issues. This is the kind of change we want to have.

Americans sometimes wonder whether China is really willing to help solve key international problems. Take Syria: the U.S. government is trying to build an international coalition to deal with the civil war there, and it feels that China has not been very cooperative.
If we are really serious about building a new type of relationship, we have to have mutual accommodation and mutual understanding. It's not that we are just helping the United States, or that the United States is just helping us. We have to help each other. We must make efforts to see issues from the other guy's point of view.

We certainly don't want chaos and civil war in Syria or anywhere in the world. We understand there are political differences in the country. But we always follow the principle that the affairs of a particular country should be determined by its own people, not by us, not by outsiders. It's not up to China or the United States to decide the future of the country.

But under the "responsibility to protect" doctrine, which most UN members have endorsed, when a leader is slaughtering his people in large numbers, the international community now has a responsibility, or at least a right, to intervene. You say

the Syrian people should determine their own form of government. But the Syrian people have tried that, and their government is killing them.
To be very frank with you, this kind of theory has not always proved successful. When the United States started the war in Iraq, people were also talking about the responsibility to protect the Iraqi people, or to eliminate weapons of mass destruction, but the end result is obvious. Who is protecting whom, and who is protecting what? This is still open to debate.

Both Beijing and Washington want the Korean Peninsula to be peaceful and nuclear free. Yet China and the United States don't seem to be cooperating as closely as they could there. Why not?
China and the United States have many common interests on North Korea, but we might also have slightly different approaches on how to reach our common goals.

As far as China is concerned, we have three key elements to our policy on the Korean Peninsula. First, we stand for stability. Second, we stand for denuclearization of the Korean Peninsula. Third, we stand for peaceful means. These three elements are interrelated; you cannot have one at the expense of the other two.

It seems that Beijing has recently become more frustrated with Pyongyang and more willing to put real pressure on it. Is this true, and is China starting to distance itself from North Korea?
We just cannot distance ourselves from North Korea geographically. That's our problem—it's so close to us. Any chaos or armed conflict on the Korean Peninsula would have a major impact on China's national security interests. We have to keep that in mind all the time.

And our influence over the DPRK [Democratic People's Republic of Korea] may not be as real as what is reported in the media. Of course, as neighbors and long-standing friends, we do have some influence there. But the DPRK is a sovereign state. It could choose not to listen to us. It could decline whatever we might suggest.

But China has unique ways of putting pressure on North Korea, for example by turning off its energy supplies.
We provide, and are still providing, humanitarian assistance to North Korea. That has a lot to do with the Korean people and has almost nothing to do with [the leadership's] ambitions, particularly the nuclear program. We are against that. They know this quite clearly. They know China will never accept their nuclear program. We are against their nuclear tests. That's why we voted in favor of UN sanctions in the Security Council.

So will China be prepared to take stronger measures if North Korea continues to act in an aggressive way?
We'll do whatever is necessary to achieve our goal of denuclearization and stability. But we have to think about how whatever we do serves our long-term goals. If we do something that leads to an escalation of the situation, it would defeat our own purposes.

Yet China is so much more powerful than North Korea.
Well, the United States is even more powerful, and has it managed to change North Korea's behavior? I don't think it has been very successful so far.

Do you think Washington's "pivot" to Asia actually represents anything new, and is it damaging U.S.-Chinese ties?
The United States has a long-standing interest in the Asia-Pacific. Maybe in the last decade or so, the United States focused so much on the Middle East—on Iraq and Afghanistan—that some people in the United States came to believe it was done at the expense of U.S. interests in the Asia-Pacific. But the United States never removed its bases from the region, so it doesn't need to pivot. It's already there.

But some in the United States argue that talk of the pivot, sending U.S. troops to Australia, working out a new trade partnership that excludes China, and so forth have been a mistake, because these moves will create the impression that the United States is hostile to and is trying to encircle China. Do the Chinese feel that way?
Some Chinese do have this view. But today's China is a much more diversified society. You can find all kinds of views.

Over the last year or so, there has been a serious effort on the U.S. side to try to elaborate its Asia-Pacific policy in a more comprehensive way. Visiting U.S. officials to Beijing always try to explain to us that what you might call the pivot, or "rebalancing," is not against China and that China will be an essential part of this new approach. We listen to these statements very carefully. But of course, we have to wait and see what will happen in reality. For instance, we are following the Trans-Pacific Partnership negotiations very closely, but it's too early to come to the conclusion that the TPP is against any particular country.

America's top military official, General Martin Dempsey, went to Beijing recently to talk with his Chinese counterpart about cyberspace, which has become a big source of tension between the two countries. Americans feel that China is either not doing enough to stop cyber-attacks aimed at the United States or is actually directing those attacks. Is China willing to shut them down, and if so, what would it want in return?
Cybersecurity is a new issue for the international community at large. First of all, the technologies are new, and the attacks are invisible. Traditionally, if you perceived a threat, it could be seen. It was physical. But not in cyberspace.

Second, very few international rules have been designed for these kind of problems. So we have to work out a new set of international rules for everybody to follow.

Third, if we look at the development of IT and at the industry itself, the United States is much more advanced than China. So logically, I think the weaker should be more concerned about the stronger. The stronger is in a better position both to defend itself and to maybe go on the offensive against others.

Yet U.S. commercial and military computers are attacked all the time from abroad, and many of these attacks seem to be coming from China. *The New York Times* traced a number of these attacks to a specific building in Shanghai that is connected to the Chinese military. So many people have concluded that the Chinese government, or some forces within it, is involved in these attacks.
I don't think anybody has so far presented any hard evidence, evidence that could stand up in court, to prove that there is

really somebody in China, Chinese nationals, that are doing these things. Cyberattacks can come from anywhere in the world. Even if you could locate a computer, you cannot say that computer belongs to the government of that particular country or even that the people who are doing this are nationals of that country. It's very hard to prove.

A huge number of Chinese computers, Chinese companies, and Chinese government agencies have also been attacked by hackers. If we trace these attacks, maybe some of them, or even most of them, would come from the United States. But we are not in the position to come to the conclusion that these attacks are sponsored or supported by the U.S. government. This is not a very responsible way of making such claims.

So do you deny the American accusations?

I think if they make the accusation, they have to give us proof, hard evidence. Nobody has done that. What is important is for the two governments to sit down, work out a new set of rules, and find out ways that we can work together to prevent such attacks from happening again.

Relations between Japan and China are in a very dangerous downward spiral at the moment. Armed Chinese ships have started regularly confronting armed Japanese ships surrounding the disputed Diaoyu/Senkaku Islands, risking a violent confrontation. China and Japan share close economic ties, and yet neither country seems to be willing to resolve the issue. Why?

This issue has a long history. These islands were originally Chinese territory, but at the end of the nineteenth century, because of the war between China and Japan, Japan took action to put these islands in its own territorial jurisdiction. When the United States returned Okinawa to Japan [in 1972], it also included the Diaoyu Islands. We were against that and made it very clear at the time. So there has been a consistent Chinese position on the sovereignty of the islands. There is no doubt about that.

On the other hand, we also understand such issues will take time to resolve, and we are not in a hurry to resolve them overnight. When China and Japan normalized relations with each other [also in 1972], the leaders of both countries decided to put such disputes aside. And I think that was a very wise policy. We had tranquility over these islands for many years, until the Japanese government decided to nationalize the islands last year.

But they only did that to prevent a bigger problem, which was the nationalist governor of Tokyo buying the islands himself to build on them.

Well, it's quite clear Japan's decision will lead to very serious consequences under international law—even more serious than whatever the governor of Tokyo tried to do.

So China has strong historical claims. Japan also says it has strong historical claims. At a certain point, doesn't it become necessary to say, OK, history is history, but we live in the present, and we have to think about the future. Can you see a solution here that both countries can live with?

What you said is very wise, but no side should take action to upset this kind of balance. The legal action

taken by the Japanese government really provoked everything.

I think the two sides have to engage in very serious negotiation. We approached the Japanese side last year. But I don't think that they were quite prepared at that time. Now, they have a new ruling party—the new old ruling party. The LDP [Liberal Democratic Party] is back. But I don't see any serious efforts by them to sit down with us and start very serious talks.

Is China concerned that Prime Minister Shinzo Abe's history as a nationalist will make resolution of the issue even more difficult?

It will depend on his choices. We know his political attitudes. But on the other hand, when he was prime minister last time [in 2006–7], he made the right decision not to visit the Yasukuni Shrine [a memorial for Japanese soldiers where a number of war criminals are also buried]. So he could do the right thing here.

China and Japan have enormous common interests, economic and otherwise. There is a huge potential for close cooperation, but we have to remove the political obstacle.

Is there a role for the United States to play?

The most helpful thing the U.S. could do is to remain truly neutral, to take no side.

What about helping the two sides communicate? Sometimes, a third party can be a useful mediator.

If that happens, I think it would be welcome. But it would really depend on how the third party acted. Is it really fair? When the United States talks to us, they say they'll take no side, but sometimes, when they talk to the Japanese or when they make public statements, we hear something different.

Some have argued that as the United States is pivoting east, China is pivoting west, getting more involved in Russia, Central Asia, the Middle East, and Africa. Could this someday threaten American interests?

The United States is lucky: it has only two neighboring countries and oceans on both sides. We have over a dozen neighboring countries, and we have a long and complicated history with them. So China really has to take care in its relations with its neighbors. It's not just in one direction, east or west. We certainly want to develop economic cooperation in all directions, because we need more trade, we need to export more and import more, and we need to have more sources of energy. I don't think that we are pivoting in any particular direction. And I don't think whatever we are doing will hurt U.S. interests, because if we can have mutually beneficial relations with all our neighbors, that will help guarantee the stability of the region.

Let me ask you about those neighbors. For about ten years, China worked very hard to convince the whole region, indeed the world, that it was interested in a "peaceful rise." Then, in the last year or so of the Hu Jintao administration, it seemed to start behaving more aggressively, which made a lot of its neighbors nervous. What happened?

We never provoked anything. We are still on the path of peaceful development. If you look carefully at what happened in the last couple of years, you will see that the others started all the disputes. We did not start them,

but we had to respond because these issues concern China's sovereignty and territorial integrity, and there is strong public sentiment on these issues.

So why then is there this perception that it was China that was assertively pressing its territorial claims?
As I said, we never started the incidents. We only reacted to them. China has to safeguard its interests. In the meanwhile, we have been calling for dialogue. China always promotes the principle of "shelving differences and seeking joint development." We did a lot in the past years to implement this principle, and I hope that others will do the same.

How has the United States changed since your last posting here?
I was posted in New York at our UN mission from late 1997 until early 2000. This was before 9/11, so I see a big difference. There seems to be a strong sense of insecurity in America, although I do not fully understand that, because if the most powerful country in the world feels insecure, how can other countries feel secure?

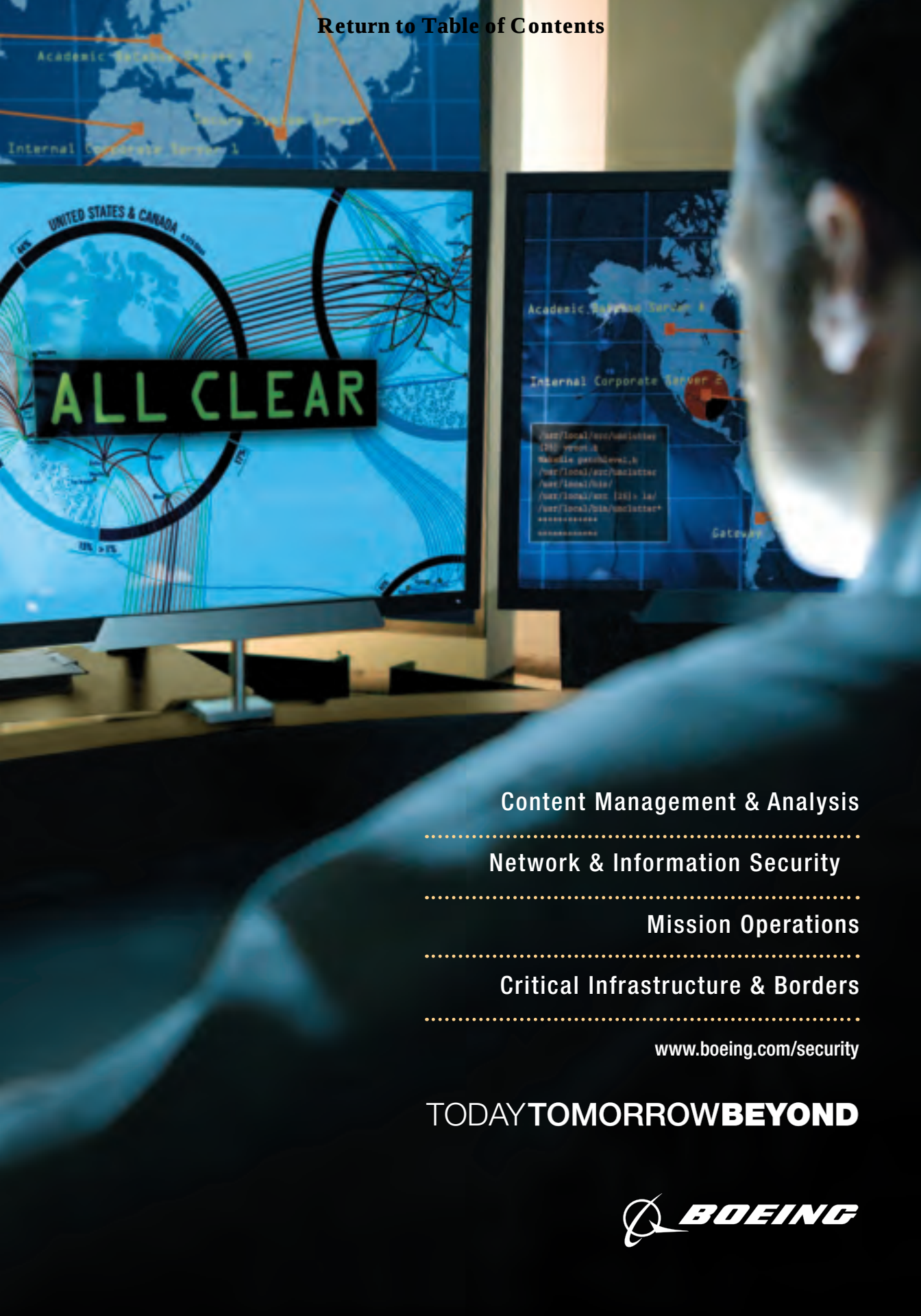
But on the whole, I don't think there is fundamental change in the United States with regard to its strength, vitality, or its status internationally.

If you look at the world, you see the emergence of what people used to call new poles, or the rapid development of countries like China, India, and so on. To some extent, you could say—and only in relative terms—that the United States is not as powerful as before, but this only means that others are trying to catch up. It does not mean that the U.S. is declining.

But it seems to many people that the American political system is broken, or at least deeply dysfunctional. How does that look from a Chinese perspective?
We have our own problems. Yes, there are big problems here, and in politics, people go to the extremes. But still, I believe America is capable of resolving these issues and moving forward. There is no evidence that because of [domestic] problems, the United States is losing its position globally.

You spoke a moment ago about American insecurity. What about China's? China has now been on an incredible growth path for over 30 years; in many ways, it is the envy of countries all around the world. Yet China still seems to feel insecure. Can you imagine a time when China acts more like a "normal" country, one that has arrived, as opposed to a country that is still striving to become and is battling with its past?
I think normal people always have things to worry about. So I think it's only normal for countries to worry, too. Besides, China still faces mountains of problems. Some are historical legacies. Others might be the byproducts of our rapid development. We have to move forward and make great efforts to respond to these challenges so that the whole Chinese nation can modernize. This is a long-term process. We still have a long, long way to go. Maybe sometimes it's even good for individuals or nations to have a certain sense of insecurity. This can turn into motivation to work hard.

Return to Table of Contents



Mutual Assured Production

Why Trade Will Limit Conflict Between China and Japan

Richard Katz

During the Cold War, the United States and the Soviet Union carefully avoided triggering a nuclear war because of the assumption of "mutual assured destruction": each knew that any such conflict would mean the obliteration of both countries. Today, even though tensions between China and Japan are rising, an economic version of mutual deterrence is preserving the uneasy status quo between the two sides.

Last fall, as the countries escalated their quarrel over an island chain that Japan has controlled for more than a century, many Chinese citizens boycotted Japanese products and took to the streets in anti-Japanese riots. This commotion, at times encouraged by the Chinese government, led the Japanese government to fear that Beijing might exploit Japan's reliance on China as an export market to squeeze Tokyo into making territorial concessions. Throughout the crisis, Japan has doubted that China would ever try to forcibly seize the islands—barren rocks known in Chinese as the Diaoyu Islands and in Japanese as the Senkaku Islands—if only because the United States has made it clear that it would come to Japan's defense. Japanese security experts, however, have suggested that China might try other methods of intimidation, including a prolonged economic boycott.

But these fears have not materialized, for one simple reason: China needs to buy Japanese products as much as Japan needs to sell them. Many of the high-tech products assembled in and exported from China, often on behalf of American and European firms, use advanced Japanese-made parts. China could not boycott Japan, let alone precipitate an actual conflict, without stymieing the export-fueled economic miracle that underpins Communist Party rule.

For the moment, the combination of economic interdependence and Washington's commitment to Japan's defense will likely keep the peace. Still, an accidental clash of armed ships around the islands could lead to an unintended conflict. That is why defense officials from both countries have met with an eye to reducing that particular risk. With no resolution in sight, those who fear an escalation can nonetheless take solace in the fact that China and Japan stand to gain far more from trading than from fighting.

THE TIES THAT BIND

Although China first claimed the Diaoyu/Senkaku Islands in 1971, it never did much to pursue its claim until recently. On the contrary, in the interests of improving economic and political ties, Chinese Premier Zhou Enlai and Japanese Prime Minister Kakuei Tanaka agreed in 1972 to shelve the issue indefinitely. Beijing even stopped Chinese nationalist activists from trying to land on the islands and prevented articles that asserted

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China's claim to them from appearing in the Chinese press. In the last few years, however, China has reversed course and started to back up its claims with actions. In 2010, for example, a Chinese fishing boat rammed a Japanese coast guard ship in the waters around the islands. When the coast guard personnel arrested the fishing boat's captain, Beijing declared that Japan had no jurisdiction in "Chinese territory" and cut off supplies to Japan of vital rare-earth minerals until he was released.

It took until July 2012 for the issue to explode. That month, then Japanese Prime Minister Yoshihiko Noda announced that his government intended to buy some of the islets from their private Japanese owner. Noda's aim was to prevent them from being sold to the right-wing governor of Tokyo, who had revealed plans for the islands that would certainly have provoked China. But Beijing told Noda that it would see even the government's purchase as an unacceptable change in the status quo. The Noda administration ignored warnings from both Beijing and the U.S. State Department and deluded itself that China would acquiesce to the purchase.

Then came the riots and the boycotts. For several weeks in August and September, Chinese protesters caused a ruckus, damaging Japanese-made cars, vandalizing stores selling Japanese products, and setting a Panasonic factory on fire. The police vacillated between encouraging and suppressing the riots, and some Chinese state media outlets listed Japanese brands to boycott. By the time the dust settled, Japanese firms operating in China had suffered about $120 million in property damage, and for a few months thereafter, sales of Japanese cars fell by approximately 40–50 percent.

The riots have stopped, but the larger conflict shows no signs of fading. China regularly sends armed surveillance boats into the islands' territorial waters, and the Chinese Foreign Ministry now calls the islands a "core interest," a term limited to the most sensitive areas regarding China's sovereignty, such as Taiwan and Tibet. China's Commerce Ministry has hinted at the possibility of a prolonged boycott to get Tokyo to concede that China has legitimate claims to the islands. It warned last September that Noda's purchase of the islands would "inevitably affect and damage . . . Sino-Japanese economic and trade relations."

A boycott would indeed prove disastrous for Japan's export-dependent economy. From 2002 to 2007, a third of Japan's GDP growth came from an increase in its trade surplus, and another third came from capital investment, much of which was tied to exports. And China stands at the center of this picture. From 1995 to 2011, increased shipments to China accounted for 45 percent of the overall growth in Japanese exports. Since the crisis erupted last July, however, Japan's price-adjusted exports to China have fallen by 20 percent, compared with an 11 percent drop in its global exports (as of March).

Japan's dependence on China helps explain why the new Japanese prime minister, Shinzo Abe, has not followed through on the hawkish positions he touted during last December's election campaign, such as his plan to place personnel and facilities on the Senkakus. Abe knows that his popularity hinges on Japan's economic recovery, and lest he forget it, Japanese businesses have been

urging him to refrain from any provocations while still seeking a resolution that maintains the country's sovereignty over the islands.

But it is not only Tokyo's behavior that has been tempered by economic interdependence. This year, Chinese censors have blocked the phrase "Boycott Japan" from Weibo, China's equivalent of Twitter. During February's New Year's celebrations, Beijing banned sales of the popular "Tokyo Big Bang" fireworks, which simulate the burning of the Japanese capital. In late March, China even joined Japan and South Korea in long-anticipated talks aimed at forming a trilateral free-trade agreement.

Meanwhile, Chinese provincial governments, hungry for jobs and tax revenue, keep imploring Japanese companies to expand their operations in China. In February, the city of Chongqing hired the Mitsui Group, a Japanese conglomerate, to develop an industrial park aimed at attracting foreign investment. At a March conference of the Japan-China Economic Association in Beijing, China's new vice president, Li Yuanchao, may have insisted that the media not photograph him shaking hands with Japan's top business leaders, but he nevertheless asked those leaders to step up their investments. Even on the national level, China is far more pluralistic than it used to be. The Communist Party–owned *Global Times* published both pro- and anti-boycott op-eds last fall.

Nor do most Chinese consumers seem interested in a boycott. The Japanese products that have lost the most sales during these latest tensions have been the highly visible ones, which are vulnerable to social pressure. Last fall and winter, sales of the popular cosmetics

Buy local: at an anti-Japanese rally in Chengdu, China, October 2010

REUTERS / JASON LEE

and skin-care products made by the Japanese company Shiseido tumbled, partly because many customers refrained from sending them as holiday gifts. Some stores temporarily displayed Shiseido products less prominently, but very few stopped carrying them altogether.

The worst-hit Japanese products have been cars, since many were vandalized by hooligans during the riots. But sales are recovering. Last fall, Nissan, the Japanese automaker, offered its Chinese customers its new "Promise for Car Security" program, a guarantee of free repairs for vehicles damaged in anti-Japanese riots. That's one reason why in March, sales at Nissan dealerships finally rose above the previous year's levels. And as China's infamous air pollution has worsened, February sales of air purifiers by Panasonic doubled from the year before, and sales of those made by Daikin quadrupled. Both are Japanese companies.

MADE IN CHINA, WITH HELP FROM JAPAN

Why does China, the world's largest exporter, so badly need what Japan is selling? Put simply, China's export-driven economic miracle depends on imports. Around 60–70 percent of the goods China imports from Japan are the machinery and parts needed to make China's own exports. China cannot cut off this flow, or risk disrupting it through conflict, without crippling its economy. That is why, during the height of the island crisis last fall, the same Chinese customs officials who sometimes delayed shipments of Japanese consumer goods let industrial parts pass through.

Richard Katz

For years, Japan has been China's single largest source of imports. A 2012 International Monetary Fund report calculated that for every one percent of growth in China's global exports, its imports from Japan rise by 1.2 percent. Take away those imports, and China's exports collapse.

Consider the iPhone and the iPad. Although Apple hires Taiwan's Foxconn to assemble these products in China, they contain Japanese parts, including Toshiba flash memory drives and Sharp LCD screens. The case of Apple is instructive for two reasons. First, as China has increasingly begun to export high-tech products, it has needed to rely more and more on imported parts. During the middle of the last decade, imported parts accounted for 22 percent of the value of low-technology goods exported from China. For information and communications equipment, however, that number was almost 50 percent. And it is precisely these import-intensive machinery and electronics products that are becoming more important to China's economy, rising from just 22 percent of all Chinese exports in 1992 to 63 percent in 2006 and presumably even more today.

Second, China's modernization depends on a host of multinational corporations using China as their workshop. In 2010, foreign companies and joint foreign-Chinese ventures accounted for more than 25 percent of China's entire industrial output, 39 percent of its apparel exports, and 99 percent of its computer exports. And these companies rely on imports from Japan. China cannot single out Japanese products without damaging and alienating the network of multinational companies that are fueling China's march up the value chain and toward higher living standards.

Today, China's cheap but high-quality labor and its fantastic infrastructure make the country an attractive production base. But if nasty international politics get in the way of those advantages, multinational corporations have other places to go. Only $4 of the value of the 2005 vintage iPod, priced at $299, came from China, and most of that was assembly work that could have been done elsewhere. Rising wages and worsening pollution have already led some electronics firms to shift their assembly operations to Southeast Asia. China cannot take foreign investment for granted.

Japanese firms know this, which explains why they are not fleeing despite the recent tensions. Japan remains the largest source of foreign investment in China today. According to Masaki Yamazaki of the Japan Center for Economic Research, some Japanese firms are considering a "China plus one" strategy, a way of diversifying their risks and finding another large market to invest in and export from. But, he added, "it's unrealistic to think that all the Japanese companies will rush away from China." As long as multinationals want to assemble products in China, Japanese suppliers need to be there as much as China needs to host them. What is more, China's bulging middle-class market is too big to be ignored by Japanese companies that produce consumer products and are plagued by low growth at home.

Indeed, in a survey conducted by the Japan External Trade Organization last November and December, just after the spate of violence, only six percent of Japanese companies in China said they were going to leave or downsize. Conversely, 52 percent planned on expanding,

Return to Table of Contents

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and 42 percent indicated that they would keep their operations at the same level while monitoring the situation. In 2012, a year in which global foreign direct investment in China fell by 3.7 percent, Japanese investment rose by 6.0 percent. As one Japanese business consultant told me, "Japanese firms see no early end to the territorial tensions. Some feel that they may just have to accept that, every few years, there will be an outburst of boycotts and even some violence."

PAX ECONOMICA

As World War I cruelly demonstrated, economic self-interest does not always override nationalist emotions. But it does raise the costs of letting passions dominate foreign policy.

For most of the past three decades, in recognition of those costs, China has sought what its leaders term a "peaceful rise." In the past few years, however, Beijing has shifted to a far more abrasive posture toward several countries in Asia. Some observers speculate that China's newfound assertiveness is a response to political dysfunction and the financial crisis in the West, which have led Beijing to doubt the United States' staying power and overestimate its own strength. Whatever the reasons, the new approach is reportedly disdained as self-defeating by many of China's business leaders and, according to Kiyoyuki Seguchi, research director at the Canon Institute for Global Studies, even by certain elements of its military.

Mao once observed that "political power grows out of the barrel of a gun." But in today's China, it is trade and globalization that pay for that gun. Despite Beijing's increasingly assertive stance, many Chinese officials recognize the costs of threatening the country's economic ties. As an op-ed in *China Daily*, an official Communist Party paper, put it last August, "Blindly boycotting Japanese goods by giving way to sentiments could harm our own industries and exports, and reduce employment."

Unfortunately, Beijing is not the only capital where politicians are ginning up nationalist fervor. In April, Abe began to show his more hawkish side. That month, some of his cabinet ministers and a record 168 Diet members visited the Yasukuni Shrine, which pays tribute to Japan's war dead and is controversial because it includes World War II war criminals—such a trip understandably outrages China, South Korea, and others. Then, Abe publicly questioned whether Japan's actions in China and Korea during World War II and earlier really constituted "aggression" and indicated that he might partially retract Tokyo's 1995 apology for Japan's behavior. Some fear that if Abe's party wins the July elections for the upper house of the Diet, Abe will further unleash his nationalist instincts.

For now, China is sending mixed signals as to whether it will escalate or calm these tensions, something the Japanese interpret as a lack of a policy consensus. Even though some officials in both capitals are looking for ways to save face and step back from the precipice, an unintentional conflict is still possible. But there is at least one reason for hope: although money is said to be the root of all evil, it may also be what ultimately tips the balance of forces within each country back toward those who can prevent war and eventually put the conflicting territorial claims back on the shelf.

Fake It Till You Make It

The Good News About China's Knockoff Economy

Kal Raustiala and Christopher Sprigman

No one knows for sure why some societies are more innovative than others. The United States is a highly inventive society, the source of a host of technologies—the airplane, the atomic bomb, the Internet—that have transformed the world. Modern China, by contrast, is frequently criticized for its widespread copying of foreign inventions and creative works. Once the home of gunpowder, printing, and other transformational inventions, China is today better known for its knockoffs of almost every imaginable product: cars, clothes, computers, fast food, movies, pharmaceuticals, even entire European villages. The United States gave the world the iPhone; China gave it the HiPhone—a cheap facsimile of a groundbreaking American gadget.

Some see deep cultural roots to the pervasiveness of copying in China. But a more common view is that China fails to innovate because it lacks strong and stable protections for intellectual property. Many lawyers and economists believe that intellectual property rights are critical because they ensure that the economic rewards of innovation go to the innovator. Without such protections, the thinking goes, copycats will undercut and outrun originators. This, in turn, will dry up investment in innovation. The basic logic is straightforward: sustained innovation requires stringent intellectual property laws, and countries that tolerate too much copying will suffer. And since in a globalized economy, copying that occurs abroad can be just as harmful as copying at home, this logic also undergirds an array of international intellectual property treaties that nearly all major states have adopted, including the World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property Rights, established in 1994, and the many even stricter bilateral accords that states have entered into since then.

As a member of the WTO, China is supposed to follow these rules. But its compliance is far from perfect, to Washington's perpetual annoyance. Briefing reporters at the White House in February, U.S. Undersecretary of State Robert Hormats called the extensive theft of intellectual property by Chinese firms and individuals "a serious and highly troubling issue." Although estimates of the cost of Chinese piracy to the U.S. economy vary widely and are sensitive to assumptions, the U.S. International Trade Commission has estimated that in 2011 alone, the figure was nearly $50 billion.

For U.S. policymakers and American executives, the scale and scope of copying in China are bad enough; worse yet is

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the fact that it is encouraged by an official Chinese policy of "indigenous innovation." According to a planning document issued by the Chinese government in 2006, indigenous innovation includes "enhancing original innovation through co-innovation and re-innovation based on the assimilation of imported technologies." Washington justifiably views this as an official green light for piracy. The U.S. government considers it vital to rein in Chinese copying, and it has exhorted China to change its ways—and sued it before the WTO.

But American anxiety and anger over Chinese piracy are misplaced. Copying is not the plague that American business leaders and politicians often make it out to be. In fact, far from always being an enemy of innovation, copying is often a critical part of creativity. Although copying has a destructive side, it also has a productive side. Nearly all creations rest on prior work, and the ability to freely copy and refine existing designs fuels fields as varied as fashion, finance, and software. Copying can also foster stronger competition, grow markets, and build brands.

For Chinese firms and individuals, copying has irresistible benefits that go beyond simply undercutting Western competitors. Many Chinese have gained valuable design and manufacturing skills by copying goods originally produced elsewhere. The results of this imitation are affordable products and services that have allowed millions of Chinese to enjoy the trappings of a consumer society. And the wealth created by piracy has aided the growth of an emerging Chinese middle class, which represents a massive potential pool of new customers for Western firms that sell the genuine article.

For these reasons, any sensible policy toward China's knockoff economy must begin with an appreciation that copying and creating are linked and that copying can be a force for good as well as ill. Given that Chinese copying has benefits as well as costs, and considering China's historical resistance to Western pressure, the fact is that trying to push China to change its policies and behavior on intellectual property law is not worth the political and diplomatic capital the United States is spending on it.

THE REAL FAKE

To understand how imitation and innovation coexist in today's China, one need only look to Xiaomi, one of China's fastest-growing technology companies. Less than four years old, Xiaomi has sold nearly seven million smartphones and raked in more than ten billion yuan ($1.6 billion)—impressive numbers for a company that sold its first smartphone in August 2011. Xiaomi's phones look familiar because many of the company's designs closely imitate Apple's iPhone. And design is not the only cue that Xiaomi takes from Apple. At a recent product launch, Lei Jun, the head of Xiaomi, stood alone onstage in a black shirt, jeans, and black Converse sneakers—déjà vu for anyone who ever saw the late Steve Jobs, the founder and former CEO of Apple, introduce new products at a Macworld convention. Lei's message was clear: Xiaomi's phones are just as cool as Apple's. Chinese consumers have taken the bait, happily embracing Xiaomi's products without any illusions about their provenance: as a Shanghai university student recently told *The New York Times*, "Xiaomi is the real fake."

Xiaomi's success, however, also hinges on the company being quite unlike Apple. For one, Xiaomi's phones typically cost about half that of its rival's. Even more important, Xiaomi has a very different attitude toward innovation. Apple is known for its closed approach to product development. The company believes that it knows what its customers want before they do, so Apple's design process is essentially dictatorial. Xiaomi's design process, by contrast, is quite democratic. Every Friday, Xiaomi releases a new round of software updates for its mobile operating system, which is based on Google's open-source Android software. Within hours, thousands of users flock to Xiaomi's online forums to suggest new features, functions, and designs and to identify and resolve software bugs. Xiaomi has relied on user input to determine how much memory to install on its phones, how important the phone's thickness is to users, and whether its phones should allow users to take photos without pushing a button. Lei might dress like Jobs, but he runs his company very differently.

Xiaomi is hardly China's only imitator-innovator. Weibo, the country's most popular social networking service, boasts hundreds of millions of users. It began in 2009 as an undisguised Twitter clone. Since then, it has added a clutch of features that distinguish it from Twitter, including a more interactive system for commenting. Such improvements make Weibo arguably more functional, and more fun, than the service it copied.

Another Chinese value-adding knockoff is Youku, which is just one of a number of Chinese copies of YouTube. (*Youku* translates as "excellent" or "cool.") Unlike YouTube, Youku allows users to upload videos of any length without copyright verification. That means that Youku hosts hundreds of thousands of hours of unauthorized programming. But the service has also partnered with more than 1,500 professional content providers to deliver authorized videos, and the Chinese service is much further along than its U.S. rival in delivering original content. Indeed, Youku has emerged as a serious competitor to traditional broadcast TV in China—a feat that YouTube must envy.

COPY THAT

Just as the conventional wisdom holds, incorrectly, that innovation and imitation are inherently at odds, so, too, does it falsely maintain that the United States should take a very tough line when it comes to halting intellectual property theft in China. In fact, Washington's heavy-handed approach to Beijing's copycat culture is too blunt and reflects a simplistic view of innovation. It is also unlikely to succeed, since it will be difficult for the United States to overcome the strong incentives for Chinese firms and individuals to rely on copying.

Chinese manufacturers gain market share in China and elsewhere by offering inexpensive copies of Western products. Along the way, they also learn by doing, gaining the skills to improve their production processes and eventually innovate on their own. The freedom to copy also has an important social dimension in China. A critical byproduct of the country's amazing growth has been skyrocketing economic inequality. A recent study by the Southwestern University of Finance and Economics, in Chengdu, found that China is now one of the most unequal

societies on earth. China has a Gini coefficient of 0.61; the Gini coefficient is a measure of economic inequality, with zero indicating the least possible inequality and one indicating the most. That score puts China on par with Botswana and Haiti when it comes to inequality. This is a recipe for substantial social discontent, especially because China's have-nots are increasingly exposed to all the benefits that contemporary consumer society can offer.

This helps explain the uniquely Chinese phenomenon of *shanzhai*. Literally translated, *shanzhai* means "mountain stronghold" or "bandit stronghold." In contemporary usage, however, it refers to low-cost knockoffs, such as buildings (including those of the ersatz central European villages that have cropped up in Chinese suburbs), stores (such as the fake Apple store in Kunming that sold real but refurbished Apple products), and even events (such as the imitation Olympic torch relay that rural villagers in China organized when the official relay passed over their regions). But like so much else in China, the meaning of *shanzhai* is undergoing a drastic change. As *The Wall Street Journal* recently noted, "Once a term used to suggest something cheap or inferior, *shanzhai* now suggests to many a certain Chinese cleverness and ingenuity." Indeed, Beijing seems to believe that *shanzhai* is something to cultivate. In 2009, an official from China's National Copyright Administration declared that "*shanzhai* shows the cultural creativity of the common people." He added, "It fits a market need and people like it." There is a certain convenience to this realization, of course: Chinese authorities hope that the relative freedom to copy might help ease or at least mask the yawning economic divide in China.

But the fact that copying is tolerated, and arguably even encouraged, by China is not necessarily a catastrophe for Western businesses. China's huge population is still poor, and few can afford Western products. Copies of Western products, as a result, do not necessarily represent lost sales. Instead, they often serve as effective advertisements for the originals: gateway products that, in the long run, might spur demand for the real thing as China's burgeoning middle class grows. For example, several sandwich shops in China have copied the look and food of the American fast-food chain Subway. Subway's executives, wisely, are not overreacting. Alexander Moody-Stuart, the managing director of the chain, recently told *The Wall Street Journal* that for a Western brand like Subway, which is trying to build awareness for a type of food that Chinese don't usually eat, "mimicking isn't exactly a bad thing." In a huge but largely untapped market such as China, exposure, and the prospect of growth tomorrow, can trump greater market share today. And although *shanzhai* products are celebrated, those Chinese who can buy the original products generally do.

No field illustrates the paradoxical nature of Chinese copying better than luxury goods. The country that once forced its citizenry into Mao jackets has become the largest luxury-goods market in the world, outstripping even the United States, according to a 2012 analysis by the consulting firm Bain & Company. This market is not limited to handbags or small accessories. In 2012, *Beijing Review* recently reported, Bentley Motors sold 8,510 vehicles worldwide, of

which 2,253 were sold in China, making it the brand's second-largest market. Even for Apple, the land of the HiPhone is lucrative: Apple's business in China is worth nearly $25 billion annually, second only to its business in the United States. Moreover, China was the only place in the world where Apple's sales grew in the first quarter of 2013.

In this way, China's knockoff economy allows products to filter down to average Chinese people—sometimes improving along the way—and in the process helps China and Chinese firms develop and compete in the near term. In the longer term, open copying may build demand for Western innovations. As Microsoft's co-founder Bill Gates—not one known for his lenient views on intellectual property rights—famously said of Chinese software copying, "As long as they're going to steal it, we want them to steal ours. They'll get sort of addicted, and then we'll somehow figure out how to collect sometime in the next decade."

ORIGINAL GANGSTERS

Perhaps the most important thing to recognize about China's knockoff economy is that it is itself a knockoff. When the United States was just beginning its rise to wealth and power, it was every bit as much a pirate nation as China is today. In the eighteenth and nineteenth centuries, the United Kingdom was the primary target of thieving Americans, who focused their economic espionage on the British textile industry. American entrepreneurs sought to replicate secret British designs for looms and mills, and the U.S. government stood ready to help them.

As in contemporary China, imitative innovation was official policy: early U.S. law prohibited foreign inventors

from obtaining patents in the United States on inventions they had already patented elsewhere, and significant barriers to foreign patents remained in place well into the late 1800s. U.S. copyright law was similar, explicitly denying any protection to foreign authors. That ban was not lifted until 1891, and even then, foreign authors were required to manufacture their books in the United States as a condition of U.S. copyright protection. That requirement did not disappear entirely from U.S. law until the 1980s. The most famous beneficiary of such laws was Benjamin Franklin, who republished the works of British authors without permission or payment. The British lambasted the Americans for their copying ways; Charles Dickens echoed the sentiments of other famous British writers when he bemoaned "the exquisite justice of never deriving sixpence from an enormous American sale of all my books."

Yet Dickens' own story shows how piracy can sometimes benefit creators. Widespread copying of his works led to a great deal of exposure, turning Dickens into a literary superstar in the United States. In 1867–68, Dickens made a grand speaking tour of the country, during which he netted more than 19,000 pounds, or nearly $1.75 million in today's dollars. By the time Dickens died, two years later, more than 20 percent of his estate's assets had come from this U.S. tour.

These parallels between the U.S. past and the Chinese present put in perspective Washington's current paranoia over Beijing's piracy. Just as copying allowed the economy of the United States to grow in the eighteenth and nineteenth centuries, today it allows China to do the same. And just as the British overstated the economic threat posed by American copying back then, so, too, is the Chinese threat overblown today.

This is not to minimize the importance of intellectual property rights. Indeed, they are essential in fields such as pharmaceuticals, where the costs of development are particularly high. But stronger rights do not always lead to better outcomes. Intellectual property rights can inhibit as well as incentivize innovation; they constrain competition even as they encourage creativity. Most important, since every innovation builds on what came before, protection that is too broad limits valuable sources of inspiration. To build a better mousetrap, one must be free to build on mousetraps that came before. Just as Apple took from Xerox the idea of combining a computer mouse with a screen featuring graphic icons (rather than just text on a screen)—resulting in today's desktop computer—so, too, have millions of other innovators built on and improved the work of others.

China passed its first modern-era patent and trademark laws in the 1980s and its first copyright law in 1990. Intellectual property law remains a relatively new phenomenon in a society that is highly focused on expanding economic growth and maintaining social stability. Chinese attitudes and practices toward copying cannot be expected to change quickly. As China's economy advances further, perhaps the balance of interests will shift, and the country might adopt a less permissive approach. In the meantime, it is critical to keep Chinese copying in perspective and recognize its upsides along with its costs. Above all, the United States should consider its own history as a pirate nation—and relax.

Return to Table of Contents

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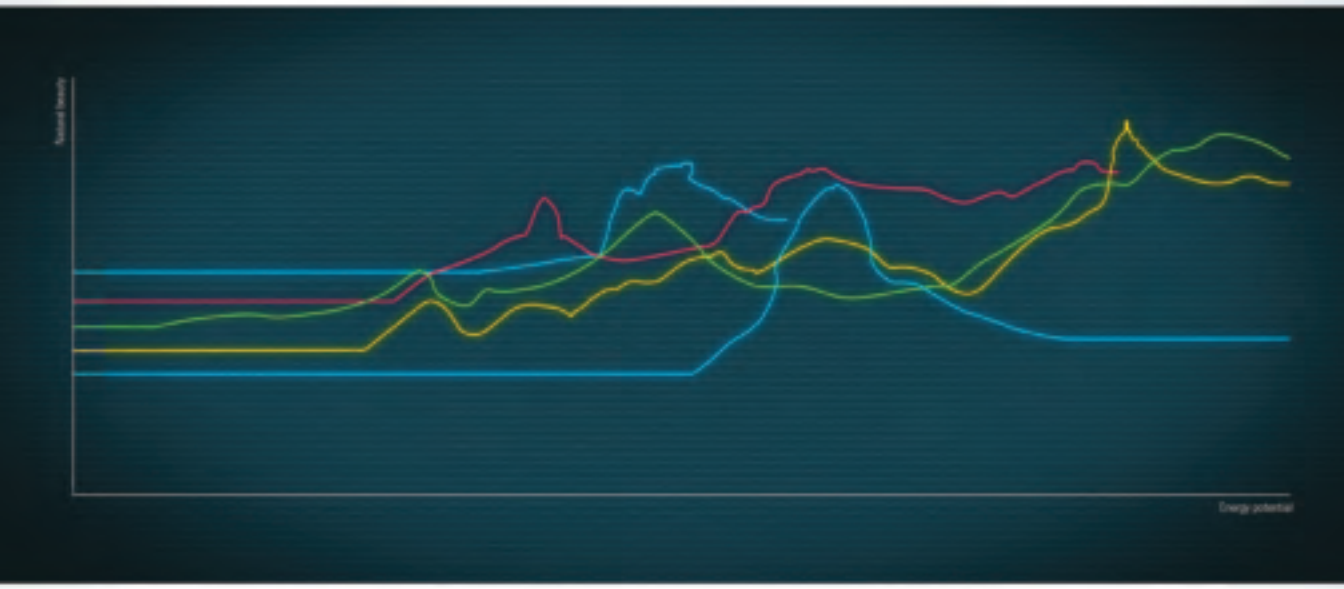

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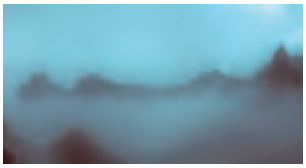

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Return to Table of Contents

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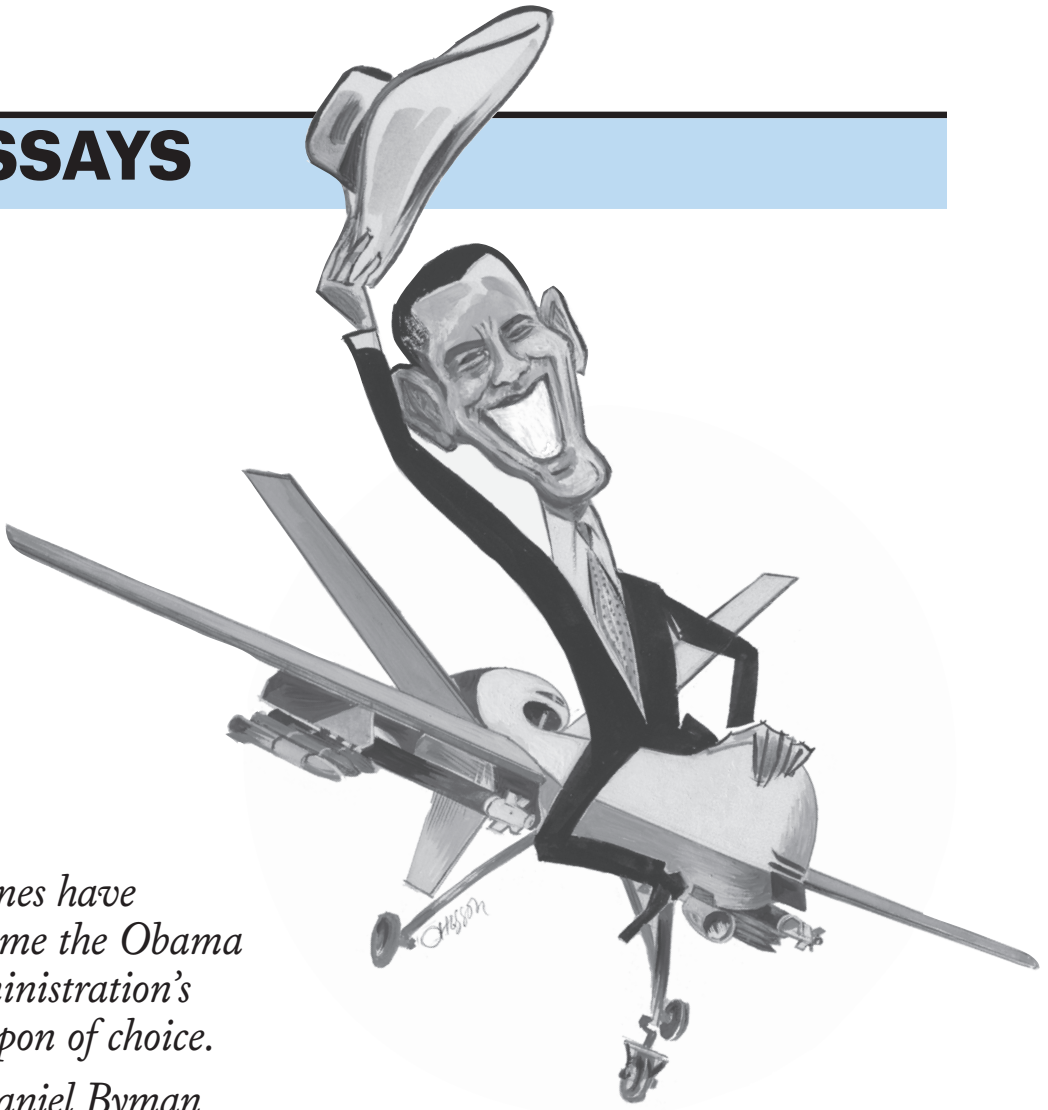

Drones have become the Obama administration's weapon of choice.

– Daniel Byman

Why Drones Work

The Case for Washington's Weapon of Choice

Daniel Byman

Despite President Barack Obama's recent call to reduce the United States' reliance on drones, they will likely remain his administration's weapon of choice. Whereas President George W. Bush oversaw fewer than 50 drone strikes during his tenure, Obama has signed off on over 400 of them in the last four years, making the program the centerpiece of U.S. counterterrorism strategy. The drones have done their job remarkably well: by killing key leaders and denying terrorists sanctuaries in Pakistan, Yemen, and, to a lesser degree, Somalia, drones have devastated al Qaeda and associated anti-American militant groups. And they have done so at little financial cost, at no risk to U.S. forces, and with fewer civilian casualties than many alternative methods would have caused.

Critics, however, remain skeptical. They claim that drones kill thousands of innocent civilians, alienate allied governments, anger foreign publics, illegally target Americans, and set a dangerous precedent that irresponsible governments will abuse. Some of these criticisms are valid; others, less so. In the end, drone strikes remain a necessary instrument of counterterrorism. The United States simply cannot tolerate terrorist safe havens in remote parts of Pakistan and elsewhere, and drones offer a comparatively low-risk way of targeting these areas while minimizing collateral damage.

So drone warfare is here to stay, and it is likely to expand in the years to come as other countries' capabilities catch up with those of the United States. But Washington must continue to improve its drone policy, spelling out clearer rules for extrajudicial and extraterritorial killings so that tyrannical regimes will have a harder time pointing to the U.S. drone program

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to justify attacks against political opponents. At the same time, even as it solidifies the drone program, Washington must remain mindful of the built-in limits of low-cost, unmanned interventions, since the very convenience of drone warfare risks dragging the United States into conflicts it could otherwise avoid.

NOBODY DOES IT BETTER

The Obama administration relies on drones for one simple reason: they work. According to data compiled by the New America Foundation, since Obama has been in the White House, U.S. drones have killed an estimated 3,300 al Qaeda, Taliban, and other jihadist operatives in Pakistan and Yemen. That number includes over 50 senior leaders of al Qaeda and the Taliban—top figures who are not easily replaced. In 2010, Osama bin Laden warned his chief aide, Atiyah Abd al-Rahman, who was later killed by a drone strike in the Waziristan region of Pakistan in 2011, that when experienced leaders are eliminated, the result is "the rise of lower leaders who are not as experienced as the former leaders" and who are prone to errors and miscalculations. And drones also hurt terrorist organizations when they eliminate operatives who are lower down on the food chain but who boast special skills: passport forgers, bomb makers, recruiters, and fundraisers.

Drones have also undercut terrorists' ability to communicate and to train new recruits. In order to avoid attracting drones, al Qaeda and Taliban operatives try to avoid using electronic devices or gathering in large numbers. A tip sheet found among jihadists in Mali advised militants to "maintain complete silence of all wireless contacts" and "avoid gathering in open areas." Leaders, however, cannot give orders when they are incommunicado, and training on a large scale is nearly impossible when a drone strike could wipe out an entire group of new recruits. Drones have turned al Qaeda's command and training structures into a liability, forcing the group to choose between having no leaders and risking dead leaders.

Critics of drone strikes often fail to take into account the fact that the alternatives are either too risky or unrealistic. To be sure, in an ideal world, militants would be captured alive, allowing authorities to question them and search their compounds for useful information. Raids, arrests, and interrogations can produce vital intelligence and can be less controversial than lethal operations. That is why they should be, and indeed already are, used in stable countries where the

United States enjoys the support of the host government. But in war zones or unstable countries, such as Pakistan, Yemen, and Somalia, arresting militants is highly dangerous and, even if successful, often inefficient. In those three countries, the government exerts little or no control over remote areas, which means that it is highly dangerous to go after militants hiding out there. Worse yet, in Pakistan and Yemen, the governments have at times cooperated with militants. If the United States regularly sent in special operations forces to hunt down terrorists there, sympathetic officials could easily tip off the jihadists, likely leading to firefights, U.S. casualties, and possibly the deaths of the suspects and innocent civilians.

Drones have turned al Qaeda's command and training structures into a liability, forcing the group to choose between having no leaders and risking dead leaders.

Of course, it was a Navy SEAL team and not a drone strike that finally got bin Laden, but in many cases in which the United States needs to capture or eliminate an enemy, raids are too risky and costly. And even if a raid results in a successful capture, it begets another problem: what to do with the detainee. Prosecuting detainees in a federal or military court is difficult because often the intelligence against terrorists is inadmissible or using it risks jeopardizing sources and methods. And given the fact that the United States is trying to close, rather than expand, the detention facility at Guantánamo Bay, Cuba, it has become much harder to justify holding suspects indefinitely. It has become more politically palatable for the United States to kill rather than detain suspected terrorists.

Furthermore, although a drone strike may violate the local state's sovereignty, it does so to a lesser degree than would putting U.S. boots on the ground or conducting a large-scale air campaign. And compared with a 500-pound bomb dropped from an F-16, the grenadelike warheads carried by most drones create smaller, more precise blast zones that decrease the risk of unexpected structural damage and casualties. Even more important, drones, unlike traditional airplanes, can loiter above a target for hours, waiting for the ideal moment to strike and thus reducing the odds that civilians will be caught in the kill zone.

Finally, using drones is also far less bloody than asking allies to hunt down terrorists on the United States' behalf. The Pakistani and Yemeni militaries, for example, are known to regularly torture and execute detainees, and they often indiscriminately bomb civilian areas or use scorched-earth tactics against militant groups.

Some critics of the drone program, such as Ben Emmerson, the UN's special rapporteur on the promotion and protection of human rights and fundamental freedoms while countering terrorism, have questioned the lethal approach, arguing for more focus on the factors that might contribute to extremism and terrorism, such as poverty, unemployment, and authoritarianism. Such a strategy is appealing in principle, but it is far from clear how Washington could execute it. Individuals join anti-American terrorist groups for many reasons, ranging from outrage over U.S. support for Israel to anger at their own government's cooperation with the United States. Some people simply join up because their neighbors are doing so. Slashing unemployment in Yemen, bringing democracy to Saudi Arabia, and building a functioning government in Somalia are laudable goals, but they are not politically or financially possible for the United States, and even if achieved, they still might not reduce the allure of jihad.

In some cases, the most sensible alternative to carrying out drone strikes is to do nothing at all. At times, that is the right option: if militants abroad pose little threat or if the risk of killing civilians, delegitimizing allies, or establishing the wrong precedent is too high. But sometimes imminent and intolerable threats do arise and drone strikes are the best way to eliminate them.

THE NUMBERS GAME

Despite the obvious benefits of using drones and the problems associated with the alternatives, numerous critics argue that drones still have too many disadvantages. First among them is an unacceptably high level of civilian casualties. Admittedly, drones have killed innocents. But the real debate is over how many and whether alternative approaches are any better. The Bureau of Investigative Journalism reports that in 2011 alone, nearly 900 noncombatants, including almost 200 children, were killed by U.S. drone strikes. Columbia Law School's Human Rights Clinic also cites high numbers of civilian deaths, as does the Pakistani organization Pakistan Body Count. Peter Bergen of the New America Foundation oversees a database of drone casualties culled

from U.S. sources and international media reports. He estimates that between 150 and 500 civilians have been killed by drones during Obama's administration. U.S. officials, meanwhile, maintain that drone strikes have killed almost no civilians. In June 2011, John Brennan, then Obama's top counterterrorism adviser, even contended that U.S. drone strikes had killed no civilians in the previous year. But these claims are based on the fact that the U.S. government assumes that all military-age males in the blast area of a drone strike are combatants—unless it can determine after the fact that they were innocent (and such intelligence gathering is not a priority).

The United States has recently taken to launching "signature strikes," which target not specific individuals but instead groups engaged in suspicious activities. This approach makes it even more difficult to distinguish between combatants and civilians and verify body counts of each. Still, as one U.S. official told *The New York Times* last year, "Al Qaeda is an insular, paranoid organization—innocent neighbors don't hitchhike rides in the back of trucks headed for the border with guns and bombs." Of course, not everyone accepts this reasoning. Zeeshan-ul-hassan Usmani, who runs Pakistan Body Count, says that "neither [the United States] nor Pakistan releases any detailed information about the victims . . . so [although the United States] likes to call everybody Taliban, I call everybody civilians."

Even the most unfavorable estimates of drone casualties reveal that the ratio of civilian to militant deaths is lower than it would be for other forms of strikes.

The truth is that all the public numbers are unreliable. Who constitutes a civilian is often unclear; when trying to kill the Pakistani Taliban leader Baitullah Mehsud, for example, the United States also killed his doctor. The doctor was not targeting U.S. or allied forces, but he was aiding a known terrorist leader. In addition, most strikes are carried out in such remote locations that it is nearly impossible for independent sources to verify who was killed. In Pakistan, for example, the overwhelming majority of drone killings occur in tribal areas that lie outside the government's control and are prohibitively dangerous for Westerners and independent local journalists to enter.

Thus, although the New America Foundation has come under fire for relying heavily on unverifiable information provided by anonymous

Call of duty: drone operators in New Mexico, October 2012

U.S. officials, reports from local Pakistani organizations, and the Western organizations that rely on them, are no better: their numbers are frequently doctored by the Pakistani government or by militant groups. After a strike in Pakistan, militants often cordon off the area, remove their dead, and admit only local reporters sympathetic to their cause or decide on a body count themselves. The U.S. media often then draw on such faulty reporting to give the illusion of having used multiple sources. As a result, statistics on civilians killed by drones are often inflated. One of the few truly independent on-the-ground reporting efforts, conducted by the Associated Press last year, concluded that the strikes "are killing far fewer civilians than many in [Pakistan] are led to believe."

But even the most unfavorable estimates of drone casualties reveal that the ratio of civilian to militant deaths—about one to three, according to the Bureau of Investigative Journalism—is lower than it would be for other forms of strikes. Bombings by F-16s or Tomahawk cruise missile salvos, for example, pack a much more deadly payload. In December 2009, the United States fired Tomahawks at a suspected terrorist training camp in Yemen, and over 30 people were killed in the blast, most of them women and children. At the time, the Yemeni regime refused to allow the use of drones, but had this not been the case, a drone's real-time surveillance would probably have spotted

REUTERS / AIRMAN 1ST CLASS MICHAEL SHOEMAKER

the large number of women and children, and the attack would have been aborted. Even if the strike had gone forward for some reason, the drone's far smaller warhead would have killed fewer innocents. Civilian deaths are tragic and pose political problems. But the data show that drones are more discriminate than other types of force.

FOREIGN FRIENDS

It is also telling that drones have earned the backing, albeit secret, of foreign governments. In order to maintain popular support, politicians in Pakistan and Yemen routinely rail against the U.S. drone campaign. In reality, however, the governments of both countries have supported it. During the Bush and Obama administrations, Pakistan has even periodically hosted U.S. drone facilities and has been told about strikes in advance. Pervez Musharraf, president of Pakistan until 2008, was not worried about the drone program's negative publicity: "In Pakistan, things fall out of the sky all the time," he reportedly remarked. Yemen's former president, Ali Abdullah Saleh, also at times allowed drone strikes in his country and even covered for them by telling the public that they were conducted by the Yemeni air force. When the United States' involvement was leaked in 2002, however, relations between the two countries soured. Still, Saleh later let the drone program resume in Yemen, and his replacement, Abdu Rabbu Mansour Hadi, has publicly praised drones, saying that "they pinpoint the target and have zero margin of error, if you know what target you're aiming at."

As officials in both Pakistan and Yemen realize, U.S. drone strikes help their governments by targeting common enemies. A memo released by the antisecrecy website WikiLeaks revealed that Pakistan's army chief, Ashfaq Parvez Kayani, privately asked U.S. military leaders in 2008 for "continuous Predator coverage" over antigovernment militants, and the journalist Mark Mazzetti has reported that the United States has conducted "goodwill kills" against Pakistani militants who threatened Pakistan far more than the United States. Thus, in private, Pakistan supports the drone program. As then Prime Minister Yousaf Raza Gilani told Anne Patterson, then the U.S. ambassador to Pakistan, in 2008, "We'll protest [against the drone program] in the National Assembly and then ignore it."

Still, Pakistan is reluctant to make its approval public. First of all, the country's inability to fight terrorists on its own soil is a humiliation

Return to Table of Contents

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Return to Table of Contents

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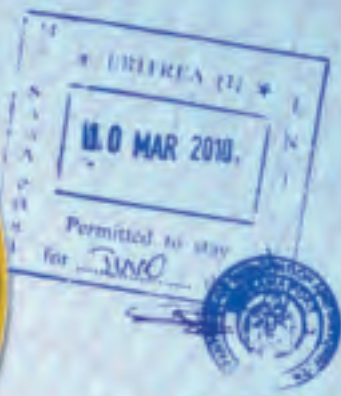

for Pakistan's politically powerful armed forces and intelligence service. In addition, although drones kill some of the government's enemies, they have also targeted pro-government groups that are hostile to the United States, such as the Haqqani network and the Taliban, which Pakistan has supported since its birth in the early 1990s. Even more important, the Pakistani public is vehemently opposed to U.S. drone strikes.

A 2012 poll found that 74 percent of Pakistanis viewed the United States as their enemy, likely in part because of the ongoing drone campaign. Similarly, in Yemen, as the scholar Gregory Johnsen has pointed out, drone strikes can win the enmity of entire tribes. This has led critics to argue that the drone program is shortsighted: that it kills today's enemies but creates tomorrow's in the process.

Such concerns are valid, but the level of local anger over drones is often lower than commonly portrayed. Many surveys of public opinion related to drones are conducted by anti-drone organizations, which results in biased samples. Other surveys exclude those who are unaware of the drone program and thus overstate the importance of those who are angered by it. In addition, many Pakistanis do not realize that the drones often target the very militants who are wreaking havoc on their country. And for most Pakistanis and Yemenis, the most important problems they struggle with are corruption, weak representative institutions, and poor economic growth; the drone program is only a small part of their overall anger, most of which is directed toward their own governments. A poll conducted in 2007, well before the drone campaign had expanded to its current scope, found that only 15 percent of Pakistanis had a favorable opinion of the United States. It is hard to imagine that alternatives to drone strikes, such as SEAL team raids or cruise missile strikes, would make the United States more popular.

THE HOME FRONT

Still, public opposition is real, and there is growing concern about the drone strikes even in the United States. The program came under especially heavy criticism domestically in 2011, when Anwar al-Awlaki, a U.S. citizen born in New Mexico, was killed by a drone strike in Yemen. There is no question that Awlaki was dangerous. Adept at interspersing Islamist rhetoric with pop-culture references, Awlaki had been described as a "pied piper for Western ears": one admirer

was Nidal Malik Hasan, the U.S. Army officer who killed 13 U.S. soldiers at Fort Hood, Texas, in 2009.

The Obama administration claims that Awlaki was actively involved in plots against the United States and that the strike against him was legal under the Authorization for the Use of Military Force (AUMF), which Congress passed three days after 9/11 and which gives the president broad authority to use force against terrorist groups linked to the 9/11 attacks. Yet with the war on terrorism almost 12 years old and bin Laden dead, critics, such as the Georgetown University law professor Rosa Brooks, have begun questioning whether the AUMF still justifies drone strikes today. As Brooks has argued, "Many of the groups now being identified as threats don't fall clearly under the AUMF's umbrella—and many don't pose a significant danger to the United States." As for the case of Awlaki, opponents of his killing have argued that he did not pose an imminent threat to the United States and that in keeping the evidence used to justify his assassination secret, the administration violated the constitutional guarantee of due process for U.S. citizens. As Ron Paul, then a Texas representative, pointed out during his presidential campaign, Awlaki was never charged with any crime. He added, "If the American people accept this blindly and casually, that we now have an accepted practice of the president assassinating people who he thinks are bad guys, I think it's sad."

Many Pakistanis do not realize that drones often target the very militants who are wreaking havoc on their country.

The administration contends that the discussions held within the executive branch and the extensive vetting of evidence constitute a form of due process. Meanwhile, as the legal scholar Benjamin Wittes has pointed out, both Congress and the federal courts have repeatedly reaffirmed the validity of the AUMF since 2001. The U.S. government argues that given how secretly terrorists operate, it is not always possible to use other means to stop an individual overseas from planning attacks on U.S. forces or allies. As a result, the imminence of a threat should be assessed based on the individual's propensity for violence and the likelihood of being able to stop him in the future. Wittes compares the decision-making process to that used in hostage situations, when police are not required to ask a judge for authority to kill a hostage taker or refrain from taking a clear shot if they have one.

Perhaps most important, the White House has claimed only a very limited right to conduct drone strikes against U.S. citizens. The administration has asserted the authority to kill only senior al Qaeda leaders who cannot be captured, not any American member of al Qaeda. Indeed, it appears that Awlaki is the only U.S. citizen who has been deliberately killed by a drone.

FOLLOW THE LEADER

The fact remains that by using drones so much, Washington risks setting a troublesome precedent with regard to extrajudicial and extraterritorial killings. Zeke Johnson of Amnesty International contends that "when the U.S. government violates international law, that sets a precedent and provides an excuse for the rest of the world to do the same." And it is alarming to think what leaders such as Syrian President Bashar al-Assad, who has used deadly force against peaceful pro-democracy demonstrators he has deemed terrorists, would do with drones of their own. Similarly, Iran could mockingly cite the U.S. precedent to justify sending drones after rebels in Syria. Even Brennan has conceded that the administration is "establishing precedents that other nations may follow."

Controlling the spread of drone technology will prove impossible; that horse left the barn years ago. Drones are highly capable weapons that are easy to produce, and so there is no chance that Washington can stop other militaries from acquiring and using them. Nearly 90 other countries already have surveillance drones in their arsenals, and China is producing several inexpensive models for export. Armed drones are more difficult to produce and deploy, but they, too, will likely spread rapidly. Beijing even recently announced (although later denied) that it had considered sending a drone to Myanmar (also called Burma) to kill a wanted drug trafficker hiding there.

The spread of drones cannot be stopped, but the United States can still influence how they are used. The coming proliferation means that Washington needs to set forth a clear policy now on extrajudicial and extraterritorial killings of terrorists—and stick to it. Fortunately, Obama has begun to discuss what constitutes a legitimate drone strike. But the definition remains murky, and this murkiness will undermine the president's ability to denounce other countries' behavior should they start using drones or other means to hunt down enemies. By keeping its policy secret, Washington also makes it easier for critics to claim that the

United States is wantonly slaughtering innocents. More transparency would make it harder for countries such as Pakistan to make outlandish claims about what the United States is doing. Drones actually protect many Pakistanis, and Washington should emphasize this fact. By being more open, the administration could also show that it carefully considers the law and the risks to civilians before ordering a strike.

Washington needs to be especially open about its use of signature strikes. According to the Obama administration, signature strikes have eliminated not only low-level al Qaeda and Taliban figures but also a surprising number of higher-level officials whose presence at the scenes of the strikes was unexpected. Signature strikes are in keeping with traditional military practice; for the most part, U.S. soldiers have been trained to strike enemies at large, such as German soldiers or Vietcong guerrillas, and not specific individuals. The rise of unconventional warfare, however, has made this usual strategy more difficult because the battlefield is no longer clearly defined and enemies no longer wear identifiable uniforms, making combatants harder to distinguish from civilians. In the case of drones, where there is little on-the-ground knowledge of who is who, signature strikes raise legitimate concerns, especially because the Obama administration has not made clear what its rules and procedures for such strikes are.

Drones give Washington the ability to limit its military commitments abroad while keeping Americans safe.

Washington should exercise particular care with regard to signature strikes because mistakes risk tarnishing the entire drone program. In the absence of other information, the argument that drones are wantonly killing innocents is gaining traction in the United States and abroad. More transparency could help calm these fears that Washington is acting recklessly.

The U.S. government also needs to guard against another kind of danger: that the relative ease of using drones will make U.S. intervention abroad too common. The scholars Daniel Brunstetter and Megan Braun have argued that drones provide "a way to avoid deploying troops or conducting an intensive bombing campaign" and that this "may encourage countries to act on just cause with an ease that is potentially worrisome." Although al Qaeda remains a threat, it has been substantially defanged since 9/11, thanks to the

destruction of its haven in Afghanistan and effective global police, intelligence, and drone campaigns against its cells. In addition, the U.S. government needs to remember that many of the world's jihadist organizations are focused first and foremost on local regimes and that although the United States has an interest in helping its allies fight extremists, Washington cannot and should not directly involve itself in every fight. The Obama administration should spell out those cases in which the AUMF does not apply and recognize the risks of carrying out so-called goodwill kills on behalf of foreign governments. Helping French and Malian forces defeat jihadists in Mali by providing logistical support, for example, is smart policy, but sending U.S. drones there is not.

In places where terrorists are actively plotting against the United States, however, drones give Washington the ability to limit its military commitments abroad while keeping Americans safe. Afghanistan, for example, could again become a Taliban-run haven for terrorists after U.S. forces depart next year. Drones can greatly reduce the risk of this happening. Hovering in the skies above, they can keep Taliban leaders on the run and hinder al Qaeda's ability to plot another 9/11.

Why Drones Fail

When Tactics Drive Strategy

Audrey Kurth Cronin

The war-weary United States, for which the phrase "boots on the ground" has become politically toxic, prefers to eliminate its terrorist foes from the skies. The tool of choice: unmanned aerial vehicles, also known as drones. In Pakistan, Somalia, and Yemen—often far away from any battlefield where American troops are engaged—Washington has responded to budding threats with targeted killings.

Like any other weapon, armed drones can be tactically useful. But are they helping advance the strategic goals of U.S. counterterrorism? Although terrorism is a tactic, it can succeed only on the strategic level, by leveraging a shocking event for political gain. To be effective, counterterrorism must itself respond with a coherent strategy. The problem for Washington today is that its drone program has taken on a life of its own, to the point where tactics are driving strategy rather than the other way around.

The main goals of U.S. counterterrorism are threefold: the strategic defeat of al Qaeda and groups affiliated with it, the containment of local conflicts so that they do not breed new enemies, and the preservation of the security of the American people. Drones do not serve all these goals. Although they can protect the American people from attacks in the short term, they are not helping to defeat al Qaeda, and they may be creating sworn enemies out of a sea of local insurgents. It would be a mistake to embrace killer drones as the centerpiece of U.S. counterterrorism.

AL QAEDA'S RESILIENCE

At least since 9/11, the United States has sought the end of al Qaeda—not just to set it back tactically, as drones have surely done, but also to

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defeat the group completely. Terrorist organizations can meet their demise in a variety of ways, and the killing of their leaders is certainly one of them. Abu Sayyaf, an Islamist separatist group in the Philippines, lost its political focus, split into factions, and became a petty criminal organization after the army killed its leaders in 2006 and 2007. In other cases, however, including those of the Shining Path in Peru and Action Directe in France, the humiliating arrest of a leader has been more effective. By capturing a terrorist leader, countries can avoid creating a martyr, win access to a storehouse of intelligence, and discredit a popular cause.

Despite the Obama administration's recent calls for limits on drone strikes, Washington is still using them to try to defeat al Qaeda by killing off its leadership. But the terrorist groups that have been destroyed through decapitation looked nothing like al Qaeda: they were hierarchically structured, characterized by a cult of personality, and less than ten years old, and they lacked a clear succession plan. Al Qaeda, by contrast, is a resilient, 25-year-old organization with a broad network of outposts. The group was never singularly dependent on Osama bin Laden's leadership, and it has proved adept at replacing dead operatives.

Drones have inflicted real damage on the organization, of course. In Pakistan, the approximately 350 strikes since 2004 have cut the number of core al Qaeda members in the tribal areas by about 75 percent, to roughly 50–100, a powerful answer to the 2001 attacks they planned and orchestrated nearby. As al Qaeda's center of gravity has shifted away from Pakistan to Yemen and North Africa, drone strikes have followed the terrorists. In September 2011, Michael Vickers, the U.S. undersecretary of defense for intelligence, estimated that there were maybe four key al Qaeda leaders remaining in Pakistan and about ten or 20 leaders overall in Pakistan, Somalia, and Yemen.

Drones have also driven down the overall level of violence in the areas they have hit. The political scientists Patrick Johnston and Anoop Sarbahi recently found that drone strikes in northwestern Pakistan from 2007 to 2011 resulted in a decrease in the number and lethality of militant attacks in the tribal areas where they were conducted.

Such strikes often lead militants simply to go somewhere else, but that can have value in and of itself. Indeed, the drone threat has forced al Qaeda operatives and their associates to change their behavior, keeping them preoccupied with survival and hindering their ability to move, plan operations, and carry them out. The fighters have proved

remarkably adaptable: a document found left behind in February 2013 by Islamist fighters fleeing Mali detailed 22 tips for avoiding drone attacks, including using trees as cover, placing dolls and statues outside to mislead aerial intelligence, and covering vehicles with straw mats. Nonetheless, the prospect of living under the threat of instant death from above has made recruitment more difficult and kept operatives from establishing close ties to local civilians, who fear they might also be killed.

But the benefits end there, and there are many reasons to believe that drone strikes are undermining Washington's goal of destroying al Qaeda. Targeted killings have not thwarted the group's ability to replace dead leaders with new ones. Nor have they undermined its propaganda efforts or recruitment. Even if al Qaeda has become less lethal and efficient, its public relations campaigns still allow it to reach potential supporters, threaten potential victims, and project strength. If al Qaeda's ability to perpetuate its message continues, then the killing of its members will not further the long-term goal of ending the group.

Not only has al Qaeda's propaganda continued uninterrupted by the drone strikes; it has been significantly enhanced by them.

Not only has al Qaeda's propaganda continued uninterrupted by the drone strikes; it has been significantly enhanced by them. As Sahab (The Clouds), the propaganda branch of al Qaeda, has been able to attract recruits and resources by broadcasting footage of drone strikes, portraying them as indiscriminate violence against Muslims. Al Qaeda uses the strikes that result in civilian deaths, and even those that don't, to frame Americans as immoral bullies who care less about ordinary people than al Qaeda does. And As Sahab regularly casts the leaders who are killed by drones as martyrs. It is easy enough to kill an individual terrorist with a drone strike, but the organization's Internet presence lives on.

A more effective way of defeating al Qaeda would be to publicly discredit it with a political strategy aimed at dividing its followers. Al Qaeda and its various affiliates do not together make up a strong, unified organization. Different factions within the movement disagree about both long-term objectives and short-term tactics, including whether it is acceptable to carry out suicide attacks or kill other Muslims.

And it is in Muslim-majority countries where jihadist violence has taken its worst toll. Around 85 percent of those killed by al Qaeda's attacks have been Muslims, a fact that breeds revulsion among its potential followers.

The United States should be capitalizing on this backlash. In reality, there is no equivalence between al Qaeda's violence and U.S. drone strikes—under the Obama administration, drones have avoided civilians about 86 percent of the time, whereas al Qaeda purposefully targets them. But the foolish secrecy of Washington's drone program lets critics allege that the strikes are deadlier and less discriminating than they really are. Whatever the truth is, the United States is losing the war of perceptions, a key part of any counterterrorism campaign.

Since 2010, moreover, U.S. drone strikes have progressed well beyond decapitation, now targeting al Qaeda leaders and followers alike, as well as a range of Taliban members and Yemeni insurgents. With its so-called signature strikes, Washington often goes after people whose identity it does not know but who appear to be behaving like militants in insurgent-controlled areas. The strikes end up killing enemies of the Pakistani, Somali, and Yemeni militaries who may not threaten the United States at all. Worse, because the targets of such strikes are so loosely defined, it seems inevitable that they will kill some civilians. The June 2011 claim by John Brennan, President Barack Obama's top counterterrorism adviser at the time, that there had not been a single collateral death from drone attacks in the previous year strained credulity—and badly undermined U.S. credibility.

The drone campaign has morphed, in effect, into remote-control repression: the direct application of brute force by a state, rather than an attempt to deal a pivotal blow to a movement. Repression wiped out terrorist groups in Argentina, Brazil, Peru, and tsarist Russia, but in each case, it sharply eroded the government's legitimacy. Repression is costly, not just to the victims, and difficult for democracies to sustain over time. It works best in places where group members can be easily separated from the general population, which is not the case for most targets of U.S. drone strikes. Military repression also often results in violence spreading to neighboring countries or regions, which partially explains the expanding al Qaeda footprint in the Middle East and North Africa, not to mention the Caucasus.

KEEPING LOCAL CONFLICTS LOCAL

Short of defeating al Qaeda altogether, a top strategic objective of U.S. counterterrorism should be to prevent fighters in local conflicts abroad from aligning with the movement and targeting the United States and its allies. Military strategists refer to this goal as "the conservation of enemies," the attempt to keep the number of adversaries to a minimum.

Violent jihadism existed long before 9/11 and will endure long after the U.S. war on terrorism finally ends. The best way for the United States to prevent future acts of international terrorism on its soil is to make sure that local insurgencies remain local, to shore up its allies' capacities, and to use short-term interventions such as drones rarely, selectively, transparently, and only against those who can realistically target the United States.

The problem is that the United States can conceivably justify an attack on any individual or group with some plausible link to al Qaeda. Washington would like to disrupt any potentially powerful militant network, but it risks turning relatively harmless local jihadist groups into stronger organizations with eager new recruits. If al Qaeda is indeed becoming a vast collective of local and regional insurgents, the United States should let those directly involved in the conflicts determine the outcome, keep itself out, provide resources only to offset funds provided to radical factions, and concentrate on protecting the homeland.

Following 9/11, the U.S. war on terrorism was framed in the congressional authorization to use force as a response to "those nations, organizations, or persons" responsible for the attacks. The name "al Qaeda," which does not appear in the authorization, has since become an ill-defined shorthand, loosely employed by terrorist leaders, counterterrorism officials, and Western pundits alike to describe a shifting movement. The vagueness of the U.S. terminology at the time was partly deliberate: the authorization was worded to sidestep the long-standing problem of terrorist groups' changing their names to evade U.S. sanctions. But Washington now finds itself in a permanent battle with an amorphous and geographically dispersed foe, one with an increasingly marginal connection to the original 9/11 plotters. In this endless contest, the United States risks multiplying its enemies and heightening their incentives to attack the country.

It is precisely because al Qaeda is a shifting adversary that drones have proved so tempting. Globalization has given terrorists potential worldwide reach, and Washington wants to destroy new elements in

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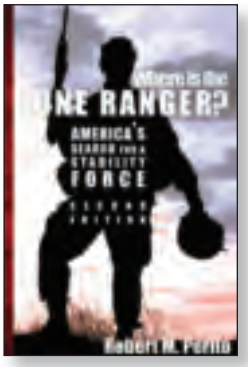

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America's Search for a Stability Force

Second Edition

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How We Missed the Story

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Second Edition

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August 2013 • 450 pp. • 6 x 9 • $24.95 (paper) • 978-1-60127-146-4

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these networks before they can plan attacks. U.S. policymakers apparently believe that killing fighters before they target the American homeland beats invading another country in the aftermath of an attack. Al Qaeda–associated operatives have been trying to take advantage of unstable situations in Libya, Mali, Yemen, and, especially, Syria. Using drone strikes may allow Washington to keep jihadists from tipping the balance in sensitive places.

U.S. officials also claim that drone strikes have prevented or preempted numerous specific terrorist attacks that would have resulted in American casualties. These claims are hard to verify, but they are intuitive enough. Consider the Yemen-based al Qaeda in the Arabian Peninsula, the source of several attempted attacks against the United States. In 2009, the effort of a would-be terrorist to ignite a bomb hidden in his underwear on a plane on Christmas Day was connected to al Qaeda in the Arabian Peninsula, as was an October 2010 attempt to blow up bombs hidden in printer cartridges aboard two U.S. cargo planes. The drone campaign in Yemen directly responded to these dangers and has reduced the likelihood of similar dangers manifesting themselves in the future.

Washington risks turning relatively harmless local jihadist groups into stronger organizations with eager new recruits.

But other threats to the U.S. homeland have actually been sparked by outrage over the drone campaign. Faisal Shahzad, a naturalized U.S. citizen, tried to bomb Times Square in May 2010 by loading a car with explosives. A married financial analyst, Shahzad was an unlikely terrorist. When he pleaded guilty, however, he cited his anger about U.S. policies toward Muslim countries, especially drone strikes in his native Pakistan.

Indeed, the situation in Pakistan demonstrates that drone attacks exact a clear price in growing animus toward the United States. According to the Pew Global Attitudes Project, only 17 percent of Pakistani respondents to a 2012 poll approved of American drone strikes against the leaders of extremist groups, even if they were jointly conducted with the government of Pakistan. Pakistanis aren't the only disapproving ones: the vast majority of people polled internationally in 2012 indicated strong opposition to the U.S. drone campaign. The opposition was strongest in Muslim-majority countries, including

traditional U.S. allies, such as Turkey (81 percent against), Jordan (85 percent against), and Egypt (89 percent against).

Europeans are almost as unhappy: of those polled in a 2012 Pew survey, 51 percent of Poles, 59 percent of Germans, 63 percent of French, 76 percent of Spanish, and a full 90 percent of Greeks noted their disapproval of U.S. drone strikes. The only publics that even approach the positive attitudes of the United States—where 70 percent of respondents to a recent *New York Times* poll approved of drones and 20 percent disapproved—are in India and the United Kingdom, where public opinion is more or less evenly divided. Washington insiders commonly contend that these popular attitudes don't matter, since government officials in all these countries privately envy American capabilities. But no counterterrorism strategy can succeed over time without public support.

That is because a crucial element in the success of U.S. counterterrorism has been close collaboration with allies on issues of terrorist financing, the extradition of terrorist suspects, and, most important, the sharing of vital intelligence. Obama ran for office in 2008 on the promise that he would restore the United States' reputation abroad. But his administration's unilateralism and lack of transparency on targeted killings are undermining the connections that were painstakingly built over the past decade, particularly with Pakistan and Yemen. This decreases the likelihood that allies will cooperate with Washington and increases the chances of terrorist attacks against Americans.

Of course, if drones actually stop another major attack along the lines of 9/11, they might be worth all the international opprobrium. But for the moment, the only sure thing Washington is doing is driving down international support for the United States and alienating local populations. All this in pursuit of preventing what is almost impossible to stop: a small cell of determined jihadists trying to carry out a minor attack on U.S. soil. That much was made clear by the tragic Boston Marathon bombings in April.

The long-term effect of drone strikes may be that the al Qaeda threat continues to metastasize. An alphabet soup of groups with longstanding local grievances now claim some connection to al Qaeda, including al Qaeda in the Arabian Peninsula, al Qaeda in the Islamic Maghreb, al Qaeda in Iraq, al Shabab (in Somalia), and Boko Haram (in Nigeria). This diversification should come as no surprise. The spread of terrorist groups has historically resulted from campaigns of decapitation

Don't drone me, bro! Pakistani tribesmen hold pieces of a missile, January 2009

REUTERS / STRINGER

and repression. Russia's assassinations of Chechen leaders between 2002 and 2006, for example, changed the conflict in Chechnya from a separatist insurgency to a broader radical movement in the Caucasus. The Russians killed virtually every major Chechen leader, pummeled Grozny to rubble, and brought Chechnya firmly under Russian control. In that sense, the campaign worked. But violence spread to the nearby regions of Dagestan, Ingushetia, and North Ossetia. Those who argue that the United States should stay the course with drones tend to be the same people who warn that the al Qaeda threat is spreading throughout the Middle East and North Africa. They need to consider whether drone strikes are contributing to this dynamic.

For the moment, there is no conclusive evidence that can prove whether drone strikes create more enemies than they kill. Some academics, including the Pakistan scholar C. Christine Fair and Christopher Swift, who has studied Yemen, argue that no widespread blowback against the United States can yet be detected. They argue that many locals grudgingly support drones and recognize their utility in beating back al Qaeda. Others, however, including the Yemen scholar Gregory Johnsen, warn of a simmering resentment that is driving recruits to al Qaeda. Much of the evidence is highly contested, and the sample sizes used tend to be small and biased toward local

officials and educated professionals, who are the easiest to interview but the least likely to become terrorists.

In short, the picture is mixed: drones are killing operatives who aspire to attack the United States today or tomorrow. But they are also increasing the likelihood of attacks over the long term, by embittering locals and cultivating a desire for vengeance.

HOMELAND INSECURITY

Despite the end of the wars in Iraq and Afghanistan, Washington still wants to take the fight to the enemy—it just wants to do so on the cheap. This makes drones and special operations forces the preferred instruments of U.S. hard power for the moment. Protecting Americans from terrorism may require early action, even preemption, and early action means striking before knowing for certain that a threat is imminent.

Given the shocking nature of terrorist attacks, U.S. counterterrorism policy depends not just on objective measures of effectiveness but also on public opinion. And the American public demands zero risk, especially of a terrorist attack at home. In this sense, drone strikes offer the ideal, poll-tested counterterrorism policy: cheap, apparently effective, and far away.

At first glance, the U.S. government is coming close to meeting that demand: by virtually every quantifiable measure, Americans today are remarkably safe. In the decade following 9/11, the number of people who died in terrorist attacks in the United States plummeted to the lowest since such statistics began to be collected in 1970. The drop owes to both increased public vigilance and heightened defenses at home, but also to U.S. counterterrorism policy abroad, including targeted drone attacks. It is impossible to determine exactly what contribution drones have made to the outcome, but senior U.S. officials have every reason to believe that what they are doing is working.

The near-miss terrorist attacks of the last several years, however, have had widespread effects even in failure. In May 2010, a CNN poll indicated that American fears of a terrorist attack had returned to 2002 levels. Fifty-five percent of those questioned said that an act of terrorism on U.S. soil was likely in the next few weeks, a 21 percent surge from August 2009. That effect has persisted: a 2011 Pew poll indicated that 61 percent of Americans felt that the ability of terrorists to launch another major attack on U.S. soil was the same or greater than in 2001. And a Pew poll in the wake of the Boston bombings

showed that 75 percent of Americans now believe that occasional acts of terrorism will persist on U.S. soil, up from 64 percent last year.

In this environment, it is understandable that Americans and the politicians they elect are drawn to drone strikes. But as with the fight against al Qaeda and the conservation of enemies, drones are undermining U.S. strategic goals as much as they are advancing them. For starters, devoting a large percentage of U.S. military and intelligence resources to the drone campaign carries an opportunity cost. The U.S. Air Force trained 350 drone pilots in 2011, compared with only 250 conventional fighter and bomber pilots trained that year. There are 16 drone operating and training sites across the United States, and a 17th is being planned. There are also 12 U.S. drone bases stationed abroad, often in politically sensitive areas. In an era of austerity, spending more time and money on drones means spending less on other capabilities—and drones are not well suited for certain emerging threats.

Yes, killing would-be terrorists saves American lives. But so does interrogating them, and drones make that impossible.

Very easy to shoot down, drones require clear airspace in which to operate and would be nearly useless against enemies such as Iran or North Korea. They also rely on cyber-connections that are increasingly vulnerable. Take into account their high crash rates and extensive maintenance requirements, and drones start to look not much more cost effective than conventional aircraft.

Another main problem with Washington's overreliance on drones is that it destroys valuable evidence that could make U.S. counterterrorism smarter and more effective. Whenever the United States kills a suspected terrorist, it loses the chance to find out what he was planning, how, and with whom—or whether he was even a terrorist to begin with. Drone attacks eliminate the possibility of arresting and interrogating those whom they target, precluding one of the most effective means of undermining a terrorist group.

It is worth noting that the most dramatic recent decapitation of a terrorist organization—the killing of bin Laden—was performed by humans, not drones. As a result, the most important outcome of the operation was not the death of bin Laden himself but the treasure trove of intelligence it yielded. Drones do not capture hard drives, organizational charts, strategic plans, or secret correspondence, and their tactical

effectiveness is entirely dependent on the caliber of human intelligence on the ground. And if the unpopularity of drones makes it harder to persuade locals to work with U.S. intelligence services, then Washington will have less access to the kind of intelligence it needs for effective targeting. Yes, killing would-be terrorists saves American lives. But so does interrogating them, and drone strikes make that impossible.

Finally, the drone campaign presents a fundamental challenge to U.S. national security law, as evidenced by the controversial killing of four American citizens in attacks in Yemen and Pakistan. The president's authority to protect the United States does not supersede an individual's constitutional protections. All American citizens have a right to due process, and it is particularly worrisome that a secret review of evidence by the U.S. Department of Justice has been deemed adequate to the purpose. The president has gotten personally involved in putting together kill lists that can include Americans—a situation that is not only legally dubious but also strategically unwise.

PASS THE REMOTE

The sometimes contradictory demands of the American people—perfect security at home without burdensome military engagements abroad—have fueled the technology-driven, tactical approach of drone warfare. But it is never wise to let either gadgets or fear determine strategy.

There is nothing inherently wrong with replacing human pilots with remote-control operators or substituting highly selective aircraft for standoff missiles (which are launched from a great distance) and unguided bombs. Fewer innocent civilians may be killed as a result. The problem is that the guidelines for how Washington uses drones have fallen well behind the ease with which the United States relies on them, allowing short-term advantages to overshadow long-term risks.

Drone strikes must be legally justified, transparent, and rare. Washington needs to better establish and follow a publicly explained legal and moral framework for the use of drones, making sure that they are part of a long-term political strategy that undermines the enemies of the United States. With the boundaries for drone strikes in Pakistan, Somalia, and Yemen still unclear, the United States risks encouraging competitors such as China, Iran, and Russia to label their own enemies as terrorists and go after them across borders. If that happens—if counterterrorism by drone strikes ends up leading to globally destabilizing interstate wars—then al Qaeda will be the least of the United States' worries.

Rebooting Japan

By Prime Minister Shinzo Abe of Japan

In my comeback as prime minister, I am boldly making use of monetary policy, public finance policy, and a growth strategy, which I dub my "three arrows" and is packaged as what has come to be known as "Abenomics."

Japan alone has wrestled over the years with the bane of deflation. Deflation robs people of their expectations, turning optimists into pessimists.

Prime Minister Shinzo Abe of Japan

As I again stand at Japan's helm, I am driven by a sense of urgency to remedy this scourge of deflation immediately.

One way forward will be to take advantage of our resources, which, while incredibly rich, are still largely untapped. One long-neglected resource is our human resources, particularly women and middle-aged and elderly workers.

Other still-untapped resources are the methane hydrates and rare earths found in our Exclusive Economic Zone (EEZ), which is fourth in the world in terms of volume. While we are not yet at the stage of commercial viability in extracting these resources, we are perhaps only a step or two away from a breakthrough that would completely redefine Japan's self-sufficiency ratio.

Japan's holdings of rare earth resources may well be the equivalent of 220 years of our domestic consumption, for instance.

As Japan transitions to a stronger and more vibrant future that makes use of these and other resources, it is clear that our future lies in opening up Japan further. My push to join negotiations for the Trans-Pacific Partnership (TPP) Agreement is just one way in which we are pursuing a future that is more open to the world.

Japan has also bid to host the 2020 Olympic and Paralympic Games in Tokyo.

I am convinced that the selection of Tokyo would move the world in a positive direction, for there can be no doubt that Japan will regain the optimism that astonished the world back in 1964 when the five Olympic rings first came to the nation's capital.

Japan's structural challenges include a decreasing birthrate, an aging population, and its cumulative national debt.

My administration is determined to resoundingly overcome these challenges through a single-minded pursuit of growth. We have already put forward a number of policy proposals that have been met with positive reactions from not only the markets and world leaders but also from average Japanese citizens and entrepreneurs. Still more changes are in the works.

As a nation, we stand ready to make the difficult choices that will bring strength and optimism to our economy overall and revitalize the daily lives of the Japanese people. This is how we will "reboot" Japan.

Japan, a long-established democracy, has been working to make the world a better place.

To continue the path my country has taken, my administration will pursue ways to make Japan more robust and hand a strong and vibrant nation over to the optimistic Japanese of the next generation.

Japan's gateways to the world

While Japan has long been among the world's most popular destinations, it is quite surprising to find out that the government still considers tourism to be a budding sector.

It was only in 2003 that the government made it a priority to raise foreign tourist arrivals.

In March 2011, the sector was dealt a huge blow with the earthquake and tsunami that hit the Tohoku region in eastern Japan.

According to official figures, foreign tourist arrrivals fell to 6.3 million that year. Just two years after, that figure has risen beyond pre-disaster levels to 8.6 million.

The remarkable recovery of Japanese tourism speaks to the country's enduring worldwide appeal; and given Tokyo's bid to host the 2020 Olympics, it is hard not to be optimistic for the future.

"Inbound tourists to Japan come mainly from Korea, Taiwan, China, Hong Kong, and the U.S. A significant number of tourists come from the U.S., with over 710,000 of them in 2012, the largest among non-Asian markets. This makes the U.S. one of the most important markets for our Visit Japan programs," said Ryoichi Matsuyama, president of the Japan National Tourism Organization (JNTO).

"This year, we are aiming for ten million tourists, targeting 800,000 visitors from the U.S.," Matsuyama added.

The country's main international gateway–Narita Airport–– is expecting a huge growth in flights and passenger traffic.

"With the implementation of the 'open skies' policy, we hope to see an increase in the number of flight operations. And with the economic outlook in seemingly good shape, thanks to the administration of Prime Minister Abe, and his government's policy to promote inbound tourism, we can expect a steady increase in flights to Japan," said Narita International Airport Corporation (NAA) President and CEO Makoto Natsume.

"Throughout the years, we have increased Narita International Airport's capacity, and I am pleased to say that our capacity expansion and facility upgrading is on target to accommodate 300,000 annual aircraft movements by fiscal year 2014. One key feature is a dedicated low-cost terminal," Natsume added.

Sharing more than half of the total number of international passengers in Japan, Narita International Airport is rightfully regarded as Japan's gateway to the world.

"Narita is an important node between Asia and North America. Our network extends to 109 cities around the world. Compared to other airports around Asia, we have a very well-balanced network, especially with our network to North America, which accounts for sixteen percent of our traffic," Natsume said.

"As for our partnership with U.S. airports, we have very strong ties with the Port Authority of New York and New Jersey. We are currently having discussions with Denver International Airport so that when the inaugural flight is launched, we would like to conclude a sister airport agreement," he added.

Terminal 1 of Narita Airport

"As a multifunction airport that can meet the diverse needs for air transport in the Greater Capital Area of Tokyo, Narita aims to become the key international hub airport of East Asia and become an airport that is relied on, trusted, favored, and preferred by the customers," he said.

Meanwhile, Haneda International Airport is capitalizing on its location in central Tokyo in the hopes of attracting more international flights.

"We will have to improve access between the two airports in the future. With the 'open skies' policy and the entry of low-cost carriers, passenger demand will increase," said Isao Takashiro, president of Japan Airport Terminal, the largest shareholder in Haneda International Airport (*See related article*).

FLAGSHIPS / **TECHNOLOGY**

Born to innovate

Tracing its origins all the way to 1875, to companies founded by two giants of Japan's modernization, Hisashige Tanaka and Ichisuke Fujioka, Toshiba has continually consolidated its reputation as a pioneer in the technologies of the day. That spirit of innovation still drives the company in all that it does

The technology giant brought Japan its first radar, transistor television, and microwave oven; and the world its first laptop personal computer and NAND flash memory.

Today, Toshiba has grown into a global organization with more than 200,000 employees, 587 consolidated subsidiaries, and businesses in four main domains: digital products, electronic devices, social infrastructure, and home appliances.

"In the U.S., Toshiba is known for its consumer products like the TV or PC. But actually, we are more than that. We play a leading role in the American electronics industry and enjoy market leadership in NAND flash memory and storage products, and in HDDs and SSDs (technologies that support data-intensive applications on mobile equipment and provide the core infrastructure for managing big data)," explained Hisao Tanaka, the recently appointed president and CEO of Toshiba.

"We are also active in public infrastructure in North America. In fact, we have been the leading supplier of thermal power steam turbines for nine consecutive years," Tanaka added.

And in the field of medical equipment, Toshiba has developed life-saving products in collaboration with the Johns Hopkins University School of Medicine, one of its many partners. It currently has the third-largest market share in the world in computerized tomography (CT) and ultrasound diagnostic systems.

Toshiba's giant electronic billboard in New York's Times Square sends a message of thanks to the American people for their support after the 2011 Great East Japan Earthquake.

A deep American connection

One milestone in Toshiba's history came in 1905 when General Electric (now GE) secured a stake in Tanaka Engineering Works, one of the original founding companies that later formed Toshiba. The partnership resulted in a sharing of technology that accelerated the development of several consumer products.

The Japanese conglomerate entered the American market nearly fifty years ago with the establishment of Toshiba America in 1965.

Today, Toshiba Group in North America consists of seventy-two consolidated subsidiaries with about 22,000 employees, including those from Westinghouse Electric Corporation and Vital Image, which joined the group in 2006 and 2011, respectively. Last year, Toshiba brought IBM's retail solutions business into the group.

In recent years, Toshiba America has rapidly evolved by focusing on growth businesses, developing new business areas, and shifting its portfolio towards business-to-business (B2B) operations. With that move, the group has strengthened its profit-making base.

"We are very much committed to the U.S. and we do make a contribution in various business areas. An example is our facility in Houston where we manufacture high-performance drive motors for Ford Motor Company's hybrid vehicles," Tanaka said.

Mindful of its responsibility to local communities and mission to help build a sustainable society, Toshiba partnered with the National Science Teachers Association to set up the ExploraVision Awards, a science-and-technology competition open to all K-12 students in the United States and Canada.

Guided by a teacher-sponsor, participants study a technology of interest, predict what that technology might be like twenty years from now, and explore what is necessary to make their visions a reality.

Since its inception in 1992, more than 315,000 students have participated in ExploraVision. This year, three student winners showcased their projects at the White House and met U.S. President Barack Obama.

Through this initiative, Toshiba hopes to inspire students to pursue a future in science, technology, engineering, and math.

And with Tanaka at the helm, everybody can expect continuity in these social-development activities.

New leader, continuing vision

With the recent appointment of Tanaka as president, the Toshiba Group will benefit greatly from his long experience in the United States. But as a company veteran, he is also very familiar with Toshiba's corporate philosophy and mission – "Committed to people, Committed to the Future."

TOSHIBA
Leading Innovation

Toshiba Group President and CEO Hisao Tanaka

"The work of our founders still inspires us to meet our corporate social responsibilities by developing technologies, products, and systems that make life better; and to improve environmental management, so that we become one of the world's foremost eco-companies," said Tanaka.

With rising concerns about fast-growing population, increasing urbanization, and rising energy demand, Toshiba is dedicated to the wise use of the Earth's finite resources by fully utilizing the technologies and know-how accumulated over the years in its project to build "smart communities."

Proving to be once more an innovator in this new field, Toshiba is taking part in thirty-five demonstration and commercial projects around the world to establish "smart communities" and the Japan-U.S. smart grid test project in New Mexico.

In February, Toshiba also joined the Clean Energy Demonstration Project in a major mall in Carmel, Indiana, which is demonstrating a plug-in ecosystem that integrates solar photovoltaic power generation with a vehicle-charging and battery-storage system.

"My management policy will focus on seeking growth in sales and revenue while maintaining a constant level of profit. I will also emphasize innovation, not only in products but in processes, too. And, of course, CSR and environmental activities will continue to be important, as we will fully leverage our technological prowess and leading edge product capabilities to offer people around the world a better future," Tanaka said.

www.toshiba.co.jp/index.htm

Expert passenger handling at Tokyo's Haneda Airport

Sixty years since it was formed to develop the old Haneda Airfield into the Tokyo International Airport, the Japan Airport Terminal Co. Ltd. (JAT) has overseen the construction and management of passenger terminals in one of the world's most important financial centers. (Currently, JAT operates one international and two domestic terminals.)

JAT President Isao Takashiro shows off Haneda's award as World's Best Domestic Airport from Skytrax.

In what is clear recognition of JAT's efficient management, Haneda Airport was named the Best Domestic Airport in Skytrax's World Airport Awards this year. Located in central Tokyo, Haneda has also been recognized by Forbes Traveler as the most punctual airport in the world for two straight years.

"We consider ourselves to be a highly functional airport, and we will maintain that. But we would like to go beyond functionality. We want the people who visit Haneda Airport to be happy and comfortable. We are also constantly looking for ways to be the ideal place in terms of commercial facilities," said JAT President Isao Takashiro.

Although JAT is recognized as a pioneer in the field of airport operation and widely known for its expertise in terminal management, the company is also responsible for other aspects of the airport's business: retail establishments, restaurants, building operations, facilities management, parking lot operations, and in-flight catering.

"We also look into opportunities beyond the scope of the airport. In China, for example, we have a business alliance with Beijing Airport. We also have maintained a business alliance with Gimpo International Airport in Korea for the past ten years that has involved a constant exchange of information and human resources," said Takashiro.

"We are looking to establish more alliances to share and expand our know-how. In fact, we have received inquiries from a number of countries in Southeast Asia that are interested to have us work with them in airport construction and management. These are the opportunities we are looking into," he added.

Apart from opportunities abroad, JAT is considering an unexpected move into the higher-education sector. With the University Hub Haneda Airport (UHHA) Project, JAT hopes to capitalize on its position as a transportation hub to be a focal point for exchange of knowledge and information.

"We see ourselves as a central base, not just for air traffic. Haneda Airport can also function as a hub for a variety of things: commercial operations, Japanese culture, and even education. With our UHHA project, we wish to cultivate Japanese youth and promote interest in other countries and cultures. In turn, we hope promote Japanese culture to foreign people," Takashiro explains.

Over the past few years, the Japanese aviation industry has seen a lot of changes with the steady growth of the tourism sector in Japan, the rise in the number of low-cost carriers, and the adoption of the "open skies" policy.

"Airline companies are working hard to be more efficient and constantly incorporate new measures into their operations. To accommodate these developments, we need to make changes in our system, too. We work on keeping down costs and improving the services we provide, so that we stay ahead of the others," says Takashiro.

"We are currently building an extension to the international terminal, which will be completed in 2014. So by next year, we will double the number of daytime flights per year to 60,000," he added.

With its round-the-clock operations and location in Tokyo proper, Haneda provides passengers with two major advantages, which JAT capitalizes on in its objective to become a major regional and international airport.

JAT's message is simple. "We hope that many people from all over the world will come to Japan. And we hope their pleasant experience will begin and end with Haneda Airport," Takashiro stressed.

EDUCATION / TOP OF THE CLASS

The best of the local and the global

Attracted by Japan's astounding success in global business and by its reputation for technological innovation, a growing number of foreign students apply to Japanese universities, highly confident they will graduate with a world-class education and practical skills.

"International students account for over 10 percent of the total student population. We have more than 230 international undergraduates and over 440 international graduate students," said Prof. Susumu Yamauchi, president of Hitotsubashi University.

Other top universities in Japan have more international undergraduates than international graduates. Hitotsubashi takes pride in that unique ratio.

Well known for its programs in business and economics, Hitotsubashi University also pioneered seminar-style teaching in Japan and incorporated both German and Japanese styles in the classroom.

"Hitotsubashi University has a long history of producing leaders of Japanese business, or what we call captains of industry," Yamauchi said.

"Japanese companies are increasingly interested in hiring international students. We have developed strong career support for international students over the years. And thanks to our reputation in the business sector, companies know Hitotsubashi and our graduates are highly valued," he added.

Hitotsubashi University also conducts "A Career Seminar," where different leading business executives gives a lecture at the school every week.

Building a global corporate culture has become a priority for many Japanese-grown companies. While demand for foreign employees is rising, there also is a decline in Japanese students' desire to study abroad – an issue many universities and members of the business sector are quick to address.

"We created the University Hub Haneda Airport based on the idea that the world is getting more and more international. We must use our position as a central hub to cultivate Japanese youth and pique their interest about other countries, while at the same time bringing people in from other countries to learn about Japan," said Isao Takashiro, president of Japan Airport Terminal Company.

"We implemented this program last year and have had three academies and one symposium so far. One of the academies was about the creative vision and strategy for the global branding of New York City. We had Willy Wong, who was instrumental in the reconstruction of the city after the 9/11 attacks," Takashiro recalled.

"We also invited Sri Mulyani Indrawati, the World Bank managing director, to speak to the students and business people at a symposium designated as an official post-conference event after the IMF/World Bank Annual Meetings held in Tokyo last year," he added.

With the emphasis on molding cosmopolitan graduates, universities in Japan have expanded their global network through more exchange programs and international enrollment.

"We have over 500 foreign students at J. F. Oberlin. Almost thirty percent of our graduate students are foreign students. And through our Reconnaissance Japan Program, exchange students can study for one year or for one semester, in English or in Chinese," said Rev. Dr. Takayasu Mitani, president of J. F. Oberlin.

"We also have a Global Outreach Program open to undergraduates of the College of Arts and Sciences and the College of Business Management," he added.

J.F. Oberlin offers several unique graduate programs, like the Ph.D. Program in Gerontology, offered only at J.F. Oberlin and in Japan.

In addition, the university also conducts distance-learning courses for individuals already in the workforce.

"We are proud of our university's highly-regarded faculty and world-renowned professors. The quality of the courses can compete with foreign universities. This April, we are happy to have begun offering degree courses in English," Mitani boasted.

Beyond the high-caliber courses, J.F. Oberlin injects a sense of global purpose in its objective.

"The purpose of higher education is not just to impart knowledge, skills, and techniques, but also to mold students into good citizens. Our aim is to educate students to be well-informed global citizens," he said.

Sharing those ideals is Prof. Mitsuharu Akudo, the president of Seigakuin University, an undergraduate university founded in 1988. Its graduate school was established in 1996.

"Segakuin wants to be a university that makes a contribution. 'One for others' and servant leadership are very important principles that Seigakuin follows," said Akudo.

"Many universities in Japan emphasize that in order to become an internationally-minded person, you need English. But that is not as important as the ability to understand and feel compassion for others. It is not just learning a foreign language that makes you international," Akudo stressed.

Seigakuin University prides itself in providing transformative education that stresses cooperation over competition.

Admittedly a small university, Seigakuin believes that, more than size, the value placed on empathy and respect toward the learning process allows a university to thrive in our increasingly global community.

While students gain from Japan's inimitable mix of local culture and international environment, they also benefit from the country's success as one of Asia's economic powerhouses.

Opened in 1997, the National Graduate Institute for Policy Studies (GRIPS) in Tokyo provides an opportunity for mid-career officials from around the region and the world to learn about public-policy issues, while equipping themselves to become leaders in their own countries.

"Many students here are sent by their respective governments. They are highly motivated and destined to be senior officials in due course. Experience tells me that our students are on the path to becoming directors-general, members of the board of central banks, ministers, and vice-ministers. They will rise very high," said Dr. Takashi Shiraishi, president of GRIPS.

"GRIPS is the most internationalized graduate university in Japan. Here, you learn not only about Japanese policy issues but also about other countries in the region. I'm hoping to provide the space and time for international or transnational collaboration on policy studies, particularly for our faculty," he added.

Graduate schools like GRIPS and various universities in Japan have formed the country's and the region's future leaders in business and government.

As an example of development for emerging economies, and with its emphasis on a global mindset and international environment, Japan will surely remain a preferred destination for education.

COUNCIL *on* FOREIGN RELATIONS

International Institutions and Global Governance Program

How Well Are We Addressing Global Challenges?

A new report by the Council on Foreign Relations grades U.S. and international efforts to address six major global challenges based on the insights of more than fifty experts.

According to the **Global Governance Report Card**, performance was worst on climate change, for which experts gave the international community a D and the United States a C–. Efforts had best results on issues of global finance and terrorism. Experts awarded the international community a B and the United States a B+ on both.

Find out the rest of the results:
Read the report card at www.cfr.org/reportcard.

The Road to D-Day

Behind the Battle That Won the War

Rick Atkinson

A killing frost struck the United Kingdom in the middle of May 1944, stunting the plum trees and the berry crops. Stranger still was a persistent drought. Hotels posted admonitions above their bathtubs: "The Eighth Army crossed the desert on a pint a day. Three inches only, please." British newspapers reported that even King George VI kept "quite clean with one bath a week in a tub filled only to a line which he had painted on it." Gale winds from the north grounded most Allied bombers flying from East Anglia and the Midlands, although occasional fleets of Boeing Flying Fortresses could still be seen sweeping toward the continent, their contrails spreading like ostrich plumes.

Nearly five years of war had left British cities as "bedraggled, unkempt and neglected as rotten teeth," according to one visitor from the United States, who found that "people referred to 'before the war' as if it were a place, not a time." The country was steeped in heavy smells, of old smoke and cheap coal and fatigue. Wildflowers took root in bombed-out lots from Birmingham to Plymouth. Less bucolic were the millions of rats swarming through 3,000 miles of London sewers; exterminators scattered 60 tons of sausage poisoned with zinc phosphate and stale bread dipped in barium carbonate.

Privation lay on the land like another odor. The British government allowed men to buy a new shirt every 20 months. Housewives twisted pipe cleaners into hair clips. Iron railings and grillwork had long been scrapped for the war effort; even cemeteries stood unfenced. Few shoppers could find a fountain pen or a wedding ring, or bed

RICK ATKINSON is an author and military historian. His most recent book is *The Guns at Last Light: The War in Western Europe, 1944–1945* (Henry Holt, 2013), from which this essay is adapted.

sheets, vegetable peelers, or shoelaces. Posters discouraged profligacy with depictions of the Squander Bug, a cartoon rodent with swastika-shaped pockmarks. Classified advertisements included pleas in *The Times* of London for "unwanted artificial teeth" and for cash donations to help wounded Russian warhorses. An ad for Chez-Vous household services promised "bombed upholstery and carpets cleaned."

Government placards advised, "Food is a munition. Don't waste it." Rationing had begun in June 1940 and would not end completely until 1954. The monthly cheese allowance stood at two ounces per citizen. Many children had never seen a lemon; vitamin C came from "turnip water." The Ministry of Food promoted "austerity bread," with a whisper of sawdust, and "victory coffee," brewed from acorns. "Woolton pie," a concoction of carrots, potatoes, onions, and flour, was said to sit "like cement upon the chest." For those with strong palates, no ration limits applied to sheep's heads, or to eels caught in local reservoirs, or to roast cormorant, a stringy substitute for poultry.

At dusk, London's Hyde Park and Green Park became "a vast battlefield of sex."

More than 50,000 British civilians had died in German air raids since 1940, including many in the resurgent "Baby Blitz," begun in January 1944 and just now petering out. Luftwaffe spotter planes illuminated their targets with clusters of parachute flares, bathing buildings and low clouds in rusty light before the bombs fell. One diarist described "great steady swords of searchlights" probing for enemy aircraft as flak fragments spattered across rooftops like hailstones. Even the Wimbledon tennis club had been assaulted in a recent raid that had left center court pitted; a groundskeeper patched the shredded nets with string. Tens of thousands sheltered at night in the underground tunnels of the Tube. The cots standing in tiers along the platforms of 79 designated stations were so fetid that the sculptor Henry Moore likened wartime life in these underground rookeries to "the hold of a slave ship." It was said that some young children born in London had never spent a night in their own beds.

Even during these short summer nights, the mandatory blackout, which in London in mid-May lasted from 10:30 PM to 5:22 AM, was so intense that one writer found the city "profoundly dark, like a mental condition." Darkness also cloaked an end-of-days concupiscence,

Eurotrip: a British solider prepares for D-Day, May 1944

GETTY IMAGES / CAPTAIN J. L. EVANS

fueled by some 3.5 million soldiers now crammed into a country smaller than Oregon. At dusk, Hyde Park and Green Park were said by a Canadian soldier to resemble "a vast battlefield of sex." A chaplain reported that American GIs and streetwalkers often copulated standing up after wrapping themselves in a trench coat, a position known as "Marble Arch style," after the famous monument across the street from Hyde Park. "Piccadilly Circus is a madhouse after dark," an American lieutenant wrote his mother, "and a man can't walk without being attacked by dozens of women." Prostitutes—"Piccadilly Commandos"—sidled up to men in the blackout and felt for their rank insignia on shoulders and sleeves before tendering a price: 10 shillings ($2) for enlisted men, a pound ($4) for officers.

By day, pubs and street corners showcased the exotic military plumage of Norwegians and Indians, Belgians and Czechs, Yorkshiremen and Welshmen, and more Yanks than lived in all of Nebraska. Savile Row tailors offered specialists for every article of a bespoke uniform, from tunic to trousers, and a well-heeled officer could still buy an English military raincoat at Burberry or a silver pocket flask at Dunhill. Even soldiers recently arrived from the Mediterranean theater added a poignant splash of color, thanks to the antimalarial pills that turned their skin a pumpkin hue.

OVERLORDS

Nowhere were the uniforms more impressive on Monday morning, May 15, than at St. Paul's School on Hammersmith Road, in western London. Here, the greatest Anglo-American military conclave of World War II gathered on the war's 1,720th day to rehearse the deathblow intended to destroy Adolf Hitler's Third Reich. Admirals, generals, field marshals, logisticians, and staff wizards by the score climbed from their limousines and marched into a Gothic building of red brick and terra cotta, where American military police—known as "Snowdrops" for their white helmets, pistol belts, leggings, and gloves—scrutinized the 146 engraved invitations and security passes that had been distributed a month earlier. Then, six uniformed ushers escorted the guests, later described as "big men with the air of fame about them," into the Model Room, a cold and dimly lit auditorium with black columns and hard, narrow benches reputedly designed to keep young schoolboys awake.

Top-secret charts and maps now lined the Model Room. Since January, the school had served as the headquarters for the British 21st Army Group, and here the detailed planning for Operation Overlord, the Allied invasion of France, had gelled. As more senior officers found their seats in Rows B through J, some spread blankets across their laps or cinched their greatcoats against the chill. Row A, 14 armchairs arranged elbow to elbow, was reserved for the highest of the mighty, and now these men began to take their seats. The British prime minister, Winston Churchill, dressed in a black frock coat and puffing his usual Havana cigar, entered with the supreme allied commander, General Dwight Eisenhower. Neither cheers nor applause greeted them, but the assembly stood as one when George VI strolled down the aisle to sit on Eisenhower's right. Churchill bowed to his monarch, then resumed puffing his cigar.

Return to Table of Contents

EXECUTIVE DIRECTOR, PERLMUTTER INSTITUTE FOR GLOBAL BUSINESS LEADERSHIP

BRANDEIS INTERNATIONAL BUSINESS SCHOOL

Established by Brandeis Trustee Louis '56 and Barbara Perlmutter, the Perlmutter Institute for Global Business Leadership focuses on the intersection of business, the global economy, government, and civil society. Using a multi-disciplinary approach, the Institute enhances students' perspectives and skills, preparing them for leadership roles in a globally interdependent world while promoting the value of balancing profit and the public good.

Brandeis IBS seeks an exceptional leader with a global mindset to serve as Executive Director for the Perlmutter Institute. Taking an entrepreneurial and strategic approach, this individual will serve as the architect of the Perlmutter Institute's vision and identity, advancing a better understanding of the role of leadership in the global economy. As the Institute's international ambassador and primary relationship-builder, this individual will be comfortable as a public speaker and diplomat for the school. She/he will be an energetic fundraiser, capable of designing and implementing a strategic development plan for the growth of the Institute and its activities.

Reporting to the Dean, the Executive Director will manage the Institute's relationships with international business leaders, corporate and university partnerships, and public and private institutions and foundations, seeking opportunities to sustain and broaden the scope of its activities and to raise the visibility of Brandeis IBS.

The Executive Director will work with faculty to develop new courses and advance thought leadership. Depending upon his/her background, the individual might teach in the realm of global business education.

The Executive Director will be a skilled business professional with 20+ years of leadership experience in the public or private sector (consulting, finance, public agency), preferably possessing a PhD, DBA, MBA or other relevant advanced degree. Extensive experience working with international corporations and agencies, and applying an entrepreneurial focus is critical. The ideal candidate will demonstrate an understanding of the opportunities and challenges facing higher education, and will be committed to student mentorship and development.

Please send credentials to ibscenters@brandeis.edu.

Brandeis International Business School

Perlmutter Institute for Global Business Leadership

As they waited to begin at the stroke of 10 AM, these men, with their airs of eminence, had reason to rejoice in their joint victories and to hope for greater victories still to come. Nearly all the senior commanders had served together in the Mediterranean—they called themselves "Mediterraneanites"—and they shared Eisenhower's sentiment that "the Mediterranean theater will always be in my blood." There they had indeed been bloodied, beginning with the invasion of North Africa in November 1942, when Anglo-American forces had swept aside feeble Vichy French defenders and then pivoted east through the wintry Atlas Mountains into Tunisia. Joined by the British Eighth Army, which had pushed west from Egypt after a signal victory at El Alamein, these forces had battled German and Italian legions for five months before a quarter of a million Axis prisoners surrendered in mid-May 1943.

The British and the Americans pounced on Sicily two months later, overrunning the island in six weeks before invading the Italian mainland in early September. The fascist regime of Benito Mussolini had collapsed, and the new government in Rome had renounced the Axis Pact of Steel to make common cause with the Allies. But a death struggle at Salerno, south of Naples, foreshadowed another awful winter campaign, as Allied troops struggled up the Italian boot for 200 miles in one sanguinary brawl after another with entrenched, recalcitrant Germans at places such as San Pietro, Ortona, the Rapido River, Cassino, and Anzio. Led by Eisenhower, many of the Mediterraneanites had left for the United Kingdom mid-campaign to begin planning Overlord, and they could only hope that the spring offensive—launched on May 11 and code-name Diadem—would break the stalemate in central Italy and carry the long-suffering Allied ranks into Rome and beyond.

By this point, the collapse of Berlin's vast empire in eastern Europe was well advanced. Germany had invaded the Soviet Union in 1941 with more than three million men, but by the beginning of 1944, German casualties exceeded 3.5 million, even as Soviet losses were quadruple that figure. The tide had turned red in all senses, and Soviet campaigns to recapture the Crimea, western Ukraine, and the territory between Leningrad and Estonia chewed up German strength. The Third Reich now had 193 divisions on the eastern front and in southeastern Europe, compared with 28 in Italy, 18 in Norway and Denmark, and 59 in France and the Low Countries. Nearly two-thirds of German combat strength remained tied up in eastern Europe, although the Wehrmacht

still mustered almost 2,000 tanks and other armored vehicles in northwestern Europe. Yet the Reich was ever more vulnerable to air assault: in May 1944, Allied planes flying from the United Kingdom dropped 70,000 tons of high explosives on Axis targets, more than four times the monthly tonnage of a year earlier. Although they paid a staggering cost in airplanes and aircrews, the British Royal Air Force and the U.S. Army Air Forces had won mastery of the European skies. At last, after wresting air and naval superiority from the Germans, the Allies could make a plausible case for a successful invasion of the continent by the ground forces currently gathering in the United Kingdom.

In 1941, when the United Kingdom, the United States, and the Soviet Union first formed their grand alliance against the Axis, "the only plan was to persevere," as Churchill put it. Perseverance had brought them to this brink: a chance to close with the enemy and destroy him in his European citadel, four years after Germany had overrun France and the Low Countries. The Americans had long advocated confronting the main German armies as soon as possible, a muscle-bound pugnacity decried as "iron-mongering" by British strategists, whose preference for reducing the enemy gradually by attacking the Axis periphery had led to 18 months of Mediterranean fighting. Now, as the great hour approached, the arena would shift north, and the British and the Americans would monger iron together.

AN UGLY PIECE OF WATER

Cometh the hour, cometh the man: at 10 AM, Eisenhower rose to greet the 145 comrades who would lead the assault on "Fortress Europe." Behind him in the cockpit of the Model Room lay an immense plaster relief map of the Normandy coast, where the river Seine spilled into the Atlantic. Thirty feet wide and set on a tilted platform visible from the back benches, this apparition depicted, in bright colors and on a scale of six inches to the mile, the rivers, villages, beaches, and uplands of what would become the world's most famous battlefield. A brigadier wearing skid-proof socks and armed with a pointer stood at port arms, ready to indicate locales soon to achieve household notoriety: Cherbourg, Saint-Lo, Caen, Omaha Beach.

With only a hint of his famous grin, Eisenhower spoke briefly, a man "at peace with his soul," in the estimate of a U.S. admiral in attendance. He hailed king and comrades alike "on the eve of a great battle," welcoming them to the final vetting of an invasion blueprint

two years in the making. A week earlier, he had chosen June 5 as D-Day. "I consider it to be the duty of anyone who sees a flaw in the plan not to hesitate to say so," Eisenhower said, his voice booming. "I have no sympathy with anyone, whatever his station, who will not brook criticism. We are here to get the best possible results." The supreme commander would remain preoccupied for some weeks with the sea and air demands of Operation Overlord, as well as with sundry political distractions, so he had delegated the planning and conduct of this titanic land battle in Normandy to a British officer, General Bernard Montgomery.

A wiry, elfin figure in immaculate battle dress and padded shoes, Montgomery popped to his feet, pointer in hand. His narrow vulpine face was among the British Empire's most recognizable, a visage to be gawked at in Claridge's or huzzahed on the Strand. But before he could utter a syllable, a sharp rap sounded. The rap grew bolder; a Snowdrop flung open the Model Room door, and in swaggered Lieutenant General George Patton, a ruddy, truculent American Mars, newly outfitted by those Savile Row artisans in a bespoke overcoat, bespoke trousers, and bespoke boots. Never reluctant to stage an entrance, Patton had swept through London in a huge black Packard, bedizened with three-star insignia and sporting dual Greyhound bus horns. Ignoring Montgomery's scowl, Patton found his seat in the second row and sat down, eager to take part in a war he condemned, without conviction, as "goddamned son-of-bitchery." "It is quite pleasant to be famous," Patton had written his wife, Beatrice. "Probably bad for the soul."

If Overlord failed, the entire Allied enterprise faced abject collapse.

With a curt swish of his pointer, Montgomery stepped to the great floor map. Glancing at his notes—20 brief items, written in his tidy cursive on unlined stationery—Montgomery began in his reedy voice, each syllable as sharply creased as his trousers. "There are four armies under my command," he said, two composing the assault force into Normandy and two more to follow in exploiting the beachhead. "We must blast our way on shore and get a good lodgement before the enemy can bring sufficient reserves to turn us out," he continued. "Armored columns must penetrate deep inland, and quickly, on D-Day. This will upset the enemy plans and tend to hold him off while we

build up strength. We must gain space rapidly, and peg out claims well inland."

The Bay of the Seine, which lay within range of almost 200 fighter airfields in the United Kingdom, had been designated as the invasion site more than a year earlier for its flat, sandy beaches and its proximity to Cherbourg, a critical French port needed to supply the invading hordes. True, the Pas-de-Calais coastline was closer, but it had been deemed "strategically unsound" because the small beaches there not only were exposed to storms in the English Channel but also had become the most heavily defended strands in France. Planners under the capable British lieutenant general Frederick Morgan had scrutinized other possible landing sites, from the French region of Brittany to the Netherlands, and found them wanting. Secret missions to inspect the Overlord beaches, launched from tiny submarines during the dark of the moon in what the Royal Navy called "impudent reconnaissance," had dispelled anxieties about quicksand bogs and other perils. As proof, commandos brought back Norman sand samples in buckets, test tubes, and Durex condoms.

The location of the landings was crucial, for if Overlord failed, the entire Allied enterprise faced abject collapse. But before the invading force could take any territory, it would have to contend with "an ugly piece of water called the Channel," as the official U.S. Army history of the invasion would later describe it. The English Channel was only 21 miles wide at its narrowest point. Yet for nearly a thousand years, invading armies facing a hostile shore across it had found more grief than glory. "The only solution," one British planner had quipped, "is to tow the beaches over already assaulted." The U.S. War Department had even pondered tunneling beneath the seabed: a detailed study deemed the project "feasible," requiring one year and 15,000 men to excavate 55,000 tons of spoil. Wiser heads questioned "the strategic and functional" complexities, such as the inconvenience of the entire German Seventh Army waiting for the first tunneler to emerge. The study was shelved.

Montgomery's presentation focused mostly on the technical details of the landings, but the general closed it on a different note. "We shall have to send the soldiers into this party seeing red," he declared, eyes aglint. "Nothing must stop them. If we send them into battle this way, then we shall succeed." After lunch and a number of briefings by other officers, Eisenhower stood for a few words of thanks, noting that Hitler had "missed his one and only chance of destroying with a single

Return to Table of Contents

well-aimed bomb the entire high command of the Allied forces." Churchill gave a brief valedictory, grasping his coat lapels in both hands. "Let us not expect all to go according to plan. Flexibility of mind will be one of the decisive factors," he said. "Risks must be taken." He bade them all Godspeed. "I am hardening on this enterprise. I repeat, I am now hardening toward this enterprise."

Never would they be more unified, never more resolved. They came to their feet, shoulders squared, tramping from the hall to the limousines waiting on Hammersmith Road to carry them to command posts across the United Kingdom. Ahead lay the most prodigious undertaking in the history of warfare.

"RAMMING OUR FEET IN THE STIRRUPS"

Shortly after 6 PM, Eisenhower sped southwest through London in his chauffeured Cadillac, drawing deeply on a cigarette. In these fraught times, he often smoked 80 Camels a day, aggravating the throat and respiratory infections that had plagued him all spring. He also suffered from high blood pressure, headaches, and ringing in one ear; he had even begun placing hot compresses on his inflamed eyes. "Ike looks worn and tired," his naval aide, Commander Harry Butcher, noted in mid-May. "The strain is telling on him. He looks older now than at any time since I have been with him." The supreme commander was 53 years old.

As the dreary suburbs rolled past, Churchill's final remark at St. Paul's gnawed at Eisenhower: "I am now hardening toward this enterprise." The tentative commitment and implicit doubt seemed vexing, although Churchill had never concealed either his reluctance to risk calamity in a cross-channel attack or his dismay at the cautionary experience of Anzio, where four months after that invasion a large Anglo-American force remained bottled up and was shelled daily in a pinched beachhead. Yet for Overlord, the die was cast, spelled out in a 30-word order to Eisenhower from the Combined Chiefs of Staff, his superiors in Washington and London: "You will enter the continent of Europe and, in conjunction with the other united nations, undertake operations aimed at the heart of Germany and the destruction of her armed forces." Now was the time, as Eisenhower put it, for "ramming our feet in the stirrups."

For years, he had pondered just how to successfully enter the continent of Europe—first as a War Department planner; next as the

senior American soldier in London in the spring and summer of 1942; then as the general superintending the invasions of North Africa, Sicily, and mainland Italy; and now as the commander of what was officially known as the Supreme Headquarters Allied Expeditionary Force. No one knew the risks better. No one was more keenly aware that three times the Germans had nearly driven Allied landings back into the sea—on Sicily, at Salerno, and at Anzio.

Growing in stature and confidence, Eisenhower had become the indispensable man, so renowned that a Hollywood agent had recently offered $150,000 for the rights to his life (plus $7,500 each to his wife, Mamie; his mother; and his in-laws). "He has a generous and lovable character," Montgomery would tell his diary before the invasion, "and I would trust him to the last gasp." Other comrades considered him clubbable, articulate, and profoundly fair. His senior naval subordinate, Admiral Sir Bertram Ramsay, asserted simply, "He is a very great man." U.S. President Franklin Roosevelt had chosen him to command Operation Overlord in part because he considered him to be "the best politician among the military men." In a memorandum, Roosevelt described Eisenhower as "a natural leader who can convince other men to follow him."

Yet he had not convinced everyone that he was a great captain, a commander with the ability to see the field both spatially and temporally, intuiting the enemy's intent and subordinating all resistance to an iron will. Montgomery, whose ambivalence toward Eisenhower's generalship would only intensify, offered private complaints as well as praise: "When it comes to war," he told a colleague, "Ike doesn't know the difference between Christmas and Easter." Field Marshal Sir Alan Brooke, chief of the Imperial General Staff, confided to his diary an assessment of the supreme commander's role at St. Paul's: "No real director of thought, plans, energy or direction! Just a coordinator—a good mixer, a champion of inter-allied cooperation, and in those respects few can hold a candle to him. But is that enough? Or can we not find all the qualities of a commander in one man?"

Eisenhower sensed such doubts, and perhaps harbored a few himself. In his own diary, he lamented the depiction of him in British newspapers as an administrator rather than a battlefield commander. "They dislike to believe that I had anything particularly to do with campaigns. They don't use the words 'initiative' and 'boldness' in talking of me," he wrote. "It wearies me to be thought of as timid,

when I've had to do things that were so risky as to be almost crazy. Oh, hum."

He had indeed taken risks, crazy risks, but more lay dead ahead. Eisenhower was neither a philosopher nor a military theorist. But he believed that too few commanders grappled with what he called "subjects that touch the human soul—aspirations, ideals, inner beliefs, affection, hatreds." On such broken ground during the coming weeks and months, his captaincy and his cause would be assayed. For more than any other human enterprise, war revealed the mettle of men's souls.

"BRITAIN IS NOW OCCUPIED TERRITORY"

By the tens of thousands, souls in olive drab poured into the United Kingdom. Since January, the number of GIs had doubled to 1.5 million, a far cry from the first paltry tranche of 4,000 in early 1942. Of the U.S. Army's 89 divisions, 20 now could be found in the United Kingdom, with 37 more either en route or earmarked for the European theater. Through Liverpool they arrived, and through Swansea, Cardiff, Belfast, Avonmouth, Newport. But most came into Glasgow and adjacent Greenock, more than 100,000 in April alone, 15,000 at a time on the two *Queens—Elizabeth* and *Mary*—each of which could haul an entire division and outrun German U-boats to make the crossing from New York in five days.

Down the gangplanks they tromped, names checked from a clipboard, each soldier wearing his helmet, his field jacket, and a large celluloid button color-coded by the section of the ship to which he had been confined during the passage. Soldiers carried four blankets apiece to save cargo space, while deluded officers could be seen lugging folding chairs, pillowcases, and tennis rackets. A brass band and Highland pipers greeted them on the dock; Scottish children raised their arms in a *V* for "Victory." Combat pilots who had fulfilled their mission quotas and were waiting to board ship for the return voyage bellowed, "Go back before it's too late!" or "What's your wife's telephone number?"

Just over eight million men had been inducted into the U.S. Army and Navy during the past two years—11,000 every day. The average GI was 26 years old, born the year that "the war to end all wars" ended, but manpower demands in this global struggle meant the force was growing younger: henceforth, nearly half of all U.S. troops arriving to fight in Europe in 1944 would be teenagers. One in three GIs had only a grade school education, one in four held a high school diploma,

and slightly more than one in ten had attended college for at least a semester. *War Department Pamphlet 21-13* would assure them that they were "the world's best paid soldiers." A private earned $50 a month, a staff sergeant $96. Any valiant GI awarded the Medal of Honor would receive an extra $2 each month.

The typical U.S. soldier stood five feet eight inches tall and weighed 144 pounds, but physical standards had been lowered with respect to defects that once would have kept many young men out of uniform. A man with 20/400 vision could now be conscripted if his sight was correctable to at least 20/40 in one eye; toward that end, the armed forces would make 2.3 million pairs of eyeglasses for the troops. The old jest that the army no longer examined eyes but instead just counted them had come true. A man could be drafted if he had only one eye, or was completely deaf in one ear, or had lost both external ears, or was missing a thumb or three fingers on either hand—including a trigger finger. Earlier in the war, a draftee had had to possess at least 12 of his original 32 teeth, but now he could be utterly toothless. After all, the government had drafted a third of all the civilian dentists in the United States; collectively, they would extract 15 million teeth, fill 68 million more, and make 2.5 million sets of dentures, enabling each GI to meet the minimum requirement of "masticating the Army ration."

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A revision of mental and personality standards was also under way. In April 1944, the U.S. War Department decreed that inductees need have only a "reasonable chance" of adjusting to military life, although psychiatric examiners were advised to watch for two dozen "personality deviations," including silly laughter, sulkiness, resentfulness of discipline, and other traits that would seemingly disqualify every teenager in the United States. In addition, the army began drafting "moderate" obsessive-compulsives, as well as stutterers. Men with malignant tumors, leprosy, or certifiable psychosis still were deemed "nonacceptable," but by early 1944, 12,000 venereal disease patients, most of them syphilitic, were inducted each month and rendered fit for service with a new miracle drug called penicillin.

Return to Table of Contents

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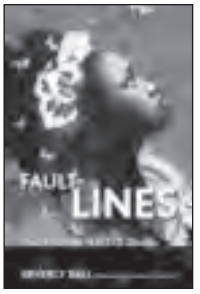

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Nearly 400,000 prefabricated huts and 279,000 tents had been erected to accommodate the Yank horde, supplementing 112,000 borrowed British buildings and 20 million square feet of storage space. GIs called this new world "Spamland," but the prevailing odor came from the burning feces in the army's coal-fired incinerators.

No alliance in the war proved more vital or enduring than that of the English-speaking peoples, but this vast American encampment strained the fraternal bond. "You may think of them as enemy Redcoats," each arriving GI was advised in a War Department brochure, "but there is no time today to fight old wars over again or bring up old grievances." Detailed glossaries translated English into English: chemist/druggist, geyser/hot-water heater, tyre/tire. Disparities in pay caused resentment; a GI private earned triple what his tommy counterpart drew, and the U.S. staff sergeant's $96 monthly salary was equivalent to a British captain's. The U.S. Army tried to blur the difference by paying GIs twice a month. But British penury was as obvious as the pubs that required patrons to bring their own beer glasses, or the soap shortage that caused GIs to call the unwashed United Kingdom "Goatland," or the fact that British quartermasters stocked only 18 shoe sizes, compared with the 105 provided by the U.S. Army.

American authorities urged tolerance and gratitude. "It is always impolite to criticize your hosts," a guide to the United Kingdom advised GIs. "It is militarily stupid to insult your allies." Not least important, British producers stocked the American larder and supply depot with 240 million pounds of potatoes, a thousand cake pans, 2.4 million tent pegs, 15 million condoms, 260,000 grave markers, 80 million packets of cookies, and 54 million gallons of beer.

The British displayed forbearance despite surveys revealing that less than half viewed the Americans favorably. "They irritate me beyond words," one housewife complained. "Loud, bombastic, bragging, self-righteous, morals of the barnyard, hypocrites"—these were among the terms Britons commonly used to described the GIs, according to one survey. *Meet the Americans*, a manual published in London, included chapters titled "Drink, Sex and Swearing" and "Are They Our Cousins?" An essay written for the British army by the anthropologist Margaret Mead sought to explain "why Americans seem childish." George Orwell groused in a newspaper column that "Britain is now Occupied Territory."

Occasional bad behavior reinforced the stereotype of boorish Yanks. GIs near Newcastle killed and ate the royal swans at the king's summer palace. Paratroopers from the 101st Airborne used grenades to fish in a private pond, and bored soldiers sometimes set haystacks ablaze with tracer bullets. Despite War Department assurances that "men who refrain from sexual acts are frequently stronger, owing to their conservation of energy," so many GIs impregnated British women that the U.S. government agreed to give local courts jurisdiction in "bastardy proceedings"; child support was fixed at a pound per week until the little Anglo-American turned 13, and 5 to 20 shillings weekly for teenagers. Road signs cautioned, "To all GIs: please drive carefully, that child may be yours."

Both on the battlefield and in the rear, the transatlantic relationship would remain, in one British general's description, "a delicate hothouse growth that must be carefully tended lest it wither away." Nothing less than Western civilization depended on it. As American soldiers by the boatload continued to swarm into their Spamland camps, a British major spoke for many of his countrymen: the Yanks were "the chaps that [matter]. . . . We couldn't possibly win the war without them."

GEARS OF WAR

On Tuesday, May 23, a great migration of assault troops swept toward the English seaside and into a dozen marshaling areas—Americans on the southwest coast, British and Canadians in the south—where the final staging began. Marching rates called for each convoy to travel 25 miles in two hours, vehicles 60 yards apart, with a ten-minute halt before every even-numbered hour. Military police wearing armbands specially treated to detect poison gas waved traffic through intersections and thatched-roof villages. Soldiers snickered nervously at the new road signs reading "One Way." "We sat on a hilltop and saw a dozen roads in the valleys below jammed with thousands of vehicles, men, and equipment moving toward the south," wrote Sergeant Forrest Pogue, a U.S. Army historian.

Mothers held their children aloft from the curb to watch the armies pass. An old man "bent like a boomerang" and pushing a cart outside London yelled, "Good luck to yer all, me lads!" a British captain reported. On tanks and trucks, the captain added, men chalked the names of sweethearts left behind so that nearly every vehicle had a "patron girl-saint," or perhaps a patron girl-sinner. Almost overnight,

the bright plumage of military uniforms in London dimmed as the capital thinned out. "Restaurants and night clubs were half empty, taxis became miraculously easier to find," one account noted. A pub previously used by U.S. officers for assignations was rechristened the Whore's Lament.

By late in the week, all marshaling camps were sealed, with sentries ordered to shoot absconders. "Do not loiter," signs on perimeter fences warned. "Civilians must not talk to army personnel." GIs wearing captured German uniforms and carrying enemy weapons wandered through the bivouacs so that troops grew familiar with the enemy's aspect. The invasion had begun to resemble "an overrehearsed play," complained the newspaper correspondent Alan Moorehead. Fantastic rumors swirled: that British commandos had taken Cherbourg, that Berlin intended to sue for peace, that a particular unit would be sacrificed in a diversionary attack, that the Wehrmacht possessed both a death beam capable of incinerating many acres instantly and a vast refrigerating apparatus to create icebergs in the English Channel. The U.S. military newspaper *Stars and Stripes* tried to calm jumpy soldiers with an article promising that "shock kept the wounded from feeling much pain." Another column in the paper advised, "Don't be surprised if a Frenchman steps up to you and kisses you. That doesn't mean he's queer. It just means he's emotional."

Security remained paramount. Planners had concluded that Overlord had scant chance of success if the enemy received even 48 hours' advance notice, and "any longer warning spells certain defeat." As part of Churchill's demand that security measures be "high, wide, and handsome," the British government imposed a ban in early April that kept the usual 600,000 monthly visitors from approaching coastal stretches along the North Sea, the Bristol Channel, and the English Channel. Two thousand counterintelligence agents sniffed about for leaks. Censors fluent in 22 languages, including Ukrainian and Slovak, and armed with X-Acto knives scrutinized soldiers' letters for indiscretions until, on May 25, all outgoing mail was impounded for ten days as an extra precaution.

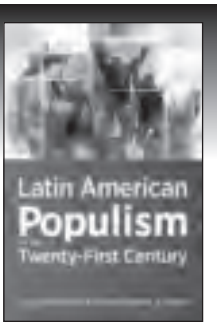
Camouflaged inspectors roamed through southern England to ensure that the invasion assembly remained invisible to German surveillance planes. Thousands of tons of cinders and sludge oil darkened new road cuts. Garnished nets concealed tents and huts—the British alone used one million square yards—and even medical stretchers and surgical

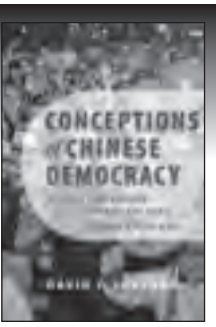
hampers were slathered with "tone-down paint," either Standard Camouflage Color 1A (dark brown) or SCC 15 (olive drab). Any vehicle stopped for more than ten minutes was to be draped with a net "propped away from the contours of the vehicle."

Deception complemented the camouflage. The greatest prevarication of the war, originally known as "Appendix Y," until given the code name Fortitude, tried "to induce the enemy to make faulty strategic dispositions of forces," as the Combined Chiefs of Staff requested. Fifteen hundred Allied deceivers used phony radio traffic to suggest that a fictional army with eight divisions in Scotland would attack Norway in league with the Soviets, followed by a larger invasion of France in mid-July through the Pas-de-Calais, 150 miles northeast of the actual Overlord beaches. More than 200 eight-ton "Bigbobs"—decoy landing craft fashioned from canvas and oil drums—had been conspicuously deployed beginning on May 20 around the Thames estuary. Dummy transmitters broadcast the radio hubbub of a spectral, 150,000-man First U.S. Army Group, notionally poised to pounce on the wrong coast in the wrong month.

A network of British double agents sent some 500 false radio reports from London to enemy spymasters in Madrid and thence to Berlin.

The British genius for deception furthered the ruse by passing misinformation through more than a dozen German agents, all of whom had been discovered, arrested, and flipped by British intelligence officers. A network of British double agents with code names such as Garbo and Tricycle embellished the deception, and some 500 false radio reports were sent from London to enemy spymasters in Madrid and thence to Berlin. The Operation Fortitude deception spawned a German hallucination: enemy analysts now detected 79 Allied divisions staging in the United Kingdom, when in fact there were only 52. By late May, Allied intelligence, including Ultra, information gathered through the British ability to intercept and decipher most coded German radio traffic, had uncovered no evidence suggesting "that the enemy has accurately assessed the area in which our main assault is to be made," as Eisenhower learned to his relief. In a final pre-invasion fraud, Lieutenant Clifton James of the Royal Army Pay Corps, after spending time studying the many tics of Montgomery, whom he strikingly resembled, flew to Gibraltar on May 26 and then to Algiers.





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Fitted with a black beret, he strutted about in public for days in hopes that Berlin would conclude that no attack across the channel was imminent if "Monty" was swanning through the Mediterranean.

As May slid toward June, the invasion preparations grew febrile. Every vehicle to be shoved onto the French coast required waterproofing to a depth of 54 inches with a gooey compound of grease, lime, and asbestos fibers and outfitting with a vertical funnel from the exhaust pipe that "stuck up like a wren's tail," to keep the engine from flooding. A single Sherman tank took 300 man-hours to waterproof, occupying a five-man crew for a week. On May 29, Eisenhower also ordered all 11,000 Allied planes to display three broad white stripes on each wing as recognition symbols. A frantic search for 100,000 gallons of whitewash and 20,000 brushes required mobilizing the British paint industry, and workers toiled through the weekend. Some aircrews slathered on the white stripes with push brooms.

Soldiers were provided with seasickness pills, vomit bags, and life belts, incidentals that brought the average rifleman's combat load to 68.4 pounds, far beyond the 43 pounds recommended for assault troops. A company commander in Dorset with the 116th Infantry, bound for Omaha Beach, reported that his men were "loping and braying about the camp under their packs, saying that as long as they were loaded like jackasses they may as well sound like them." On June 2, the men donned "skunk suits," stiff and malodorous uniforms heavily impregnated against poison gas. Each soldier placed his personal effects into a quartermaster box 12 inches long, eight inches wide, and four inches deep, for storage at a depot in Liverpool. Like shedding an old skin or a past life, troops bound for France would fill 500 rail boxcars with such accoutrements of peace every week for the rest of the summer.

"THE TRICK IS TO KEEP MOVING"

Across the fleet, the war cry sounded: "Up anchor!" In the murky, fretful dawn of Monday, June 5, from every English harbor and estuary spilled the great effluent of liberation, from Salcombe and Poole, Dartmouth and Weymouth, in tangled wakes from the Thames past the Black Deep and the Whalebone Marshes, all converging on the white-capped channel: nearly 200,000 seamen and merchant mariners crewing 59 convoys carrying 130,000 soldiers, 2,000 tanks, and 12,000 vehicles.

The early light revealed cutters, corvettes, frigates, freighters, ferries, trawlers, tankers, subchasers: ships for channel marking, cable laying, and smoke making; ships for refrigerating, towing, and hauling food. Leading the fleet was the largest minesweeping operation in naval history. Some 255 vessels began by clearing Area Z, a circular swatch of sea below the Isle of Wight that was ten miles in diameter and soon dubbed Piccadilly Circus. From there, the minesweepers sailed through eight corridors that angled toward a German minefield in the middle of the channel, where a week earlier Royal Navy launches had secretly planted underwater sonic beacons. Electronically dormant until Sunday, the beacons now summoned the sweepers to the entrances of ten channels, each of which was 400 to 1,200 yards wide; these channels would be cleared for 350 miles to five beaches on the Bay of the Seine, in Normandy. Seven-foot waves and a cross-tidal current of nearly three knots bedeviled helmsmen who fought their wheels, the wind, and the sea to keep station. As the sweepers swept, more boats followed to lay a lighted buoy every mile on either side of each channel. The effect, one reporter observed, was "like street lamps across to France."

As the invasion convoys swung toward Area Z, the churlish open English Channel tested the seaworthiness of every landing vessel. The flat-bottomed LST (landing ship, tank) showed what one observer called "a capacity for rolling all ways at once," and the smaller LCI (landing craft, infantry) revealed why it was widely derided as a "Lousy Civilian Idea." Worse yet was the LCT (landing craft, tank), capable of only six knots in perfectly calm waters and half that when faced with oncoming waves or currents. Even the U.S. Navy acknowledged that "the LCT is not an ocean-going craft due to poor sea-keeping facilities, low speed, and structural weakness"; the last quality included being bolted together in three sections so that the vessel "gave an ominous impression of being liable to buckle in the middle." Miserable passengers traded seasickness nostrums, such as one sailor's advice to "swallow a pork chop with a string, then pull it up again."

For those who could eat, pork chops were in fact served to the 16th Infantry, with ice cream. Aboard the *Thomas Jefferson*, 116th Infantry troops ate what one officer described as "bacon and eggs on the edge of eternity." Soldiers primed grenades, sharpened blades, and field-striped their rifles; a U.S. Navy physician recommended that soldiers wash themselves well, sponging away skin bacteria, "in case you stop

one." Some Yanks sang "Happy D-Day, dear Adolf, happy D-Day to you," but tommies preferred "Jerusalem," based on William Blake's bitter poem set to music: "Bring me my bow of burning gold." Sailors broke out their battle ensigns, stripped each bridge to fighting trim, and converted mess tables into operating theaters.

To inspirit the men, officers read stand-tall messages from Eisenhower and Montgomery, then offered their own prognostications and advice. "The first six hours will be the toughest," Colonel George Taylor of the 16th Infantry told reporters on the USS *Samuel Chase*. "They'll just keep throwing stuff onto the beaches until something breaks. That is the plan." Brigadier General Norman Cota told officers aboard the USS *Charles Carroll*, "You're going to find confusion. The landing craft aren't going in on schedule and people are going to be landed in the wrong place. Some won't be landed at all. . . . We must improvise, carry on, not lose our heads. Nor must we add to the confusion." A tank battalion commander was more succinct: "The government paid $5 billion for this hour. Get to hell in there and start fighting."

When a chaplain in the 101st Airborne began to pray aloud, one GI snapped, "I'm not going to die. Cut that crap out."

Far inland, at more than a dozen airfields scattered across the United Kingdom, some 20,000 parachutists and glider troops also made ready. Soldiers from the British Sixth Airborne Division blackened their faces with teakettle soot, then chalked bosomy girls and other graffiti on aircraft fuselages while awaiting the order to enplane. "I gave the earth by the runway a good stamp," one private reported.

American paratroopers smeared their skin with cocoa and linseed oil or with charcoal raked from campfires along the taxiways. A few company clowns imitated the singer Al Jolson's minstrel act and joked about the imminent "$10,000 jump"—$10,000 being the maximum death benefit paid by government insurance policies. When a chaplain in the 101st Airborne began to pray aloud, one GI snapped, "I'm not going to die. Cut that crap out." Every man was overburdened, from the burlap strips woven into the helmet net to the knife with a brass-knuckle grip tucked into the jump boots. Also: parachute, reserve chute, life jacket, entrenching tool, rations, fragmentation and smoke grenades, blasting caps, TNT blocks, brass pocket compass, raincoat, blanket, bandoliers, rifle, cigarette carton, and morphine doses ("one

for pain and two for eternity"). Carrier pigeons were stuffed into extra GI socks—their heads poking out of little holes cut in the toe—and fastened to paratroopers' jackets. Some officers trimmed the margins from their maps in order to carry a few more rounds of ammunition.

"We look all pockets, pockets and baggy pants. The only visible human parts are two hands," wrote Louis Simpson, the poet who belonged to the 101st Airborne Division. "The letter writers are at it again," he continued, "heads bowed over their pens and sheets of paper." Among the scribblers and the map trimmers was the 37-year-old assistant commander of the 82nd Airborne, Brigadier General James Gavin, who confessed in a note to his young daughter, "I have tried to get some sleep this afternoon but to no avail." The impending jump likely would be "about the toughest thing we have tackled," added Gavin, whose exploits in Sicily were among the most storied in the Mediterranean. In his diary, he was more explicit: "Either this 82nd Division job will be the most glorious and spectacular episode in our history or it will be another Little Big Horn. There is no way to tell now. . . . It will be a very mean and nasty fight."

The prospect of "another Little Big Horn" gnawed at Eisenhower in these final hours. After watching British troops board their LCIs from South Parade Pier, in Portsmouth, he sat down to compose a contrite note of responsibility, just in case. "Our landings in the Cherbourg-Havre area have failed to gain a satisfactory foothold and I have withdrawn the troops," he wrote. "If any blame or fault attaches to the attempt it is mine alone." Misdating the paper July 5—symptomatic of exhaustion and anxiety—he slipped it into his wallet, for use as needed.

Just after 6 PM, Eisenhower climbed into his Cadillac. Leading a three-car convoy, he rolled north for 90 minutes on narrow roads clogged with military trucks. "It's very hard really to look a soldier in the eye when you fear that you are sending him to his death," he told his driver, Kay Summersby. At the Greenham Common airfield, in the Berkshire Downs, outside the eleventh-century town of Newbury, he strolled among the C-47s newly striped with white paint. Troopers with blackened faces and heads shaved or clipped Mohawk style wiggled into their parachute harnesses and sipped a final cup of coffee. "The trick is to keep moving. If you stop, if you start thinking, you lose your focus," Eisenhower told a young soldier from Kansas. "The idea, the perfect idea, is to keep moving."

When he returned to the manor house at his headquarters, in a royal preserve outside London, Eisenhower climbed to the roof to get a final glimpse of his men. "The light of battle was in their eyes," he would write George Marshall, the U.S. Army chief of staff. To Summersby, he confessed, "I hope to God I know what I'm doing."

Red and green navigation lights twinkled across the downs as the sun set at 10:06 PM. Singing voices drifted in the gloaming—"Give me some men who are stout-hearted men / Who will fight for the right they adore"—punctuated by a guttural roar from paratroopers holding their knives aloft in homicidal resolve. Into the airplane bays they heaved themselves, with a helpful shove from behind. Many knelt on the floor to rest their cumbersome gear and chutes on a seat, faces bathed by the soft glow of cigarette embers and red cabin lights. "Give me guts," one trooper prayed. "Give me guts." Engines coughed and caught, the feathered propellers popping as crew chiefs slammed the doors. "Flap your wings, you big-assed bird!" a soldier yelled.

From the west, the last gleam of a dying day glinted off the aluminum fuselages. "Stay, light," a young soldier murmured, "stay on forever, and we'll never get to Normandy."

The light faded and was gone. Deep into the English Channel, 59 darkened convoys went to battle stations as they pushed past the parallel rows of dim buoys: red to starboard, white to port. "This is like trying to slip into a room where everyone is asleep," an officer on the USS *Quincy* observed.

Small craft struggled in the wind and chop. "Men sick, waves washed over deck," an LCT log recorded. "Stove went out, nothing to eat, explosives wet and could not be dried out." Short seas snapped tow ropes, flooded engine rooms, and sloshed through troop compartments. Some helmsmen held their wheels 30 degrees off true to keep course. Several heaving vessels blinked a one-word message: "Seasick. Seasick. Seasick."

Down the ten channels they plunged, two designated for each of the five forces steaming toward the five beaches to which planners had given the code names Utah, Omaha, Gold, Juno, and Sword. Wakes braided and rebraided. The amber orb of a full moon rose through a thinning overcast off the port bow, and the sea sang as swells slipped along every hull bound for a better world. Hallelujah, sang the sea. Hallelujah. Hallelujah.

The Coming Arctic Boom

As the Ice Melts, the Region Heats Up

Scott Borgerson

The ice was never supposed to melt this quickly. Although climate scientists have known for some time that global warming was shrinking the percentage of the Arctic Ocean that was frozen over, few predicted so fast a thaw. In 2007, the Intergovernmental Panel on Climate Change estimated that Arctic summers would become ice free beginning in 2070. Yet more recent satellite observations have moved that date to somewhere around 2035, and even more sophisticated simulations in 2012 moved the date up to 2020. Sure enough, by the end of last summer, the portion of the Arctic Ocean covered by ice had been reduced to its smallest size since record keeping began in 1979, shrinking by 350,000 square miles (an area equal to the size of Venezuela) since the previous summer. All told, in just the past three decades, Arctic sea ice has lost half its area and three quarters of its volume.

It's not just the ocean that is warming. In 2012, Greenland logged its hottest summer in 170 years, and its ice sheet experienced more than four times as much surface melting as it had during an average year over the previous three decades. That same year, eight of the ten permafrost-monitoring sites in northern Alaska registered their highest-ever temperatures, and the remaining two tied record highs. Hockey arenas in northern Canada have even begun installing refrigeration systems to keep their rinks from melting.

Not surprisingly, these changes are throwing the region's fragile ecosystems into chaos. While tens of thousands of walruses, robbed of their ice floes, are coming ashore in northwest Alaska, subarctic flora and fauna are migrating northward. Frozen tundras are starting to revert

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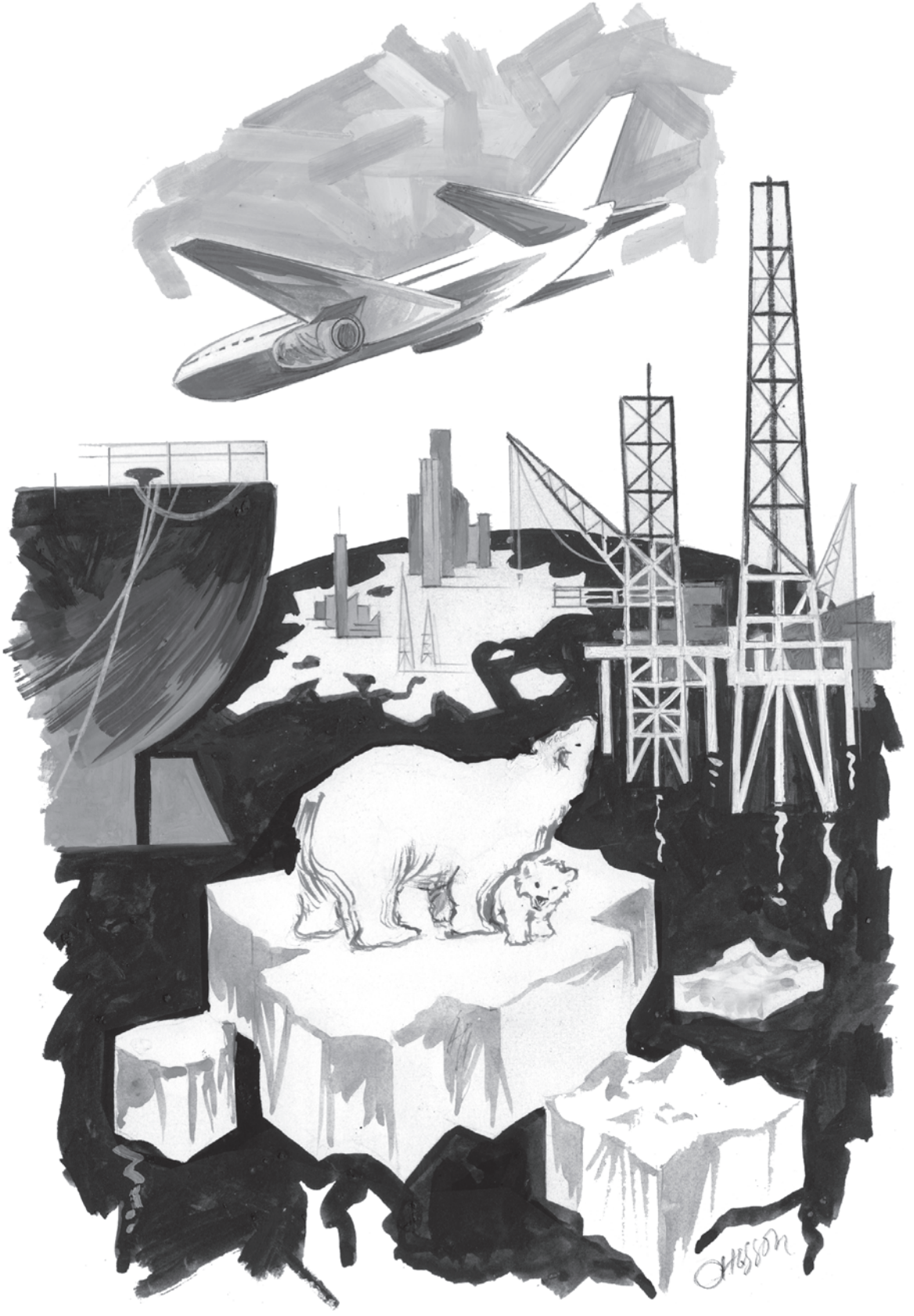

to the swamplands they were 50 million years ago, and storms churning newly open waters are eroding shores and sending the homes of indigenous populations tumbling into the sea.

No matter what one thinks should be done about global warming, the fact is, it's happening. And it's not all bad. In the Arctic, it is turning what has traditionally been an impassible body of water ringed by remote wilderness into something dramatically different: an emerging epicenter of industry and trade akin to the Mediterranean Sea. The region's melting ice and thawing frontier are yielding access to troves of natural resources, including nearly a quarter of the world's estimated undiscovered oil and gas and massive deposits of valuable minerals. Since summertime Arctic sea routes save thousands of miles during a journey between the Pacific Ocean and the Atlantic Ocean, the Arctic also stands to become a central passageway for global maritime transportation, just as it already is for aviation.

Anchorage and Reykjavik could someday become the high-latitude equivalents of Singapore and Dubai.

Part of the reason the Arctic holds so much promise has to do with the governments surrounding it. Most have relatively healthy fiscal balance sheets and, with the exception of Russia, predictable laws that make it easy to do business and democratic values that promote peaceful relations. The Arctic countries have also begun making remarkably concerted efforts to cooperate, rather than fight, as the region opens up, settling old boundary disputes peacefully and letting international law guide their behavior. Thanks to good governance and good geography, such cities as Anchorage and Reykjavik could someday become major shipping centers and financial capitals—the high-latitude equivalents of Singapore and Dubai.

Of course, while Arctic warming is a fait accompli, it should not be taken as a license to recklessly plunder a sensitive environment. If developed responsibly, however, the Arctic's bounty could be of enormous benefit to the region's inhabitants and to the economies that surround it. That's why all the Arctic countries need to continue their cooperation and get to work establishing a shared vision of sustainable development, and why the United States in particular needs to start treating the region as an economic and foreign policy priority, as China is. Like it or not, the Arctic is open for business,

and governments and investors have every reason to get in on the ground floor.

MUCH ADO ABOUT NOTHING

Just a half decade ago, the scramble for the Arctic looked as if it would play out quite differently. In 2007, Russia planted its flag on the North Pole's sea floor, and in the years that followed, other states also jockeyed for position, ramping up their naval patrols and staking out ambitious sovereignty claims. Many observers—including me—predicted that without some sort of comprehensive set of regulations, the race for resources would inevitably end in conflict. "The Arctic powers are fast approaching diplomatic gridlock," I wrote in these pages in 2008, "and that could eventually lead to . . . armed brinkmanship."

But a funny thing happened on the way to Arctic anarchy. Rather than harden positions, the possibility of increased tensions has spurred the countries concerned to work out their differences peacefully. A shared interest in profit has trumped the instinct to compete over territory. Proving the pessimists wrong, the Arctic countries have given up on saber rattling and engaged in various impressive feats of cooperation. States have used the 1982 UN Convention on the Law of the Sea (UNCLOS)—even though the United States never ratified it—as a legal basis for settling maritime boundary disputes and enacting safety standards for commercial shipping. And in 2008, the five states with Arctic coasts—Canada, Denmark, Norway, Russia, and the United States—issued the Ilulissat Declaration, in which they promised to settle their overlapping claims in an orderly manner and expressed their support for UNCLOS and the Arctic Council, the two international institutions most relevant to the region.

The Arctic powers have kept that promise. In 2010, Russia and Norway settled their long-running maritime boundary disagreement near the Svalbard Islands, and Canada and Denmark are now exploring a proposal to split Hans Island, an uninhabited rock they disputed for decades. In 2011, the Arctic countries signed a search-and-rescue agreement brokered under the auspices of the Arctic Council; this past April, they began working on an agreement to regulate commercial fishing; and this summer, they are finalizing plans for jointly responding to oil spills. Some Arctic countries are even sharing one another's icebreakers to map the seabed as part of a process, established under UNCLOS, to demarcate their extended continental shelves. Although some

sticking points remain—Ottawa and Washington, for instance, have yet to agree on whether the Northwest Passage constitutes a series of international straits or Canadian internal waters and where exactly their maritime boundary in the Beaufort Sea lies—the thorniest differences have been settled, and most that remain involve areas far offshore and concern the least economically relevant parts of the Arctic.

None of this cooperation required a single new overarching legal framework. Instead, states have created a patchwork of bilateral and multilateral agreements, emanating from the Arctic Council and anchored firmly in UNCLOS. By reaching an enduring modus vivendi, the Arctic powers have set the stage for a long-lasting regional boom.

A REGION OF RICHES

Most cartographic depictions conceal the Arctic's physical vastness. Alaska, which U.S. maps usually relegate to a box off the coast of California, is actually two and a half times as large as Texas and has more coastline than the lower 48 states combined. Greenland is larger than all of western Europe. The area inside the Arctic Circle contains eight percent of the earth's surface and 15 percent of its land.

It also includes massive oil and gas deposits—the main reason the region is so economically promising. Located primarily in western Siberia and Alaska's Prudhoe Bay, the Arctic's oil and gas fields account for 10.5 percent of global oil production and 25.5 percent of global gas production. And those numbers could soon jump. Initial estimates suggest that the Arctic may be home to an estimated 22 percent of the world's undiscovered conventional oil and gas deposits, according to the U.S. Geological Survey. These riches have become newly accessible and attractive, thanks to retreating sea ice, a lengthening summer drilling season, and new exploration technologies.

Private companies are already moving in. Despite high extraction costs and regulatory hurdles, Shell has invested $5 billion to look for oil in Alaska's Chukchi Sea, and the Scottish company Cairn Energy has invested $1 billion do the same off the coast of Greenland. Gazprom and Rosneft are planning to invest many billions of dollars more to develop the Russian Arctic, where the state-owned companies are partnering with ConocoPhillips, ExxonMobil, Eni, and Statoil to tap remote reserves in Siberia. The fracking boom may eventually exert downward pressure on oil prices, but it hasn't changed the fact that the Arctic contains tens of billions of barrels of conventional oil that will

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one day contribute to a greater global supply. Moreover, that boom has also reached the Arctic. Oil fracking exploration has already begun in northern Alaska, and this past spring, Shell and Gazprom signed a major deal to develop shale oil in the Russian Arctic.

Then there are the minerals. Now, longer summers are providing additional time to prospect mineral deposits, and retreating sea ice is opening deep-water ports for their export. The Arctic is already home to the world's most productive zinc mine, Red Dog, in northern Alaska, and its most productive nickel mine, in Norilsk, in northern Russia. Thanks mostly to Russia, the Arctic produces 40 percent of the world's palladium, 20 percent of its diamonds, 15 percent of its platinum, 11 percent of its cobalt, ten percent of its nickel, nine percent of its tungsten, and eight percent of its zinc. Alaska has more than 150 prospective deposits of rare-earth elements, and if the state were its own country, it would rank in the top ten in global reserves for many of these minerals. And all these assets are just the beginning. The Arctic has only begun to be surveyed. Once the digging starts, there is every reason to expect that, as often happens, even greater quantities of riches will be uncovered.

As the sea ice melts, once-fabled shipping shortcuts are becoming a reality.

The coming Arctic boom will involve more than just mining and drilling. The region's Boreal forests of spruces, pines, and firs account for eight percent of the earth's total wood reserves, and its waters already produce ten percent of the world's total fishing catch. Converted tankers may someday ship clean water from Alaskan glaciers to southern Asia and Africa.

The Arctic's unique geography is an asset unto itself. Viewed from the top of the globe, the region sits at the crossroads of the world's most productive economies; Icelandair has started offering circumpolar service between Reykjavik, Anchorage, and St. Petersburg, and planned underwater telecommunications cables will link Northeast Asia, the northeastern United States, and Europe. The Arctic's high latitudes make the region a good place to expand existing ground stations for satellites in polar orbits. With some of the world's most powerful tides, the Arctic has spectacular hydropower potential, and its geology holds tremendous capacity for geothermal energy, as evidenced by Iceland's geothermal-powered aluminum smelting industry. Cool temperatures also make the Arctic an attractive place to construct

data-storage centers, like the one Facebook is building in northern Sweden. A vault dug into the cool bedrock of the Svalbard Islands stores hundreds of thousands of plant seeds for preservation.

As the sea ice melts, once-fabled shipping shortcuts are becoming a reality. The Northwest Passage, which runs through the Canadian archipelago, remains choked with ice. But in 2010, for the first time in recorded history, commercial vessels—four of them—sailed from northwestern Europe to Northeast Asia via the Northern Sea Route, which passes through the Arctic Ocean above Eurasia. That number jumped to 34 in 2011 and to 46 during last year's Arctic summer. Although the Northern Sea Route has a long way to go before it siphons off a meaningful portion of traffic from the Suez and Panama Canals, it is no longer just a mariner's fantasy; it is an increasingly viable seaway for tankers looking to shave thousands of nautical miles off the traditional routes that go through the Strait of Malacca and the Strait of Gibraltar. It also provides a new export channel for warming farmlands and emerging mines along Russia's northern coast, where some of the country's largest rivers empty into the Arctic Ocean. Recognizing the route's promise, the Russian Ministry of Transport recently established a Northern Sea Route office in Moscow to handle shipping permits, monitor marine weather, and install new navigational aides along the passage. As the sea ice melts further, a route passing directly over the North Pole and avoiding the Russian coast altogether will also open.

FISCALLY FIT

Of course, natural resources and favorable geography alone aren't enough to make a region economically viable: just consider the Middle East. But the Arctic has much more going for it. For one thing, most of the countries with territory above the Arctic Circle are in relatively good fiscal shape. Denmark, Norway, Finland, and Sweden all have debt-to-GDP ratios under 54 percent, and Russia's is just 12 percent. Although the United States holds 75 percent of its GDP in debt, it has so far been shielded from high interest rates due to the dollar's role as a global currency reserve, and Alaska, for its part, runs budget surpluses and has earned a AAA credit rating from Standard & Poor's. At 84 percent, Canada's debt-to-GDP ratio is higher, but the country is exceedingly stable, with the World Economic Forum in 2012 ranking the Canadian banking system as the soundest in the world for the fifth consecutive year. Iceland is still grappling with the fallout from the 2008 collapse of its financial system, but it is recovering

Economic Opportunity in the Arctic

SOURCES: National Snow and Ice Data Center, U.S. Geological Survey, and NATO.

at record speed. In 2012, the country's GDP rose by 2.7 percent and unemployment declined to 5.6 percent. The general fiscal health of the Arctic countries means the region boasts an attractive environment for private capital, especially in comparison with other resource-rich frontiers.

Several Arctic countries possess sizable sovereign wealth funds, financed by royalties from their oil and gas production, resources that they can use to help finance infrastructure projects to stimulate development in the region. At more than $700 billion, Norway's sovereign

wealth fund is the world's largest. Russia's National Welfare Fund stands at $175 billion. Alaska's Permanent Fund is worth $45 billion and allows the state to charge no income taxes; it even hands out an annual dividend to every resident. If governments think strategically, these reserves could fund the transportation and energy skeletons around which the Arctic's growing economy could mature.

With the glaring exception of Russia, the Arctic countries also boast predictable legal systems and clear regulations that are conducive to investment. The United States, Denmark, Norway, Iceland, Finland, Sweden, and Canada all rank in the top 20 on the World Bank's Ease of Doing Business Index. Thanks to the legal certainty provided by strong state institutions, these countries have little trouble attracting foreign capital; unlike with other frontier economies, investors can be pretty confident that the North American and Nordic governments will not nationalize private assets, demand kickbacks, or issue arbitrary court rulings.

BOUNTY HUNTING

No region so rich in resources, both real and man-made, can avoid attracting the attention of China for long. Indeed, right on cue, Beijing has begun a concerted effort to make inroads in the Arctic—especially in Iceland and its semiautonomous neighbor, Greenland—with far-reaching geopolitical implications. In May, the Arctic Council granted observer status to China, along with India, Italy, Japan, Singapore, and South Korea.

China sees Iceland as a strategic gateway to the region, which is why Premier Wen Jiabao made an official visit there last year (before heading to Copenhagen to discuss Greenland). China's state-owned shipping company is eyeing a long-term lease in Reykjavik, and the Chinese billionaire Huang Nubo has been trying for years to develop a 100-square-mile plot of land on the north of the island. In April, Iceland signed a free-trade deal with China, making it the first European country to do so. Whereas the United States closed its Cold War–era military base in Iceland in 2006, China is expanding its presence there, constructing the largest embassy by far in the country, sending in a constant stream of businesspeople, and dispatching its official icebreaker, the *Xue Long*, or "Snow Dragon," to dock in Reykjavik last August.

Greenland's main attraction, meanwhile, lies underground. In addition to iron ore and oil, the island sits on top of massive deposits of rare-earth elements, the global supply of which China dominates.

Greenland may be home to fewer than 60,000 people, but the island has hosted a number of Asian delegations over the past few years. Last September, then South Korean President Lee Myung-bak came to attend the signing of an agreement between a South Korean state-owned mining company and a Greenlandic one. He was preceded by China's then minister of land and resources, Xu Shaoshi, who was also there to sign cooperation agreements. So far, these joint ventures have mostly been exploratory in nature, but they may soon yield megaprojects that feed resource-hungry markets in Asia.

Ever since Denmark granted it home rule in 1979, Greenland has been moving down the path to full autonomy, and in 2009, it gained control over its judicial system and natural resources. The local government has used that freedom to strike up commercial relationships with China, South Korea, and other countries. If foreign investment on the island continues at its current pace, local revenues could someday displace the $600 million annual subsidy that Greenland receives from Copenhagen, which could enable Greenland to demand political independence. Voters on the island endorsed this trajectory in March, when the pro-development Siumut Party won a plurality in Greenland's parliament. While equatorial microstates may soon disappear into the rising sea, Greenland might well become the first country born from climate change.

Meanwhile, the Arctic countries have been investing in their own icy backyards. Russia has led the way with enthusiastic presidential leadership and a number of state programs committed to spurring infrastructure investment along its northern coast. In Canada, the governments of the Yukon Territory, the Northwest Territories, Nunavut, and Quebec have established development offices to attract investment. In May, when Canada assumed the chairmanship of the Arctic Council, it appointed the head of its Northern Economic Development Agency as the country's senior Arctic official, instructing him to steer an Arctic Council policy of "development for the people of the north." For years, Norwegian companies have been launching joint ventures with their Russian counterparts to develop oil and gas projects around the Barents Sea. Alaska, meanwhile, has enacted pro-growth policies, such as lowering oil and gas taxes and selling more leases on state lands.

Yet Juneau has struggled in the face of obstructionism on the part of the federal government, which has kept federal lands closed and forces developers to navigate a burdensome permitting process and endure unending regulatory uncertainty. At this point, Alaska's lead-

ers would prefer that the federal government just get out of the way. Washington's unhelpful attitude epitomizes its generally passive Arctic policy. While the rest of the world has already awoken to the region's growing importance, the United States still seems fast asleep, leaving the playing field open to more competitive rivals.

ARCTIC AWAKENING

The good news is that it's not too late to play catch-up. The first and most obvious place for the United States to start is to finally join the 164 other countries that have acceded to UNCLOS. Ironically, Washington had a hand in drafting the original treaty, but Senate Republicans, making misguided arguments about the supposed threat the treaty poses to U.S. sovereignty, have managed to block its ratification for decades. The result has been real harm to the national interest.

UNCLOS allows countries to claim exclusive jurisdiction over the portions of their continental shelves that extend beyond the 200-nautical-mile exclusive economic zones prescribed by the treaty. In the United States' case, this means that the country would gain special rights over an extra 350,000 square miles of ocean—an area roughly half the size of the entire Louisiana Purchase. Because the country is not a party to UNCLOS, however, its claims to the extended continental shelf in the Beaufort and Chukchi seas (and elsewhere) cannot be recognized by other states, and the lack of a clear legal title has discouraged private firms from exploring for oil and gas or mining the deep seabed. The failure to ratify UNCLOS has also relegated the United States to the back row when it comes to establishing new rules for the Arctic. Just as traffic through the Bering Strait is growing, Washington lacks the best tool to influence regulations governing sea-lanes and protecting fisheries and sensitive habitats. The treaty also enshrines the international legal principle of freedom of navigation, which the U.S. Navy relies on to project power globally.

No wonder everyone from the head of the U.S. Chamber of Commerce to the president of the Natural Resources Defense Council to the chairman of the Joint Chiefs of Staff (along with every living secretary of state) has argued that the United States should ratify UNCLOS. It is far past time for the Senate to follow their advice. Skeptical Senate Republicans have stood in the way of ratification, arguing that the treaty would place limits on U.S. sovereignty. But that argument is a red herring, since the United States already follows all of the treaty's guidelines anyway, and ratifying it would in fact give

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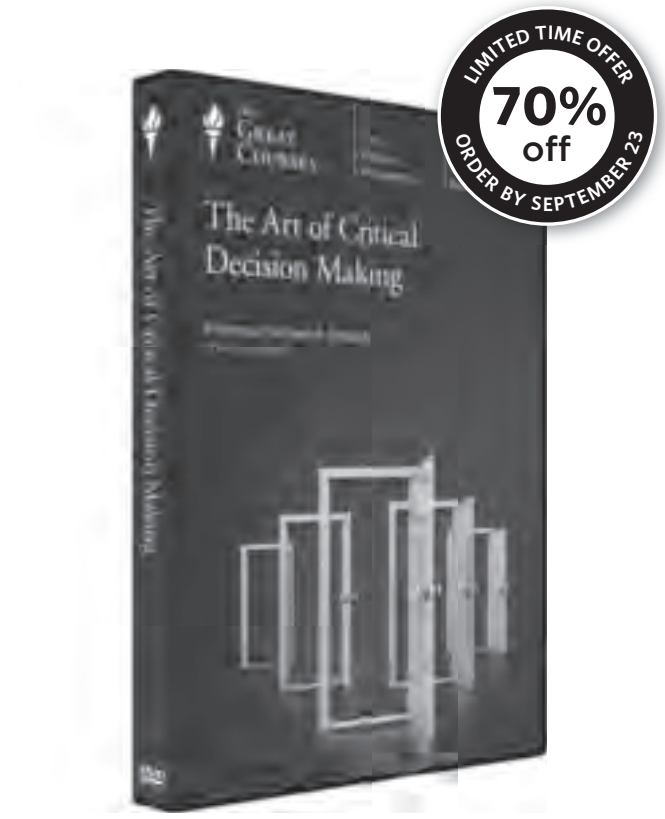

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Washington new rights and greater influence. There are probably enough votes from moderate Republicans for the treaty to pass, if the president decided to make ratification a priority.

More broadly, Washington needs to continue developing a coherent approach to the Arctic, as other countries have already done. This May, the White House published the *National Strategy for the Arctic Region*. The document is a promising start, and it goes a long way toward updating the thin National Security Presidential Directive that the George W. Bush administration issued in 2009. In devising the strategy, the Obama administration deserves credit for reaching out to the Alaskan government, and especially to indigenous populations, whose voice and experience are critical. But the United States is late to the game, and there is still much work to be done in thinking through a national approach to the Arctic and developing the capabilities to project power there.

The rest of the world has already awoken to the region, but the United States still seems fast asleep.

For starters, the United States needs to increase its presence in the Arctic. That, in turn, will require building icebreakers, since none of the U.S. Navy's current surface ships are powerful enough to navigate in the Arctic. Here again, the United States lags behind its Arctic neighbors: Russia owns 30 icebreakers, some of them nuclear-powered, and Canada has 13. Even South Korea and China, which lack Arctic coastlines, own new icebreakers. The U.S. Coast Guard has only three: one is inoperative, one was commissioned in 1976 and is on its last legs, and one is more of a floating research lab than a military tool.

Yet even if Congress appropriated the money to build icebreakers tomorrow, due to the Merchant Marine Act of 1920 (also known as the Jones Act), which requires ships traveling between U.S. ports to be built in the United States, the Coast Guard estimates that it would take a decade for the United States' moribund shipyards to construct a single new vessel—by which time the Arctic summer sea ice would likely have already disappeared. Congress should relax this protectionist law to allow the Coast Guard and the navy to procure foreign-built ships or lease privately built American ones, at a fraction of the cost.

The United States also has no Arctic deep-water port, no military aviation facility in the region, and no comprehensive network for monitoring Arctic shipping, which would prove especially useful in the Bering Strait, the 55-mile-wide chokepoint between the Pacific and

Arctic oceans. The federal government should build on the real progress that Alaska has made in these areas on its own over the last few years. Washington need not spend as much as it did building the canals, bridges, dams, and roads that opened up the American West, but some minimum investments would help the United States compete in the region.

Finally, the United States needs to reinvigorate its Arctic diplomacy. Following in the footsteps of other countries in the region (as well as Japan and Singapore), it should appoint a high-level diplomat as an Arctic ambassador to represent U.S. interests in such forums as the Arctic Council. By dispatching junior diplomats to Arctic meetings where other countries are represented by their foreign ministers, as Washington sometimes does, the United States sends a clear message: that the region doesn't matter. In May, Secretary of State John Kerry attended an Arctic Council meeting, just as Secretary of State Hillary Clinton had done before him, and the practice should continue. To remind Americans that they live in an Arctic nation, President Barack Obama should highlight the Arctic in an address to Congress, the way Canadian Prime Minister Stephen Harper and Russian President Vladimir Putin have done before their legislatures.

More engagement could even improve U.S.-Russian relations. According to the 1867 treaty by which the Russian empire sold Alaska to the United States, the two countries were "desirous of strengthening, if possible, the good understanding which exists between them," and then U.S. Secretary of State William Seward hoped the purchase would do just that. Good relations have eluded the United States and Russia for many of the decades that followed, but today, the Arctic could become the source of the cooperation that Seward foresaw. In the Bering Sea, Russia and the United States possess common objectives, and there is ample room for cooperation on policing foreign fishing fleets, responding to oil spills, and aiding navigation.

A NEW KIND OF DEVELOPMENT

Climate change is transforming the Arctic from a geopolitical afterthought into an epic bounty ripe for this century's entrepreneurs. Countries should continue their commitment to the peaceful course they have charted there so far. But policymakers need to get serious about establishing a shared vision of how to harness the Arctic's resources. Economic development need not mean environmental disaster. Indeed, the opening up of the Arctic offers a once-in-a-lifetime opportunity to develop a frontier economy sustainably.

For such an approach to catch on, countries will have to strike the right balance between environmentalism and exploitation. One way to blend capitalism with conservationism is to value nature as a form of capital and price the environment into development decisions, as programs that manage fisheries by allocating catch shares have done and as programs that protect forests by creating tradable securities have done, too. For this tactic to work in the Arctic, there needs to be a full accounting of the available resources, which is why it is so important for governments, nongovernmental organizations, and others to conduct a comprehensive census of the region's natural resources and biological diversity. As better scientific baselines are established, governments can make informed decisions about development, balancing the risks to this sensitive environment with their other economic and national security priorities. The goal should be to find a middle ground between the environmental activists who want to immediately turn the Arctic into a nature preserve and the "Drill, baby, drill!" crowd, which prizes resource exploitation above all else.

In Alaska, this means allowing oil and gas projects to proceed on a case-by-case basis but using some of the profits to create a more diversified economy. Otherwise, the state risks becoming just another petrocolony laid low by the resource curse. Alaska should invest its considerable wealth in its underdeveloped university system, finance ambitious infrastructure projects, and create policies that attract talented immigrants and encourage them to start new businesses, such as renewable energy ventures. The model to follow is Norway, which took advantage of an oil windfall to fund a progressive state and kick-start its renewable energy sector. Such an approach would be deeply Alaskan, too, consistent with the state constitution's order that Alaska "encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest."

The Arctic presents an extraordinary opportunity to rewrite the rules of the game for developing a frontier economy. But the time to start doing so is now, before a Deepwater Horizon–like oil spill stains the Arctic and its appeal. With the Arctic heating up faster than many predicted, it is a matter of not if but when the summer sea ice will be gone and the region will open up to widespread development. If managed correctly, the Arctic could be both a carefully protected environment and a major driver of economic growth—with enormous benefits for both outsiders and the inhabitants of this prime real estate.

Syria's Collapse

And How Washington Can Stop It

Andrew J. Tabler

Syria is melting down. The ruling regime's attempt to shoot its way out of the largest uprising it has ever faced has killed over 80,000 people and displaced roughly half of Syria's population of 22 million. If the current monthly death tolls of around 6,000 keep up, Syria will by August hit a grim milestone: 100,000 killed, a number that it took almost twice as long to reach in Bosnia in the early 1990s. This a full two years after U.S. President Barack Obama pronounced that President Bashar al-Assad needed to "step aside."

Comparisons to the Balkans do not suffice to describe the crisis in Syria, however. The real danger is that the country could soon end up looking more like Somalia, where a bloody two-decade-long civil war has torn apart the state and created a sanctuary for criminals and terrorists. Syria has already effectively fractured into three barely contiguous areas. In each, U.S.-designated terrorist organizations are now ascendant. The regime still holds sway in western Syria, the part of the country dominated by the Alawite minority, to which the Assad family belongs; and fighters from Hezbollah, a Shiite Islamist group backed by Iran, regularly cross the increasingly meaningless Lebanese border to join Assad's forces there. Meanwhile, a heavily Sunni Arab north-central region has come under the control of a diverse assortment of armed opposition groups. These include Jabhat al-Nusra (also known as the al-Nusra Front), an al Qaeda affiliate, which recently hoisted its black flag over Syria's largest dam on the Euphrates. In the Kurdish north, a local offshoot of the militant Kurdistan Workers' Party, or PKK, which has fought a long guerrilla war against the Turkish government, operates freely.

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Look closer, and the picture gets worse. The conflict, whose daily death toll is now above those at the height of the Iraq war, in 2007, is rapidly spilling over into neighboring countries. The Zaatari refugee camp in Jordan has become that country's fourth-largest city (population: 180,000), stretching the Hashemite kingdom's resources and threatening the stability of its northern provinces. Lebanese Sunnis and Shiites, no strangers to sectarian tensions, are fighting each other across the Bekaa Valley in Syria, and Syria-related altercations occasionally break out within Lebanon. The fact that Lebanon, a country where Palestinian refugee camps are synonymous with misery and militancy, is even contemplating building camps for Syrian refugees is itself a sign of how bad things have gotten. And lest it be unclear how this affects the United States, al Qaeda in Iraq, a terrorist organization that Washington sacrificed an enormous amount of blood and money trying to defeat, has found a welcome home in Syria, announcing in April that it was joining forces with Jabhat al-Nusra to form the Islamic State of Iraq and the Levant.

The fact that the Assad regime has reportedly dipped into its stockpile of chemical weapons—the region's largest—has moved the crisis up several spots on the White House's list of urgent problems. Although public opinion polls suggest that Americans are wary of intervention, avoiding the problem looks less and less feasible, as the situation in Syria shifts from a mostly contained humanitarian catastrophe to a strategic disaster for the United States and its regional allies. A country in a region that is home to 65 percent of the world's proven oil reserves and 40 percent of its natural gas is on the verge of becoming a lawless haven for terrorists where dangerous weapons are on the loose.

Like it or not, the question the Obama administration now faces is not whether to do more to help resolve the conflict but when, how, and at what cost. Las Vegas rules do not apply to Syria: what happens there will not stay there. The massive refugee crisis and the threat that dangerous weapons could fall into the hands of terrorists—jihadists and Kurdish separatists alike—directly threaten the security of Washington's allies in Iraq, Israel, Jordan, and Turkey. The meltdown of the Syrian state is empowering terrorist groups and could ultimately give them the freedom to plan international attacks, as the chaos of Afghanistan in the 1990s did for al Qaeda. As complex as the Syrian crisis has become, one thing is clear: the longer it lasts, the greater the threat it poses and the harder it becomes for the United States to do anything about it.

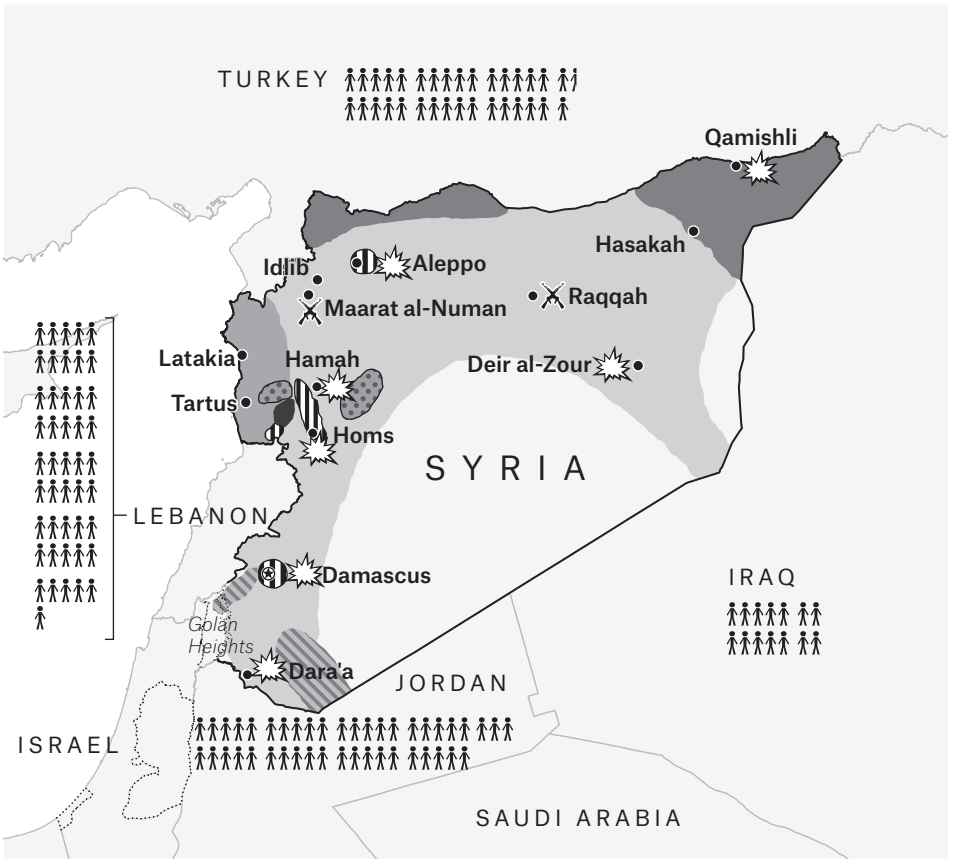
To stop Syria's meltdown and contain its mushrooming threats, the United States needs a new approach, one that starts with a partial military intervention aimed at pushing all sides to the negotiating table. The only way Washington can resolve the crisis is by working with the people "within Syria," as the Obama administration refers to the domestic opposition, instead of without them, that is, at the UN Security Council.

THE COST OF INACTION

The White House's approach to the Syrian crisis so far has been top-down, relying on diplomacy to get Assad out of the way and create the space for a peaceful transition to democracy. But simply pushing the sides to reach a viable political settlement has become less and less likely to succeed. International diplomatic mediation has failed mostly because Washington and Moscow disagree about what the transition should look like. Whereas the Americans demand that Assad and his cronies must leave Syria, Russia insists that he, or at least the regime, stay in place. To this end, Moscow has vetoed three Security Council resolutions on Syria that were sponsored by the United States or its allies and watered down or stymied countless others. Although the two countries recently announced plans to hold an international conference to deal with the crisis, the chances that it will bear fruit are exceeding low given the ambiguity over what the end result of any negotiations among the warring parties would be, the lack of urgency on the part of both the regime and the opposition to come to a power-sharing agreement, and Moscow's and Washington's inability to bring the sides to the table.

In the meantime, Washington has sought Damascus' diplomatic isolation; imposed a raft of oil, trade, and financial sanctions targeting the regime; helped organize a number of hopelessly divided and exiled political opposition groups into the National Coalition for Syrian Revolutionary and Opposition Forces; reached out to civilian activists in Syria; and offered $760 million in humanitarian assistance to Syrian civilians. Fearing that American weapons could find their way into the hands of extremists, the United States has more or less ignored the armed opposition, which effectively replaced the civilian activists at the vanguard of the effort to topple Assad more than a year and a half ago and already controls large swaths of territory in the country. Washington's hesitation has led many armed groups to seek support elsewhere—including from private Salafi and jihadist funders in Kuwait, Libya, Qatar, and Saudi Arabia.

The Syrian Conflict and Its Spillover



SOURCES: Institute for the Study of War, the UN Refugee Agency, and Political Geography Now.
NOTE: Information on refugee numbers and control of cities is as of May 2013.

The Obama administration has sent a trickle of nonlethal assistance, such as medicine and nearly expired ready-to-eat meals, to the rebel Supreme Military Council, an armed partner of the National Coalition. But this paltry aid will neither force the downfall of the regime nor earn Washington the loyalty of the opposition. Although the White House announced in April, with great fanfare, that it would send bulletproof vests and night-vision goggles to certain vetted armed groups, it appears

that this will be too little, too late to win over most of those fighting to oust Assad. Each week, protesters in certain areas regularly berate the United States, and Obama in particular, for doing little for the Syrians in their hour of need. One such demonstration, in Kafr Nabl last April, featured a protest banner asking Obama whether he needed a third term to decide what to do about Syria, and if so, if any Syrians would still be alive then. Since those now aiming shots at the regime will soon call the shots where regime forces give way, Washington should take their growing resentment seriously.

The one thing that Obama has indicated might lead the United States to step in militarily, of course, is Assad's use of chemical weapons. But even here, Washington has vacillated, betraying a deep aversion to getting involved. Obama's redline on chemical weapons has shifted over time. At first, it included any "movement or use" of such weapons. Then, last November, it narrowed to include only their use, after U.S. intelligence detected that the regime had loaded sarin gas into bombs. Then, in late April, the administration seemed to suggest it would act only to stop the "systematic use" of chemical weapons and only when their use could be verified beyond a shadow of a doubt (a tall order, given that Washington cannot itself directly gather the samples needed for such certainty).

The U.S. government says it wants to force Assad from power and check the rise of the extremists in the opposition. But its current approach is furthering neither objective. If Washington keeps pursuing a UN-mediated settlement with Russia while allowing the conflict to deteriorate, Moscow will lose its ability to bring the regime to the table for talks on a real transition of power. As the bitter sectarian war continues, the regime's supporters and the Alawites will have more reasons to fear one day living under Sunni rule and will see a carved-out ministate as preferable to a political settlement—and thus resist any negotiations. Meanwhile, the United States will have lost whatever diplomatic leverage it might once have had over the opposition forces, who increasingly feel that the Americans abandoned them in their hour of need.

A BETTER WAY FORWARD

Neither the war-weary American public nor the Syrian opposition wants to see a full-scale U.S. land invasion to topple Assad and install a U.S.-backed government; both fear that a massive intervention would

mean a repeat of Iraq. But that doesn't mean the United States lacks options. Washington should pursue a measured but assertive course, one aimed at preventing Assad from freely using his most lethal weapons, establishing safe areas for civilians on Syria's borders, and supporting vetted elements of the armed and civilian opposition with weapons, intelligence, humanitarian aid, and reconstruction assistance. The end goal (as opposed to the starting point, as the Obama administration now favors) should be negotiations, led by the UN or another party, that lead to the departure of Assad and his entourage and the reunification of the country. If the United States wants a Syria that is united, stable, and eventually more democratic—and perhaps no longer allied with Iran—this is the least bad way to get there.

The United States should start by deterring the regime from using its most lethal tools, namely surface-to-surface missiles and chemical weapons. Such deterrence will require taking out the bombs filled with sarin gas that, according to *The New York Times*, were placed last year "near or on" Syrian air bases. Destroying those bombs would allow Washington to signal to Assad that preparing to use his advanced weapons will carry a cost. This would likely reduce the death toll and give Syrian civilians caught up in the fighting fewer reasons to flee their homes, thus helping stem the refugee crisis. If Assad nonetheless decided to up the ante, Washington should launch pinpoint air, missile, or, possibly, drone strikes to destroy or render useless his remaining stockpiles of chemical weapons and the missiles that could deliver them. (Of course, the U.S. military would have to take extra care to avoid harming civilians with nearby chemical explosions.) Should the U.S. military fail to locate or destroy Assad's most dangerous weapons, or deem it too risky to try, it could instead hit Syrian command-and-control facilities.

Las Vegas rules do not apply to Syria: what happens there will not stay there.

Second, to protect Syrians in opposition-controlled territory from attacks by the regime's Scud missiles and fixed-wing aircraft, the United States should establish 50- to 80-mile-deep safe areas within Syria along its borders with Jordan and Turkey. Critics of intervention often cast the idea of creating a no-fly zone in Syria as too risky for the U.S. pilots and planes that would be involved. But a limited approach focused on border regions would be less perilous, since the regime's planes and missiles could be shot down using Patriot missile batteries based in Jordan

and Turkey or by aircraft flying there. And the safe areas would still allow civilians to take shelter from Assad's onslaught, keep refugees from flooding into neighboring countries, and enable the international community to funnel in humanitarian aid on a scale that local nongovernmental organizations cannot match. Carving out these safe areas would also necessitate U.S. air or missile strikes on nearby artillery—Assad's tool of choice for killing civilians and a possible method of delivering chemical weapons—and air defense systems. But these, too, could be conducted from over the border.

To be sure, the United States could not protect the safe areas from ground assaults by Assad's forces. But by eliminating the threat of death from above, whether from missiles or aircraft, a remote no-fly zone could give the rebels in these areas a fighting chance and the space they needed to safeguard civilians on the ground. Similarly, this over-the-border approach would not be as effective in preventing civilian casualties as sending U.S. aircraft over Syria, but it would carry substantially fewer risks of U.S. planes being shot down by Syrian antiaircraft batteries. If the conflict markedly worsened or the regime began using its chemical weapons wholesale against the opposition, Washington would also be able to expand the safe areas toward the center of the country and create a larger no-fly zone. But both the limited, remote option and an expanded no-fly zone could be constrained by the introduction of sophisticated Russian S-300 antiaircraft missile systems, which reportedly could be operational in Syria as early as August—another reminder of the costs of waiting.

Only by getting involved can the United States shape the opposition and support its moderate forces.

Third, Washington needs to work directly with opposition forces on the ground in Syria (as opposed to just those outside it) to push back the government's forces, deliver humanitarian assistance, and, most important, check the growing influence of Islamic extremists. This should include the provision of arms to vetted armed groups on a trial-and-error basis, with Washington monitoring how the battalions use the intelligence, supplies, and arms they receive. The initial aid should be funneled through non-Salafi figures in the Supreme Military Council, such as Colonel Abdul-Jabbar Akidi, head of Aleppo's Revolutionary Military Council and of the armaments committee of the Supreme Military Council's Northern Front. (It was through Akidi that the United States recently channeled its nonlethal assistance,

including the bulletproof vests.) At the same time, Washington should encourage members of the National Coalition to enter liberated areas and work together with the armed groups and local councils to build a new viable political leadership on the ground based on local elections.

None of this work would require American boots on the ground in an offensive capacity, but it could involve Americans wearing other types of footwear. The United States should immediately establish secure offices in southern Turkey and northern Jordan as centers devoted to working with the Syrian opposition, adding to the discussions that are currently taking place between Washington and some rebels via Skype and through periodic visits of U.S. officials to the border. As soon as their safety can be reasonably well assured, U.S. diplomats and intelligence officers should be sent into the safe areas that the United States has established in Syria, with protection, to meet directly with civilian and armed opposition members, activists, and relief workers. Establishing close relationships with players in Syria would free the United States from having to work through Qatar, Saudi Arabia, and Turkey, which have in the past directed assistance into the wrong hands; Saudi-purchased Croatian arms, for example, were seen earlier this year in the possession of Jabhat al-Nusra. A more direct approach would, admittedly, put some American lives at risk, so every possible security precaution would need to be taken to avoid an attack along the lines of the 2012 assault in Benghazi that killed Christopher Stevens, the U.S. ambassador to Libya.

Still, establishing a presence on the ground would be worth the risks, allowing the United States to work directly with Syrian armed groups to contain the Assad regime and ultimately influence the character of the opposition. One way to exert such influence would be to condition assistance on the opposition groups' political orientations and their respect for civilian leadership and human rights. The United States should also try to influence Syrian politics on the local level to prevent the total collapse of governance in rebel-held territories. Once the opposition fully liberates an area, Washington should require elections to select a civilian leadership. This process would help avoid chaos as the regime crumbles and expose local attitudes and sympathies, allowing U.S. officials to assess the influence of various extremist groups.

Those who oppose increasing U.S. aid to the opposition tend to point to its uglier elements, particularly to fighters affiliated with al Qaeda.

But only by getting involved can the United States shape the opposition and support its moderate forces. Although anti-Americanism is growing among the rebels, there is still time for a ground-up strategy to win back their trust. This could be achieved through backing the more liberal, secular, and nationalist battalions and isolating—and possibly launching drone strikes against—those extremist forces that refuse to accept civilian authority during the transition.

With U.S. help, there are good reasons to believe that moderates within the opposition can prevail. At its core, the Syrian revolution is a nationalist one. Of the three main currents in the opposition—secularists, moderate Islamists (including those in the Muslim Brotherhood), and Salafists—the first two are more nationalist in orientation; their goals are more political than religious, and their agendas do not extend beyond Syria. Several Salafi and extremist groups, such as Jabhat al-Nusra, have transnational goals, such as the creation of an Islamic state or caliphate beyond Syria's current borders. The main reason such groups have come to play such a big role in the opposition is that the anti-Assad forces have had to turn to the Gulf states for weapons and money—and the sources there have favored the Salafists, which according to some estimates account for up to a quarter of all the opposition fighters. The United States could earn the influence it seeks by providing intelligence, military training, and weapons of its own.

By tipping the balance on the ground toward the opposition, Washington can convince the regime—or at least its patrons in Moscow—that the conflict will not end by force alone.

Another factor that will likely check the influence of radicals in the opposition is the diversity of Syria's Sunni community and the country's historic tolerance of minorities. Syria's Sunnis, who make up the majority of the opposition, have long identified with their region or tribe rather than their religion. Whereas Salafists have been able to win some support in the religiously conservative northwest, Damascene Sunnis are more moderate, in keeping with their city's mercantile culture. In the south and the east, affiliations with large families and tribes, even those that stretch into Iraq, tend to matter the most. What this means is that religiously motivated atrocities against minorities throughout Syria are not inevitable and that the Sunnis will need to

learn to work with one another as much as with non-Sunnis. To be sure, the prominent role of the Alawites in the regime's campaign could lead to retribution in areas where Assad's forces retreat. But so far, there have been remarkably few cases of opposition forces killing minority civilians en masse. A more active United States could help keep it this way, including by insisting that the opposition follow certain rules of conduct in order to receive U.S. assistance.

Finally, after stepping up its involvement, Washington should seek talks between the regime and moderate opposition forces, sponsored by either the UN or, given the UN's poor track record, another party, such as Switzerland or Norway. The timing of such talks, which would need to come on the heels of a cease-fire, would largely be dependent on the course of the war and on when Russia and the United States could arrive at a common vision for the transition and an understanding of how to get to that point. Only by raising the costs of diplomatic intransigence for both the Syrian government and Russia, with a clear show of U.S. support for the opposition, is Washington likely to persuade the Kremlin to play a constructive role in the conflict's endgame. By tipping the balance on the ground toward the opposition, Washington could convince the regime—or at least its patrons in Moscow—that the conflict will not end by force alone. What is more, such increased U.S. support for the opposition would give the Americans more leverage to bring the rebels to the negotiating table.

At first, any talks would have to focus on getting Assad, his security chiefs, and his top generals to step down and leave the country. The ultimate goal would be the reunification of the country within a democratic and decentralized structure that recognized regional differences. Ideally, Syria's current division into 14 provinces would be maintained. But in areas of the country that are less ethnically homogeneous, such as the province of Homs, the provinces might have to be split along the lines of *manatiq* (counties) or *nahawi* (townships). Despite such changes, maintaining the provinces as the building blocks of a democratic system would emphasize regionalism over sectarian identities, encouraging all Syrians to work together toward regional and, eventually, national reconciliation.

Solidifying this order would require Washington to get Qatar, Saudi Arabia, and Turkey to cut off support to their clients in Syria, such as the Muslim Brotherhood and Salafi groups, in favor of local and regional elected representatives. These countries will no doubt be tempted to

continue backing their preferred political fronts in Syria, but Washington should push them to recognize that this approach has failed to bring about Assad's downfall and has allowed for the proliferation of dangerous nonstate actors. The United States now has an opportunity to play the role that these countries have asked it to play from day one of the crisis: to lead a coalition to get rid of the Assad regime and take Syria out of Iran's orbit. In return, Washington should make clear that it expects their cooperation.

STOPPING THE BLEEDING

Taking these steps would help Washington constrain Assad's behavior, address a pressing humanitarian crisis, shape the fragmented Syrian opposition, and keep the conflict from spilling out of Syria's borders. It would also give the United States an opportunity to prevent the division of Syria—a short-term inevitability—from becoming a permanent reality. Keeping Syria whole is necessary to prevent its dangerous weapons and its problems, which will no doubt persist for some time, from affecting neighboring countries. A prolonged sectarian civil war risks becoming a broader proxy fight between Iran and the Sunni powers, which would devastate the region as a whole.

Much of what Washington envisages in Syria may not go according to plan. American bullets could find their way into Salafi Kalashnikovs, and American radios could fall into the hands of those preaching hatred. Violence and massacres could delay or prevent elections in some areas. And the conflict could remain a stalemate for years to come, with no side gaining the decisive upper hand. The United States' commitment to any one facet of this plan should not be open ended, and Washington will need to continually evaluate how well it is meeting its objectives.

Despite the many risks, it is important that the United States continue to help parts of the Syrian opposition on the ground take power—and not attempt to give power to those in exile who promise much but can in fact deliver little. Given the degree of Syria's meltdown and the country's strategic importance, standing idly by is the worst option. Establishing a stronger relationship with the opposition is what will best allow the United States to shape an outcome among the warring parties that suits its interests and those of its allies and provides a better future for the Syrian people.

Cuba After Communism

The Economic Reforms That Are Transforming the Island

Julia E. Sweig and Michael J. Bustamante

At first glance, Cuba's basic political and economic structures appear as durable as the midcentury American cars still roaming its streets. The Communist Party remains in power, the state dominates the economy, and murals depicting the face of the long-dead revolutionary Che Guevara still appear on city walls. Predictions that the island would undergo a rapid transformation in the manner of China or Vietnam, let alone the former Soviet bloc, have routinely proved to be bunk. But Cuba does look much different today than it did ten or 20 years ago, or even as recently as 2006, when severe illness compelled Fidel Castro, the country's longtime president, to step aside. Far from treading water, Cuba has entered a new era, the features of which defy easy classification or comparison to transitions elsewhere.

Three years ago, Castro caused a media firestorm by quipping to an American journalist that "the Cuban model doesn't even work for us anymore." Tacitly embracing this assessment, Fidel's brother Raúl Castro, the current president, is leading a gradual but, for Cuba, ultimately radical overhaul of the relationship between the state, the individual, and society, all without cutting the socialist umbilical cord. So far, this unsettled state of affairs lacks complete definition or a convincing label. "Actualization of the Cuban social and economic model," the Communist Party's preferred euphemism, oversells the degree of ideological cohesion while smoothing over the implications for society and politics. For now, the emerging Cuba might best be characterized as a public-private hybrid in which multiple forms of

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production, property ownership, and investment, in addition to a slimmer welfare state and greater personal freedom, will coexist with military-run state companies in strategic sectors of the economy and continued one-party rule.

A new migration law, taking effect this year, provides a telling example of Cuba's ongoing reforms. Until recently, the Cuban government required its citizens to request official permission before traveling abroad, and doctors, scientists, athletes, and other professionals faced additional obstacles. The state still regulates the exit and entry of professional athletes and security officials and reserves the right to deny anyone a passport for reasons of national security. But the new migration law eliminates the need for "white cards," as the expensive and unpopular exit permits were known; gives those who left the country illegally, such as defectors and rafters, permission to visit or possibly repatriate; and expands from 11 months to two years the period of time Cubans can legally reside abroad without the risk of losing their bank accounts, homes, and businesses on the island.

This new moment in Cuba has arrived not with a bang but rather on the heels of a series of cumulative measures—most prominent among them agricultural reform, the formalization of a progressive tax code, and the government's highly publicized efforts to begin shrinking the size of state payrolls by allowing for a greater number of small businesses. The beginnings of private credit, real estate, and wholesale markets promise to further Cuba's evolution. Still, Cuba does not appear poised to adopt the Chinese or Vietnamese blueprint for market liberalization anytime soon. Cuba's unique demographic, geographic, and economic realities—particularly the island's aging population of 11 million, its proximity to the United States, and its combination of advanced human capital and dilapidated physical infrastructure—set Cuba apart from other countries that have moved away from communism. It is perhaps unsurprising, then, that Cuba's ongoing changes do not resemble the rapid transition scenario envisioned in the 1996 Helms-Burton legislation, which conditioned the removal of the U.S. embargo on multiparty elections and the restitution of private property that was nationalized in the 1960s. In this respect, Washington remains more frozen in time than Havana.

Cuba's reforms might appear frustratingly slow, inconsistent, and insufficient to address its citizens' economic difficulties and desires for greater political participation. This lack of swiftness, however, should not be taken as a sign that the government has simply dug in its heels

or is ignoring the political stakes. The response of Cuban leaders to their country's vexing long-term challenges has involved strategic thinking and considerable debate. Indeed, the next few years will be crucial. As the 53-year-old Miguel Díaz-Canel, the current vice president and Castro's newly designated successor, recently noted, Cuba has made "progress on the issues that are easiest to solve," but "what is left are the more important choices that will be decisive in the development of [the] country."

Those fundamental dilemmas include the following: How can Cuba attract and manage the foreign investment it urgently needs while preserving its hard-fought sovereignty? How much inequality will the island's citizens tolerate in exchange for higher productivity and greater opportunities? And even if the Communist Party manages to take a step back from day-to-day governance, as Castro insists it must, how will Cuba's leaders address the long-simmering pressures for greater transparency, public accountability, and democratic participation? If the recent past is prelude, Cuba will likely continue on its gradual path toward a more open, pluralistic society, while preserving its foreign policy independence.

REFORM WITH CUBAN CHARACTERISTICS

From the moment he assumed provisional power in 2006, Raúl Castro has spoken bluntly about Cuba's predicament. "We reform, or we sink," he declared in a characteristically short and pointed 2010 national address. Even as Havana sticks to its central political conviction—namely, that the Communist Party remains the nation's best defense against more than a century of U.S. interference—terms such as "decentralization," "accountability," and "institutionalization" have become buzzwords, not taboos. Whereas in the 1990s, Havana was willing to permit only limited private enterprise as an emergency measure, the government now talks openly of ensuring that 50 percent of Cuba's GDP be in private hands within five years. Realistic or not, such ambitious goals would have been sacrilege less than ten years ago. Already, the representation of Cuban small-business owners in the country's National Assembly and their participation in the annual May Day parade offer evidence of changes under way.

The reforms have yielded several modest successes thus far. After facing sharp liquidity and balance-of-payments crises in the wake of the 2008 global financial meltdown, Cuba has succeeded in restoring a modicum of financial stability, resuming its debt payments, sharply cutting its

imports, and beginning the arduous task of reducing public expenditures. Several key strategic investments from international partners—most notably, the refurbishing of Mariel Harbor, with the aid of Brazilian capital, to transform it into a major container shipping port—are moving forward on schedule. Meanwhile, a new state financial accountability bureau has begun the hard task of weeding out endemic corruption.

Nevertheless, Cuba faces serious obstacles in its quest for greater economic vitality. Unlike China and Vietnam at the start of their reform efforts, Cuba is an underdeveloped country with developed-world problems. Not only is the population aging (18 percent of the population is over 60), but the country's economy is heavily tilted toward the services sector. When Vietnam began its *doi moi* (renovation) economic reforms in 1986, services accounted for about 33 percent of GDP, whereas the productive base represented nearly 67 percent. By contrast, services in Cuba make up close to 75 percent of the island's GDP—the result of 20-plus years of severe industrial decay and low rates of savings and investment. Service exports (mainly of health-care professionals), combined with tourism and remittances, constitute the country's primary defense against a sustained balance-of-payments deficit.

Cuba is an underdeveloped country with developed-world problems.

Cuban officials and economists recognize this structural weakness and have emphasized the need to boost exports and foster a more dynamic domestic market. Yet so far, the state has not been able to remedy the imbalance. In the sugar industry, once a mainstay, production continues to flounder despite a recent uptick in global prices and new Brazilian investment. Meanwhile, a corruption scandal and declining world prices have weakened the nickel industry, leading to the closing of one of the island's three processing facilities. More broadly, Cuban productivity remains anemic, and the country has been unable to capitalize on its highly educated work force.

Although important, the expansion of the small-business sector cannot resolve these core issues. There are now 181 legal categories for self-employment, but they are concentrated almost exclusively in the services sector, including proprietors of independent restaurants, food stands, and bed-and-breakfasts. Start-up funds are scarce, fees for required licenses are high, and some of the legal categories are

¡Adelante! A car for sale in Havana, February 2012

REUTERS / DESMOND BOYLAN

senselessly specific. It also remains unclear whether the chance to earn a legitimate profit will lure black-market enterprises out into the open.

No surprise, then, that the expansion of self-employment has not yet enabled the state to meet its targets for slimming down its bloated payrolls. In late 2010, Castro pledged to eliminate 500,000 state jobs in the first six months of 2011, with an eye to incorporating over 1.8 million workers (out of a total estimated work force of 5.3 million) into the private sector by 2015. But the government managed to eliminate only 137,000 positions that first year. Still, the reforms are making a serious impact. Small businesses currently employ some 400,000 citizens, an increase of 154 percent since the liberalization of self-employment began in October 2010. To spur further growth, moreover, authorities recently launched a wholesale company that will allow emerging enterprises to purchase supplies on the same terms as state-run companies, thus addressing a major complaint of business owners.

To supplement these gains, Cuba needs to continue rebuilding its productive capacities in core areas such as agriculture. Before Raúl Castro came to power, approximately 20 percent of the cultivable land in the country lay fallow and Cuba imported half its domestic food supply—a significant part of which came from the United States, under a 2000 exception to the trade embargo. To increase domestic

production, the state has handed over more than 3.7 million acres of land to private farmers, whose crops now account for 57 percent of the total food production in the country despite their occupying just under 25 percent of the arable land. Yet aggregate food-production levels in most basic categories still hover at or slightly below 2002 levels.

More promising is the investment to renovate Mariel Harbor, led by the Brazilian conglomerate Odebrecht, with backing from the Brazilian National Development Bank. Cuba is hoping to position itself as a major shipping hub in the Caribbean. Located between the Panama Canal and points in the United States and Europe, the enormous, deep-water port at Mariel is ideally situated to handle trade with the United States and beyond in a post-embargo world. In addition, four Brazilian pharmaceutical companies have signed on to produce medicines in the port's vicinity for direct export to Brazilian and other markets. Still, if the U.S. embargo remains in place, the long-term benefits of the Mariel investment will be limited.

The port project underscores some of the broader dilemmas constraining foreign investment in Cuba and the country's overall growth prospects. Havana designated Mariel as a special economic development zone—an area where foreign companies are given special incentives and prerogatives—in an effort to attract badly needed investment dollars. Cuban officials also aim to take advantage of the country's well-educated population and establish investment zones geared toward high-tech innovation and other high-value-added activities, such as biotechnology. Yet without links to local industries, such investment zones could become economic islands, providing employment to locals and income to the Cuban government but reduced multiplier effects.

It has been a long time since Cubans on the island and off could be neatly divided between anticommunists and pro-Castro revolutionaries.

The island's dual-currency system makes the challenge all the more difficult. A byproduct of the circulation of U.S. dollars in the 1990s—first in the black market, then legally—the Cuban convertible peso (CUC) today functions as the currency of the tourist sector and is required for the purchase of many consumer items. For common Cuban citizens, the value of the CUC is pegged to the dollar, with one CUC equal to 25 Cuban pesos (CUP), the currency in which most state workers are paid. Consequently, citizens who receive hard currency

from abroad or who earn money in CUC, such as workers who collect tips from foreign tourists, enjoy much higher incomes than workers who rely solely on salaries paid in CUP.

Even worse, the values of the CUC and the CUP are considered equal within and between state enterprises. This bizarre accounting practice helped insulate CUP prices from inflation during the depths of the economic crisis that followed the collapse of the Soviet Union, but today it makes it difficult for analysts and investors to estimate the real costs of doing business on the island or the value of state companies. Economists agree that the least disruptive way to move toward a single currency would be to gradually merge the two exchange rates in tandem with a steady rise in GDP and salaries overall. But in the meantime, the artificial one-to-one ratio within the state sector has the effect of overvaluing the CUP's international exchange rate and thus decreasing the competiveness of domestic goods. Paradoxically, the dual-currency regime protects imports at the expense of domestic production.

ISLAND HOPPING

Cuba's recent reform of its migration law neatly encapsulates a number of the possibilities, limits, and implications of Castro's larger agenda. Despite being both a sign of the state's willingness to make strategic decisions and arguably the most important reform to date, the new law also underscores the uphill battles that remain and illustrates the difficulty of managing optics and expectations. As with most issues in Cuban society, the line between politics and economics is entirely blurred.

Faced with an exodus of educated professionals and capital from the country after the revolution, the Cuban government began heavily regulating the movement of its citizens abroad in the early 1960s. In light of émigrés' direct involvement in attempts to unseat the Castro regime, often financed by the U.S. government, Havana treated migration as a matter of national security. For many years, those who succeeded in leaving, legally or illegally, had their property stripped by the state and could not, barring extraordinary exceptions, return home. Such restrictions left deep wounds.

Yet it has been a long time since Cubans on the island and off could be neatly divided between anticommunists and pro-Castro revolutionaries. Any visit to the Miami airport today attests to the strength of transnational ties; in peak season, over a hundred weekly charter flights carry Cubans and Cuban Americans between the two countries.

Such travel, allowed under some circumstances since the late 1970s, has expanded considerably since 2009, when U.S. President Barack Obama lifted restrictions on family visits. In 2012, upward of 400,000 Cubans in the United States visited the island. And this is to say nothing of the hundreds of thousands of Cuban emigrants living across Latin America, Canada, Europe, and beyond who also visit and support family at home.

Indeed, by making it easier for Cubans to travel, work abroad, and then return home, Cuba's new migration law is also meant to stimulate the economy. At an estimated $1 billion a year, remittances have been big business since the late 1990s, helping Cubans compensate for low salaries and take advantage of what few opportunities have existed for private enterprise. Now that the government has undertaken a wider expansion of the small-business sector, ties between the diaspora and the island are bringing an even greater payoff. Cubans abroad are already helping invest money in the window-front cafeterias, repair shops, and other small businesses popping up across the country. Some islanders are also sending their own money out of the country so that relatives can buy them consumer goods abroad.

Beyond redressing a deeply unpopular status quo, however, the new migration law has put the government in an awkward position. Assuming enough Cubans can afford the now reduced, but still comparatively high, fees associated with acquiring necessary travel documents, other countries—principally the United States—will need to continue receiving Cuban visitors and migrants in large numbers. Ironically, Havana has long criticized the special preferences granted to Cubans under U.S. immigration law for seeming to encourage and reward dangerous attempts to reach U.S. shores. Now, Cuba appears to benefit from such measures' remaining on the books—especially the one-year fast track to permanent residency established by the 1966 Cuban Adjustment Act. Under Cuba's expanded two-year allowance for legal residency abroad, the more than 20,000 Cubans emigrating legally to the United States each year will be able to acquire green cards without necessarily giving up their citizenship claims, homes, or businesses on the island.

Small-time diaspora capital may prove easier to regulate and rely on than funds from multinational corporations driven strictly by profits. Under the repatriation provisions of the island's new migration law, some Cubans may even retire to the island with their pensions and savings

after decades of working abroad. Yet opening the doors for more young citizens to leave could prove risky for a quickly aging, low-birthrate society that has been suffering from a brain drain for some time. Besides, along with remittance dollars, Cuba urgently needs both medium and large investors. Ultimately, only larger outlays can help fix Cuba's most fundamental economic problem: its depleted productive base. Castro appears to recognize that attracting foreign investment, decentralizing the government, and further expanding the private sector are the only ways to tackle this long-term predicament. The government is unlikely to proceed with anything but caution, however. Officials are wary of rocking the domestic political boat, and citizens and party leaders alike recoil from the prospect of more radical shock therapy. Rising public protests in China and Vietnam against inequality and rampant corruption have only reinforced the Cuban government's preference for gradualism.

Striking an adequate balance will be no easy task. In late 2012, Havana legalized the creation of transportation cooperatives—private, profit-sharing entities owned and manage by their members—to fix bottlenecks in agricultural distribution. Meanwhile, 100 state enterprises are now running their finances completely autonomously as part of a yearlong pilot program. The government is also reportedly considering ways to offer a wider array of potential foreign partners more advantageous terms for joint ventures. But the Communist Party is working through numerous contradictions—recognizing a place for market economics, challenging old biases against entrepreneurs, and hinting at decentralizing the budget while incongruously insisting, in the words of its official 2011 guidelines, that "central planning, and not the market, will take precedence."

EASING OFF THE DADDY STATE

Curtailing the state's economic role while preserving political continuity requires threading a delicate ideological needle. Although the government expects to continue providing Cubans with key social services, such as health care and education, party leaders have reprimanded the island's citizens for otherwise depending too heavily on what one prominent official a few years ago called the "daddy state." In the eyes of many Cubans, this is deeply ironic. Cuba's revolutionary founders, who built up a paternalistic state in the service of equality, are now calling for that state's partial dismantlement. What's more, most Cubans

already need to resort to the black market or assistance from family abroad to acquire many daily necessities.

That is not to say that the reforms have been conducted without popular input. In the run-up to the 2011 Sixth Congress of the Cuban Communist Party, the government convened an unprecedented series of assemblies across the country to hear citizens' grievances and proposals for change and to discuss Castro's agenda. Although multiparty elections are not on the horizon, this undertaking allowed for widespread and often contentious public debate, albeit within broadly "socialist" conceptual parameters. Despite defending one-party rule, Castro has also called on public officials to make themselves accessible to the state press, and he has asked the press, in turn, to drop its traditional triumphalism. In a similar vein, he has implored students to "debate fearlessly" and party members to "look each other in the eyes, disagree and argue, disagree even with what leaders say whenever [you] think there is reason to do so." More recently, Díaz-Canel publically mentioned the impossibility of prohibiting the diffusion of news via social media and the Internet—a sign that, for the government, the strategic benefit of facilitating wider Internet connectivity may well outweigh the usefulness of controlling access.

Debate in public among high-ranking Cuban officials remains rare, even if it is reportedly vigorous behind closed doors.

Reality has not yet caught up with this rhetoric. Debate in public among high-ranking Cuban officials remains rare, even if it is reportedly vigorous behind closed doors. Nor is it clear whether Cuba's National Assembly can become a more consequential, deliberative branch of government. Public statements perceived to impugn the Cuban Revolution's legitimacy remain taboo and are grounds for facing consequences in the workplace or even ostracism. Nevertheless, outside of high-level government bodies and the still largely anodyne daily press, diverse voices have pushed the terms of debate considerably in recent years, blurring the purportedly neat line dividing "revolutionary" and "counterrevolutionary" positions.

International attention tends to focus on Cuba's small, self-identified dissident community, particularly a newer cast of digitally savvy activists and bloggers. Yet in a country where the Internet remains an expensive, highly regulated commodity, perhaps the most interesting, potentially

consequential debates are transpiring among academics, artists, independent filmmakers, former officials, and lay religious leaders, particularly from the Catholic Church, whose websites, journals, and public forums are more accessible to the island's population. In general, these actors do not propose a radical break with all of the revolution's legacies, symbols, and narratives. They also maintain their distance from foreign, especially U.S. and Cuban American, financial support, which marks many dissidents as "mercenaries" in the eyes of the Cuban state. Yet they do so more out of political conviction than strategic calculus, refusing to accept the purported choice between towing the party line at home and collaborating with transition schemes concocted abroad.

Recently, a small group of Catholic moderates and reformist Marxists, brought together under the auspices of a church-sponsored cultural center, circulated a series of straightforward proposals for political reform online. These included allowing direct, competitive elections for all of Cuba's major leadership positions (albeit with all the candidates coming from one party), unrestricted access to the Internet, freer media, more effective separation of powers in the government, and greater use of plebiscites on major government decisions. The proposals have provoked opposition from some defenders of the status quo while generating substantial support, interest, and debate among academics on the island.

Yet despite the unprecedented scope of these discussions, it is hard to predict whether they will produce much concrete change in the short term. Presently, they do not seem to be having much impact on the public, which pays less attention to them than do the orthodox keepers of the revolutionary faith. The explanation for ordinary Cubans' disengagement has as much to do with apathy, inertia, self-preservation, and the material demands they face every day as it does with limited access to information and a curtailed right of assembly. After all, substantial numbers of Cubans watch Miami television stations via pirated recordings or illicit satellite hookups, yet they have so far proved no more likely to take to the streets than their neighbors who lack such access. Since the 1960s, the primary means for those disaffected or unsatisfied at home to register their opinion has been to emigrate—particularly to the United States, given the multiple incentives for Cubans built into U.S. immigration law. As long as this pattern continues, Havana will have the political space to continue its reforms "without pause, but without haste," in Castro's formulation.

THE LAST ICICLE OF THE COLD WAR

As the migration issue shows, Cuba's economic and political predicaments cannot be appreciated in isolation from its international context. The U.S. embargo remains a formidable obstacle to the island's long-term economic prosperity, and it casts a long shadow over Cuban domestic politics. In the case of Vietnam, it was only after the lifting of the U.S. embargo in 1994 that the economy began to transform in earnest. Given Cuba's proximity to the United States and its relatively low labor costs, a similar shift in U.S. law could have a profound impact on the island.

In January, U.S. Secretary of State John Kerry opened his confirmation hearing by celebrating his close collaboration with Senator John McCain (R-Ariz.) in overcoming the legacy of war in order to restore U.S. relations with Vietnam. Yet both Kerry and Obama still seem to defer to the outdated conventional wisdom on Cuba, according to which Washington cannot change its failed policy so long as Cuban Americans in Congress continue to oppose doing so. Reality, however, is already changing. These legislators' constituents have started voting with their feet and checkbooks, traveling to the island and sending remittances to family there as never before. Several wealthy Cuban Americans, moreover, are now talking directly with Havana about large-scale future investments. As a Democrat who won nearly half of Florida's Cuban American vote in 2012, Obama is in a better position than any of his predecessors to begin charting an end to the United States' 50-year-long embargo.

The geopolitical context in Latin America provides another reason the U.S. government should make a serious shift on Cuba. For five years now, Obama has ignored Latin America's unanimous disapproval of Washington's position on Cuba. Rather than perpetuate Havana's diplomatic isolation, U.S. policy embodies the imperial pretensions of a bygone era, contributing to Washington's own marginalization. Virtually all countries in the region have refused to attend another Summit of the Americas meeting if Cuba is not at the table. Cuba, in turn, currently chairs the new Community of Latin American and Caribbean States, which excludes Washington. The Obama administration has begun laying out what could become a serious second-term agenda for Latin America focused on energy, jobs, social inclusion, and deepening integration in the Americas. But the symbolism of Cuba across the region is such that the White House can definitively lead

U.S.–Latin American relations out of the Cold War and into the twenty-first century only by shifting its Cuba policy.

To make such a shift, however, Washington must move past its assumption that Havana prefers an adversarial relationship with the United States. Raúl Castro has shown that he is not his brother and has availed himself of numerous channels, public and private, to communicate to Washington that he is ready to talk. This does not mean that he or his successors are prepared to compromise on Cuba's internal politics; indeed, what Castro is willing to put on the table remains unclear. But his government's decisions to release more than 120 political prisoners in 2010 and 2011 and allow a number of dissident bloggers and activists to travel abroad this year were presumably meant to help set the stage for potential talks with the United States.

Meanwhile, the death of Hugo Chávez, the former Venezuelan president, and the narrow margin in the election of his successor, Nicolás Maduro, have made it clear that Havana has reasons of its own to chart a path forward with the United States. In the last decade or so, Cuba came to depend on Venezuela for large supplies of subsidized oil, in exchange for a sizable brigade of Cuban doctors staffing the Chávez government's social programs. Political uncertainty in Caracas offers a potent reminder of the hazards of relying too heavily on any one partner. Havana is already beginning to branch out. In addition to financing the refurbishing of Mariel Harbor, the Brazilians have extended a line of credit to renovate and expand five airports across the island and have recently signed a deal to hire 6,000 Cuban doctors to fill shortages in Brazil's rural health coverage. Even so, in the long run, the United States remains a vital natural market for Cuban products and services.

Of course, as the 1990s proved, even a huge financial setback may not be enough to drive Havana to Washington's door. Half a century of U.S. economic warfare has conditioned Cuban bureaucrats and party cadres to link openness at home or toward the United States with a threat to Cuba's independence. Some hard-liners might prefer muddling through with the status quo to the uncertainty that could come from a wider opening of their country.

The best way to change such attitudes, however, would be for Washington to take the initiative in establishing a new diplomatic and economic modus vivendi with Havana. In the short term, the two countries have numerous practical problems to solve together, including

environmental and security challenges, as well as the fate of high-profile nationals serving time in U.S. and Cuban prisons. Most of the policy steps Obama should take at this stage—removing Cuba from the list of state sponsors of terrorism, eliminating obstacles for all Americans to travel there, and licensing greater trade and investment—would not require congressional approval or any grand bargain with Havana. Although it might be politically awkward in the United States for a president to be seen as helping Castro, on the island, such measures would strengthen the case that Cuba can stand to become a more open, democratic society without succumbing to external pressure or subversion. Deeper commercial ties, moreover, could have repercussions beyond the economic realm, giving internal reformers more leeway and increasing support on the island for greater economic and political liberalization.

In 1991, Soviet President Mikhail Gorbachev stood beside U.S. Secretary of State James Baker in Moscow and announced that the Soviet Union would eliminate its multibillion-dollar annual subsidy to Cuba. CIA analysts and American pundits immediately began predicting the imminent demise of the Cuban Revolution and a quick capitalist restoration. More than 20 years have passed since then, Fidel Castro has retired, and 82-year-old Raúl Castro is now serving the first year of what he has said will be his final five-year term as president.

In 2018, when Díaz-Canel takes the reins, Cuba in all likelihood will continue to defy post–Cold War American fantasies even as it moves further away from its orthodox socialist past. For the remaining members of Cuba's founding revolutionary generation, such a delicate transformation provides a last opportunity to shape their legacy. For Cubans born after 1991, the coming years may offer a chance to begin leaving behind the state of prolonged ideological and economic limbo in which they were raised.

Obama, meanwhile, has a choice. He can opt for the path of least political resistance and allow the well-entrenched bureaucrats, national security ideologues, and pro-embargo voices in his own country to keep Cuba policy in a box, further alienating regional allies and perpetuating the siege mentality among Cuban officials. Or he can dare to be the president who finally extracts the United States from Cuba's internal debate and finds a way for Washington and Havana to work together. Both the Cuban people and U.S. national interests would benefit as a result.

The War of Law

How New International Law Undermines Democratic Sovereignty

Jon Kyl, Douglas J. Feith, and John Fonte

Rarely does the U.S. Senate reject a treaty. But on December 4, 2012, it did just that, blocking ratification of the UN Convention on the Rights of Persons With Disabilities. President Barack Obama had argued that by joining, the United States would "reaffirm America's position as the global leader on disability rights" and help inspire other countries to improve their treatment of the disabled. Skeptics asked why ratification would prove more inspirational than the U.S. domestic laws already on the books. When skeptics also warned of the effect on U.S. sovereignty, supporters stressed that the treaty imposed no burdensome requirements. That was a peculiar argument, for if the treaty lacks substance, then there is no point in ratifying it, and if it makes substantive demands on the parties, then the concerns about sovereignty are well founded.

What little news coverage the Senate vote did garner tended to describe the treaty's supporters as sympathetic to the disabled and its opponents as insensitive. Little light was shed on why any senator would appear to subordinate the interests of the disabled to an ideological abstraction such as sovereignty. But what sank the treaty was not heartlessness, nor was it any abstract quibble. Rather, opponents were worried about something practical and fundamental: whether U.S. laws should be made by politicians held accountable to Americans through the ballot box or by unaccountable officials in multinational organizations.

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If the treaty has a practical effect, it will be due in large part to interpretations made by foreign government officials and judges and by nongovernmental organizations, none answerable to American voters.

This is not to say that international agreements should never become part of domestic law. After all, the U.S. Constitution specifies that treaties, together with the Constitution itself and federal statutes, are "the supreme law of the land." But in some areas, the United States has no compelling interest in involving itself in other countries' debates, nor would it welcome interference in its own. Policy toward the disabled falls into this category, because assistance often involves expenditures, such as for cutting sidewalks to accommodate wheelchairs. Although the United States has proudly and properly led the way in promoting greater accessibility for the disabled, a sovereign country has the right to consider the relevant tradeoffs and come up with its own budget. It should not make a vague international legal commitment to a certain standard of care for the disabled and then be subject to outside complaints that it did not take more money away from, say, programs for feeding hungry children.

Transnationalist legal scholars effectively want to elevate global norms above the U.S. Constitution.

Nothing should stop the president from encouraging other countries to follow the United States' example on policy toward the disabled. But if he starts interpreting the disabilities convention as mandating what their laws should require as to wheelchair ramps and shower rails and how much they should spend on such items, then he is crossing the line into becoming an officious nuisance—and inviting others to meddle in U.S. affairs. If officials are going to make rules for Americans on such matters, those officials should be Americans, democratically accountable to voters. Given the recent history of international meddling of this kind, even when a treaty is non-self-executing (that is, its implementation requires the passage of a law), this is not merely a theoretical concern.

The debate about such treaties has heated up in the era of globalization as many policymakers have looked for international ways to solve problems traditionally addressed through domestic means. In the United States, some officials have favored a hands-off, "Fortress America" approach to such challenges, as if globalization could be

wished away. But isolationism has never been a serious option for protecting the country's security and prosperity.

Others have taken the opposite approach, embracing globalization in the name of transnationalism, the idea that growing interconnectedness should dissolve international boundaries. Like the isolationists, the transnationalists propound ideas at odds with the practical requirements of the real world and with basic American principles. National sovereignty, they contend, is growing increasingly problematic, impeding the achievement of multinational solutions to public policy problems. They argue that democratic and nondemocratic nations should share sovereignty and subordinate aspects of lawmaking to global legal regimes.

U.S. officials, however, can steer a course that avoids the shoals of neo-isolationism and the cataract of transnationalism. There is a way for the United States to deal with globalization and international law realistically and in accordance with American principles of democratic lawmaking and national sovereignty. This course reflects the conviction that the U.S. Constitution is up to the challenges of the twenty-first century, that the country's foundational concepts—the separation of powers, federalism, and representative democracy—remain sound. Globalization does not require the United States to set aside those ideas in favor of new, ostensibly more progressive notions of how to legislate.

THE TRANSNATIONALIST CHALLENGE

Transnationalists argue that in the interest of promoting "global governance," U.S. officials should bring the Constitution and American law into conformity with "global norms," thus effectively elevating those norms above the Constitution. They want the United States to adopt what they deem progressive rules—for example, gun control, the banning of the death penalty, and new laws of war. But they want to do so through judicial decisions, a method that allows them to circumvent resistant legislatures and effectively smuggle new restrictions into U.S. law.

As becomes clear from even a cursory reading of leading American law journals and official communiqués of the European Union, transnationalism is an influential school of thought in academic and official circles in the United States and throughout the developed world. A key proponent of the movement is Harold Koh, the former dean of Yale

Law School who served four years as the State Department's legal adviser in the Obama administration.

Koh has been a compelling advocate of what he calls "the transnational legal process," whereby "transnational private actors" blend domestic and international legal processes to incorporate or internalize so-called global legal norms into domestic law. "Key agents in promoting this process of internalization include transnational norm entrepreneurs, governmental norm sponsors, transnational issue networks, and interpretive communities," he wrote in a 2006 *Penn State International Law Review* article. "In this story, one of these agents triggers an interaction at the international level, works together with other agents of internalization to force an interpretation of the international legal norm in an interpretive forum, and then continues to work with those agents to persuade a resisting nation-state to internalize that interpretation into domestic law." In the same law journal article, Koh wrote about the way international law can be "downloaded" into U.S. law.

These ideas no doubt appeal to those who support the progressive policies at issue. But they are disrespectful toward the U.S. Constitution and dismissive of the idea that the American people should be able to elect—and eject—the officials who make their laws. The transnationalists challenge not merely the technicalities of lawmaking but the very essence of democratic accountability. Transnationalists do not have grandiose plans for one-world government, but they do want to give various rules the force of law without having to win majorities for those rules in democratically elected legislatures. This is not the way lawmaking is supposed to work under the U.S. Constitution.

Nor is the transnationalist school in line with traditional international law. For centuries, international law addressed relations among sovereign nations, not relations between a nation and its citizens or between a nation and the citizens of other countries. Since the 1990s, a new international law has emerged, incorporating aspects of transnational and supranational law. This view takes an innovative approach to what is known as customary international law, the slowly developing body of law that is induced from nations' long-standing and widespread practice—for example, refraining from harming ambassadors. Traditionally, a rule qualifies as customary international law if it meets two standards: first, numerous nations have adhered to it in practice over a long period of time, and second, the nations

adhered to it not for reasons of convenience or mere policy but out of a sense of legal obligation. As the legal scholars Curtis Bradley and Jack Goldsmith have pointed out, those two requirements mean that "international law was grounded in state consent." They cite a 1927 decision by the Permanent Court of International Justice that declared, "International law governs relations between independent states. The rules of law binding upon states therefore emanate from their own free will."

Transnationalists are attempting to change the meaning of "state practice." To make it easier to assert that a rule has become customary international law, they contend that the state-practice requirement can be satisfied with words—that is, by proof not that states have actually complied with the rule, let alone consistently, but that officials have merely spoken in favor of it. As the University of Virginia law professor Paul Stephan has noted, this view of customary international law holds that "state practice entails not the observable behavior of states, which is messy and often lawless, but rather what states assert as norms." "In other words," he writes, proponents of this view "mean not what states and their agents do, but rather what they say." Stephan observes that this kind of "new international law . . . embraces a system of formulating and imposing norms on state and individual behavior that operates outside of any publicly accountable institution." He rightly labels this approach "the antithesis of democracy."

A VERY REAL THREAT

This discussion of new approaches to international law may sound abstract, but the growing acceptance of transnational legal concepts has practical consequences. One has been the practice of courts targeting foreign officials for supposed wrongdoing. Using a 1994 law originally aimed at Rwanda's genocidaires, activists in Belgium filed war crimes charges in 2003 against former U.S. President George H. W. Bush, U.S. General Colin Powell, U.S. Vice President Dick Cheney, and retired U.S. General Norman Schwarzkopf, alleging that they killed civilians by ordering a missile attack on Baghdad during the Persian Gulf War. In 2005, a British court issued an arrest warrant for retired Israeli Major General Doron Almog as he arrived at Heathrow Airport, alleging war crimes committed against Palestinians in Gaza. On the advice of his embassy, Almog stayed on the plane and flew right back to Israel. In 2006, American

and German lawyers filed war crimes charges in Germany against U.S. Secretary of Defense Donald Rumsfeld, U.S. Attorney General Alberto Gonzales, and U.S. Lieutenant General Ricardo Sanchez. In 2011, a prominent member of the largest party in the Swiss parliament called for the arrest of Henry Kissinger if he visited the annual Bilderberg conference. All these instances reflect transnational legal theory's expansive view of jurisdiction and represent views that run counter to traditional interpretations of international law.

One UN committee criticized Slovenia for violating women's rights because only 30 percent of Slovenian children attended daycare; the others were apparently being raised at home.

The UN has taken advantage of transnational legal theory to lecture sovereign countries on the appropriateness of their behavior. In 2009, Philip Alston, then the UN's special rapporteur on extrajudicial killings, suggested that the Obama administration's use of drones in Afghanistan and Pakistan was violating international law, calling the White House's refusal to respond to the UN's concerns "untenable." The idea that a UN official can sit in judgment of the U.S. president on such a matter is a transnationalist innovation in international law.

Similarly, in 2002, the UN committee monitoring the UN Convention on the Rights of the Child found that the British government's budget priorities were at odds with the rights of children. The government of British Prime Minister Tony Blair was told to analyze its expenditures to "show the proportion spent on children" and then create a "permanent body with an adequate mandate and sufficient resources" to implement the UN convention in line with the views of the monitoring committee. In 1997, the UN committee monitoring the UN Convention on the Elimination of All Forms of Discrimination Against Women criticized Slovenia for violating women's rights because only 30 percent of Slovenian children attended daycare; the others were apparently being raised at home. That same year, the committee reproached Denmark because it "had yet to reach gender parity" in politics, "although it was at a higher level than other countries." In 2003, the committee praised Norway as a "haven for gender equality" in many areas of politics

and law but complained about "inequalities in economic decision making in the private sector." In response, Norway established a quota system that mandated that 40 percent of all corporate board members in the private sector be women, and *The New York Times* reported that Belgium, Germany, Sweden, and the United Kingdom were considering similar requirements.

As all these examples show, the ideas and approaches of the transnationalist school affect both foreign and domestic policy and reach deep into the private sphere of life. Fortunately, many of these initiatives have failed to achieve their aims. But the transnational law movement is creative, determined, and championed by prestigious figures. It has already altered the legal landscape and could inflict further harm on federalism and democratic accountability.

The progress transnational law has made in Europe has served as a cautionary tale, undoubtedly influencing the Senate's deliberations on the disabilities convention. The transnationalists achieved great influence there decades ago, as many Europeans now recognize to their regret, and contributed to the growth of intrusive yet unaccountable bureaucracy. As the British diplomat Robert Cooper has written, the EU represents "a highly developed system for mutual interference in each other's domestic affairs, right down to beer and sausages." In contemporary Europe, sovereignty is pooled, and a great deal of practical lawmaking has moved from democratically elected national legislatures to supranational judicial and administrative bodies. Indeed, today, more than half of all legislation in Europe is initiated by the unelected European Commission in Brussels—not by national parliaments. The EU has, as former German Foreign Minister Joschka Fischer put it in his famous Humboldt University speech in 2000, a "democratic deficit."

Europe developed its postnational administrative-judicial rule gradually, primarily through the transnational legal process. Over decades, the European Court of Justice established judicial supremacy over national parliaments and courts, thanks in large part to national judges who enforced the court's rulings against their own national parliaments. Such jurisprudence has earned the praise of Koh. "Domestic courts," he has written, "must play a key role in coordinating U.S. domestic constitutional rules with rules of foreign and international law."

A MADISONIAN RESPONSE

In *The Federalist Papers*, no. 46, James Madison compared the powers of the federal and state governments, noting that the power of both federal and state authorities ultimately derives from the consent of the American people. Thus, he wrote:

> Notwithstanding the different modes in which [federal and state governments] are appointed, we must consider both of them as substantially dependent on the great body of the citizens of the United States. . . . The federal and State governments are in fact but different agents and trustees of the people, constituted with different powers, and designed for different purposes. . . . The ultimate authority, wherever the derivative may be found, resides in the people alone.

Madison was articulating a basic concept of American constitutional democracy, and it is one that should guide the country's approach to international law and world politics today. By following that path, the United States could obtain the benefits of globalization while preserving its sovereignty and democracy.

In a Madisonian framework, federal courts cannot unilaterally decide which putative international laws should be domesticated to bind Americans at home. If U.S. judges or officials enforce new international laws, they are engaged in lawmaking, which is a legislative, not a judicial, function. If the people deem a law unwise, they can hold lawmakers accountable at the polls, a crucial check on power in a constitutional democracy. Not so with judges. Obviously, federal courts have a major role to play in interpreting international law, but there are often serious questions as to whether a rule or a norm supposedly qualifying as international law is really law and actually applies to the United States. Federal courts should not be the sole arbiters of such questions, and neither should executive-branch officials.

In *Taming Globalization*, the law professors John Yoo and Julian Ku argue that Americans should interpret international law in a manner consistent with the United States' constitutional framework, including the separation of powers, federalism, and popular sovereignty. The most crucial question in politics is always, who decides? When it comes to determining what constitutes binding international law, the answer should be officials accountable to the American people. As Alexander Hamilton noted, the people are the principal and the government is the agent.

But it is not only courts that can abuse their power by taking advantage of the murky concept of customary international law; the federal government's executive branch has done so, too, as a recent attempt to change the laws of war showed. In the 1970s, diplomats proposed amending the 1949 Geneva Conventions with Additional Protocol I. The protocol contains some good provisions, but it also creates some problems. Unlike the 1949 conventions, Protocol I would grant prisoner-of-war privileges to terrorists, even if they hid among civilian populations and waited until after an attack to reveal themselves. The provision would give terrorists a more favored status than conventional forces, and it would put civilians at greater risk, thus undermining a major purpose of the laws of war. In other words, Additional Protocol I creates new rules that contradict the humane provisions of traditional international law. That is why President Ronald Reagan declared that the United States would not ratify the protocol, a position supported by the Joint Chiefs of Staff, the secretaries of state and defense, and the editorial boards of both *The New York Times* and *The Washington Post*. To this day, the United States has not ratified the protocol.

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Nevertheless, the International Criminal Court cites the protocol as binding law. In a report released in 2000 on NATO's 1999 bombing campaign in Yugoslavia, Carla Del Ponte, the chief prosecutor for the International Criminal Tribunal for the Former Yugoslavia, acknowledged that the United States does not accept Additional Protocol I, but she nevertheless declared that it "provides the contemporary standard which must be used when attempting to determine the lawfulness of particular attacks." The report investigated a U.S. Air Force strike on a Belgrade television station and took NATO to task for its "apparent failure to provide clear advance warning of the attack, as required by Article 57(2) [of Additional Protocol I]."

What Del Ponte was saying, in effect, was that the United States was subject to the protocol as a global "contemporary standard" for the laws of war, even though the U.S. government has refused to become a party to it. If allowed to stand, this argument would deprive the United States of an important element of its sovereignty: the right to choose its treaties.

In March 2011, Secretary of State Hillary Clinton announced that the United States, "out of a sense of legal obligation," would adhere to Article 75 of Additional Protocol I, the part that deals with "fundamental guarantees" for unlawful combatants. Some portions of Article 75 are unobjectionable. But others—for example, the language granting rights to unlawful combatants to examine witnesses—are a problem, in some cases embodying ideas that Congress has considered and rejected. In effect, Clinton asserted that the State Department can deem parts of a treaty binding on the United States, presumably as customary international law, even if that treaty has never been ratified according to the U.S. Constitution, and even if the president has expressly rejected that treaty, as Reagan did with Additional Protocol I.

LEGISLATORS AND THE LAW

Congress can and should counter this affront to the Constitution. Under the circumstances, although it should not have to, it would do well to clarify that Additional Protocol I is not, in whole or in part, legally binding on the United States. More generally, new legislation could help ensure that there are authoritative, proper, and constitutional means in place to incorporate new norms or new customary international law into U.S. law.

Such legislation would not be easy to craft and enact. Whatever his or her political party, the president would likely oppose the effort, advised by executive-branch lawyers, who in every administration resist constraints on the president's ability to act in international affairs. Supporters of transnational legal theory can be expected to oppose it, too, because customary international law is a valuable vehicle for them. It is in their interest to argue that customary international law is the same thing as "the law of nations," which, since the earliest days of the Republic, the Supreme Court has accepted as applicable to the United States.

But the law of nations in the eighteenth century differs from what many of today's international lawyers think of as customary international law. When the United States was born, it lacked national legislation, so it made sense to accept in principle that the new country would abide by those long-established rules embraced universally by civilized nations. Such rules were confined to but a few fields (such as the treatment of diplomats, actions against pirates, and financial relations between states), and they tended to be general in nature, not detailed.

Nowadays, however, legal entrepreneurs contend that numerous rules, treaties, and norms, some highly detailed, qualify as customary international law, even though there are no established standards for how this is determined. There is no consensus on how long a rule must be in existence, the number of nations that must endorse it, whether the endorsement must take the form of actions or simply statements of support, or whether the endorsement must be made out of a sense of legal obligation or simply given as a expression of policy preference.

These are important questions, because depending on how they are answered, the president can make law without Congress by recognizing as customary international law any rules that have been popular abroad for a few decades. Congress should resolve these questions with legislation, but this will happen only if legislators with a Madisonian point of view find a way to obtain the support of at least some of their more progressive colleagues. In the absence of new legislation, the legal status of rules that officials or judges accept as customary international law will remain uncertain. And courts may view at least some disputes between the president and Congress about such rules as political questions not resolvable by the judiciary.

The United States has an interest in promoting respect for international law that strengthens, rather than undermines, its constitutional system. Indeed, Americans can benefit from international cooperation that is rooted in countries' widespread acceptance of useful rules of the road. But U.S. officials should adopt such rules, as they do with domestic legislation, through democratic processes. New rules should not be imposed by the executive branch through extraconstitutional machinations, and they should not be decreed by activist judges exploiting the democracy-unfriendly theories of the transnational legal movement.

In Defense of *Citizens United*

Why Campaign Finance Reform Threatens American Democracy

Glenn Hubbard and Tim Kane

Many Americans are troubled by the country's ongoing fiscal crisis, which is driven by endless annual budget deficits. These deficits are building up a mountain of gross national debt so large that it will eventually dwarf the country's GDP. Some place blame for this predicament on a suite of large entitlement programs that are inherently unsustainable. Others blame expensive wars abroad, paid for on the installment plan. And still others blame democracy itself, as a shortsighted public punishes representatives who try to bring tax and spending policies into balance. But they all miss the forest for the trees.

The underlying cause of the U.S. fiscal crisis lies deeper—in political dysfunction that began when Congress moved to control campaign expenditures through the Federal Election Campaign Act (FECA) of 1971. Much of the law was initially declared unconstitutional for violating the First Amendment, but Congress revised it in 1974, and the revised law governed elections for the following three and a half decades. No longer were candidates free to raise unlimited donations, nor were citizens' groups free to express their political opinions. In short, organized political discussion and activity were left largely in the hands of the news media and the two leading political parties.

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It is no accident that these changes in the rules of American politics coincided with increasing partisan alignment among members of Congress, nor that they coincided with the massive growth of entitlement commitments and fiscal deficits. The changes in campaign finance rules turned American politics into a classic case of monopolistic competition, in which the Democrats and Republicans' partisan duopoly was protected by government regulation that diminished innovative policy ideas, bipartisanship, and fiscal responsibility. Only the removal of official support for this duopoly can avert continuing U.S. decline. Luckily, such a course correction is already under way, thanks to the Supreme Court's landmark 2010 decision in *Citizens United*.

MONOPOLISTIC DEMOCRACY

At first glance, the gap between U.S. tax revenues and federal spending over time is a multitrillion-dollar math problem. But beneath the math problem lies a political problem. As the *Bloomberg View* columnist Clive Crook wrote in 2011, "The polarization of American politics is the proximate cause [of the ongoing budget deficit]. . . . Lately the ideological center in Congress has thinned, and the distance between the parties has widened. Compromise has come to be seen as surrender—and the U.S. government has all but come to a halt."

Americans dream of political leaders who make decisions beyond the narrow boundaries of their group, tribe, or party—what James Madison called "factions." The U.S. Constitution does not mention political parties, precisely because it was largely designed to prevent partisanship from overwhelming the country. Yet the existence of parties does not have to lead to poisonous political polarization, and in fact, U.S. parties have not historically been ideologically rigid. Even in recent decades, for example, Democrats and Republicans have often been mixed together on both sides of votes on various issues, including defense, taxation, and trade. Democrats have tended to favor higher government expenditures and taxes, while Republicans generally have preferred free trade, but these have not been absolute positions, and individual legislators have often crossed party lines. In the 1950s and 1960s, only a few legislators identified themselves with the extreme right or the extreme left, and the parties in those years were understood as loose coalitions of a diversity of interests. Indeed, General Dwight Eisenhower was offered the presidential nomination by both the Democrats and the Republicans, a notion almost inconceivable

today. Eisenhower's nonideological attitude was reflective of the times, expressed when he said, "I despise people who go to the gutter on either the right or the left and hurl rocks at those in the center."

Since 1974, however, overlap in the center of federal politics has melted away. The trends are documented in Thomas Mann and Norman Ornstein's recent book *It's Even Worse Than It Looks*. Using a metric that determines the relative partisan voting patterns of legislators—the DW-NOMINATE data series, developed initially by the political scientists Keith Poole and Howard Rosenthal—Mann and Ornstein show that party extremism has increased dramatically since the mid-1970s. The evolution of partisan voting behavior between the 92nd Congress, in 1971–72, and the 112th Congress, in 2011–12, is striking. The ideological distribution of voting patterns within each party resembles a bell curve, with the Democratic bell toward the left side of the spectrum and the Republican curve toward the right side. During the 92nd Congress, the bell curves overlapped by roughly 25 percent—that is, there were a significant number of Democrats who were more conservative than some Republicans and many Republicans who were more liberal than some Democrats. During the 102nd Congress, the tails of the curves overlapped by roughly ten percent. And by the 112th Congress, the overlap was gone; the parties were now separated by an ideological gulf.

Since 1974, overlap in the center of American politics has melted away.

Mann and Ornstein attribute this increased polarization to a change in behavior by the Republicans, arguing that during this period, the party became "ideologically extreme." Other political scientists have challenged their interpretation as a "misapplication" of the underlying data, which show that Democratic legislators have become equally extreme. In fact, the larger trend is the rise of independent voters, who are shifting out of both ideologically rigid parties in equal numbers.

The Madisonian design of American democracy channeled the energy of factions into nonideological, winner-take-all voting districts based on geography—states for senators and congressional districts for representatives. Once the design was put into practice, however, something curious happened: parties formed informally, beginning with the Federalists and the Anti-Federalists. Despite the emergence of a third party every half century or so, there has been a stable equilibrium of two political parties in Congress since 1789.

In the 1950s, the French social scientist Maurice Duverger showed that a winner-take-all structure leads to a mathematically stable equilibrium of two parties. Such a situation is akin to what economists refer to as a "natural monopoly," and the United States' two-party equilibrium has traditionally been stable in the short term but subject to sudden shifts. When a major new issue confronts the country that the two existing parties cannot resolve, a third party emerges to either supplant or revolutionize one of them.

Natural monopolies can be beneficial to consumers. Artificial monopolies granted and enforced by the government, however, can harm consumers and stifle innovation. What has happened in the United States in recent decades is the transformation of a natural political monopoly into an artificial one. Starting with FECA in 1974, the two main parties were essentially given government protection from smaller competitors. This problem is what economists call "regulatory capture," when rules are put in place by regulators that are ostensibly designed to protect consumers but actually just restrain potentially competitive entrepreneurs, benefiting the very industry they were meant to be regulating. It is natural for two parties to dominate American politics, but it is unnatural for the same two parties—Democratic and Republican—to strangle competing factions and entrepreneurial candidates. The result has been political stagnation.

THE BIRTH OF HYPERPARTISANSHIP

The passage of FECA coincided with hyperpartisan divergence in the U.S. Congress. This outcome should not be surprising, because the objective of the FECA reforms was to give parties greater control over campaign cash. The concern of many observers in the 1970s, curiously, was that the Democratic and Republican Parties were too weak. The journalist David Broder, for example, expressing the conventional wisdom of the day, lamented the impotence of politics in an influential 1972 *Atlantic* article. He thought more partisanship—strengthening the role and ideological clarity of the two major political parties—would diminish the chaotic discourse of unregulated factions. "Most important of all the structural reforms," he wrote, "we need to follow through on the recent congressional effort to discipline the use of money in politics, by setting realistic limits on campaign spending, limiting and publicizing individual and organizational gifts and channeling much more of the money (including, in my view, all general

election spending) through the respective party committees rather than through individual candidates' treasuries." Broder supposed that creativity and energy rested with big organizations, not entrepreneurial individuals. (This attitude was consistent with the narrative of commercial innovation at the time, which had not yet been upended by the entrepreneurial nature of the information technology revolution.)

In the wake of the Watergate scandal, Congress amended FECA by sharply limiting the contributions individuals could make to a political campaign. Before 1976, an individual could contribute any amount of money—$11,000 or $11 million—to his or her favorite member of Congress. After 1976, an individual was allowed to give no more than $1,000 directly to a congressional campaign but $10,000 to a national party (and more in "soft money," that is, funds for "party building" activities)—giving the parties greater power than individual politicians and reducing ideological diversity along the way. Incumbent politicians were protected at the expense of challengers, who remain hamstrung by the limits to this day.

The law was immediately challenged, and the most extreme parts were pared back by the Supreme Court in the 1976 case *Buckley v. Valeo*. The justices declared that any restrictions on individual independent expenditures—political campaign communications separate from those made by candidates or their parties—were a violation of free speech, but they let stand the new monopoly powers of the two parties over campaign dollars. Next came the rise of political action committees (PACs), representing businesses, unions, and activists, but they were restricted to a $5,000 maximum donation to any one candidate, and those donations skewed heavily toward incumbents and party organizations. Direct fundraising by candidates was sharply constrained, while money donated to national party offices exploded.

WHAT *CITIZENS UNITED* HATH WROUGHT

In broad terms, this imbalanced playing field prevailed until the monumental Supreme Court case in 2010 known as *Citizens United v. Federal Election Commission*. A nonprofit corporation, Citizens United, had produced a documentary film but was barred from showing the film on cable television, even on pay-per-view, during the Democratic primaries in 2007 and 2008, and it sued for its right to do so. In its ultimate decision, the Supreme Court struck down restrictions on all independent expenditures for political speech. A new kind of political

organization, the super PAC, was born (technically, reborn, after a 37-year hiatus). Super PACs are nonprofit associations of like-minded citizens that can make unlimited independent expenditures for or against any candidate. The majority opinion, penned by Justice Anthony Kennedy, said, "If the First Amendment has any force, it prohibits Congress from fining or jailing citizens, or associations of citizens, for simply engaging in political speech."

Critics of the ruling, including party leaders, have misrepresented what the Supreme Court did. During his 2011 State of the Union address, for example, President Barack Obama falsely claimed that the ruling would "open the floodgates" for unlimited campaign spending, even by foreign corporations. From the time of the decision in late 2010 until the November 2012 presidential election, there were over 1,100 stories in *The New York Times* alone that mentioned the case, almost all mischaracterizing the impact and the meaning of "corporate," which is the legal term used to describe organizations, as opposed to individuals, and not just businesses (and the term used in the ruling). Critics claimed that contribution limits and disclosure requirements on candidates' campaigns had been rescinded (they had not been) and that foreign corporations were now free to contribute in U.S. elections (they are not).

Proponents of greater control over campaign spending, such as Fred Wertheimer, founder of the nonprofit corporation Democracy 21, have warned that unregulated financing of candidates is dangerous. Without the campaign finance restrictions in FECA, they worry, rich people and companies will corrupt U.S. politics. But what is corruption? Law professors acknowledge that the claim of corruption in politics is a vague one—there is nothing impure in a flat-tax candidate's seeking or receiving support from flat-tax donors—and that the Supreme Court's earlier justification for infringing on free-speech rights based on preventing "the appearance of corruption" was a problematic standard. Moreover, although Wertheimer warned months before the 2012 election that "massive amounts of secret money, unlimited contributions and corporate funds are again flowing into federal elections," this was a false alarm. The fact is that nonprofit organizations, rather than for-profit businesses, are the primary corporate organizations involved—think the American Civil Liberties Union and the National Rifle Association, not GE and General Motors. As the Center for Responsive Politics concluded when reviewing the 2012 election, "Donations from large, publicly traded corporations have been relatively rare."

Today, the maximum an individual can contribute directly to a candidate is capped at $2,600. (Congress still allows individuals to give a maximum of $32,400 to either national party.) Wertheimer is now warning that a Supreme Court case in 2013 might uncap donations to individual candidates, creating the potential for what he calls "legalized bribery." But his logic is faulty. For the sake of argument, assume the critics are correct that money by its nature is politically corrupting. The question at hand, then, is whether politics is easier to corrupt when the money is controlled by two parties or when the money is diffuse. If regulatory capture has occurred, such that independent political voices can be legally muzzled, then the answer is self-evident. What *Citizens United* really did was create a level playing field between the two big factions (the Democratic and Republican Parties) and all the smaller factions in U.S. politics—every other player that wants to participate in electioneering speech. Major individual donors, such as the conservative casino magnate Sheldon Adelson and the liberal financier George Soros, have not been given new license, because the right of individuals to make independent expenditures has always been protected. What is new now is that smaller donors can participate outside of the duopoly by contributing to party-like organizations with their independent expenditures. And they have.

The question at hand is whether politics is easier to corrupt when money is controlled by two parties or when money is diffuse.

Over $1 billion was spent on independent political expenditures—not made by or coordinated with candidates or parties—in the 2012 election cycle, more than the total of the previous 20 years combined. (In 2008, $147 million was spent, and in 2004, $66 million.) Before 1990, all independent expenditures amounted to less than one percent of what either of the two political parties spent. Don't cry for the duopoly, however. The Democratic National Committee raised $1.068 billion and spent $1.067 billion in the most recent cycle, and the Republican National Committee raised $1.023 billion and spent $1.009 billion—each party raising and spending more than it did in 2010 or 2008. Even so, Americans were hardly flooded by campaign ads. McDonald's alone spent more on advertising in 2012 than both political parties spent on everything.

What *Citizens United* has done is shift the structure of the political market in favor of small donors and causes. One recent study, by the

legal scholars Douglas Spencer and Abby Wood, found that after the ruling, independent expenditures increased in all states, but that the effect was twice as large in those states, such as Iowa, Michigan, and Ohio, that had previously banned corporate and union independent expenditures. Properly understood, the decision ended an almost four-decade period of repression of independent political voices. The history of campaign finance in this era will be remembered for making politics more, not less, polarized. FECA was a policy failure, and it is for the good of American democracy that the Supreme Court said as much.

Just as the campaign finance restrictions of the 1970s led to increased polarization, political stagnation, and fiscal irresponsibility, so the new rules will lead to the emergence of new political actors and coalitions that may refresh U.S. politics and address the country's growing fiscal crisis. A third party that stands for something original, for example, might well gain ground and shake up the system with new fiscal alternatives, either displacing one of the existing parties or forcing its concerns onto their agendas.

The United States is highly unlikely to see the growth of a multiparty political system, but the power of factions relative to the existing partisan duopoly will shift back to its traditional balance. Expect to see more unique characters in office willing to buck party discipline. Expect to see more issue-centric coalitions that defy recent partisan ideological straitjackets: Democratic represenatives favoring gun rights, say, or Republican governors favoring environmental regulation. Activist groups of all kinds will grow stronger at the expense of weakened partisan PACs—the National Rifle Association and the Club for Growth, to be sure, but also Planned Parenthood, the AFL-CIO, the Sierra Club, and the Concord Coalition.

A new era of political competition, one less beholden to party bosses and more responsive to the diverse needs and interests of the American public at large, will create an unexpected opportunity to break the current fiscal stalemate bedeviling the U.S. economy. The country's turn toward fiscal imbalance began in the 1970s, when the cost of entitlement programs began to mount. The current two parties have been unable to deal with the resulting mounting debt and economic torpor. Enhanced political competition will help voters generate solutions that advance both prosperity and equity—and, ultimately, allow the country to take back its future.

The Next Europe

Toward a Federal Union

Nicolas Berggruen and Nathan Gardels

The European Union was born out of the ashes of World War II and the anguish of the early Cold War, as a project to build and sustain peace and prosperity across the continent. To accomplish its mission in the twenty-first century, however—to become more than simply "a defensive reaction to horror," in the French philosopher André Glucksmann's words—it needs to move forward now toward greater integration.

When the heads of the EU's three major institutions—the European Commission, the European Council, and the European Parliament—collected the Nobel Peace Prize together in Oslo last December, they spotlighted the vague mandate and lack of institutional clarity that are at the core of the organization's current problems. Unless these institutions can garner legitimacy among European citizens and transform the EU into a real federal union, with common fiscal and economic policies to complement its single currency, Europe will be worried by its future as much as its past and continue to find its social model battered by the gales of an ever more competitive global economy.

The first step forward has to be developing an economic growth strategy, to escape the union's current debt trap and to create breathing space for the tough reforms that can make Europe as a whole competitive again. As former German Chancellor Gerhard Schroeder has said, "Structural reforms can only work in conjunction with a growth trajectory." Then, to sustain reform, the union needs a

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clear path to legitimacy for a strong but limited European government, one that resembles today's Swiss federation. This will entail creating an executive body that is directly accountable to Europe's citizens (emerging from the current commission), strengthening the parliament as a lower legislative house, and turning the council (a committee of the leaders of the member states) into an upper legislative house. Along the way, France will have to yield more sovereignty than its historic comfort zone has so far allowed, and Germany will have to realize that its own self-interest calls for it to bear the burden of resolving the current account imbalances within the eurozone.

The key to creating a federal Europe with legitimate governing institutions is appropriate implementation of the principle that Europeans already know as "subsidiarity," with higher levels of government taking on only those functions and responsibilities that cannot be fulfilled at a lower level. The Berggruen Institute on Governance's Council for the Future of Europe has sought to address these issues by gathering a small group of Europe's most eminent and experienced political figures to debate and design the institutions that would govern a federal Europe and then plot a path forward, step by step; this article draws on their discussions.*

THE GERMAN PROBLEM

Proponents of a federal Europe need to make their case to an increasingly skeptical European public by stressing not only the benefits of a united continent, with the world's largest market and free mobility of labor and capital, but also the inadequacies of Europe's existing structures as a basis for success in an increasingly globalized world. German Chancellor Angela Merkel has put the issue squarely: Europe today has seven percent of the world's population, produces 25 percent of the world's products, and accounts for 50 percent of its social spending. Without reform, in an ever more competitive international economic environment, it will be difficult to finance the generous welfare state that Europeans are used to. The European public, notes former Polish Prime Minister Marek Belka, has come to see the

* The members of the group are Marek Belka, Tony Blair, Juan Luis Cebrián, Jacques Delors, Mohamed El-Erian, Niall Ferguson, Anthony Giddens, Felipe González, Otmar Issing, Jakob Kellenberger, Alain Minc, Mario Monti, Robert Mundell, Jean Pisani-Ferry, Romano Prodi, Nouriel Roubini, Gerhard Schroeder, Michael Spence, Joseph Stiglitz, Peter Sutherland, Matti Vanhanen, Guy Verhofstadt, Franz Vranitzky, and Axel Weber.

common currency as "amplifying the dislocations of globalization," instead of shielding Europe from them, as if the advent of the euro helped hand Europeans' economic fate over to global financial markets and their jobs to distant low-wage countries, such as China. In fact, he points out, the reverse is true: the only way to make Europe competitive again and reap the benefits from globalization is to embark on a political union.

The failure of the euro would harm Europe's core every bit as much as its periphery, and Germany's middle class could well pay the highest price. Germany's success as Europe's most competitive trading nation today can be traced back to the structural reforms it enacted several years ago, including increasing the pensionable age and trimming labor costs while spurring investment in training and research and development. These have helped manufacturing to continue to account for a healthy 24 percent of the German economy. What never seems to be debated in Germany, however, is how this industrial foundation of German prosperity would be threatened if the euro failed. In that case, Germany would be forced to return to the deutsch mark, the value of its currency would skyrocket, and the competitiveness of its manufacturing sector would plummet. German multinational companies would waste little time before shifting their production out of Germany to take advantage of lower foreign labor costs, the global spread of technology, and the web of supply chains that enables quality production elsewhere. Research and design might remain at home, but the production and assembly associated with plentiful middle-income jobs would move away. The big losers in such a scenario would be the members of the German middle class—and so, properly understood, for Germany, the euro is a class issue.

The failure of the euro would harm Europe's core every bit as much as its periphery, and Germany's middle class could well pay the highest price.

Yet precisely because of its historically strong manufacturing economy, Germany has become less oriented to financial markets than other states, which has led to a certain deafness among German political elites to the effect of Germany's prescribed fiscal policies for Europe on global bond markets. Today, however, the reality is that those bond markets will dictate not only whether the euro will survive

but also the costs that the German middle class will pay. If Germany wants to remain a broadly prosperous and fair society in a globalized world, it can do so only within a stable eurozone and all that that entails—to start with, a banking union, then fiscal union, and, ultimately, a federal political union.

If the euro were to fail, moreover, the German financial sector would also take a hit and further damage the economy. The domino effect of default in the European periphery would ultimately end up hitting German banks and savers alike, since they are among the major creditors owning those troubled debts (with outstanding loans in 2012 of more than 300 billion euros to Greece, Ireland, Italy, Portugal, and Spain). And failure of the eurozone due to hesitation in Berlin would place the blame for the ruin of Europe on Germany, something neither the public nor elites there want.

Germany has multiple strong reasons to want to maintain the euro, therefore, but to do so, it must help correct today's destabilizing current account imbalances by accepting a diminished external surplus. Indeed, with a diminished surplus, the so-called transfer union that so many Germans oppose—a permanent subsidy for the weaker peripheral states—would be unnecessary. But with continued large external surpluses, it would become indispensable, since only that would allow other Europeans to finance the purchase of German goods. The real issue for Germany today is thus not about bailing out the rest but about saving itself before it is too late.

UNION NOW

History offers few notable examples of successful political federations. At its moment of federation, in the 1780s, the United States was a sparsely populated handful of young states with a common culture and common language, and so it does not provide many relevant lessons for Europe today. Switzerland's experience, however, offers more, one of which is about slow gestation. "Federation needs time," says the former Swiss diplomat Jakob Kellenberger. "It took centuries for people living in Swiss cantons to get to know each other, then a long period of confederation before the move toward full federation in 1848. That transition was made only following an historical moment of great tensions between liberals and conservatives, Protestants and Catholics." The Swiss federation has worked, he notes, because the center has been respectful of the autonomy of the cantons (which were

never anxious to hand over their authority) and careful not to abuse its powers. All powers not specifically delegated to the federal government by the Swiss constitution, moreover, continue to be held by the cantons. With decades of step-by-step integration already behind it and an accelerating world ahead, Europe must accomplish its shift to full political union in years and decades, not centuries, but this shift can nonetheless usefully follow much of the Swiss model.

Asked once how he would account for the prosperity of the Scandinavian nations despite their high tax rates, the economist Milton Friedman responded that it was because their common identity and homogenous culture had enabled consensus to emerge. Free markets, he pointed out, were important precisely because they allowed people without a common identity to work together, even if they hated one another. Such a process of integration has worked well in Europe so far, but in order to lock in the gains and connections, institutions need to follow where markets have already gone. These institutions must be limited to providing public goods that are in the common interest, even as they avoid unnecessary interventions in the autonomous lives of the union's national units. Like Switzerland, in other words, Europe needs a strong but limited central government that accommodates as much local diversity as possible. As is the case everywhere, it is a matter of balancing priorities. Governance works best—because it is more legitimate and accountable—when the scale is small; markets are most prosperous when the scale is large.

One area that certainly needs centralized regulation and institutional guidance is finance. As former Spanish Prime Minister Felipe González has argued, "It is ridiculous for member states to maintain different rules in this common and integrated space where financial institutions operate freely. The absence of homogenous regulation will only sow the seeds of the next financial crisis and hobble Europe in the decades ahead as it faces new competitive challenges in the global economy." European countries also need to agree to common balance-of-payments requirements and a harmonized minimum taxation in order to fund a European budget. Such moves would help drive deep structural reforms in individual countries, such as increasing flexibility in labor markets, that would promote competitiveness.

Some argue that aligning European states more closely on issues such as wage levels, the social contract, and tax rates should be the task of the European Commission—which represents all 27 member

Their flags were still there: at the European Parliament in Brussels, August 2011

REUTERS / FRANÇOIS LENOIR

states—rather than of intergovernmental treaties whose negotiation is inevitably dominated by France and, particularly, Germany. This makes sense, but for the commission to take on such a role, it will need to acquire much more popular legitimacy. This means that the commission's president will have to be elected directly by European citizens at large, in order to give a face to the political unity of Europe. The parliament and the council, meanwhile, need to be able to initiate legislation (a power only the commission has now). It would also make sense to allocate seats in the parliament in a way that more accurately reflected the populations of the member states and to create the office of a commissioner for savings, who could help see to it that the member states met their various financial and budgetary commitments and obligations.

Former German Foreign Minister Joschka Fischer, meanwhile, has suggested leveraging the current legitimacy of the nation-state to forge a more effective common European budget policy. "Because there can be no fiscal union without a common budget policy," he has argued, "nothing can be decided without national parliaments. This means that a 'European Chamber'—comprising national parliament leaders—is indispensable. Such a chamber could [start out as] an advisory body, with the national parliaments maintaining their

competencies; later, on the basis of an intergovernmental treaty, it must become a real parliamentary control and decision-making body, made up of national parliaments' delegated members." (In a similar vein, the German philosopher Jurgen Habermas has suggested bridging national and European sovereignty by having "certain members of the European Parliament at the same time hold seats in their respective national parliaments.")

Although a federal Europe must be open to all EU member states, forward movement toward it should not be blocked because some are not yet willing to go there, but nor should it be imposed from on high. The democratic public of each state will have to decide whether it is in its long-term interest to join the federation or opt out. It is an illusion to believe that a strong political union can be built on the weak allegiance that results from tweaking treaties. Its foundation must be a popular mandate. The appropriate venue for these discussions, as Schroeder and others have suggested, would be a full-scale European convention. Former Belgian Prime Minister Guy Verhofstadt, the German politician Daniel Cohn-Bendit (both members of the European Parliament), and others have proposed turning the 2014 elections for the European Parliament into the election of a constituent assembly to draft a new constitution for Europe that would incorporate these sorts of ideas.

Like Switzerland, Europe needs a strong but limited central government that accommodates as much local diversity as possible.

How, specifically, might a political union in Europe work? The European Parliament could elect the chief executive of the European Commission, who would then form a cabinet of ministers out of the larger parties in the parliament—including a finance minister with the capacity to levy taxes and formulate a substantial budget on a Europe-wide basis. The finance minister's focus would be macroeconomic coordination, not microeconomic management. Other cabinet positions would cover the provision of supranational European public goods (defense, foreign policy, energy, infrastructure, and so forth), leaving as many decisions on other matters as possible in the hands of the national governments within the federation. The European Court of Justice would arbitrate any issues of disputed sovereignty arising between the commission and the member states.

Because the parliament would have enhanced power, selecting a chief executive for the union, it would make sense to have parliamentary elections based on Europe-wide lists instead of national party lists. Having more at stake in the elections would lead to more discussion and higher rates of voting, which would mean more legitimacy for the results and the institutions in general. Parties that obtained less than ten or 15 percent of the vote in Europe-wide elections would be present in debate but could not vote. Such a rule would tend to push politics toward centrist compromise and avoid gridlock that might arise from the veto power of small parties in a coalition.

The current European Council, in this scheme, would be transformed into the upper house of the union's legislature. Members would be selected by nation-states for staggered terms longer than the shorter electoral cycle of the lower house of the parliament, thus encouraging a longer-term perspective on governance. Unlike the lower house, which would focus primarily on the short-term interests of its national constituents, the upper house would be a more deliberative body, focused on broader and longer-term questions. Representation would be based on a proportional system according to the member states' populations.

In order to preserve some of the nonpartisan, meritocratic quality of the current commission, each cabinet minister in the commission would be paired with a permanent secretary from the European civil service in his or her area of competence. As in an ideal "Westminster system," the formulation of budgets would rest with the commission, not with the parliament. The commission's budget would be presented for an up-or-down vote in the parliament; a vote of "constructive no confidence" by the parliament might reject the policy direction set by the commission, in which case a new government would be formed. (A constructive no-confidence vote is a consensus-forging mechanism whereby a no-confidence vote can take place only if majority support for a new, alternative governing coalition has already been secured.) Taxes and legislation would have to be approved by a majority of both legislative houses.

IF NOT NOW, WHEN?

Any move toward such a political union would obviously raise myriad thorny issues. The new institutions and their rules would ideally be established from the bottom up through a constituent assembly,

rather than by a treaty change—but how could a truly ground-up process ever get traction? The large parties that would win the most seats in the European Parliament would need to hash out a compromise or a common agenda robust enough to make governing possible—but what if they did not? And what is most fundamental, could a political union ever really cohere if not preceded by continent-wide nation building aimed at forging a forward-looking common identity? What is crucial now, however, is recognition that the current system is not working and that closer, rather than looser, integration is the more sensible and attractive option.

In 1789, Alexander Hamilton, then the U.S. secretary of the treasury, proposed a strong federal system of government that would assume the states' debts from the American Revolution while guaranteeing a steady future revenue stream, further integrating fiscal policy while preserving a large swath of local sovereignty on nonfederal issues. This was the first step in making the United States a continental and, ultimately, global power. So, too, in Europe, debt resolution can be the midwife of a political union that could make Europe a powerful pillar in the geopolitical order of the twenty-first century. The only way to answer Europe's current challenge in the face of the many uncertainties is for Europe's leaders, and its public, to at last commit to this transformation instead of remaining paralyzed with hesitancy.

The Rise of Mexico's Self-Defense Forces

Vigilante Justice South of the Border

Patricio Asfura-Heim and Ralph Espach

On a Tuesday morning in March, with rifles slung over their shoulders, some 1,500 men filed into the Mexican town of Tierra Colorada, which sits on the highway from Mexico City down to the Pacific coast. They seized at gunpoint 12 police officers and a local security official, whom they believed responsible for the murder of their commander. They set up roadblocks, and when a car of Acapulco-bound beachgoers refused to stop, they opened fire and injured a passenger.

This was not the work of a drug cartel. The men were members of a self-defense group, one of a growing number of vigilante organizations aiming to restore order to Mexican communities. "We have besieged the municipality," said a spokesperson for the group, "because here criminals operate with impunity in broad daylight."

Mexico has suffered staggering levels of violence and crime during the country's seven-year-long war against the cartels. The fighting has killed 90,000 people so far, a death toll larger than that of the civil war in Syria. Homicide rates have tripled since 2007. In an effort to stem the carnage, Mexican President Enrique Peña Nieto announced last December that the federal government, having struggled to defeat the cartels using corrupt local police and an inadequate military, would create an elite national police force of 10,000 officers by the end of this year.

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Many Mexicans are unwilling to wait. In communities across the country, groups of men have donned masks, picked up rifles and machetes, and begun patrolling their neighborhoods and farmland. As in the Tierra Colorada incident, their behavior is not always pretty. Several months ago, another such group in the state of Guerrero detained 54 people for over six weeks, accusing them of crimes ranging from stealing cattle to murder. After a series of unofficial trials, they handed 20 of them over to local prosecutors and let the rest go free.

In other communities, detainees have been beaten, forced into labor, or even lynched. Members of these *fuerzas autodefensas* (self-defense forces) say that they have no choice but to take matters into their own hands: criminals and gangs have become more brazen and violent than ever, and the police and the government are either absent, corrupt, or themselves working with the criminals.

Extralegal local self-defense groups have long been common in rural Mexico, particularly in indigenous communities in the south. In recent months, however, such groups have emerged with alarming frequency across the country, suggesting that many Mexicans have lost faith in the government's willingness or ability to protect them. They have formed in the Pacific states of Michoacán and Jalisco, in the northern border state of Chihuahua, in the eastern states of Veracruz and Tabasco, and on the outskirts of Mexico City. They now operate openly in 13 different states and at least 68 municipalities. According to the government, 14 new groups have formed since January; Mexican security analysts say the real number is likely much higher.

The motives of these self-defense groups vary from town to town, as do their relationships with local governments and the police. The majority of them seem to draw on local outrage against the rising crime and violence in their communities. For others, the impetus is less clear. Some may represent instances of political opportunism. One local self-defense force in a small town in Oaxaca dissolved after 48 hours once the state government agreed to improve public services and oversight of the police. In other cases, the groups have taken advantage of political vacuums to advance illicit interests, even working as fronts for local gangs or trafficking networks. La Familia Michoacana, for example, originally claimed that its mission was to fight the Zetas and other drug cartels—and then became a drug cartel itself. These groups often consist of well-intentioned citizens, unknowing pawns in a criminal network's scheme to hobble a rival.

We don't need no stinkin' badges: a vigilante in Guerrero, Mexico, March 2013

GETTY IMAGES / PEDRO PARDO

The lawlessness spawned by Mexico's drug wars has contributed to the spread of self-defense groups, and the groups regularly blame the cartels and the government's war on drugs for the lack of security. But they are not mainly concerned with stopping the drug trade. With a few exceptions, such as the Mata Zetas (Zeta Killers) in Monterrey, their focus tends to be on local crimes, particularly robberies, rapes, and other violent attacks. Their actions have until now been limited to seizing alleged delinquents and criminals and either punishing them publicly or handing them over to the police. As one group leader in Tierra Colorada explained, "Narcotraffickers as a rule usually keep things under control in their territories, but lately they've been getting involved in extortion and murders, and that's not right. The drug problem is for the state to resolve, but kidnapping and robbery touches us."

The rapid proliferation of these groups poses a challenge to the Peña Nieto government just as it is trying to reform Mexico's security policies. In a basic way, armed extralegal groups undermine the formal rule of law, and left unchecked, they could morph into criminal organizations themselves. But they have long played a role Mexico and in many regions enjoy a degree of public legitimacy that the police lack. Rather than try to dissolve these forces, Mexican officials must discern between those acting legitimately with local public support and those

with ulterior motives and seek ways in which the former can contribute to public security—at least until the government gets its act together.

GRASS-ROOTS SECURITY

Around the world, community-based crime-fighting groups have sprung up in places where formal security forces are absent or inadequate, often with the approval and support of governments. Despite their sometimes noble intentions, these organizations can pose a challenge to the authority and legitimacy of the state. In some cases when they have operated without oversight, they have killed wantonly, displaced thousands from their lands, or themselves taken up crime. The United Self-Defense Forces of Colombia, for example, came into existence purportedly to protect rural communities from the Revolutionary Armed Forces of Colombia, or FARC, but transformed over time into a paramilitary network that committed massacres, trafficked drugs, and engaged in corruption at the highest levels. Self-defense groups have often proved vulnerable to co-optation by criminal and insurgent groups.

Policymakers and academics alike tend to disdain less-than-official security arrangements, associating them with lawlessness and the decay of a state's monopoly on coercive power. They often conflate grass-roots policing with rogue, power-hungry militias or paramilitary forces. Indeed, the line between the two can often be a fine one. Groups that set out to protect their communities may simultaneously infringe on the well-being of neighboring populations.

Yet it would be wrong to dismiss the utility of these types of groups altogether, particularly in an age rife with civil conflict. A growing body of research suggests that when states are unable or unwilling to provide security, local self-defense groups may be an imperfect but effective alternative. These forces are much cheaper and faster to assemble than formal police and army units, and they can quickly muster large numbers of men to secure isolated communities. Whereas outside forces need years to get to know the geography and residents of an area, local self-defense groups start with a leg up. Moreover, since these groups are motivated to protect their families and communities, they tend to be less predatory and to have higher morale than state security forces. In places as diverse as Afghanistan and Sierra Leone, such groups are often held in check by community leaders and remain in large part dependent on their neighbors for information and material support. Finally, when the state cooperates

Return to Table of Contents

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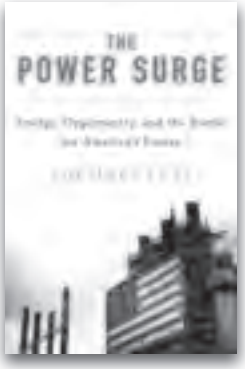

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with self-defense groups, it can use those ties to reach out to isolated communities and provide them with public services.

As cases from around the world show, these groups can be useful especially when governments incorporate them into a broader and well-formulated security strategy. In the 1980s and 1990s, when the Indian state of Punjab was rocked by a Sikh insurgency, the police were able to quell the unrest by coordinating with a large, well-organized, and well-supported volunteer force. At its peak, the Village Defense Scheme included nearly 1,100 village committees and 40,000 men. This force was completely integrated into the Punjab police's overall counterinsurgency strategy. The police trained the volunteer units, assigned small detachments to support them, and worked with them to draw up village defense plans. Unlike those in Mexico, this self-defense force was organized by the government, but its success nonetheless demonstrates that states can make good use of informal security organizations.

Around the same time, when Peru faced a brutal Maoist guerilla movement known as the Shining Path, the country's local self-defense and development committees played a major role in protecting the population in the rural highlands and enabling aid to flow there. Once they had served their purpose, the groups were able to integrate into Peruvian society. Several peasant commanders demobilized and transformed their units into political organizations that continue to work on behalf of the indigenous population. Other groups remain active and still useful: the current government in Lima has recently pledged to work with them on stopping drug trafficking and crime.

SAFETY FIRST

The rise of self-defense groups has provoked a fierce debate in Mexico. Many Mexicans fear that if the groups are allowed to operate, they could exacerbate the violence, undermine the rule of law, violate citizens' rights, and spread crime. In February, the governor of the state of Sinaloa said that the legalization of these groups would amount to an admission of state failure. That same month, Manuel Mondragón y Kalb, the director of the National Security Commission, echoed these concerns, arguing that organized crime and the drug cartels appear to be "the hand that rocks the cradle" of the self-defense forces. Others accept that they are necessary so long as Mexican communities remain unsafe. The governor of Michoacán, for example, has pledged

to support self-defense groups in his state with formal police training and equipment.

The critics are right that the ultimate solution to Mexico's struggle against organized crime lies in the modernization of its security sector. But in the near term, the Mexican government may not have the ability or the will to effect dramatic institutional changes, such as creating more effective police forces. Until it does, policymakers cannot overlook the immediate need to keep the country's communities safe. When the time comes, demobilizing the community groups will prove tricky and time consuming. But it can be achieved through a variety of inducements, including paying the vigilantes, finding them jobs, and integrating the groups into regular security forces.

It would be wrong to dismiss the utility of self-defense groups altogether, particularly in an age rife with civil conflict.

Meanwhile, the spread of these groups indicates that the idea of community defense may be gaining in popularity. Although the federal government officially refuses to recognize the groups, several state and local governments have. Some have negotiated agreements with the community forces, some have provided them with training and basic equipment, and others simply permit them to exist and operate, hoping undue trouble does not arise.

The Peña Nieto administration is rightly focused on creating a new national police force, professionalizing Mexico's local police, and improving its judicial and penal systems. But these reforms will take years, if not decades. And for the moment, the government has few good options for stemming the proliferation of community self-defense groups. Mexico could dispatch its police and armed forces to break up the groups, but doing so would divert precious resources away from the fight against cartels and criminals. Such an approach could also stoke even more local outrage against the government and either radicalize these community groups or encourage them to seek accommodation with other shadowy organizations that promise to provide security.

A better approach would be to reach out to the community self-defense forces and create positive relationships between them and the local or federal police. In fact, these kinds of arrangements are not uncommon. Since 1995, more than 80 villages in Guerrero have administered their own police and justice systems, following traditional

indigenous practices, within the state-sponsored Regional Coordinator of Community Authorities program. This program has created units that are composed of armed villagers who perform routine patrols and turn suspects over to town assemblies. The state government gives them a small amount of training, simple T-shirt uniforms, and the authority to solve certain types of disputes.

Mexico must study the successful models from around the world to understand how coordination between formal and informal security forces can keep communities safe while still allowing for justice, accountability, and the rule of law. In the best cases, such cooperation has involved direct oversight of self-defense forces by a competent formal security force, a simultaneous focus on local economic development so that community defense does not evolve into mercenary activity, and efforts to restrict the armaments and geographic range of the voluntary forces to ensure that they operate only in a defensive capacity. As Mexico continues to reform and professionalize its law enforcement institutions—a project that is still years from bearing fruit—a flexible and pragmatic approach to self-defense groups will best serve the country.

REVIEWS & RESPONSES

REUTERS / MARKO DJURICA

Lesser Israel

How Jewish Extremism Threatens Zionism

Jeffrey Goldberg

The War Within: Israel's Ultra-Orthodox Threat to Democracy and the Nation
BY YUVAL ELIZUR AND LAWRENCE MALKIN. Overlook Press, 2013, 224 pp. $26.95.

The Triumph of Israel's Radical Right
BY AMI PEDAHZUR. Oxford University Press, 2012, 296 pp. $29.95.

The highlight of U.S. President Barack Obama's visit in March to Israel—the highlight, at least, for Obama, although probably not for his host, Israeli Prime Minister Benjamin Netanyahu—was an emotional speech he delivered to a surprisingly enthusiastic crowd of Israelis at Jerusalem's International Convention Center. Obama gave an eloquent defense of the dream and promise of Zionism and simultaneously pleaded with Israelis to understand the predicament of the Palestinians.

The audience was made up mostly of college students, who were clearly delighted by the speech. By contrast, the scattering of right-wing Israeli political leaders in attendance appeared rather miserable. They, however, were not the audience members who seemed most out of place. That distinction went to a handful of ultra-Orthodox men, or *haredim* (Hebrew for "those who tremble before God"), as they are commonly called in Israel.

A couple of these men showed up in my row. They were quite well dressed, which is to say that their black coats and black hats were of a finer quality than one usually sees on the streets of ultra-Orthodox enclaves. I was seated with friends of mine, a married couple: committed secularists, politically liberal, and—this is important, given what followed—very genteel, particularly for Israel, where politesse is not a valued trait.

One of the two *haredi* men in our row found himself seated next to a woman. He appeared agitated by this: *haredi* men scrupulously avoid any contact with, even close proximity to, women who are not family members. He turned to my male friend and asked to switch seats. Doing so would have moved my friend away from me and away from his wife. But for the sake of *shalom bayit* (peace at home), my friend—the compromising sort—appeared ready to move.

That is when I objected. "He's not moving," I said in Hebrew. I'm not sure what prompted this reaction. Perhaps it was the years of built-up resentment I have felt about the assertive public-square fundamentalism of the *haredim*, who are trying to turn Jerusalem, a city I adore, into a kind of Jewish Riyadh. Or perhaps it was the fact that on a recent flight to Israel, I had witnessed a *haredi* man sternly rebuke a female flight attendant for inadvertently, and fleetingly, brushing her arm against his shoulder.

The *haredi* man in our row was taken aback. "What?" he replied.

JEFFREY GOLDBERG is a columnist for *Bloomberg View* and a national correspondent for *The Atlantic*.

I answered, "I don't tell you how to sit in your synagogue, so don't try to arrange seating in a public space."

He became righteous and angry: "If a Muslim asked you to move, you would move!" he said.

"No," I replied, "I wouldn't. This is a public gathering. You come to the civic center with everyone; you can't make it segregated."

"Why are you so prejudiced?" he asked.

"Why are you so afraid of women?" I shot back.

I may have won this awkward skirmish (which horrified my friends), but as Yuval Elizur and Lawrence Malkin demonstrate in *The War Within*, the *haredim* are dominating the larger campaign. Elizur and Malkin write that since the founding of the state in 1948, "the ultra-Orthodox have been allowed to fashion a privileged community that enfolds, protects and isolates its adherents in a bizarre culture with a cloistered and often strangely skewed view of the world." Israel, the "start-up nation," of high-tech companies and world-renowned universities, is now also home to an unconscionably large number of state-subsidized rabbis who reject the theory of evolution and believe that teaching mathematics is a sin.

The consequences have been profound: an ever-expanding community of ever more radical fundamentalists has formed into a partisan bloc able to manipulate the Israeli political system even as it makes little effort to hide its contempt for secular democracy. Elizur and Malkin do not adequately explain the risk this poses, which should be made clear: if the numbers and power of the *haredim* continue to increase, the brightest and most talented secular Israelis—the descendants of the men and women who actually built the state—will leave, abandoning the country to the rule of rabbis whose interpretation of Jewish law is pinched, misogynistic, and antediluvian.

David Ben-Gurion, the George Washington of Israel, was a brilliant statesman who understood the value of compromise. But Israel today is haunted by the compromise Ben-Gurion made in 1948 with leaders of what was then a tiny *haredi* community. Ben-Gurion, motivated in large part by sentiment, granted *haredi* yeshiva students an exemption from Israel's universal military draft. There was a certain logic to the exemption: the Holocaust had destroyed most of Europe's ultra-Orthodox Jews, and the 400 students who received the first exemptions were, in the minds of Israel's secular leaders, an endangered remnant, people whose beliefs and folkways would soon enough be swamped by modern culture anyway.

But ultra-Orthodoxy, like fundamentalism all across the Middle East, made a comeback. How could it not, when the commandment *haredim* observe above all others is "Be fruitful and multiply"? They have multiplied very well: although it is hard to pin down the precise number of *haredim* who lived in Israel at its founding, they likely represented only around one percent of the population. Today, they make up roughly ten percent. And the political parties that represent them have adeptly exploited Israel's parliamentary system to squeeze subsidies and welfare support from the successive governing coalitions they have joined. Today, at any given moment, roughly 60,000 yeshiva students are allowed to avoid the draft, and many of these students stay in the yeshiva system their whole lives. (The fight over these exemptions is fierce,

and it contributed to the breakup of Netanyahu's last governing coalition.) Only a minority of *haredi* men are currently employed (the rest study Talmud full time). The result, no surprise, is an immense drain on the country's resources.

As the *haredim* have come to play an outsized role in Israeli civic and political life, their rise has abetted the dominance of a different form of Jewish religious extremism: the settlement movement, which is the core of the political faction referred to in the title of Ami Pedahzur's *The Triumph of Israel's Radical Right*. Although they subscribe to distinct visions of Jewish identity, a political alliance between the *haredim* and Israel's settlers has shaped decision-making on almost every major foreign and domestic issue the country has faced during the past two decades.

THE BLACK-HAT BRIGADE

The *haredim*'s influence on civic life in Israel can hardly be overstated. The most ostentatious manifestation of their retrograde vision is an intermittent campaign to have public buses segregated by gender. But their influence is even more pernicious and enduring in the spheres of family law and Jewish religious practice. Because of the *haredim*'s influence in the Knesset and in the state-funded rabbinate, Jews who wish to have their marriages recognized by the government cannot use non-Orthodox rabbis, and non-Jews who wish to convert to Judaism under the auspices of non-Orthodox movements cannot do so. (It is a continual, and often losing, struggle to gain recognition in Israel for non-Orthodox conversions performed abroad; although the state says it accepts the conversions, the Orthodox rabbinate does not.)

The *haredim* hold deep prejudices against modern interpretations of Judaism. This view was perhaps best summed up by Rabbi Ovadia Yosef, the spiritual mentor of Shas (a major ultra-Orthodox political party), who once said that "Reform Jews have no place within Israel. They are a nation apart. We should vomit out these people. . . . They are essentially dead."

Such contempt is common among the ultra-Orthodox rank and file, and it finds expression in acts of hysterical intolerance, such as the recent verbal and physical attacks by *haredim* on women seeking to pray as equals at the Western Wall in Jerusalem, Judaism's holiest site. Even more disturbing than the wrath poured out on these women is the *haredim*'s ability to manipulate the state into doing their bidding. Members of the group Women of the Wall, which seeks to make it legal for women to pray aloud, read from the Torah, and wear religious attire at the wall, have been arrested by the police for simply wearing prayer shawls at the holy site. The *haredim* insist that such shawls are meant only for men, but some liberal Jews disagree. Official behavior endorsing the Orthodox view is hard to square with the belief held by most Israelis that they live in a nontheocratic representative democracy. This is not the Israel the country's founders imagined.

Elizur and Malkin do a serviceable job outlining the many ways in which the *haredim* have succeeded in forcing Israel to underwrite their lifestyle and condone their theological and cultural predispositions. They also argue that it is not too late to reverse the trend. Indeed, the secular Israeli center has begun to object with increasing vehe-

mence to the special dispensations offered to the *haredim*. In elections in January, many Israelis fed up with the state's coddling of the ultra-Orthodox voted for Yesh Atid (There Is a Future), the party led by the popular television presenter Yair Lapid, a vocal opponent of draft exemptions for the *haredim*. Lapid's party stunned Israel's political class by capturing almost 15 percent of the vote, coming in second at the polls and forcing Netanyahu to exclude the *haredi* parties from his new coalition government, in which Lapid now serves as the finance minister. The draft exemption for the *haredim* was ruled unconstitutional by Israel's Supreme Court last year, and the army and the Knesset are now searching for ways to increase the number of yeshiva students drafted without upending society.

There are also signs of a loosening of sorts within some *haredi* communities, motivated in part by simple necessity. Ultra-Orthodox men have begun seeking gainful employment in greater numbers than ever before, because even with government subsidies, many *haredi* families—for whom it is not unusual to have as many as ten children—are finding it difficult to survive. And reformers have arisen within the ranks of the ultra-Orthodox, including rabbis who have demanded that their schools teach secular subjects as well as religious ones.

But such modest steps have not changed the fact that secularists and the *haredim* appear to be on a collision course. And as Elizur and Malkin warn, "Unless the quarrels between religious and secular extremes are resolved in a spirit of tolerance, the Jewish foundations of the Israeli state will crumble and the state itself risks fragmentation."

FOR GOD AND COUNTRY

Israel, of course, has always been a high achiever when it comes to existential threats. Most countries cruise through history without facing any such intense perils. Israel, a young country, has already dealt with a few, and it faces several more today. In fact, the rise of the *haredim* is not even at the top of Israel's list. That distinction goes to the threat that Israel's most dire enemy, Iran, might soon develop a nuclear weapon. Israel's main internal threat, meanwhile, is posed by a different variant of religious extremism: the religious-nationalist ideology that drives the settlement movement. Although centrists and secularists may yet stem the civic influence of the *haredim*, as Elizur and Malkin contend, it may already be too late to reverse the damage the settlement movement has caused.

That, at least, is what the political scientist Pedahzur argues in *The Triumph of Israel's Radical Right*. Intended as a follow-up to the late Israeli political scientist Ehud Sprinzak's groundbreaking 1991 book, *The Ascendance of Israel's Radical Right*, Pedahzur's book suggests that the religious nationalists have come to dominate Israeli politics so thoroughly that the settlement project has become irreversible and that, therefore, the dream of an equitable two-state solution is dead.

Pedahzur devotes a good deal of his book to retelling a now familiar story. Orthodox Jews were marginal to Israel's early development, but Israel's immense victory in its 1967 war against its Arab neighbors, which led to the conquest of the West Bank, was seen by the very religious—and, to be fair, even by many

secularists—as a sign from God. Many Israelis succumbed to a messianic urge and devoted themselves to the cause of making permanent Israel's possession of this newly acquired land, which is at the center of Jewish history. Successive governments allowed pioneers, many of them graduates of Orthodox youth movements, to settle in the West Bank, and Menachem Begin's Likud Party made colonization a priority. Along the way, the religious-nationalist movement co-opted some *haredim*, building towns in the occupied territories exclusively for their use. This helped create another crucial political constituency for the movement.

Others, including Sprinzak, the journalist Gershom Gorenberg, and the historian Gadi Taub, have told this story before in electrifying books about the settlements and their political and moral consequences. Pedahzur's book is nowhere near as bracing as those works and sheds little new light on the subject. Still, Pedahzur makes some important points about the methods the settlers and their supporters have used to capture important branches of the Israeli bureaucracy. He tells the stories of such organizations as Elad, which has spent the past several years buying up properties in the Arab neighborhoods of East Jerusalem, reportedly with funding from wealthy American donors. Elad's leaders believe that Jews have a right to live anywhere in greater Jerusalem, but they also know that these pocket settlements will, over time, make it more difficult to cleave Jerusalem in two, thereby blocking the creation of a Palestinian capital in East Jerusalem. They also know that the Palestinians will never agree to a two-state solution without a capital in East Jerusalem.

Pedahzur also details the ways in which the advocates for the settlers have infiltrated key government bureaucracies, making it far easier for Israel, a nation of laws, to circumvent international law. But in his effort to prove that Israel has become wholly illiberal, Pedahzur also puts forward some tendentious arguments. He suggests, for instance, that opposition to illegal immigration from Africa to Israel is motivated by a sort of fascistic tendency among Israelis. It is true that several politicians in Israel have argued against unimpeded immigration in ugly ways. But the immigration debate in Israel is not so different from the one in the United States, and yet I doubt that Pedahzur would condemn Obama as a fascist because he has overseen the deportation of almost 1.5 million undocumented immigrants over the past four years.

Pedahzur had already finished writing this obituary for liberal Israel by the time of Lapid's surprising success at the polls, which confirmed the existence of a sizable Israeli center that is not ready to cede permanent power to either the *haredim* or the settlers. Its struggles against religious nationalism and against *haredi* hegemony are linked—and leading figures on the right know this. Avigdor Lieberman, Israel's once and possibly future foreign minister and one of the country's most powerful right-wing revanchists, acknowledged as much when he said in 2008, according to Pedahzur, that "newcomers, residents of development towns"—a coded reference to Jews of Middle Eastern origin, who tend to support right-wing parties—"settlers, Chabad Hasidim [followers of the late

Lubavitcher rebbe], and the ultra-Orthodox: we are the majority and we will change the division [of power] between the religious and the irreligious."

FEAR AND TREMBLING

Seated just behind me at Obama's speech in Jerusalem was a man named Dani Dayan, the former head of the Yesha Council, the governing body of the settlement movement. I was not too busy fuming at my *haredi* row-mates to notice that Dayan was also fuming, although about something very different. Although he seemed pleased by Obama's strong defense of the Zionist idea and equally strong condemnation of Iran's nuclear ambitions, he sat scowling, his arms folded, when Obama asked Israelis to imagine what life must be like for the Palestinians who live under Israeli occupation.

Afterward, I asked Dayan what he thought of Obama's speech. "He wants a two-state solution," he answered. "He doesn't know that the two-state solution is dead: dead and buried. And then he tells us we're occupying our own land. How can we occupy what is ours?" If that were the case, I asked, then why did so many in the audience of 2,000 Israelis cheer Obama's message of reconciliation and territorial compromise? "They are naive," he replied. "They are naive about what is important for the future of the state."

On the contrary: I would argue, as Pedahzur, Elizur, and Malkin undoubtedly would as well, that it is the religious camp—both its nationalist and its ultra-Orthodox wings—that is naive about the future. Israel's strength comes from its democracy and its openness to the world. The *haredim* want to turn Israel into a

Jewish Saudi Arabia. The settlers, if left unimpeded, would turn the country into the Jim Crow South. Each vision is fatally flawed. The only question is, can the Israeli center move the country off these paths? I believe it is not too late. The strong performance of Lapid's Yesh Atid party supports a notion that many polls, over many years, have shown to be true: a majority of Israelis object to the power of the *haredim*, and a majority still support a negotiated two-state solution with the Palestinians, which would lead to the dismantling of many of the most of religiously extreme settlements.

But Pedahzur, along with many left-leaning academics, fails to coherently account for why the settlement movement thrives even though most Israelis support a hypothetical peace agreement that would doom it. Contrary to Pedahzur's view, the growth of the settlements is not solely the result of a radical right-wing takeover of Israeli politics, and the unsustainable status quo is not solely the result of Jewish chauvinism. Like many left-of-center commentators on the Middle East, Pedahzur rarely acknowledges that it is not irrational for Israelis to question the wisdom of territorial concessions when confronted with the activities of Hamas and Hezbollah (groups that have murdered thousands of Israeli civilians and that most definitely do not seek an equitable two-state solution); the rhetoric and actions of the Iranians; and the weakness of the Palestinian Authority and the venality that its founder, the late Yasir Arafat, demonstrated in prior peace talks. Israel is plagued by fundamentalism, but the country does not exist in a vacuum: extremism is a disease that has infected its whole neighborhood, and the countries surrounding Israel suffer from far worse cases of it. It is true that the Israeli right exploits the public's fears of those external threats for political gain. But it is also true that from the mainstream Israeli perspective, there is much in the Middle East to legitimately fear.

The trick for the Israelis is to properly balance their fears about such dangers against their fears of threats that originate even closer to home. Although it is not unreasonable to worry what might happen if Israel were to withdraw from large swaths of the West Bank—the 2005 withdrawal from Gaza, which added considerably to Hamas' power and influence, is an object lesson—it is also not irrational for Israelis to fear what would happen to their country if it did not withdraw. If Israel were to make permanent its hold over the West Bank, it would either cease to be a democracy (by permanently disenfranchising the Palestinians) or cease to be a "Jewish state" (by granting full citizenship to the Palestinians and thus becoming more like a binational state, one that would stand a chance of quickly devolving into civil war).

It is difficult, on a day-to-day basis, to understand which frightens Israelis more: an Israel without the West Bank or an Israel with it. But it seems clear that the settlement movement and its allies have not yet convinced the majority of Israelis that the right-wing vision of the future—a majority-Jewish state ruling over disenfranchised Arab cantons—is the best possible outcome.

The Second Great Depression

Why the Economic Crisis Is Worse Than You Think

J. Bradford DeLong

After the Music Stopped: The Financial Crisis, the Response, and the Work Ahead BY ALAN S. BLINDER. Penguin Press, 2013, 476 pp. $29.95.

Alan Blinder is only the most recent in a series of prominent economists who have produced analytic accounts of the U.S. economic downturn. His crisp narrative lays out the policy options that were available at each stage of the crisis, and his analysis is infused with a deep understanding of macroeconomics. Overall, it is the best general volume on the subject that has been published to date.

Despite its many virtues, however, the book paints an overly optimistic portrait of the state of the U.S. economy. "More than four years after Lehman Brothers went under," Blinder writes, "policy makers are still nursing a frail economy back to health." But the U.S. economy is worse than "frail," and there are few signs that it is being nursed "back to health." Most economists claim at least one silver lining in the economic downturn: that it was not as bad as the Great Depression. Up until recently, I agreed; I even took to calling the episode "the Lesser Depression." I now suspect that I was wrong. Compare the ongoing crisis to the Great Depression, and there is hardly anything "lesser" about it. The European economy today stands in a worse position compared to 2007 than it did in 1935 compared to 1929, when the Great Depression began. And it looks as if the U.S. economy, when all is said and done, will have faced certainly one lost decade, and perhaps even two.

The U.S. economy has enjoyed a recovery only in the sense that conditions have not gotten worse. Blinder notes that the unemployment rate jumped to ten percent at the height of the crisis and is now hovering around eight percent, nearly halfway back to economic health. But this assessment is misleading. In the middle of the last decade, the percentage of American adults who were employed was roughly 63 percent. That figure dropped to about 59 percent in 2009. It remains there today. From the perspective of employment, the U.S. economy is not recovering but flatlining.

Look at the GDP figures: in the 12 years between the beginning of the Great Depression and the United States' entry into World War II, the U.S. economy saw its production drop by an amount equal to 180 percent of the output of one average pre-crisis year. If one assumes, as the Congressional Budget Office does, that U.S. production will return to its pre-2008 form by 2017, the economy will have suffered a shortfall equivalent to only 60 percent of one average pre-crisis year. But it is unlikely that the economic downturn will be over by

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2017: no war or major innovation appears to be looming on the horizon that could propel the country into an economic boom the way World War II did at the end of the Great Depression. If the downturn drags on into a second lost decade, the United States will incur further losses equal to the output of a full average pre-crisis year, bringing the total cost of the crisis to 160 percent of an average pre-crisis year and nearly equal to that of the Great Depression.

Of course, the present downturn has caused far less human misery than the Great Depression did. But that is because of political factors, not economic ones. The great network of social insurance programs established by President Franklin Roosevelt's New Deal, President Harry Truman's Fair Deal, President John F. Kennedy's New Frontier, and President Lyndon Johnson's Great Society, and defended by President Bill Clinton, sharply limits the amount of poverty a downturn can cause.

And what of the future? Only ambitious political action of the kind that created those programs can insure the country against suffering an equal economic calamity down the line. Yet the U.S. political system is dysfunctional. Congress will not support the kind of financial regulation the country sorely needs. Blinder concludes his narrative with a number of smart forward-looking recommendations, but his book's biggest weakness is its lack of a road map out of the present impasse that takes into account the political climate. Without a more dramatic set of actions, the United States is likely to suffer another major economic crisis in the years ahead.

SICK PATIENT, BAD DOCTORS

Some will argue that I am assuming the pose of Dr. Gloom. They are likely to be wrong. For one, the U.S. bond market agrees with my assessment. Since 1975, the yield on 30-year Treasury bonds has averaged 2.2 percentage points higher than that of short-term Treasury bills. Given that the current 30-year Treasury bond yields 3.2 percent per year, the typical financial market participant anticipates that short-term Treasury bill rates will pay out interest at an average of barely more than one percent per year over the next generation. The Federal Reserve keeps the short-term Treasury bill rate at that low level only when the economy is depressed—when capacity is slack, labor is idle, and the principal risk is deflation rather than inflation. Since World War II, whenever the yield on the short-term Treasury bill has been two percent or lower, the U.S. unemployment rate has averaged eight percent. That is the future the bond market crystal ball sees: a sluggish and depressed economy for perhaps the entire next generation.

Meanwhile, barring a wholesale revolution in the thinking (or personnel) of the U.S. Federal Reserve and the U.S. Congress, so-called activist policies, such as multitrillion-dollar asset purchases or sustained large-scale investments in infrastructure, are not going to be put in place to rescue the economy. Policymakers are too concerned about rising U.S. government debt. Their worries, of course, are misplaced right now, as Blinder well understands. He shares the consensus of reality-based economists that debt accumulation—whether through the Federal Reserve's buying government bonds or through the U.S. Treasury's

The going got tough: a sign advertising bankruptcy in California, September 2012

REUTERS / LUCY NICHOLSON

issuing them—is not the U.S. economy's most serious problem as long as interest rates remain low.

The deficit hawks seem to have forgotten the basic principle of macroeconomic management: that the government's job is to ensure that there are sufficient quantities of liquid assets, safe assets, and financial savings vehicles. Over the past several years, this principle has gone out the window. A majority of the voting members of the Federal Open Market Committee, which oversees the Federal Reserve's buying and selling of government bonds, believe that the Fed has already extended its aggressive expansionary policies beyond the bounds of prudence. Blinder rightly disagrees: "The Fed's hawks seem more worried about the inflation we might get than about the high unemployment we still have. I'm rooting for the doves."

Worse still is the attitude of the U.S. Congress. "America's budget mess is starting to look Kafkaesque," Blinder writes, "because the outline of a solution is so clear: we need modest fiscal stimulus today coupled with massive deficit reduction for the future." Republicans must accept that tax rates will be higher a decade from now, he argues, and Democrats must accept lower government spending than is currently projected. A deficit-reduction package, perhaps in the mold of the Simpson-Bowles plan (a proposal by Erskine Bowles and Alan Simpson, co-chairs of the president's deficit commission, that combines spending cuts and tax increases), should be adopted in the future, Blinder argues, but not yet. Blinder is preaching the right message, but he is preaching it to an audience of ravens and vultures. Congress is taking its cues from Steve

Martin's *Saturday Night Live* character Theodoric of York, Medieval Barber: no matter what the ailment, all the patient needs is another good bleeding. In this case, the tool of bloodletting is rigorous austerity, which only puts further downward pressure on employment and production.

A BROKEN SYSTEM

As U.S. policymakers cling stubbornly to wrong-headed policies, what can economists do? In such an environment, they can no longer realistically expect to push policy toward an appropriate posture. So what else should occupy economists' time?

At the juncture in the Great Depression most similar to today's point in the current crisis, John Maynard Keynes turned away from policy to attempt to reconstruct macroeconomic thought from the ground up. By writing *The General Theory*, Keynes intended to force economists to think differently when the next crisis struck. Up until 2009, it looked like Keynes had succeeded. But today, it is clear that his task was only half finished, if that. The same ritual incantations that were made during the 1930s—summoning the "confidence fairy," through the magic of austerity, to shower the blessings of prosperity on the economy—are now recited repeatedly and ever more frantically. This is worrisome, to say the least.

Speaking at the London School of Economics in March, the economist Lawrence Summers called for the reconstruction of macroeconomic thought, on the one hand, and the reconstruction of the institutions and orientation of central banking, on the other. But no living economist is smart, bold, or arrogant enough to try to be Keynes, and Blinder wisely takes a more modest approach. He frames his recommendations for reform in ten commandments: three that are addressed to the government and seven that are addressed to financiers. The first set urges policymakers to remember that the cycle of profit, speculation, exuberance, crash, bankruptcy, panic, and depression has been a constant feature of industrial market economies since at least 1825; that self-regulation by financiers is a disaster; and that financiers should have very strong incentives not to walk up to the edge of defrauding the public. The second set of commandments exhorts financiers to remember that their shareholders are their real bosses, that managing and limiting risk are essential, that excessive borrowing is dangerous, that complex financial instruments are equally dangerous, that trading should be carried out using standardized securities in public markets, that the balance sheet is a picture of a firm's position and not a toy, and, finally, that perverse compensation systems must be fixed.

It is clear that the U.S. government ought to obey Blinder's first three commandments and strictly regulate finance. It should hold Wall Street liable for its past misrepresentations and omissions to encourage better behavior in the future. But Blinder does not emphasize enough just how difficult that task has proved to be and how little political will exists to face it. Some economists assume that this job will be easier for future generations because even people who are currently in their 20s will never forget the orgies of fraud that were committed in the housing,

mortgage, securities, and derivatives markets. Others, meanwhile, think that the political will to rein in financial excess will only continue to wane. According to this camp, Wall Street finds it easy to buy influence on Capitol Hill. Although financial firms have a collective long-term interest in being regulated, financiers are too stupid to recognize this—or they simply expect to make their pile and then say, "*Après moi, le déluge*." If this argument is indeed correct, the United States is in awful trouble.

Sound regulation of Wall Street will depend on a different, less money-dominated form of politics—like the kind that was generated by the more egalitarian income distribution of the post–World War II years. But how to get to such an income distribution today? After World War II, the United States made a successful commitment to mass education, which sharply increased the number of those competing for high-salary jobs and thus reduced their income edge over the working class. Such a renewed commitment to education, coupled with a severe strengthening of the progressivity of the U.S. tax system, could create the type of politics and Capitol Hill that would support the kind of financial regulation that 2008–9 revealed was desperately needed.

Blinder's next seven commandments, addressed to financiers, are less useful than the first three. Blinder is right to identify perverse compensation systems as a major problem. They give financiers incentives to take large risks in the belief that they can make a killing and then get out before the crash. The truth is that there are three ways to make money in finance, and only one of them is simple. The first is to possess better information

than other market participants and use that information to buy low and sell high: this is nearly impossible to do on a regular basis. The second is to match necessary risks with investors for whom it makes sense to bear extra risk: this is very difficult. The third, and simplest, is to match necessary risks with investors who do not understand what those risks really are. This is especially easy when information in the financial markets is scant—when securities are complex, when trading is proprietary and secret, and when balance sheets do not accurately represent firms' performance.

As long as perverse compensation systems for financial executives exist, the United States' financial problems will remain nearly, if not completely, intractable. Reforming such systems would fix many, if not all, of these problems. In an ideal world, financial professionals would earn amounts similar to other professionals—such as doctors, lawyers, architects, and engineers—until near retirement, at which point they would be amply rewarded if their judgment had been superb and their clients had received good value. In a past generation, this was accomplished via their late-career ascension to lucrative partnerships at private investment banks. Today, shareholders of financial corporations could impose such a compensation system if they so wished. But they are not organized, and they do not so wish. Financiers, therefore, have no pocketbook reasons to obey any of Blinder's commandments, only their regard for the public interest.

Mindful that his prescriptions might not take hold and that another calamity could well befall the economy, Blinder concludes his book by suggesting how policymakers ought to act during the next crisis: they must focus on heading off risks before they materialize, communicate their policies clearly, make sure to distribute the pain fairly, and never promise that there will be less pain than there will be. (It is difficult to imagine a bigger disaster for the public's understanding and the Obama administration's credibility than then Treasury Secretary Timothy Geithner's August 2010 *New York Times* op-ed, "Welcome to the Recovery"—save, perhaps, for President Barack Obama's premature sighting of "glimmers of hope.")

Policymakers must impose distributions of pain that not only are fair but also are seen to be fair. Bank executives and directors who fail to properly oversee their firms' investments should lose their jobs, their stock options, and their past years' bonuses—and if shareholders will not impose such penalties, the government needs to do so. Shareholders who voted for such executives and directors should lose their equity. And the president needs to speak to the people, explaining the crisis and the government's response, over and over again, in language the average voter can grasp.

WHAT IS TO BE DONE?

Despite the U.S. economy's feeble recovery, it is difficult to evaluate the Obama administration's handling of the fallout from the financial crisis. On the one hand, the president and his team made enormous errors—believing that the recovery would take hold rapidly, that banker opposition to financial reform could be neutralized and overridden, and that the housing sector needed neither reorganization nor large-scale foreclosure relief, to list

just three. On the other hand, it is important to remember that reacting to a crisis is a lot harder than it looks. Moreover, as economists in the Obama administration are quick to point out, Congress has placed extraordinary obstacles in Obama's path. It is also worth nothing that even though the crisis originated in the United States, Europe is suffering more. In other words, it could have been much worse, as it is right now across the Atlantic. Still, it is undeniable that Obama's management of the crisis has not produced a real recovery, that institutional rebuilding has stalled, and that the proper lessons of the financial crisis have not penetrated the United States' money-dominated politics.

But this does not mean that policymakers and economists can give up. In the short run, little can be done except to take down the names of those policymakers and economists who have been predicting inflation and national bankruptcy from monetary and fiscal stimulus and growth from austerity—and remind voters and journalists of who was right and who was wrong. In the medium term, policies will shift. By 1935, six years after the outbreak of the Great Depression, all the major economies had adopted programs along the lines of the New Deal, except for France, whose continued attachment to the gold standard served as a horrible warning. Should its coalition government survive and double down on its austerity policies, the United Kingdom may serve a similar role as a warning against prioritizing spending cuts over economic recovery when demand is missing—a warning of the consequences of, as the British Depression-era economist Sir Ralph Hawtrey put it, "cry[ing], Fire, Fire, in Noah's Flood." The political moment to prioritize recovery and full employment may yet come, if those who understand can recognize and seize it.

In the long run, however, the task remains to educate shareholders that it is unwise to provide the traders and managers who supposedly work for them with fortunes based on short-term accounting, and to educate politicians that such compensation systems create risks too large to be acceptable. It ought to be possible to carry out that task. Someday. Maybe.

The Myth of the Omnipotent Central Banker

Monetary Policy and Its Limits

Adam S. Posen

The Alchemists: Three Central Bankers and a World on Fire
BY NEIL IRWIN. Penguin Press, 2013, 400 pp. $29.95.

Central bankers have always carried a mystique far beyond justification. Even as their policies and procedures have become markedly more transparent, the air of secrecy and power about them persists. And the ongoing financial crisis has brought their activities to the center stage of both economic policymaking and political attention, even as the crisis has revealed many inherent limitations of monetary policy and economic forecasting more broadly.

Indeed, central bankers should be far humbler today than they were in recent decades, when some claimed credit for the so-called great moderation, the period of reduced economic volatility that lasted from the late 1980s to the early years of this century. It is now clear that the prosperity and stability much of the world enjoyed during those years were largely the result of good luck. Nevertheless, monetary policy is a powerful tool, even if it is less powerful than many think.

The journalist Neil Irwin's book *The Alchemists: Three Central Bankers and a World on Fire* thus has an unfortunate title. Central bankers are hardly inconsequential, but their policies cannot transform economic fortunes as an alchemist turns dross into gold. This limitation notwithstanding, Irwin's book is an excellent account of how central bankers have responded to the financial crisis, scrupulously reported and full of clear explanations of events and economic concepts. On the whole, it is an incredibly valuable book for all economically concerned non-economists. As someone who knows well the three central bankers that the book features—Ben Bernanke, the chair of the U.S. Federal Reserve; Mervyn King, the former governor of the Bank of England; and Jean-Claude Trichet, the former president of the European Central Bank (ECB)—I can attest that the narrative has more than just a ring of truth. It gets the individuals, the circumstances surrounding their decisions, and their motivations right and also presents them fairly. Irwin's volume will have lasting value for a wide range of audiences, including students and elected officials, but it will make its greatest contribution as a corrective to the many unfounded or simply crazy ideas about monetary policymakers' intentions and impact.

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THE HUMAN ELEMENT

There have already been a number of very good journalistic treatments of the financial crisis, such as David Wessel's *In Fed We Trust* and Carlo Bastasin's *Saving Europe*, which achieve the impressive

feat of getting the macroeconomics correct while remaining comprehensible. *The Alchemists* does this and then some, providing an international perspective. Looking at three central banks is better than looking at one to underscore just how much the success of monetary policy and financial intervention depends on national institutions, politics, and circumstances. Irwin stresses how much the top central bankers seem to belong to a common club, but the general impression that the reader receives is one about the diversity of their approaches and concerns, even as they responded to parallel challenges.

One of the most important aspects of *The Alchemists* is that it dispels the widespread notion that central-bank policy is driven by highly technical models or subtle, well-planned conspiracies. Monetary policymaking may be more conceptual than striking budget deals or writing financial regulation, but it is far from mechanical. Irwin explains about as accurately as possible just how many disparate factors influence the monthly decisions of the U.S. Federal Reserve's Federal Open Market Committee, the Bank of England's Monetary Policy Committee, and the ECB's Governing Council.

It is important to bear in mind, as Irwin makes clear, that these are all truly committees. The chair has varying degrees of influence in each one, but in all three, multiple voices debate and independently vote—as the former Bundesbank president Axel Weber proved in May 2010 when he refused to support bond buying in Greece. (Or as I did during my time on the Monetary Policy Committee when I pushed for more quantitative easing in 2010–11, against some of my colleagues' wishes to raise interest rates.) Even when there isn't open dissent, policy committees at central banks are subject to the same dynamics as any other committee, with members digging in their heels on their positions at repeated meetings, issues coming up over and over again without resolution, and people using rhetorical tactics to try to win over their colleagues.

The reason for all this disagreement is that macroeconomic forecasts are not just inherently imprecise but also somewhat judgmental. Central banks do not possess models that simply spit out forecasts. Thankfully, Irwin describes in detail the processes by which forecasts and recommendations are made at the various banks, such as the production of the *Teal Book*, which presents the Federal Reserve staff's outlook and forms the basis for the Federal Open Market Committee's deliberations. Such model-based exercises are useful as the starting point for conversations, because they force committee members to spell out their positions and identify where their assumptions differ. And they are easily worth the thousands of hours they take to produce, given that their analyses can help the committee select better policies. But as Irwin accurately portrays, the staff forecasts are just the start of the conversation, and they rarely determine policy decisions.

The view central bankers have of the national and global economies is partial, often misleading, and constantly in flux. Important economic data are compiled with a lag, and the figures are subject to radical revisions long after decisions have to be made. Once decisions are made, moreover, monetary policies can take a year or two to have their full

impact—typically well after the next few rounds of decisions have already been finalized. Given all the other factors at play, it is exceptionally difficult to assess even in hindsight the impact monetary policy has on an economy. (That is why Thomas Sargent and Christopher Sims won the Nobel Prize in Economics in 2011 for their contributions to "identifying the effects of monetary policy shocks.") In truth, central bankers possess hardly any inside information that the markets and the media do not have access to—save for an understanding of how they themselves think about data.

Ultimately, of course, policymakers cannot interpret data without choosing a theoretical framework as their guide, but even here, disagreement reigns since there is no single consensus theory of macroeconomics. Irwin captures nicely the difficulties of making macroeconomic assessments in real time in his chapters about the Federal Reserve in the 1970s and the Bank of Japan in the 1990s. Anguish, agony, and aggravation are part and parcel of a central banker's job. Being a voting monetary policymaker is a rare privilege, but it can and should be trying for one's intellect and one's ego.

THE ELECTED AND THE SELECTED

The Alchemists delivers a good picture of how politics enters monetary policy decision-making: it is always there in the background, occasionally distracting and forcing tactical changes, but decisive only when the committee chair wants it to be. Other reviewers have justly praised Irwin's recounting of how the Federal Reserve Bank presidents intervened in the negotiations over the Dodd-Frank financial reform legislation to save the Fed's role in supervising smaller banks. Yet as much as anything, the tale reveals that the monetary policy decisions made by the Federal Open Market Committee during this period came out where the intellectual debate led; that is, they were not altered to preempt congressional actions regarding the Fed's structure.

Politics was critical, however, in the dealings of the Bank of England in 2010 and of the ECB in 2010–12. During those periods, the leaders of the two central banks chose to risk their reputations in public debates over government deficits and fiscal policy—something that Irwin shows Bernanke carefully avoiding on the other side of the Atlantic. When the ECB changed presidents in November 2011, from Trichet to Mario Draghi, interest-rate increases that had been enacted the previous spring were quickly reversed with cuts—despite greater political pressure on the newly installed and Italian Draghi than there had been on the French Trichet to toe Germany's anti-inflationary line.

Irwin smartly spends a lot of his later chapters, particularly those dealing with the euro crisis, on the interaction between fiscal and monetary policy (as well as on the broader interaction between elected politicians and unelected central bankers). This uneasy dynamic remains a major issue today and the subject of great concern on both sides of the Atlantic. In the United States, some worry that the Federal Reserve is doing too much and letting Congress and the Obama administration off the hook for budget failures, while in Europe, some fear that the ECB is usurping democracy by imposing austerity over the heads of elected officials.

Irwin depicts the wide differences in opinion among economists and policymakers over how central bankers should react to elected officials' failure to make hard budget choices. These differences, it turns out, do not always line up neatly with partisan affiliations. To his credit, Irwin stays within the bounds of journalistic neutrality on this issue. Although one can pick up signs that he believes Bernanke was right to stay out of the U.S. fiscal debate and that King, by contrast, overstepped during the 2010 British election and the early days of David Cameron's tenure as prime minister, these signs are far from overt. Irwin's treatment of the dilemmas imposed on the ECB by fractured European decision-making illustrates well the challenging interplay between central bankers and politicians.

GETTING THE DOSAGE RIGHT

Despite its international perspective, *The Alchemists* reveals, perhaps inadvertently, a critical truth: central banks focus primarily on their own economic domains, and cross-border policy cooperation is rare. Irwin narrates vividly how the major central banks came together in October 2008 for the first coordinated interest-rate cut in history and how the Federal Reserve assisted partner central banks that were running low on dollar reserves. These highly constructive actions were taken jointly, but they were unprecedented in the history of central banking, and they were taken in response to unprecedented circumstances. Accordingly, they did not set a new precedent for central-bank cooperation.

Although he exaggerates the commonalities among the three central

bankers, Irwin accurately portrays their rotating sense of frustration after these initial coordinated successes. First, the rest of the world was annoyed by the Federal Reserve's willingness to let quantitative easing drive down the value of the dollar, irrespective of what that meant for small economies (which subsequently faced massive inflows of capital). Next, the Fed and other central banks became exasperated with the ECB for its refusal to take seriously, let alone resolve, the euro crisis. I remember feeling an incredible sense of powerlessness and anger during the summer of 2011, as European officials seemed to be fiddling while Rome, Madrid, and Athens burned, when everybody could see that the peripheral countries' problems would eventually become the United Kingdom's, and even the United States', problems, too. Having shared bottles of Burgundy in Basel or thesis advisers at Harvard or MIT did not prevent central bankers from going their own ways without regard for the spillover effects on others. That may have been the right approach, and it was certainly the one most likely to be seen as legitimate by their respective national electorates, but it was hardly a demonstration of the kind of community that Irwin evokes.

Finally, it is important to revisit the book's title, which delivers a misleading picture. Especially in the first part of the narrative, a history of central banking from the mid-seventeenth to the early twenty-first century, Irwin portrays the creation of credit and the ability of central banks to stop financial panics as akin to alchemy—a magical process of making something valuable out of virtually nothing. This is unfortunate. All around the world, money and credit are as old as civilization. Central banking is a valuable institutional innovation, much like organized police forces and democratically elected assemblies, but it is hardly magic.

This lack of magic cuts both ways: monetary policy should be neither feared as something mysterious and incomprehensible, accessible only to a few masters, nor relied on as a silver bullet. One can learn a good amount of monetary economics from Irwin's book, but it is important not to buy into its awestruck tone.

That's why I would have titled the book *The Pharmacists* instead. The role of a central banker, after all, is not so different from that of a pharmacist: with a limited medicine cabinet, and restricted by law from exceeding certain bounds, both must make sense of scrawled prescriptions from differing specialists, decide what side effects to take into account, and then ultimately dispense the proper dosage of medicine to their customers, all without knowing or controlling everything else the patient is consuming. The best they can hope for is that the patient recovers steadily over time, with a minimum number of negative side effects.

The Frankfurt School at War

The Marxists Who Explained the Nazis to Washington

William E. Scheuerman

Secret Reports on Nazi Germany: The Frankfurt School Contribution to the War Effort
BY FRANZ NEUMANN, HERBERT MARCUSE, AND OTTO KIRCHHEIMER. EDITED BY RAFFAELE LAUDANI. Princeton University Press, 2013, 704 pp. $45.00.

War makes for strange bedfellows. Among the oddest pairings that World War II produced was the bringing together of William "Wild Bill" Donovan, head of the U.S. Office of Strategic Services (OSS)—a precursor to the CIA—and a group of German Jewish Marxists he hired to help the United States understand the Nazis.

Donovan was a decorated veteran of World War I and a Wall Street lawyer linked to the Republican Party. In 1941, President Franklin Roosevelt tapped him to create the United States' first dedicated nonmilitary intelligence organization. At that time, many in the foreign policy establishment saw intelligence and espionage as somewhat undignified, even unimportant. So Donovan cast a wide net, recruiting not only diplomats and professional spies but also film directors, mobsters, scholars, athletes, and journalists.

Even in that diverse group, Franz Neumann stood out. Neumann, a Marxist lawyer and political scientist, had fled Germany when the Nazis came to power in 1933. He arrived in the United States a few years later, where he was hailed as an expert on Nazi Germany after the 1942 publication of his book *Behemoth: The Structure and Practice of National Socialism*, which depicted Nazism as a combination of pathological, monopolistic capitalism and brutal totalitarianism. Neumann's work brought him to the attention of Donovan, who was eager to mobilize relevant expertise regardless of its bearer's political views.

Donovan put Neumann in charge of the Research and Analysis Branch of the OSS, studying Nazi-ruled central Europe. Neumann was soon joined by the philosopher Herbert Marcuse and the legal scholar Otto Kirchheimer, his colleagues at the left-wing Institute for Social Research, which had been founded in Frankfurt in 1923 but had moved to Columbia University after the Nazis came to power. What came to be known as the Frankfurt School combined an unorthodox brand of Marxism with an interdisciplinary approach to research that stressed the pivotal roles played by culture, law, politics, and psychology in buttressing injustice. Its members always disdained the more rigid leftist thinking that had claimed Marx's mantle in the Soviet Union and elsewhere.

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Despite the vast political and cultural gap separating Donovan from Neumann and his team, the spymaster trusted the radicals with the vital security task of providing advice about the Nazis. In the words of John Herz, another young refugee assigned to Neumann's office (and later a major figure in postwar international relations theory), "It was as though the left-Hegelian World Spirit had briefly descended on the Central European Department of the OSS."

The result of this unusual collaboration was a series of fascinating reports prepared for U.S. policymakers on topics ranging from anti-Semitism and the Nazi political economy to the impact of air raids on civilian morale and the best way to prosecute war criminals. Despite their backgrounds in such abstract fields as jurisprudence, philosophy, and political theory, the Frankfurt School thinkers turned out to be shrewd and down-to-earth political analysts. Yet their reports also point to the limits of wartime policy advising, the difficulty of applying theory to practice, and the sobering reality that even astute prognosticators are likely to remain imprisoned in the political past.

BACK TO SCHOOL

Much of this story has already been told, but this new volume—ably assembled by Raffaele Laudani, a young Italian historian based at the University of Bologna—conveniently collects a substantial chunk of the original documents penned by Neumann and his research team. Although German translations of some of this OSS material have been published before, this is the first time that an Anglophone audience can read the documents without having to visit a U.S. National Archives facility in Maryland.

Neither lifeless bureaucratic memos nor jargon-ridden academic tomes, the reports still make for good reading. To be sure—bearing in mind, of course, the luxury of hindsight—Neumann and his colleagues sometimes got things wrong. They never really understood the true depth of Nazi anti-Semitism, seeing it less as a political pathology than as a way for the Nazi regime to test new repressive strategies on one group before employing them on others. Relying on Neumann's *Behemoth*, which depicted modern capitalism as Nazism's main basis, they argued that the revitalization of German democracy depended on a socialist overhaul of the country's economy, failing to anticipate the possibility of a fresh recalibration of capitalism with liberal democracy, along the lines that emerged after the war in the Federal Republic of Germany and elsewhere.

But they also got many things right. Their assessment of political and social conditions during Nazism's final years has been substantially corroborated by a great deal of more recent scholarship. The group's criticisms of U.S. Treasury Secretary Henry Morgenthau's plan to dismantle modern industrial Germany, foolishly endorsed by Roosevelt and forced on a skeptical Winston Churchill, might have played some role in President Harry Truman's eventual decision to abandon it. In one of his reports, Kirchheimer presciently identified the legal difficulties that would ultimately face the United States when it came time to punish war criminals and expunge Germany of Nazi influence. Although he and his colleagues ultimately were disappointed by the Nuremberg trials

and by what Herz later bitterly described as "the fiasco of denazification," both of which they deemed insufficiently far-reaching, their OSS reports nevertheless provided much of the theoretical basis for the U.S. approach to postwar justice in Germany.

Most revealing, though, is the general advice that frames the Frankfurters' message to U.S. policymakers: the Allies needed to stop viewing Nazi Germany through old lenses molded during World War I. Only if the United States grasped how contemporary realities broke with familiar historical precedents could it win the peace and lay the groundwork for a new German democracy. Neumann and his team excoriated U.S. policymakers for relying on anachronistic wartime images of Germany as "Prussian" and dominated by a military elite, as though the country were still ruled by the Kaiser. Backward-looking propaganda might gin up public support for the war in the Allied countries, but it falsified the realities of the Nazi power structure.

The Frankfurt School thinkers also feared that by mistaking the Germany of 1945 for the Germany of 1918, the Allies would fail to appreciate the ways in which the Nazis had made it unlikely that ordinary Germans would accept the kind of humiliating surrender they had suffered at the end of World War I. As Marcuse wrote in a report in September 1943, "The system of National Socialism has been devised for the very purpose of making a repetition of 1918 impossible." The Frankfurters argued that the Nazis' radical anti-Semitism was an attempt to guarantee the complicity of the broadest possible swath of the populace in Nazi crimes. With their hands dripping with blood, most Germans would likely see no real choice but to fight to the death against the Allies. Even if some evidence coming out of Germany suggested that wartime morale was low, the Nazis were doing everything possible to make sure that ordinary Germans had every incentive to stay the course.

SEEING 1945, THINKING 1918

Curiously, the Frankfurters occasionally failed to heed their own warnings about the perils of relying on misleading historical analogies. The most obvious example is their inability to foresee the possibility that a new and relatively robust German democracy—built on a foundation of regulated capitalism combined with a generous welfare state—could arise after the war. The Frankfurt scholars also worried incessantly about a possible replay of the crises of 1918, when the victorious Allies forced an unpopular peace on a new parliamentary German government dominated by moderate Social Democrats, making them easy targets for antidemocratic groups. In order to maintain order and neutralize the uprisings inspired partly by the Bolsheviks, the Social Democrats cut a series of deals and turned to traditional forces in the army and the reactionary paramilitary *Freikorps* to put an end to the unrest. The result was not only deep divisions on the political left that eased the way for Nazism but also a political system in which the bureaucracy and the military remained in the stranglehold of groups hostile to democracy and social reform. As Neumann argued in *Behemoth*, this cancerous antidemocratic "antistate" within the Weimar Republic eventually helped kill it off in 1933.

Yet despite their own warnings about relying on images of 1918, the Frankfurters succumbed to the same error by failing to acknowledge Nazism's total decimation of civil society. Germany in 1945 witnessed none of the social upheavals that shook the country after World War I. The Frankfurt intellectuals' Marxist faith in working-class resistance and militancy kept them from fully grasping the extent of Hitler's successful obliteration of even the barest rudiments of political opposition.

The preoccupation with 1918 also explains the Frankfurters' views about how best to end the war and promote German democracy. Their reports exude anxiety about the prospect that the Nazis might successfully exploit divisions between the Allies and so prevent Germany's total military defeat. Such a short-circuiting of the war, they argued, would prove counterproductive since it would lead to a replay of Germany's last defeat: powerful antidemocratic groups would remain in place. If the Americans and the British made a separate peace with groups within the German military willing to depose Hitler, it would only be a matter of time before the country's familiar political pathologies resurfaced. As Marcuse warned, such a deal might even play out to the Russians' advantage, since the West would lose any credibility with a German populace likely to demand radical political and social change, as it had in 1918.

The key to uprooting Nazism's foundations, the Frankfurters argued, was Allied military and political unity. Only the Allies' combined muscle could smash the pillars of Nazi power—and German militarism—once and for all. To help Germany make a clean start this time around, the Allies would need to fully occupy the country and round up the elites responsible for the crimes of the Third Reich. The Nazi Party would have to be banned and its leaders tried and imprisoned. Should the jails prove already full, Kirchheimer recommended, the Nazis could be temporarily housed in their own former concentration camps. Meanwhile, the Allies would also have to rid the bureaucracy of all authoritarian influences. Since big business not only used Nazi slave labor but had actively supported the regime and its imperialist policies, top industrialists should also be subject to strict denazification. As for the military elites directly involved in war crimes, they should face tribunals. And Germany, the Frankfurters urged, should never again be permitted to develop into a military power.

Whatever the virtues of their specific proposals, only some of which were ever partially implemented, the Frankfurters at least identified a perennial challenge facing occupiers after the defeat of a dictatorship: How can a foreign military government help dismantle authoritarianism and promote democracy without usurping those tasks properly left to indigenous democratic groups? Neumann's team wanted an Allied military government to clean the political slate, allowing German democrats to create a new order. Not surprisingly, the reports show that the Frankfurt analysts struggled to figure out how this could best be accomplished. Firmly committed to the Marxist thesis that modern capitalism constituted a root cause of Nazism, they wanted the Allies to prepare the way for the nationalization of German heavy industry. Yet the reports also suggest that the Frankfurt School advisers were not quite sure

about who should pursue this nationalization or when it was best to do so.

Their own leftist political agenda meshed, or so the Frankfurt scholars conveniently hoped, with the imperatives of wartime power politics. The Allied unity that the Frankfurters argued for would require that any joint postwar military government "embrace elements from both Anglo-American and Soviet social structure and practice," as Neumann argued in a revealing September 1944 memo. Assuming that the alliance would survive the war's conclusion, he advised Donovan that a stable military government could rest only on reform ideas fusing Anglo-American democracy with socialist economics. Power politics demanded what he and his Frankfurt School compatriots had always desired: a democratic socialist Germany. This assessment quickly proved mistaken, not least because of the explosive divisions between the West and the Soviets that soon emerged. As the increasingly frustrated Frankfurt scholars quickly grasped, their leftist vision was destined to have little impact on postwar U.S. policy or the remaking of Germany.

THE SECRET SHARER

The Frankfurt School's role in wartime intelligence had almost been forgotten when, in the 1990s, the U.S. government declassified Soviet intelligence cables intercepted and deciphered in the 1940s by the United States and the United Kingdom as part of the so-called Venona Project. Some of the cables suggest that Neumann, operating under the code name "Ruff," had passed along U.S. government secrets to Soviet agents. Although Laudani mentions the controversy, he seems reluctant to discuss it, as have been many others sympathetic to the Frankfurt School.

Laudani's caution is understandable yet unfortunate. Neumann was a lifelong social democrat whose writings evince neither sympathy for Soviet communism nor any whiff of the fellow-traveling commonplace among radicals during the 1930s and 1940s. During the Cold War, he spoke out against Soviet tyranny in East Germany, helping establish the Free University of Berlin as a bulwark against the Sovietization of intellectual life in Germany's great metropolis. Alarmed by the specter of a separate peace between the Soviets and the Germany military no less than the possibility of one between the West and right-wing elites, his OSS intelligence reports exhibit no affinity for Soviet communism.

So why then might Neumann have shared secret documents with the Soviets? The OSS reports point to one possible explanation. The most interesting materials he passed to the Soviets speak directly to a concern that also surfaces in the Frankfurters' OSS contributions: that the wartime alliance could prematurely fall apart, and antidemocratic groups in Germany might finesse a deal with the West that prevented Germany's total defeat and again left the pillars of German authoritarianism basically unharmed. "Ruff" shared secret OSS reports about a May 1944 meeting in Switzerland between an OSS official, Allen Dulles (who would later head the CIA), and a retired German general who told Dulles that the German military might overthrow Hitler and clear occupied western Europe of German troops as part of a deal with the Allies in which Germany would be permitted to continue

waging war against the Soviet Union. Ironically, Soviet intelligence mistakenly classified the report from "Ruff" as disinformation. The meeting did in fact take place, but despite Neumann's apparent efforts to warn the Soviets, they ignored him.

To judge from the Venona cables and Neumann's work for the OSS, it appears that Neumann engaged in espionage not as a result of naiveté or illusions about Soviet communism but because he believed that only Allied unity and Soviet participation in bringing the war to a successful close could save democracy in Germany while leaving open some chance of radical social reform. Of course, given what soon happened wherever Stalin's armies arrived, this view now inevitably seems misguided.

THEORY HEADS

Today, the Frankfurt School is widely associated with hostility to empiricism and even to science. On university campuses, its aficionados are typically found in literature and cultural studies departments, but not in economics, law, or political science. It is true that the most prominent Frankfurt School figures, the social philosopher Theodor Adorno and the cultural critic Walter Benjamin, had little patience for the sort of hardheaded research featured in the OSS reports. But the publication of those reports should serve as a reminder of the Frankfurt School's neglected face, as represented by the enigmatic Neumann and his OSS colleagues, for whom rigorous empirical inquiry always constituted a core component of what they called the "critical theory of society."

Their work for the OSS also highlights the prospects, as well as the perils, of any attempt to harness such research to government policymaking. Stepping directly into the political arena, the Frankfurters were forced to take risks generally spared those who remain safely cloistered in the academy. For his part, Donovan also gambled by tapping a group of foreign-born radicals to handle an important job for U.S. intelligence.

The Frankfurt thinkers' own ideological and political preferences sometimes got in the way of providing sound policy advice. And in Neumann's case, those preferences led to an unfortunate interlude with Soviet agents. Yet as the philosopher Raymond Geuss points out in his foreword to the book, present-day policymaking is plagued by "intellectual conformism," and Geuss is right to worry about how intellectual standards for government analysis have sunk. It is worth wondering how many high-level officials in today's Washington would bother to listen to scholarly advice drawn from outside the political and intellectual mainstream.

Pyongyang Perseveres

Why Washington Should Learn to Work With North Korea

John Delury

The Real North Korea: Life and Politics in the Failed Stalinist Utopia
BY ANDREI LANKOV. Oxford University Press, 2013, 304 pp. $27.95.

Around 10:30 PM on April 3, Lee Hyeok-cheol, a fisherman who had defected from North Korea six years earlier, stole a boat docked on South Korean–controlled Yeonpyeong Island and sped back to the country he had abandoned. South Korean surveillance did not pick up his vessel for 15 minutes, and by the time they could organize a pursuit, Lee had already crossed into North Korean waters. The boat's owner managed to get a call through to Lee, imploring him to come back to the South, but Lee would have none of it: "You son of a bitch!" he replied. "You should have been nicer to me when I was there!"

Lee made his daring nighttime voyage during a period of heightened tensions on the Korean Peninsula. In late March, North Korea had been launching an almost daily barrage of threats against the United States and had cut off the military hotline to South Korea. In a demonstration of support for Seoul, Washington sent a pair of nuclear-capable B-2 stealth bombers to do a mock bombing run off the west coast of South Korea. And South Korean officials responded by promising to bomb downtown Pyongyang, including statues of Kim Il Sung and Kim Jong Il, if North Korea attacked. The new Korean heads of state—Kim Jong Un in the North and Park Geun-hye in the South—were off to a particularly bad start.

On that night of April 3, North Korean border patrol agents, caught off-guard by Lee's sudden homecoming, could have easily mistaken the fisherman's return for a South Korean covert operation and shot at him. Had they done so, South Korean naval commanders—who were under orders, in the words of Park, to "respond powerfully [to a provocation] in the early stage without having any political considerations"—could have mistaken the fire as an act of aggression and launched an attack on the North Korean coast. And so Korea's 60-year-old semi-cold war could have quickly become a hot one again—and a nuclear one at that.

This episode illustrates just how dangerous the standoff with North Korea has become. With both sides on high alert, full-scale conflict, which neither side actually wants, could be sparked by a mistake. The results would be calamitous. Beyond a massive loss of life, and the possibility of nuclear strikes, war would destabilize the region, likely forcing the United States, China, and other countries to intervene, with no clear outcome except considerable destruction in one of the most economically dynamic regions in the world.

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John Delury

Beyond poor communication, the risk of war is raised by a serious shortage of understanding on both sides. Given the stakes, knowing how and why Pyongyang does what it does is more important than ever. Yet 18 months after the accession of Kim Jong Un to the position of supreme leader, North Korea's adversaries are still struggling to figure out what makes him and his regime tick. Victoria Nuland, the U.S. State Department's spokesperson, inadvertently highlighted the problem on April 5, 2013, when she responded to a question about why North Korea's leaders were behaving provocatively by saying, "I can't possibly get into their heads."

WALK LIKE A KOREAN

Nuland is not alone; few outsiders have any insight into the North Korean mindset. On the short list of scholars who do is Andrei Lankov, whose new book, *The Real North Korea,* should be required reading for anyone trying to understand North Korean history, politics, and society. A Soviet-educated historian who studied at Kim Il Sung University, in Pyongyang, in the mid-1980s and is now a professor at Kookmin University, in Seoul, Lankov possesses a singular perspective on his subject. Combining sweeping historical vision with rich detail about contemporary life, his new book portrays North Korea as a failed Stalinist state that miraculously survived the end of the Cold War and has managed to preserve its political system and ideology in the face of profound socioeconomic transformations. His portrait of the country represents a major contribution to the woefully underdeveloped field of North Korea studies and, like Barbara Demick's 2009 book, *Nothing to Envy*, offers a rare and instructive window onto life there.

The Real North Korea is best at explaining the origins and development of the regime, starting with Kim Il Sung's guerrilla days fighting the Japanese in Mao Zedong's and then Joseph Stalin's Red Army. Perhaps not surprisingly, given Lankov's personal background, the author sees North Korea through a Soviet lens, a perspective that proves particularly helpful in understanding the early evolution of its government. Having combed through cables sent from the Soviet embassy in Pyongyang in the 1950s, Lankov reconstructs the story of the seminal 1956 Central Committee meeting in Pyongyang, at which Kim Il Sung fought off challenges to his leadership from pro-Chinese and pro-Soviet factions. This critical event is the centerpiece of Lankov's thesis that Kim "out Stalin-ed Stalin": while Nikita Khrushchev moderated Soviet communism in the 1950s, Kim doubled down on his Stalinist project by centralizing economic planning and concentrating his political power.

But Lankov's judgment of North Korea by Soviet standards becomes less helpful as the story continues. Moscow's influence waned over time, and the East Asian, rather than Eurasian, character of Korean communism became increasingly evident. Lankov recognizes as much when he writes, "Communism in East Asia was widely seen as a shortcut to the national revival and modernity, a way not only to solve social problems but also to leapfrog past stages of backwardness and colonial dependency." The goals of opposing Western imperialism

and reuniting territory have shaped Pyongyang's strategy in a way that is less germane to the history of Russia and most eastern European states and yet is directly parallel to Mao's mission in mainland China and Ho Chi Minh's in North Vietnam. Indeed, Kim Jong Un's bravado in trading military threats with the United States this past spring burnished his credentials as a worthy successor to this tradition. Neglecting to emphasize how the anti-imperialist nationalism of the Kim family continues to play a central role in the regime's claim to political legitimacy is a serious flaw in Lankov's analysis.

THE WORST-KEPT SECRET

The Soviet focus Lankov takes also seems to have convinced him that the North Korean regime cannot follow China and Vietnam's model by maintaining its political system and transforming its economy. Unlike China and Vietnam in the 1970s and 1980s, Lankov argues, North Korea's current leadership dares not open the country's economy and normalize relations with the West because following that path would expose the "yawning gap" between North Korea's poverty and South Korea's prosperity, leading the North Korean people to abandon the regime and move south

en masse. Yet without economic reform, North Korea will eventually run out of resources. Therefore, Lankov argues, North Korea, like the Soviet Union, will one day suddenly cease to exist.

In the meantime, Pyongyang continues to hive itself off from the world and blackmail wealthier countries into handing over aid that the state needs to survive. Kim's behavior this past spring seems to fit the pattern laid out by Lankov: "First make a crisis, then escalate tensions, and finally extract payments and concessions for the restoration of the status quo." The strategy may work in the short run, but it is ultimately unsustainable, he argues, predicting that the regime will crumble by 2030—and even sooner if Kim is stupid enough to try his hand at economic reform.

The problem with Lankov's explanation for why North Korea cannot pursue economic development is that it is contradicted by his own evidence of how much information has seeped across the porous Chinese border. This process began almost 20 years ago as large numbers of North Koreans fled to China, originally to escape famine and later to find work. The famine of the 1990s destroyed the centrally planned, highly regimented North Korea created by Kim Il Sung, giving birth to the "real" North Korea that Lankov ably describes, a semi-marketized, highly mobile society in which some two million people own cell phones and "grassroots capitalism" is thriving despite the state's episodic attempts to restore the old economic system. Sectors such as transportation have been privatized, Lankov explains, describing a North Korean defector he met in Seoul who had run a small trucking company back in the North. Lankov also cites empirical studies on the rise of farmer's markets, the proliferation of private retail shops and restaurants, and the population's increasing freedom of movement. This mobility includes bribing one's way into China and linking up with trade networks that connect even to the more than 20,000 North Koreans who have resettled in the South. This quiet but constant flow of people, goods, and remittances means that most North Koreans enjoy detailed information about the prosperity of South Korea and the rapid growth of China. Indeed, many of them watch South Korean television dramas stored on USB drives and DVDs smuggled in from China.

In other words, the secret is out. North Koreans already know that they are way behind their neighbors. Moreover, they have heard about how poorly North Korean defectors are faring in the hypercompetitive South, where resettled Northerners struggle to keep low-paying jobs and complain of social isolation. The resentful parting comment of Lee, the fisherman who returned to North Korea, captures the feelings of many, if not most, of those North Koreans now trying to scrape by as second-class citizens in the South. Lankov acknowledges the plight of the defectors but does not connect the dots to recognize that absorption into South Korea is not a particularly attractive option for North Koreans, precisely because of the economic gulf represented by the 38th parallel.

NOTHING IS GUARANTEED

The other big piece of the North Korean puzzle missing from Lankov's

analysis is a consideration of North Korea's precarious geopolitical situation and its impact on the regime's strategy. The country has suffered from an acute sense of international insecurity since the end of the Cold War, when Moscow abandoned Pyongyang, abruptly severing trade relations and economic assistance, and Beijing betrayed Pyongyang by normalizing its relations with Seoul. The United States keeps troops garrisoned in the capital of its "linchpin" ally, South Korea, and stages large-scale military exercises to remind Pyongyang that it stands ready to level North Korea, as it did in the 1950s, should war break out. In such an environment, Pyongyang dare not shift gears from projecting strength to creating prosperity. This geostrategic insecurity is a better explanation for North Korea's sluggish approach to economic reform and opening up than Lankov's central claim that Pyongyang must keep its citizens in the dark about South Korea's success.

In fact, it can be argued that North Korea already is following the Chinese model of reform—albeit in a way that can be appreciated only if one takes a long view of China's opening. Beijing acquired nuclear weapons in the 1960s and negotiated a détente with Washington in the early 1970s, at a time when the Cultural Revolution was still raging and the Chinese leadership seemed crazy to many outsiders. Only then, after achieving this modicum of security, did the Communist Party under Deng Xiaoping finally prioritize economic development. When asked why Pyongyang so stubbornly refuses to follow China's successful model, Chinese experts on North Korea point out that North Korea today resembles China in 1970: waiting for a security guarantee from Washington before embarking on real economic reform.

Kim has been signaling that he wants to get on with that next phase of what he calls "economic construction." The most important indication of this desire, which was lost in the noise of nuclear threats, came on April 1, when Kim promoted the pragmatic technocrat Pak Pong Ju to the position of premier, charging him with overseeing economic growth. A decade ago, Pak led North Korea's "economic improvement" efforts, focused on permitting greater privatization, bringing prices and wages in line with the market, and attracting foreign investment, but he was sidelined in 2006 by an antireform backlash. He has resurfaced with the rise of Kim, and now, as premier, he could be able to work with pragmatic leaders in Beijing, Seoul, Tokyo, and even Washington. Pak's return to the premiership is a clear sign that Kim takes the economy seriously and has a reformist bent.

MAKING PEACE

For all its rich insights into North Korea's past and present, *The Real North Korea* underestimates these forces for economic reform, overestimates the certainty of regime collapse, and ultimately fails to provide useful suggestions for resolving the Korean conflict. According to Lankov, the only thing Washington can do is wait for the regime's inevitable demise, perhaps giving it a nudge here and there by exposing North Koreans to the world beyond their borders. But the country has been around for over 60 years and, as even Lankov admits, might last another

decade or two, if not longer, prolonging the danger of war for the foreseeable future.

A better way—indeed, the only real way—out of the North Korean quagmire is for Washington to take the lead in addressing Pyongyang's insecurity through a comprehensive peace process, including a treaty that replaces the current armistice and at last ends the Korean War. Denuclearization should be the phased-in end goal, but not the precondition for the negotiation process. Along the way, to build trust and create momentum for the eventual resolution of the conflict, Park should make every effort to resume serious economic cooperation with the North by expanding joint economic projects, such as the Kaesong industrial park and the Mount Kumgang Tourist Region, and pioneering new ways to bind both Koreas to peace, stability, and further cooperation.

Of course, should Park and U.S. President Barack Obama pursue this kind of "peaceful development" strategy, as the Peking University scholar Wang Dong calls it, critics will claim they are appeasing and rewarding bad behavior, echoing charges made against President Richard Nixon when he made his historic trip to Beijing in 1972. But in reality, it is Washington's reliance on sanctions and military muscle that rewards the bad behavior of hard-liners in Pyongyang, who use such provocations to justify counter-threats and defense spending. In the absence of diplomatic engagement and economic cooperation, moderates in Pyongyang have little leverage in internal policy debates. The cycle of hostility is self-sustaining.

The Real North Korea thus turns out to be an astute account of North Korean history and society, but a less reliable guide to North Korea policy. If Park and Obama stick with the White House's failed policy of "strategic patience," waiting for the problem to simply go away on its own, as Lankov claims it will, then all parties risk having a rogue fisherman trigger another Korean War.

Letters to the Editor

AGAINST ACTIVISM

To the Editor:

In making the case for an activist U.S. grand strategy, Stephen Brooks, G. John Ikenberry, and William Wohlforth ("Lean Forward," January/February 2013) cite an article we wrote in *Orbis* as evidence that the budgetary savings of a strategy they pejoratively call "retrenchment" would be small. Because the "radical reduction" in defense expenditures that we proposed would reduce spending by only $900 billion over a decade, they reason, more mainstream versions of retrenchment would save an economically irrelevant pittance.

But as we mentioned in our article, that figure was a floor, not a ceiling, and deeper cuts would be possible. Moreover, our recommendations look radical only when compared with the current military, which has swelled as a result of overwrought ambitions. Our proposal would still leave the United States with roughly 230 ships; about 1,400 fighter and bomber aircraft; the bulk of the current army, Marines, and special operations forces; and at least 500 nuclear warheads.

Brooks, Ikenberry, and Wohlforth also argue that "most studies by economists find no clear relationship between military expenditures and economic decline." But that uncertainty does not mean that, as they write, "there is no reason to believe that the pursuit of global leadership saps economic growth." Regardless, what really matters is not growth but welfare. Current U.S. military spending is economically sustainable, but that does not necessarily mean it is wise. The Pentagon's bloated budget diverts resources from other uses that would better serve Americans.

Finally, the authors seek to distinguish their views from those that support foolish U.S. wars, starting with Iraq. But the stationing of troops in trouble spots—and the notion that those troops would prevent regional competition and nuclear proliferation—actually facilitates such wars. If policymakers think that foreign security competition threatens the United States, then they will find it harder to resist wars fought to pacify remote regions.

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I think the next stage of this relationship is to find a mechanism to start closing the strategic trust deficit between the two countries. And my simple recommendation, outlined in the article in *Foreign Affairs*, is to do that through a program of regular summitry.

ON THE GLOBAL ORDER:
I think China, for its own national interest reasons, now finds itself engaged in every global negotiation under the sun. And incrementally, what you will see more and more is the Chinese having to take positions on the structure of the order, rather than standing simply to one side.

ON SOUTH KOREA:
I don't believe that newly elected South Korean President Park [Geun-hye] has the political capital to simply turn the other cheek [to a North Korean provocation]. I think there will be enormous pressure on her to respond, and if she responds militarily, we're then in the dynamics of escalation.

ON NORTH KOREA:
What we can say with confidence is there's now a debate under way in Beijing about the future direction in North Korea policy. There are a large number of articles appearing that argue the whole spectrum of this North Korean phenomenon and how it impacts China's national interests.

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