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The New Arab Revolt

What Just Happened

Why No One Saw It Coming

What It Means

What Comes Next

Lisa Anderson • Jack Goldstone
Michael Doran • Dina Shehata
Nassim Taleb & Mark Blyth
Shadi Hamid • Daniel Byman

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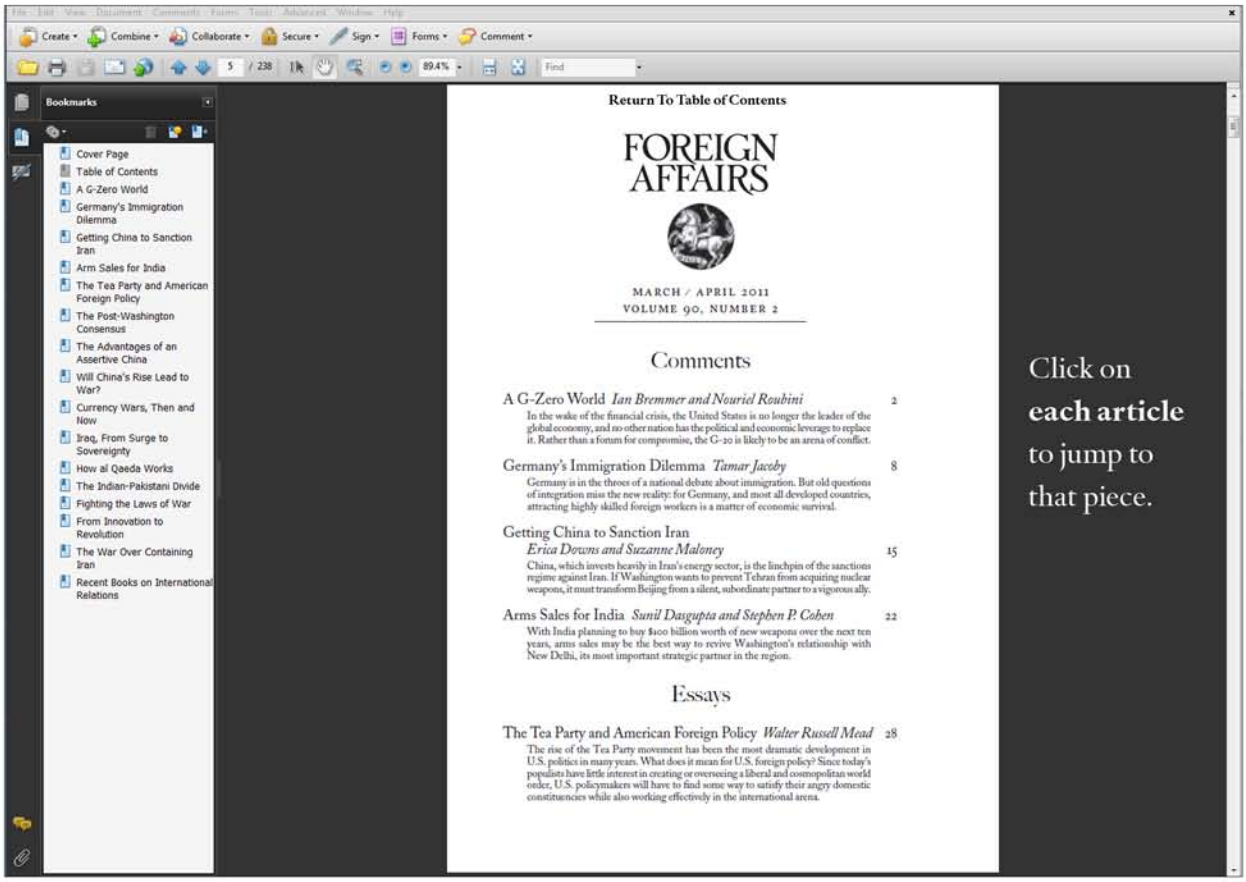

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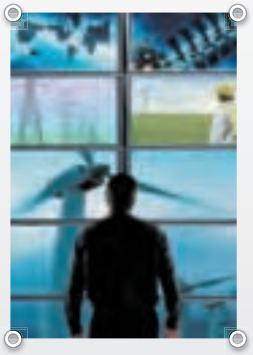

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The New Arab Revolt

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Comments

The Mubarak regime's deteriorating ability to provide basic services and the government's indifference to widespread unemployment and poverty alienated tens of millions of Egyptians.

Demystifying the Arab Spring

Parsing the Differences Between Tunisia, Egypt, and Libya

Lisa Anderson

In Tunisia, protesters escalated calls for the restoration of the country's suspended constitution. Meanwhile, Egyptians rose in revolt as strikes across the country brought daily life to a halt and toppled the government. In Libya, provincial leaders worked feverishly to strengthen their newly independent republic.

It was 1919.

That year's events demonstrate that the global diffusion of information and expectations—so vividly on display in Tahrir Square this past winter—is not a result of the Internet and social media. The inspirational rhetoric of U.S. President Woodrow Wilson's Fourteen Points speech, which helped spark the 1919 upheavals, made its way around the world by telegraph. The uprisings of 1919 also suggest that the calculated spread of popular movements, seen across the Arab world last winter, is not a new phenomenon. The Egyptian Facebook campaigners are the modern incarnation of Arab nationalist networks whose broadsheets disseminated strategies for civil disobedience throughout the region in the years after World War I.

The important story about the 2011 Arab revolts in Tunisia, Egypt, and Libya is not how the globalization of the norms of civic engagement shaped the protesters' aspirations. Nor is it about how activists used technology to share ideas and tactics. Instead, the critical issue is how and why these ambitions and techniques resonated in their various local contexts. The patterns and demographics of the protests varied widely. The demonstrations in Tunisia spiraled toward the capital from the neglected rural areas, finding common cause with a once powerful but much repressed labor movement. In Egypt, by contrast, urbane and cosmopolitan young people in the major cities organized the uprisings. Meanwhile, in Libya, ragtag bands of armed rebels in the eastern provinces ignited the protests, revealing the tribal and regional cleavages that have beset the country for decades. Although they shared a common call for personal dignity and responsive government, the revolutions across these three countries reflected divergent economic grievances and social dynamics—legacies of their diverse

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Lisa Anderson is President of the American University in Cairo.

encounters with modern Europe and decades under unique regimes.

As a result, Tunisia, Egypt, and Libya face vastly different challenges moving forward. Tunisians will need to grapple with the class divisions manifesting themselves in the country's continuing political unrest. Egyptians must redesign their institutions of government. And Libyans will need to recover from a bloody civil war. For the United States to fulfill its goals in the region, it will need to understand these distinctions and distance itself from the idea that the Tunisian, Egyptian, and Libyan uprisings constitute a cohesive Arab revolt.

BEN ALI'S TUNISIAN FIEFDOM

The profound differences between the Tunisian, Egyptian, and Libyan uprisings are not always apparent in the popular media. The timing of the popular revolts—so sudden and almost simultaneous—suggests that the similarities these autocracies shared, from their aging leaders and corrupt and ineffectual governments to their educated, unemployed, and disaffected youth, were sufficient to explain the wave of revolutions. Yet the authorities that these young protesters confronted were unique in each nation—as will be the difficulties they face in the future.

Former Tunisian President Zine el-Abidine Ben Ali—the first Arab dictator to fall to mass protests—initially seemed an unlikely victim. Tunisia has long enjoyed the Arab world's best educational system, largest middle class, and strongest organized labor movement. Yet behind those achievements, Ben Ali's government tightly restricted free expression and political parties. In an almost Orwellian way, he cultivated and manipulated the country's international image as a modern, technocratic regime and a tourist-friendly travel destination. Beyond the cosmopolitan façade frequented by tourists lay bleak, dusty roads and miserable prospects. It is small wonder that the Islamists' claim that the government was prostituting the country for foreign exchange resonated in Tunisia.

Ben Ali's family was also unusually personalist and predatory in its corruption. As the whistleblower Web site WikiLeaks recently revealed, the U.S. ambassador to Tunisia reported in 2006 that more than half of Tunisia's commercial elites were personally related to Ben Ali through his three adult children, seven siblings, and second wife's ten brothers and sisters. This network became known in Tunisia as "the Family."

That said, although the scale of corruption at the top was breathtaking, Ben Ali's administration did not depend on the kind of accumulation of small bribes that subverted bureaucracies elsewhere, including in Libya and, to a lesser extent, Egypt. This means that Tunisia's government institutions were relatively healthy, raising the prospects for a clean, efficient, and technocratic government to replace Ben Ali.

Tunisia's military also played a less significant role in the country's revolt than the armed forces in the other nations experiencing unrest. Unlike militaries elsewhere in the Arab world, such as Egypt, the Tunisian army has never experienced combat and does not dominate the domestic economy. Under Ben Ali, it existed in the shadow of the country's domestic security services, from which Ben Ali, a former military police officer, hailed. Although its refusal to support Ben Ali's regime contributed to the country's revolution, the military has not participated meaningfully in managing the transition period and is unlikely to shape the ultimate outcome in any significant way.

Lisa Anderson

Since Tunisia's protests initiated the wave of unrest in the Arab world, they were more spontaneous and less well organized than subsequent campaigns in other nations. Yet they demonstrated the power of the country's labor movement, as repeated strikes fueled protests both before Ben Ali fled and as the first short-lived successor government—soon replaced by a second one more amenable to the major unions—attempted to contain the damage to what remained of his regime.

The protests also revealed a sharp generational divide among the opposition. The quick-fire demonstrations filled with angry youth made the generation of regime dissidents from the 1980s, primarily union activists and Islamist militants then led by Rachid al-Ghannouchi, appear elderly and outmoded. Images of an enfeebled Ghannouchi returning to Tunisia after 20 years in exile in the wake of Ben Ali's ouster reflected the radical changes in the agenda of Tunisia's protest movement. Tunisians may once again prove receptive to Ghannouchi's brand of political Islam, but only if his Islamists can capture the imagination of Tunisia's young people, who are principally concerned with receiving what they see as their fair share of the country's wealth and employment opportunities. Tunisia's new leadership must therefore incorporate a generation of young people with only theoretical exposure to freedom of belief, expression, and assembly into a system that fosters open political debate and contestation. And it must respond to some of the demands, especially of the labor movement, that will feature prominently in those debates.

EGYPT'S ARMY MAKES ITS MOVE

In Egypt, Hosni Mubarak's fumbling end epitomized the protracted decline of his regime's efficacy. The government's deteriorating ability to provide basic services and seeming indifference to widespread unemployment and poverty alienated tens of millions of Egyptians, a feeling that was exacerbated by growing conspicuous consumption among a business elite connected to Mubarak's son Gamal. Yet the army's carefully calibrated intervention in the uprising indicated the continuing power of a military establishment honed by equal parts patronage and patriotism. And the protesters' political and tactical sophistication came about as a result of Mubarak's reluctant but real tolerance of a raucous and unruly press.

As it assumed control of Egypt after Mubarak's downfall, the army revealed its enormous influence in Egyptian society. The military is run by generals who earned their stripes in the 1967 and 1973 wars with Israel and who have cooperated closely with the United States since Cairo's 1979 peace treaty with Jerusalem. In contrast to the other Arab militaries that have grappled with unrest this year, the Egyptian army is widely respected by the general populace. It is also deeply interwoven into the domestic economy. As a result, the military leadership remains largely hostile to economic liberalization and private-sector growth, views that carry considerable weight within the provisional government. Thus, as in Tunisia (although for different reasons), the pace of privatization and economic reform will likely be slow, and so the emphasis of reforms will be on democratization.

Repairing decades of public-sector corrosion may also prove problematic. Everything in Egypt—from obtaining a driver's license to getting an education—is formally very cheap but in practice very expensive, since most transactions, official

and unofficial, are accompanied by off-the-books payments. The government pays schoolteachers a pittance, so public education is poor and teachers supplement their salaries by providing private lessons that are essential preparation for school exams. The national police were widely reviled long before their brutal crackdowns at the inception of the January 25 revolt because they represented, in essence, a nationwide protection racket. Ordinary citizens had to bribe police officers all too ready to confiscate licenses and invent violations. The disappearance of the police during the height of the protests—considered by many Egyptians a deliberate attempt to destabilize the country—only deepened that animosity. The process of applying democratic rule of law must begin with the police themselves, meaning that the Interior Ministry will need to reestablish trust between the police and the people.

But the remarkable discipline demonstrated by Egypt's protesters and their subsequent wide-ranging debates about how to reshape their country speak to the unusually high tolerance for free expression in Egypt (by regional standards) prior to the revolution. The campaign to honor Khaled Said, the blogger killed by Egyptian police and whose death initiated the uprising, for example, would have been unimaginable in Tunisia. Egyptians were relatively well prepared to engage in serious and sustained conversations about the composition of their future government, even as they understood that, whatever the outcome, the military would not allow its institutional prerogatives to be substantially eroded.

This latent political wisdom reflects the changes that transformed Egyptian society over the last 15 years, even while the country's aging and ineffectual autocracy remained in place. As Tahrir's protesters were at pains

to demonstrate, Egypt has a culture of deep communal bonds and trust, which manifested itself in the demonstrators' incredible discipline: their sustained nonviolence, their refusal to be provoked by thugs and saboteurs, their capacity to police themselves and coordinate their demands, and their ability to organize without any centralized leadership. Perhaps the finest example of this egalitarian spirit was the appearance, in communities rich and poor, of spontaneous citizen mobilizations to maintain order once the police had disengaged. All these developments should give one cause for optimism today about the new Egypt's potential to build and sustain an open society.

THE WRECKAGE OF LIBYA

Whereas demonstrators in Tunis and Cairo successfully ousted their former rulers, Tripoli collapsed into a protracted civil war. Its sustained fighting resulted from Libyan leader Muammar al-Qaddafi's four-decade-long effort to consolidate his power and rule by patronage to kin and clan. Years of artificially induced scarcity in everything from simple consumer goods to basic medical care generated widespread corruption. And the capricious cruelty of Qaddafi's regime produced widespread and deep-seated suspicion. Libyans' trust in their government, and in one another, eroded, and they took refuge in the solace of tribe and family. Libyan society has been fractured, and every national institution, including the military, is divided by the cleavages of kinship and region. As opposed to Tunisia and Egypt, Libya has no system of political alliances, network of economic associations, or national organizations of any kind. Thus, what seemed to begin as nonviolent protests similar to those staged in Tunisia and Egypt soon became an all-out secession—or multiple separate secessions—from a failed state.

Libya under Qaddafi has borne traces of the Italian fascism that ruled the country in its colonial days: extravagance, dogmatism, and brutality. In the name of his "permanent revolution," Qaddafi also prohibited private ownership and retail trade, banned a free press, and subverted the civil service and the military leadership. In the absence of any public-sector bureaucracy, including a reliable police force, kin networks have provided safety and security as well as access to goods and services. It was along such networks that Libyan society fractured when the regime's capacity to divide and rule began to unravel at the beginning of the protests. Meanwhile, Qaddafi had distributed his armed forces across a deliberately confusing and uncoordinated array of units. Some forces joined the opposition quickly but were prevented from organizing effectively or deploying sophisticated military equipment.

This lack of social and governmental cohesion will hamper any prospective transition to democracy. Libya must first restore security and introduce the law and order missing for decades under Qaddafi's regime. As daunting as that task may seem, further difficulties lie on the horizon: reviving trust across clans and provinces; reconstructing public administration; strengthening civil society through political parties, open media, and nongovernmental organizations. Libya's decades of international isolation have left the generation in its 30s and 40s—the one likely to assume leadership in a new Libya—poorly educated and ill equipped to manage the country. Others have been co-opted by the regime and stand to lose should Qaddafi fall. The challenge for Libya is both simpler and

more vexing than those facing Tunisia and Egypt: Libya confronts the complexity not of democratization but of state formation. It will need to construct a coherent national identity and public administration out of Qaddafi's shambles.

THE CHALLENGES AHEAD

The young activists in each country have been sharing ideas, tactics, and moral support, but they are confronting different opponents and operating within different contexts. The critical distinctions between Tunisia, Egypt, and Libya will shape the outcomes of their respective movements. While Tunisia and Egypt grapple in their own ways with building political institutions—constitutions, political parties, and electoral systems—Libya will need to begin by constructing the rudiments of a civil society. While Egypt struggles with the long shadow of military rule, Tunisia and Libya will need to redefine the relationship between their privileged capital cities and their sullen hinterlands. Tempting as it is to treat the Arab uprisings as a single movement, their causes and future missions demonstrate the many variations between them.

These distinctions will matter for the United States and its allies. In June 2009, little more than 90 years after Woodrow Wilson's ringing endorsement of self-determination, U.S. President Barack Obama invigorated the Muslim world with his historic speech in Cairo. There, he declared that he has

> an unyielding belief that all people yearn for certain things: the ability to speak your mind and have a say in how you are governed; confidence in the rule of law and the equal administration of justice; government that is transparent and doesn't steal from the people; the freedom to live as you choose. These are not just American ideas; they are human rights. And that is why we will support them everywhere.

His proclamation did not produce this year's democratic upheavals in the Arab world, but it set expectations for how the United States would respond to them. If Washington hopes to fulfill its promise to support these rights, it will need to acquire a nuanced understanding of the historic circumstances of the uprisings. The Obama administration must encourage and rein in various constituencies and institutions in each country, from championing the labor movement in Tunisia to curtailing the military in Egypt. In each case, the United States cannot pursue the goals so eloquently identified by Obama without discarding the notion of a singular Arab revolt and grappling with the conditions of the countries themselves.

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Understanding the Revolutions of 2011

Weakness and Resilience in Middle Eastern Autocracies

Jack A. Goldstone

The wave of revolutions sweeping the Middle East bears a striking resemblance to previous political earthquakes. As in Europe in 1848, rising food prices and high unemployment have fueled popular protests from Morocco to Oman. As in Eastern Europe and the Soviet Union in 1989, frustration with closed, corrupt, and unresponsive political systems has led to defections among elites and the fall of once powerful regimes in Tunisia, Egypt, and perhaps Libya. Yet 1848 and 1989 are not the right analogies for this past winter's events. The revolutions of 1848 sought to overturn traditional monarchies, and those in 1989 were aimed at toppling communist governments. The revolutions of 2011 are fighting something quite different: "sultanistic" dictatorships. Although such regimes often appear unshakable, they are actually highly vulnerable, because the very strategies they use to stay in power make them brittle, not resilient. It is no coincidence that although popular protests have shaken much of the Middle East, the only revolutions to succeed so far—those in Tunisia and Egypt—have been against modern sultans.

For a revolution to succeed, a number of factors have to come together. The government must appear so irremediably unjust or inept that it is widely viewed as a threat to the country's future; elites (especially in the military) must be alienated from the state and no longer willing to defend it; a broad-based section of the population, spanning ethnic and religious groups and socioeconomic classes, must mobilize; and international powers must either refuse to step in to defend the government or constrain it from using maximum force to defend itself.

Revolutions rarely triumph because these conditions rarely coincide. This is especially the case in traditional monarchies and one-party states, whose leaders often manage to maintain popular support by making appeals to respect for royal tradition or nationalism. Elites, who are often enriched by such governments,

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will only forsake them if their circumstances or the ideology of the rulers changes drastically. And in almost all cases, broad-based popular mobilization is difficult to achieve because it requires bridging the disparate interests of the urban and rural poor, the middle class, students, professionals, and different ethnic or religious groups. History is replete with student movements, workers' strikes, and peasant uprisings that were readily put down because they remained a revolt of one group, rather than of broad coalitions. Finally, other countries have often intervened to prop up embattled rulers in order to stabilize the international system.

Yet there is another kind of dictatorship that often proves much more vulnerable, rarely retaining power for more than a generation: the sultanistic regime. Such governments arise when a national leader expands his personal power at the expense of formal institutions. Sultanistic dictators appeal to no ideology and have no purpose other than maintaining their personal authority. They may preserve some of the formal aspects of democracy—elections, political parties, a national assembly, or a constitution—but they rule above them by installing compliant supporters in key positions and sometimes by declaring states of emergency, which they justify by appealing to fears of external (or internal) enemies.

Behind the scenes, such dictators generally amass great wealth, which they use to buy the loyalty of supporters and punish opponents. Because they need resources to fuel their patronage machine, they typically promote economic development, through industrialization, commodity exports, and education. They also seek relationships with foreign countries, promising stability in exchange for aid and investment. However wealth comes into the country, most of it is funneled to the sultan and his cronies.

The new sultans control their countries' military elites by keeping them divided. Typically, the security forces are separated into several commands (army, air force, police, intelligence)—each of which reports directly to the leader. The leader monopolizes contact between the commands, between the military and civilians, and with foreign governments, a practice that makes sultans essential for both coordinating the security forces and channeling foreign aid and investment. To reinforce fears that foreign aid and political coordination would disappear in their absence, sultans typically avoid appointing possible successors.

To keep the masses depoliticized and unorganized, sultans control elections and political parties and pay their populations off with subsidies for key goods, such as electricity, gasoline, and foodstuffs. When combined with surveillance, media control, and intimidation, these efforts generally ensure that citizens stay disconnected and passive.

By following this pattern, politically adept sultans around the world have managed to accumulate vast wealth and high concentrations of power. Among the most famous in recent history were Mexico's Porfirio Díaz, Iran's Mohammad Reza Shah Pahlavi, Nicaragua's Somoza dynasty, Haiti's Duvalier dynasty, the Philippines' Ferdinand Marcos, and Indonesia's Suharto.

But as those sultans all learned, and as the new generation of sultans in the Middle East—including Bashar al-Assad in Syria, Omar al-Bashir in Sudan, Zine

el-Abidine Ben Ali in Tunisia, Hosni Mubarak in Egypt, Muammar al-Qaddafi in Libya, and Ali Abdullah Saleh in Yemen—has discovered, power that is too concentrated can be difficult to hold on to.

PAPER TIGERS

For all their attempts to prop themselves up, sultanistic dictatorships have inherent vulnerabilities that only increase over time. Sultans must strike a careful balance between self-enrichment and rewarding the elite: if the ruler rewards himself and neglects the elite, a key incentive for the elite to support the regime is removed. But as sultans come to feel more entrenched and indispensable, their corruption frequently becomes more brazen and concentrated among a small inner circle. As the sultan monopolizes foreign aid and investment or gets too close to unpopular foreign governments, he may alienate elite and popular groups even further.

Meanwhile, as the economy grows and education expands under a sultanistic dictator, the number of people with higher aspirations and a keener sensitivity to the intrusions of police surveillance and abuse increases. And if the entire population grows rapidly while the lion's share of economic gains is hoarded by the elite, inequality and unemployment surge as well. As the costs of subsidies and other programs the regime uses to appease citizens rise, keeping the masses depoliticized places even more stress on the regime. If protests start, sultans may offer reforms or expand patronage benefits—as Marcos did in the Philippines in 1984 to head off escalating public anger. Yet as Marcos learned in 1986, these sops are generally ineffective once people have begun to clamor for ending the sultan's rule.

The weaknesses of sultanistic regimes are magnified as the leader ages and the question of succession becomes more acute. Sultanistic rulers have sometimes been able to hand over leadership to younger family members. This is only possible when the government has been operating effectively and has maintained elite support (as in Syria in 2000, when President Hafez al-Assad handed power to his son Bashar) or if another country backs the regime (as in Iran in 1941, when Western governments promoted the succession from Reza Shah to his son Mohammad Reza Pahlavi). If the regime's corruption has already alienated the country's elites, they may turn on it and try to block a dynastic succession, seeking to regain control of the state (which is what happened in Indonesia in the late 1990s, when the Asian financial crisis dealt a blow to Suharto's patronage machine).

The very indispensability of the sultan also works against a smooth transfer of power. Most of the ministers and other high officials are too deeply identified with the chief executive to survive his fall from power. For example, the shah's 1978 attempt to avoid revolution by substituting his prime minister, Shahpur Bakhtiar, for himself as head of government did not work; the entire regime fell the next year. Ultimately, such moves satisfy neither the demands of the mobilized masses seeking major economic and political change nor the aspirations of the urban and professional class that has taken to the streets to demand inclusion in the control of the state.

Then there are the security forces. By dividing their command structure, the sultan may reduce the threat they pose. But this strategy also makes the security




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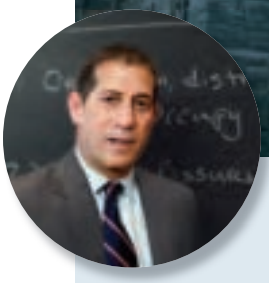

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forces more prone to defections in the event of mass protests. Lack of unity leads to splits within the security services; meanwhile, the fact that the regime is not backed by any appealing ideology or by independent institutions ensures that the military has less motivation to put down protests. Much of the military may decide that the country's interests are better served by regime change. If part of the armed forces defects—as happened under Díaz, the shah of Iran, Marcos, and Suharto—the government can unravel with astonishing rapidity. In the end, the befuddled ruler, still convinced of his indispensability and invulnerability, suddenly finds himself isolated and powerless.

The degree of a sultan's weakness is often visible only in retrospect. Although it is easy to identify states with high levels of corruption, unemployment, and personalist rule, the extent to which elites oppose the regime and the likelihood that the military will defect often become apparent only once large-scale protests have begun. After all, the elite and military officers have every reason to hide their true feelings until a crucial moment arises, and it is impossible to know which provocation will lead to mass, rather than local, mobilization. The rapid unraveling of sultanistic regimes thus often comes as a shock.

In some cases, of course, the military does not immediately defect in the face of rebellion. In Nicaragua in the early 1970s, for example, Anastasio Somoza Debayle was able to use loyal troops in Nicaragua's National Guard to put down the rebellion against him. But even when the regime can draw on loyal sectors of the military, it rarely manages to survive. It simply breaks down at a slower pace, with significant bloodshed or even civil war resulting along the way. Somoza's success in 1975 was short-lived; his increasing brutality and corruption brought about an even larger rebellion in the years that followed. After some pitched battles, even formerly loyal troops began to desert, and Somoza fled the country in 1979.

International pressure can also turn the tide. The final blow to Marcos' rule was the complete withdrawal of U.S. support after Marcos dubiously claimed victory in the presidential election held in 1986. When the United States turned away from the regime, his remaining supporters folded, and the nonviolent People Power Revolution forced him into exile.

ROCK THE CASBAH

The revolutions unfolding across the Middle East represent the breakdown of increasingly corrupt sultanistic regimes. Although economies across the region have grown in recent years, the gains have bypassed the majority of the population, being amassed instead by a wealthy few. Mubarak and his family reportedly built up a fortune of between $40 billion and $70 billion, and 39 officials and businessmen close to Mubarak's son Gamal are alleged to have made fortunes averaging more than $1 billion each. In Tunisia, a 2008 U.S. diplomatic cable released by the whistleblower Web site WikiLeaks noted a spike in corruption, warning that Ben Ali's family was becoming so predatory that new investment and job creation were being stifled and that his family's ostentation was provoking widespread outrage.

Fast-growing and urbanizing populations in the Middle East have been hurt by low wages and by food prices that rose by 32 percent in the last year alone, according

to the United Nations' Food and Agriculture Organization. But it is not simply such rising prices, or a lack of growth, that fuels revolutions; it is the persistence of widespread and unrelieved poverty amid increasingly extravagant wealth.

Discontent has also been stoked by high unemployment, which has stemmed in part from the surge in the Arab world's young population. The percentage of young adults—those aged 15–29 as a fraction of all those over 15—ranges from 38 percent in Bahrain and Tunisia to over 50 percent in Yemen (compared to 26 percent in the United States). Not only is the proportion of young people in the Middle East extraordinarily high, but their numbers have grown quickly over a short period of time. Since 1990, youth population aged 15–29 has grown by 50 percent in Libya and Tunisia, 65 percent in Egypt, and 125 percent in Yemen.

Thanks to the modernization policies of their sultanistic governments, many of these young people have been able to go to university, especially in recent years. Indeed, college enrollment has soared across the region in recent decades, more than tripling in Tunisia, quadrupling in Egypt, and expanding tenfold in Libya.

It would be difficult, if not impossible, for any government to create enough jobs to keep pace. For the sultanistic regimes, the problem has been especially difficult to manage. As part of their patronage strategies, Ben Ali and Mubarak had long provided state subsidies to workers and families through such programs as Tunisia's National Employment Fund—which trained workers, created jobs, and issued loans—and Egypt's policy of guaranteeing job placement for college graduates. But these safety nets were phased out in the last decade to reduce expenditures. Vocational training, moreover, was weak, and access to public and many private jobs was tightly controlled by those connected to the regime. This led to incredibly high youth unemployment across the Middle East: the figure for the region hit 23 percent, or twice the global average, in 2009. Unemployment among the educated, moreover, has been even worse: in Egypt, college graduates are ten times as likely to have no job as those with only an elementary school education.

In many developing economies, the informal sector provides an outlet for the unemployed. Yet the sultans in the Middle East made even those activities difficult. After all, the protests were sparked by the self-immolation of Mohamed Bouazizi, a 26-year-old Tunisian man who was unable to find formal work and whose fruit cart was confiscated by the police. Educated youth and workers in Tunisia and Egypt have been carrying out local protests and strikes for years to call attention to high unemployment, low wages, police harassment, and state corruption. This time, their protests combined and spread to other demographics.

These regimes' concentration of wealth and brazen corruption increasingly offended their militaries. Ben Ali and Mubarak both came from the professional military; indeed, Egypt had been ruled by former officers since 1952. Yet in both countries, the military had seen its status eclipsed. Egypt's military leaders controlled some local businesses, but they fiercely resented Gamal Mubarak, who was Hosni Mubarak's heir apparent. As a banker, he preferred to build his influence through business and political cronies rather than

through the military, and those connected to him gained huge profits from government monopolies and deals with foreign investors. In Tunisia, Ben Ali kept the military at arm's length to ensure that it would not harbor political ambitions. Yet he let his wife and her relatives shake down Tunisian businessmen and build seaside mansions. In both countries, military resentments made the military less likely to crack down on mass protests; officers and soldiers would not kill their countrymen just to keep the Ben Ali and Mubarak families and their favorites in power.

A similar defection among factions of the Libyan military led to Qaddafi's rapid loss of large territories. As of this writing, however, Qaddafi's use of mercenaries and exploitation of tribal loyalties have prevented his fall. And in Yemen, Saleh has been kept afloat, if barely, by U.S. aid given in support of his opposition to Islamist terrorists and by the tribal and regional divisions among his opponents. Still, if the opposition unites, as it seems to be doing, and the United States becomes reluctant to back his increasingly repressive regime, Saleh could be the next sultan to topple.

THE REVOLUTIONS' LIMITS

As of this writing, Sudan and Syria, the other sultanistic regions in the region, have not seen major popular protests. Yet Bashir's corruption and the concentration of wealth in Khartoum have become brazen. One of the historic rationales for his regime—keeping the whole of Sudan under northern control—recently disappeared with southern Sudan's January 2011 vote in favor of independence. In Syria, Assad has so far retained nationalist support because of his hard-line policies toward Israel and Lebanon. He still maintains the massive state employment programs that have kept Syrians passive for decades, but he has no mass base of support and is dependent on a tiny elite, whose corruption is increasingly notorious. Although it is hard to say how staunch the elite and military support for Bashir and Assad is, both regimes are probably even weaker than they appear and could quickly crumble in the face of broad-based protests.

The region's monarchies are more likely to retain power. This is not because they face no calls for change. In fact, Morocco, Jordan, Oman, and the Persian Gulf kingdoms face the same demographic, educational, and economic challenges that the sultanistic regimes do, and they must reform to meet them. But the monarchies have one big advantage: their political structures are flexible. Modern monarchies can retain considerable executive power while ceding legislative power to elected parliaments. In times of unrest, crowds are more likely to protest for legislative change than for abandonment of the monarchy. This gives monarchs more room to maneuver to pacify the people. Facing protests in 1848, the monarchies in Germany and Italy, for example, extended their constitutions, reduced the absolute power of the king, and accepted elected legislatures as the price of avoiding further efforts at revolution.

In monarchies, moreover, succession can result in change and reform, rather than the destruction of the entire system. A dynastic succession is legitimate and may thus be welcomed rather than feared, as in a typical sultanistic state. For example, in Morocco in 1999, the public greeted King Mohammed VI's ascension to the

throne with great hopes for change. And in fact, Mohammed VI has investigated some of the regime's previous legal abuses and worked to somewhat strengthen women's rights. He has calmed recent protests in Morocco by promising major constitutional reforms. In Bahrain, Jordan, Kuwait, Morocco, Oman, and Saudi Arabia, rulers will likely to be able to stay in office if they are willing to share their power with elected officials or hand the reins to a younger family member who heralds significant reforms.

The regime most likely to avoid significant change in the near term is Iran. Although Iran has been called a sultanistic regime, it is different in several respects: unlike any other regime in the region, the ayatollahs espouse an ideology of anti-Western Shiism and Persian nationalism that draws considerable support from ordinary people. This makes it more like a party-state with a mass base of support. Iran is also led by a combination of several strong leaders, not just one: Supreme Leader Ali Khamenei, President Mahmoud Ahmadinejad, and Parliamentary Chair Ali Larijani. So there is no one corrupt or inefficient sultan on which to focus dissent. Finally, the Iranian regime enjoys the support of the Basij, an ideologically committed militia, and the Revolutionary Guards, which are deeply intertwined with the government. There is little chance that these forces will defect in the face of mass protests.

AFTER THE REVOLUTIONS

Those hoping for Tunisia and Egypt to make the transition to stable democracy quickly will likely be disappointed. Revolutions are just the beginning of a long process. Even after a peaceful revolution, it generally takes half a decade for any type of stable regime to consolidate. If a civil war or a counterrevolution arises (as appears to be happening in Libya), the reconstruction of the state takes still longer.

In general, after the post-revolutionary honeymoon period ends, divisions within the opposition start to surface. Although holding new elections is a straightforward step, election campaigns and then decisions taken by new legislatures will open debates over taxation and state spending, corruption, foreign policy, the role of the military, the powers of the president, official policy on religious law and practice, minority rights, and so on. As conservatives, populists, Islamists, and modernizing reformers fiercely vie for power in Tunisia, Egypt, and perhaps Libya, those countries will likely face lengthy periods of abrupt government turnovers and policy reversals—similar to what occurred in the Philippines and many Eastern European countries after their revolutions.

Some Western governments, having long supported Ben Ali and Mubarak as bulwarks against a rising tide of radical Islam, now fear that Islamist groups are poised to take over. The Muslim Brotherhood in Egypt is the best organized of the opposition groups there, and so stands to gain in open elections, particularly if elections are held soon, before other parties are organized. Yet the historical record of revolutions in sultanistic regimes should somewhat alleviate such concerns. Not a single sultan overthrown in the last 30 years—including in Haiti, the Philippines, Romania, Zaire, Indonesia, Georgia, and Kyrgyzstan—has been succeeded by an ideologically driven or radical government. Rather, in every case, the end

product has been a flawed democracy—often corrupt and prone to authoritarian tendencies, but not aggressive or extremist.

This marks a significant shift in world history. Between 1949 and 1979, every revolution against a sultanistic regime—in China, Cuba, Vietnam, Cambodia, Iran, and Nicaragua—resulted in a communist or an Islamist government. At the time, most intellectuals in the developing world favored the communist model of revolution against capitalist states. And in Iran, the desire to avoid both capitalism and communism and the increasing popularity of traditional Shiite clerical authority resulted in a push for an Islamist government. Yet since the 1980s, neither the communist nor the Islamist model has had much appeal. Both are widely perceived as failures at producing economic growth and popular accountability—the two chief goals of all recent anti-sultanistic revolutions.

Noting that high unemployment spurred regime change, some in the United States have called for a Marshall Plan for the Middle East to stabilize the region. But in 1945, Europe had a history of prior democratic regimes and a devastated physical infrastructure that needed rebuilding. Tunisia and Egypt have intact economies with excellent recent growth records, but they need to build new democratic institutions. Pouring money into these countries before they have created accountable governments would only fuel corruption and undermine their progress toward democracy.

What is more, the United States and other Western nations have little credibility in the Middle East given their long support for sultanistic dictators. Any efforts to use aid to back certain groups or

influence electoral outcomes are likely to arouse suspicion. What the revolutionaries need from outsiders is vocal support for the process of democracy, a willingness to accept all groups that play by democratic rules, and a positive response to any requests for technical assistance in institution building.

The greatest risk that Tunisia and Egypt now face is an attempt at counterrevolution by military conservatives, a group that has often sought to claim power after a sultan has been removed. This occurred in Mexico after Díaz was overthrown, in Haiti after Jean-Claude Duvalier's departure, and in the Philippines after Marcos' fall. And after Suharto was forced from power in Indonesia, the military exerted its strength by cracking down on independence movements in East Timor, which Indonesia had occupied since 1975.

In the last few decades, attempted counterrevolutions (such as those in the Philippines in 1987–88 and Haiti in 2004) have largely fizzled out. They have not reversed democratic gains or driven post-sultanistic regimes into the arms of extremists—religious or otherwise.

However, such attempts weaken new democracies and distract them from undertaking much-needed reforms. They can also provoke a radical reaction. If Tunisia's or Egypt's military attempts to claim power or block Islamists from participating in the new regime, or the region's monarchies seek to keep their regimes closed through repression rather than open them up via reforms, radical forces will only be strengthened. As one example, the opposition in Bahrain, which had been seeking constitutional reforms, has reacted to Saudi action to repress its protests by calling for the overthrow of Bahrain's monarchy instead of its reform. Inclusiveness should be the order of the day.

The other main threat to democracies in the Middle East is war. Historically, revolutionary regimes have hardened and become more radical in response to international conflict. It was not the fall of the Bastille but war with Austria that gave the radical Jacobins power during the French Revolution. Similarly, it was Iran's war with Iraq that gave Ayotallah Ruhollah Khomeini the opportunity to drive out Iran's secular moderates. In fact, the one event that may cause radicals to hijack the Middle Eastern revolutions is if Israeli anxiety or Palestinian provocations escalate hostility between Egypt and Israel, leading to renewed war.

That said, there is still reason for optimism. Prior to 2011, the Middle East stood out on the map as the sole remaining region in the world virtually devoid of democracy. The Jasmine and Nile Revolutions look set to change all that. Whatever the final outcome, this much can be said: the rule of the sultans is coming to an end.


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The Heirs of Nasser

Who Will Benefit From the Second Arab Revolution?

Michael Scott Doran

After a long absence, a strategic player has returned to the Middle Eastern stage: the people. In Tunisia, Algeria, Jordan, Yemen, Saudi Arabia, Egypt, Syria, Bahrain, Iran, and Libya, protesters are demanding either comprehensive reform or total revolution. Only once before in modern history has a populist wave of this magnitude swept the region.

Half a century ago, a series of Arab nationalist movements shook the ground beneath the feet of Arab rulers. The immediate catalyst for that revolutionary shock was the Suez crisis. Throughout 1955, Gamal Abdel Nasser, Egypt's charismatic leader, championed pan-Arabism, challenged Israel militarily, and mounted a regionwide campaign against the lingering influence of British and French imperialism. By the end of the year, he had aligned Egypt with the Soviet Union, which provided him with arms. After Nasser nationalized the Suez Canal in July 1956, the European powers, in collusion with Israel, invaded Egypt to topple him. They failed, and Nasser emerged triumphant.

Much like the ouster of Zine el-Abidine Ben Ali from Tunisia in January, the Suez crisis generated a revolutionary spark. Nasser's victory demonstrated that imperialism was a spent force and, by extension, that the Arab regimes created by the imperialists were living on borrowed time. Egyptian propaganda, including Cairo's Voice of the Arabs radio station, drove this point home relentlessly, depicting Nasser's rivals as puppets of the West whose days were numbered. Nasser was the first revolutionary leader in the region to appeal effectively to the man in the street, right under the noses of kings and presidents. Before Nasser's rivals even felt the ground shifting, they found themselves sitting atop volcanoes.

In the 18 months that followed Nasser's victory, the region underwent what can only be described as an eruption. Egypt's defeat of the French was a boon to the National Liberation Front in Algeria,

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which had launched a war of independence from France—with Nasser's support—even before the Suez crisis had erupted. In Jordan, popular protests, along with a Nasser-inspired movement in the military, threatened King Hussein. He managed to save his crown only by carrying out a "royal coup"—dismissing parliament, outlawing political parties, and ruling by martial law. Meanwhile, the Syrian elite splintered into numerous factions, each with its own external patron. In the summer of 1957, Turkey attempted to pull Syria away from Egypt by, among other things, massing troops on its border with Syria. Fearing a loss of influence, Nasser took drastic action: in early 1958, he unified Egypt and Syria, establishing the United Arab Republic. The sudden union roiled Syria's neighbors. In Lebanon, violence erupted between groups that favored joining the UAR, such as the Sunnis, and those that favored an independent Lebanon, such as the Maronites. Then, in July 1958, the most consequential event of all took place: the Iraqi revolution. A Nasser-style military putsch toppled the Hashemite regime and removed Iraq from the Western camp in the Cold War.

Regimes fell and rose, countries united and fragmented, and armed conflicts erupted. Today's turmoil, then, is not unique; rather, it represents the second Arab revolution.

NASSER'S GHOSTS

Although the pan-Arab fervor of Nasser's time and the political unrest of today are similar, there are at least two obvious differences. First, the dominant ideology of Nasser's revolution, pan-Arabism, focused on external threats: gaining independence from imperialism and confronting Israel. In contrast, today's revolutionary wave is driven by domestic demands: for jobs and political representation. Second, the political upheaval of the 1950s had a leader, Nasser, who guided—or appeared to guide—events, whereas today's unrest has so far been an exercise in synchronized anarchy.

Yet the underlying ethos in both revolutions is very similar. Then, as now, the people in the street believed that the existing order was dominated by corrupt cliques that exploited the power of the state to serve their own interests. In the 1950s, popular imagination understood the unrepresentative nature of the system as an outgrowth of imperialism. Today, however, people see the problem as homegrown.

Nasser's authority was not as great as his myth might lead one to believe. In retrospect, his greatest achievement was creating an informal coalition against imperialism, which he did by aiding and abetting anti-status-quo forces that operated independently of him. Nasser quickly learned that tearing down regimes was one thing, but building a new order was another altogether. His pan-Arab movement dissolved once it had achieved its immediate aim of ousting the imperialists. Even Syria, the one country that Nasser had managed to control directly, chafed under his domination. Before the UAR had reached its fourth anniversary, Syria withdrew and denounced Nasser's authoritarianism. For the next decade, Arab politics were more chaotic than at any point in modern history. Nasser's revolution promised unity—but it delivered fragmentation and discord.

The underlying anarchic nature of Arab politics remains a constant, as does the difficulty of finding a distinction between "domestic" and "foreign" in

Arab states, particularly in revolutionary moments. Such constants suggest that today's revolution will also usher in a period of prolonged turmoil.

The balance of power between state and society is shifting. As popular participation in politics expands—and as the power of the police state recedes—two interconnected dynamics will accelerate: one, the number of politically significant actors within each state will increase; two, some of these actors will establish relationships across international boundaries. Malign and disruptive forces will benefit from this change. Transnational movements hostile to the interests of the United States—such as al Qaeda and the Muslim Brotherhood—will find fertile new fields to plow. Even more worrisome, the porousness of Arab politics will give states greater opportunities to meddle in the affairs of their neighbors. This will take many forms: indirect cultivation of constituencies located across frontiers, the formation of loose networks of direct association, overt construction of proxies (on the model of Iran and Hezbollah), and covert sponsorship of terrorism. Considerable friction will result. Years will pass before a stable order emerges.

VIVE LA RÉSISTANCE BLOC

In navigating the Arab world's ongoing turmoil, the United States must determine the central principles that will guide the building of a stable, new order. One perspective sees the enlargement of political participation as the key step, arguing, therefore, that democracy promotion should become the touchstone of the United States' regional strategy. Another eschews overarching principles entirely, instead pointing to the complexity of the region and advocating a pragmatic, country-by-country approach. Yet a third view sees Arab-Israeli peace as the essential first step to revitalizing the U.S.-led order in the region.

As it considers these competing paradigms, the Obama administration should remember that it is not the only actor attempting to shape the turmoil. Although there is no one personality like Nasser towering above the revolutionary events, there is one state seeking to reprise Egypt's historic role: Iran. Under Nasser, Egypt opposed British and French imperialism, which it associated with Israel. Iran is taking a similar stand today against the United Kingdom's "imperial successor": the United States. And like Nasser, Iran has created an anti-status-quo coalition—made up of itself, Syria, and their proxies, Hezbollah and Hamas. The DNA of Nasserism is certainly recognizable in the "resistance bloc" of Iran and its allies; Nasserist genes may have commingled with pan-Islamism, but the resemblance is nevertheless unmistakable. Iran, of course, is neither Arab nor Sunni. One might expect its Persian and Shiite identity to prevent it from emulating Nasser, especially in a region where Sunni Arabs predominate and where identity politics remains significant. Tehran, however, has managed to surmount this disability, thanks in part to the fact that each member of the resistance bloc represents a different ethnoreligious identity, which allows it to present a distinctive and familiar face to radically different constituencies.

The insurgency in Iraq, which reached its height in 2006, provides an instructive example of how Tehran and Damascus divide their labor along ethnoreligious lines. In Iraq, they manipulated Sunni and Shiite Islamist networks—groups

that, if left to their own devices, would never have cooperated with each other. Yet the resistance bloc turned them into synchronized fists attached to a single body. Damascus constructed a covert pipeline of foreign fighters, pushing al Qaeda suicide bombers into the Sunni regions of Iraq, where they provided the human ammunition in a sectarian war. Al Qaeda's attacks pushed the Shiite Iraqis toward the patronage of Shiite Iran. Meanwhile, Tehran used the Iranian Quds Force (and, perhaps, Hezbollah) to provide Shiite militias with lethal assistance, including the training and material necessary to deploy the explosively formed penetrator, an armor-piercing, remote-activated roadside bomb that killed more U.S. soldiers than any other weapon in Iraq.

With this one-two, Sunni-Shiite punch, the resistance bloc pummeled the United States and the new Iraq. Of course, Tehran and Damascus never proclaimed this strategy publicly. On the contrary, they denied the accusations of their cooperating with al Qaeda and manipulating Iraqi politics. Even as they visited carnage on their Iraqi neighbor, their propaganda was blaming the bloodshed on the United States, which, they claimed, was using democracy promotion as a cover for slaughtering Muslims.

Beneath the surface, the seemingly random violence in Iraq was a shadow war between two alliances: the status quo system, led by the United States, which seeks to stabilize the region under its hegemony by building more consensual political systems, and the anti-status-quo alliance, led by Iran, which seeks to wear down this U.S.-led effort. The struggle between the two is asymmetric. Iran, regardless of its propaganda, does not think it can compete with the United States—but it does believe that it can exhaust it.

Iran's exhaustion strategy relies on the inherent anarchy of the Middle East. The shadow war in Iraq was thus a prelude to an impending regional contest. As the revolutionary wave expands political participation, the resistance bloc will insinuate itself into the politics of many different Arab states. In countries divided along ethnic, tribal, or sectarian lines, such as Iraq, it will use terrorism and will search for partners on the ground that are willing to make direct alliances. In more homogeneous and stable countries, such as Egypt, it will resort to more subtle and insidious means—for example, inciting violence against Israel.

ALL ROADS RUN THROUGH JERUSALEM

Over the years, Iran has injected itself into the Arab-Israeli conflict as a way of projecting its power and influence into Arab societies and, importantly, as a way of undermining American prestige. As such, hostility to Israel has become the bread and butter of Iran and its allies in the resistance bloc.

To understand the role of the Israeli question in Iran's asymmetric regional contest with the United States, it is useful to borrow a word from Arabic: *tawreet*, which translates as "embroiling." You embroil someone by goading him to take actions against a third party that will result in political effects beneficial to you.

Nasser was a master of *tawreet*. For example, in the mid-1950s, Egypt, without the knowledge of King Hussein and his government, launched terrorist attacks from Jordanian territory against Israel. The goal of these strikes was not to tip the balance against Israel; instead, Nasser

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INTERNATIONAL MONETARY FUND

sought to drive a wedge between Jordan and the United Kingdom, Egypt's primary strategic rival. At the time, the United Kingdom subsidized the Jordanian army, whose officer corps, led by Sir John Bagot Glubb, was staffed primarily by British soldiers. Israel responded with massive retaliation, countering the terrorism with brutal reprisal raids. With each Israeli operation, Jordanian public opinion grew increasingly agitated—precisely the result Nasser had hoped to achieve. Meanwhile, his Voice of the Arabs radio station stirred the pot, accusing King Hussein of being a puppet of the United Kingdom, the supposed ally of Israel. What good, the Egyptian broadcasts asked, was a British-led military if it protected the Israelis and divided the Arabs? Before long, Jordanian public opinion became so inflamed that King Hussein had no choice but to dismiss the British officers and terminate the special relationship. The blow to the United Kingdom's prestige was enormous: if Jordan, a client state, could expel the British, bag and baggage, then they were truly finished in the region. Egypt had won a major strategic victory.

In those days, it was the United Kingdom that guaranteed the security of Arab countries. Today, it is the United States—and the conditions are once again ripe for *tawreet*, especially in Egypt. The resistance bloc is clearly thinking along similar lines. Consider, for example, the Hezbollah plot foiled by Egypt's security services in 2009. Hezbollah had constructed a clandestine network in the Sinai and planned to attack Israeli targets on Egyptian soil. Given the organic connection between Hezbollah and the Iranian Quds Force, the plot should be read as part of an Iranian regional strategy.

The resistance bloc's behavior during Israel's war with Hezbollah in 2006 and its invasion of Gaza in December 2008 demonstrates how the bloc will exploit the next round of violence. In these past conflicts, it ridiculed the Arab leaders aligned with the United States. For example, in a famous speech in August 2006, Syrian President Bashar al-Assad called the rulers of Egypt, Jordan, and Saudi Arabia "half men" for failing to support Hezbollah out of their supposedly servile attitude toward the United States and Israel. Meanwhile, during both conflicts, Arab media outlets under the control or influence of the resistance bloc inflamed public opinion by broadcasting gruesome scenes of suffering women and children. During Israel's incursion into Gaza, the bloc heaped special vitriol on Egyptian President Hosni Mubarak, who tacitly supported Israel's actions, not least of all by refusing to open the border crossing to Egypt. Although the bloc depicted him as a puppet of the Jews, he stood firm.

Faced with the accountability of the democratic process, Egypt's new rulers will not feel nearly as free as Mubarak did to side with Washington and Jerusalem when the next round of conflicts involving Israel erupts. In the post-Mubarak era, the resistance bloc has a new weapon: the Egyptian crowd, which is now freer than before to organize on its own. Renewed violence will undoubtedly spark massive street demonstrations, not only in Egypt but also in Iraq, Jordan, and Saudi Arabia. But it is in Egypt where the bloc will concentrate its energies, providing the Muslim Brotherhood and similar groups with a pretext for organizing the mob and casting themselves as the conscience of the Egyptian people. They will demand

that the military sever all ties with Israel and the United States—and it is far from certain whether Egypt's insecure army officers will have the mettle to withstand the campaign.

Tehran and Damascus view post-Mubarak Egypt as a chunk of the United States' security architecture that has broken loose from key moorings. With a little effort, they believe, it can now be severed entirely. Arab-Israeli violence would help—either by undermining the Egyptian-Israeli peace treaty, by complicating U.S.-Egyptian cooperation, or simply by increasing the power of the Muslim Brotherhood and like-minded groups in Egypt.

EMBROILING POINT

In navigating the crosscurrents of Middle Eastern politics, policymakers in Washington must remember the fundamental interests of the United States: ensuring the uninterrupted flow of oil at stable and reasonable prices; blocking the proliferation of weapons of mass destruction; protecting key allies, especially Egypt, Israel, and Saudi Arabia; countering terrorism and political violence; and promoting democratic reform in a way that bolsters the U.S.-led order in the region.

The resistance bloc opposes Washington on almost every item. It has built an alliance that advocates expelling the United States from the Middle East and undermining U.S. allies across the region. Iran and Syria are two of the most egregious state sponsors of terrorism: Tehran provides weaponry to the Taliban, and Damascus has covertly given al Qaeda use of its territory, from which it conducted a terror campaign in Iraq. Both regimes openly support Hamas. In defiance of the international community, they have built up Hezbollah's military capability to such an extent that it now possesses a missile arsenal and a covert operations capability that rival those of most states in the region. Beyond all this, Iran is universally assumed to be developing a nuclear weapons program in defiance of numerous UN Security Council resolutions. Collectively, then, the bloc represents the single greatest threat to U.S. interests in the Middle East. Therefore, one might expect Washington to adopt a containment strategy, as it did with respect to the Soviet Union during the Cold War. Such an approach would entail, among other things, renouncing engagement of Iran and Syria and seeking to build an international coalition against them. In addition, it would call for subordinating all other major regional initiatives to the overarching goal of containment.

Yet the Obama administration has rejected this strategy. Why? For one, the immediate danger does not appear to justify such an elevated effort. Both Iran and Syria at times have the appearance of sclerotic regimes, deeply vulnerable to the democratic revolution sweeping the region. Unlike the Soviet Union, the resistance bloc hardly constitutes a serious conventional threat. It does not endanger the supply of oil, and it certainly does not threaten the West with global war. In addition, the bloc is less cohesive than the Soviet Union and its allies were. Tehran's influence over Syria, Hezbollah, and Hamas does not resemble the iron grip with which Moscow controlled its satellites. To treat them as components of a cohesive unit assumes that the divisions between the members of the bloc are less important than the ties that bind them. Containing Iran, the White House argues,

would actually force allies of Tehran deeper into its embrace. With a more nuanced policy, Washington could entice them away.

To this end, the Obama administration has made the Arab-Israeli peace process the organizing principle of its Middle East policy. In June 2009 in Cairo, when President Barack Obama delivered his most important statement on U.S. Middle East policy to date, he envisioned the United States as an honest broker, mediating between the Arabs and Muslims and the Israelis. "I have come here to seek a new beginning between the United States and Muslims around the world," he said. A major cause of tension between the two, he explained, was "the situation between Israelis, Palestinians, and the Arab world." Obama, clearly, was seeking to demonstrate American goodwill. As a result, the peace process grew into something much bigger than just a practical tool for normalizing relations between Israel and its neighbors. It became a litmus test of the United States' intentions toward Arabs and Muslims around the world. Of course, it would certainly be desirable if the peace process delivered tangible results. But the White House has created an environment in which the peace process cannot be abandoned. Even if it fails, it must continue to exist in order to demonstrate the United States' goodwill.

From the outset, the Obama administration has believed in the importance of pursuing a "comprehensive" settlement—meaning a peace treaty that includes not just the Palestinians but, in addition, all the Arab states, especially Syria. As the administration has failed to make any headway in Israeli-Palestinian negotiations, the Syrian track has grown in importance. Consequently, Washington has chosen to

treat Syria not as an adversary deserving containment but rather as a partner in the negotiations deserving of engagement. In fact, the Obama administration sees the peace process as an instrument for wooing Syria away from Iran. At the very least, Washington believes that by bringing Damascus to the negotiating table, it can give the Syrians an incentive to tamp down Arab-Israeli violence. But such a strategy fails to acknowledge that the Syrians understand the thinking in Washington all too well—they recognize the United States' fervent desire for negotiations and see in it an opportunity to bargain. Damascus seeks to trade participation in diplomatic processes, which costs it nothing, for tangible benefits from Washington, including a relaxation of U.S. hostility. In short, the Syrians believe that they can have it both ways, reaping the rewards of *tawreet* without being held to account. And why would they think otherwise? After all, nobody held them responsible for similar double-dealing in Iraq, where they were accomplices to the murder of Americans.

THE RETURN OF THE MEN WITH GUNS

As the United States seeks to build a new order in the Middle East, it is worth remembering what happened in the course of the last Arab revolution. Like Obama, U.S. President Dwight Eisenhower came to power intent on solving the Arab-Israeli conflict in order to line up the Arab world with the United States. Together with the United Kingdom, Eisenhower focused on brokering an Egyptian-Israeli agreement. Nasser, like Damascus today, played along, while simultaneously turning up the heat on the Israelis, working to oust the British, and sparking a regionwide revolution. By 1958, the United States' position had grown so tenuous that Eisenhower felt compelled to send U.S. troops to Lebanon, lest one of the last overtly pro-U.S. regimes in the region fall to Nasser-inspired forces.

This is not to say that the resistance bloc is poised to mimic Nasser's achievements in every respect. The comparison is not entirely symmetrical. In some countries, the United States faces a perfect Nasserist storm. In Bahrain, for instance, a Shiite majority—which the Bahraini authorities claim is influenced by Tehran—threatens an unrepresentative, pro-U.S. regime that provides Washington with a valuable strategic asset, basing rights for the Fifth Fleet. In Bahrain, Iran wins no matter what: If the state violently represses the Shiite majority, as it has, Tehran can plausibly claim that it did so at the behest of the United States. And if the protesters topple the regime, Iran can work to shape the new order. But in other countries, such as Egypt, Libya, and Tunisia, Iran has little or no influence over events, which are clearly spinning on their own independent axis.

Although the resistance bloc may not be as influential as Nasser was, it is nevertheless poised to pounce, jackal-like, on the wounded states of the region. Moreover, it has already proved itself capable of mounting an effective asymmetric challenge that should not be underestimated. Over the last five years, it has defied the United States on a number of critical fronts. Despite eight years of effort by Washington and its allies, Tehran continues to move toward a nuclear weapons capability. In addition, it has developed a credible deterrent to any conventional attack against its nuclear infrastructure, thanks to a

diverse set of covert and overt capabilities in Lebanon, Gaza, Iraq, the Persian Gulf, and Afghanistan. In Lebanon, Hezbollah recently took effective control of the government, and the resistance bloc depicted this development, correctly, as a defeat for U.S. policy. In Iraq, the combined covert efforts of Iran and Syria prolonged the war and cost both Washington and Baghdad considerable blood and treasure. Finally, in the last half decade, both Hamas and Hezbollah have ignited major conflicts with Israel that have complicated relations between the United States and its Arab allies. The resistance bloc will certainly continue this effort, working to shape the emerging regional order to its benefit and to the detriment of the United States. And it will do so with a deceptiveness, a ruthlessness, and an intensity of focus that the United States—a distracted Gulliver—cannot match.

The most important arena in the months and years ahead, therefore, is the struggle for regional hegemony. Many U.S. interests will be threatened by conflicts that, at first glance, will appear unrelated to the future of the United States' position in the region. If Washington is to minimize the pain of the transition to a new order, it must remain focused, amid all the turmoil, on the sophisticated asymmetric threat that the resistance bloc presents. Yet the United States must remember that this hegemonic struggle is not the central force behind the unrest coursing its way through the region. The second Arab revolution may not have a charismatic leader, like Nasser, but it does have a representative figure who expresses the core aspirations of the revolutionaries: Mohamed Bouazizi, the 26-year-old Tunisian fruit vendor who set himself on fire out of despair and frustration with the state's corruption and caprice. The widespread influence of Bouazizi's desperate cry for justice and dignity should stand as a sharp reminder for Washington: for all that the struggle with the resistance bloc is about power politics, the emphasis must be on politics as much as on power. However vital the struggle for regional hegemony is to Washington, it is certainly not the central concern to the people who are protesting in the streets.

A call for justice and dignity also drove the first Arab revolution. The fact that a military man—Nasser—symbolized those aspirations in the 1950s speaks volumes about the pan-Arab movement, which, in the end, was hijacked by men with guns. In Bouazizi, the second revolution has chosen as its representative an entirely different kind of personality. His selection, too, speaks volumes, but the precise meaning of the message is ambiguous. As a humble fruit vendor who wanted nothing more than a fair shake in life, Bouazizi could symbolize the triumph of the human spirit. On the other hand, Bouazizi died a broken man. The men with guns are only hiding in the shadows, and they may yet play a decisive role in fashioning the new Middle East.

The Fall of the Pharaoh

How Hosni Mubarak's Reign Came to an End

Dina Shehata

For almost 60 years, Egyptians have celebrated Revolution Day on July 23, to commemorate the day in 1952 when Gamal Abdel Nasser and the Free Officers overthrew the monarchy to establish a republic. Next year, the country will celebrate Revolution Day on January 25—the first day of the mass protests that forced Hosni Mubarak, the country's president for 30 years, from power.

For the 18 days from January 25 to February 11, when Mubarak finally stepped down, millions of Egyptians demonstrated in the streets to demand, as many chanted, "*isqat al-nizam*," "the fall of the regime." The Mubarak government first met these protests with violence, but its vast security apparatus soon crumbled in the face of an overwhelming numbers of protesters. Then, the state attempted to use propaganda and fear-mongering to scare the population back into its embrace, but this, too, failed. Finally, the Mubarak regime resorted to making concessions. However, these were too limited, and the death toll from the protests had already grown too high. Fearing that more violence would hurt the military's legitimacy and influence, the army broke with Mubarak and forced him to leave office.

The immediate trigger for the outbreak of protests in Egypt was the Jasmine Revolution in Tunisia in mid-January, which demonstrated that sustained and broad-based popular mobilization can lead to political change, even in a police state such as Tunisia. But other factors had long been at work in Egyptian politics and society. In particular, Mubarak's downfall was the result of three factors: increasing corruption and economic exclusion, the alienation of the youth, and the 2010 elections and divisions among the Egyptian elite over questions of succession. When these currents came together, they inspired a broad cross section of Egyptian society to achieve the unthinkable: removing Mubarak from power.

But the revolution did not lead to full regime change. Instead, it has achieved partial change: the military and the state bureaucracy remain in control and are likely to dictate the terms of the country's political transition over the coming

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months. What follows this transition will depend on whether the forces that staged the revolution can remain united and organized or whether some groups, such as the Muslim Brotherhood, strike a separate deal with the military. If this were to happen, the secular and youth movements that were the driving force behind the January 25 revolution would be effectively marginalized.

NASSER'S BARGAIN

In the 1950s and 1960s, the Nasser regime, which was at once authoritarian and populist, forged a ruling bargain with labor and the middle class. All political parties were banned and all civil-society organizations, including trade unions, came under the direct control of the regime. In return, the state provided social and welfare services in the form of government employment; subsidies for food, energy, housing, and transportation; and free education and health care.

In the early 1990s, a looming economic crisis caused by unsustainable levels of external debt forced Mubarak's government to sign an agreement on economic reform with the World Bank. Over the next two decades, the Egyptian government undertook a series of structural adjustments to the economy that reduced spending on social programs; liberalized trade, commodity prices, and interest rates; suspended the longtime guarantee of government employment for university graduates; privatized a number of public-sector companies; and suspended subsidies for many commodities. As state expenditures declined, public spending on social services—including education, health care, transportation, and housing—stagnated, and the quality of these services deteriorated.

Factory workers, landless peasants, government employees, and those who produce goods for the local market (as opposed to for export) suffered most. They depended on government services and subsidies, as well as on market protections, and many saw their fortunes fall as a result of the economic liberalization. At the same time, a new Egyptian business elite emerged: some people exploited the period of economic reform and openness to turn their contacts with the regime and international markets into vast fortunes. Just below this newly minted business aristocracy, a well-off middle class also began to develop. Thus, there soon emerged a two-tiered society: the majority of the Egyptian population was increasingly marginalized, while a small minority prospered like never before. Moreover, economic reform and liberalization led to the emergence of an unholy alliance between the ruling elite and the business elite. A select few—those closely aligned with the ruling National Democratic Party (NDP)—found themselves with special privileges to buy up public lands and public companies or put on a fast track to obtain state licenses and contracts.

Over the past five years, many workers—both blue-collar laborers and educated professionals—took to organizing strikes and other protests to show their anger at their economic disenfranchisement. These protests took place outside the control or leadership of the country's labor unions and professional syndicates, which were constrained by laws that limited their freedom to strike or carry out any protest. In 2008, property-tax collectors established Egypt's first independent trade union since 1959, the year that all such unions were brought under the

control of the state. In 2010 alone, there were around 700 strikes and protest actions organized by workers across the country. However, these protests tended to focus exclusively on labor-specific demands and to shy away from political issues.

YOUNG MAN'S BURDEN

Egypt, like much of the Middle East, is in the middle of a dramatic and growing youth bulge. Today, more than half the total population of the Arab countries is under the age of 30; in Egypt, more than one-third of the population is between 15 and 29.

This demographic group faces a particularly frustrating paradox: according to the World Bank, the Middle East has both the fastest-rising levels of schooling and the highest level of youth unemployment in the world (25 percent, compared to a global average of 14.4 percent). Youth unemployment is highest among those with more education: in Egypt in 2006, young people with a secondary education or more represented 95 percent of the unemployed in their age group. Those who do find jobs often work for low pay and in poor conditions. This combination of high unemployment and low pay has kept many young Egyptian men from marrying and forming families. Approximately half of all Egyptian men between the ages of 25 and 29 are not married.

As a result of constraints on political life and civil society, youth in Egypt have been denied outlets for political and civic participation. Most cannot remember a time before the country's emergency law was last imposed, in 1981, which allowed the regime to freely persecute its challengers. Less than five percent of young people in Egypt belong to political parties, and less than 45 percent have ever participated in elections.

Partly because of such limitations, religious groups such as the Muslim Brotherhood were able to capitalize on widespread social grievances to recruit and mobilize young people in large numbers during the 1980s and 1990s. But after the state's harsh persecution of Islamists in the 1990s, youth activists began to express their grievances through a new generation of protest movements open to members of all ideological backgrounds and to those without any particular ideology at all.

One such movement is Kefaya, which has attracted legions of previously apolitical youth. In 2004 and 2005, it organized a series of high-profile protests calling for the end of Mubarak's presidency and the country's emergency law. In 2008, youth activists from Kefaya formed the April 6 Movement in solidarity with textile workers who were planning a strike for that date. The movement attracted 70,000 members on Facebook, making it the largest youth movement in Egypt at the time. Members of both the April 6 Movement and Kefaya were behind the creation of another popular Facebook group, one supporting Mohamed ElBaradei, the former head of the International Atomic Energy Agency, who returned to Egypt in February 2010.

Perhaps the most important Facebook group would arise some months later when, in June 2010, activists associated with the ElBaradei campaign created a Facebook page called "We are all Khaled Said" in memory of a young man who was beaten to death by police officers in Alexandria. Their page attracted more than one million supporters and became the focal point for a number of large protests against state abuses in the summer of 2010. By the end

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of 2010, Egypt's youth activists had succeeded in bypassing many of the long-standing constraints on political and civic life in the country. Although they may not have fully realized it at the time, all they needed to see their mission to the end was a final, triggering event—and that was gathering momentum some 1,300 miles away, in Tunisia.

THE EDIFICE CRACKS

As labor and youth unrest grew, another struggle was taking shape between Egypt's old guard, representing the military and the bureaucracy, and the new guard, representing Mubarak's son Gamal and his supporters in the business community and the ruling party.

Beginning in the mid-1970s, in an attempt to bolster his legitimacy both at home and abroad, then Egyptian President Anwar al-Sadat began to liberalize the political system. He allowed opposition parties and movements to gain some representation in the country's elected assemblies. As long as the ruling NDP maintained its two-thirds majority and its control over the real levers of power, the Egyptian opposition could contest elections and maintain a limited presence in parliament and in civil society. When Mubarak came to power, he continued to follow this same formula with few adjustments.

However, over the last five years, the Mubarak regime began to violate this implicit agreement, by imposing renewed constraints on the ability of political parties and movements to organize and to contest elections. Moreover, the state heavily manipulated the 2010 parliamentary elections in favor of the NDP, effectively denying all opposition groups any representation in parliament. (With opposition groups represented on the ballot but prevented from winning any races, the NDP won 97 percent of the seats.) For some in the opposition, the fraudulent elections of 2010 marked a departure from the limited political pluralism instituted by Sadat. The New Wafd party and the Muslim Brotherhood, among others, began to reconsider the utility of participating in elections under such conditions.

The regime's tactics in the 2010 elections were part of a broader plan to ensure a smooth succession from Mubarak to his son Gamal during the upcoming presidential election in 2011. This plan was the pet project of a group of businessmen closely associated with Gamal—such as Ahmed Ezz, a steel tycoon and a leading figure in the NDP—who had come to assume greater influence over the ruling party and the government in recent years. Not only did the country's opposition strongly oppose the succession plan, but many important factions within the state bureaucracy and the military were also skeptical. As 2010 came to a close, the country's ruling edifice was beginning to crack.

These underlying forces in turn spurred on the groups that participated in the mass protests in January and February: youth movements, labor groups, and the political parties that were excluded from joining parliament in 2010, including the Muslim Brotherhood. Youth activists agreed to hold protests against state brutality on Police Day, January 25. This demonstration begat others, and as the size and momentum of the protests grew, these activists formed the Coalition of January 25 Youth to present a series of demands to the regime: the resignation of Mubarak, the lifting of the state of

emergency, the release of all political prisoners, the dissolution of parliament, the appointment of a government of independent technocrats, the drafting of a new constitution, and the punishment of those responsible for violence against the protesters. Egypt's youth activists refused to negotiate with Omar Suleiman, a Mubarak confidant who was appointed vice president on January 29 as a means of appeasing the protesters.

At the outset, Egypt's opposition was divided over whether to participate in the demonstrations. Some groups, such as Kefaya, the National Association for Change, the Democratic Front Party, the Tomorrow Party, and the New Wafd Party, endorsed and joined the January 25 protests, whereas other groups, such as the Muslim Brotherhood and the leftist Tagammu Party, did not officially join the protests until January 28 (although many of their younger members participated on January 25).

Many of the political groups taking part in the uprising disagreed over their demands and over how best to achieve them. Groups such as Kefaya, the National Association for Change, and the Democratic Front Party and individual leaders such as ElBaradei and Ayman Nour endorsed the demands of the youth coalition and refused to negotiate with the regime until after Mubarak stepped down. Others, however—the Muslim Brotherhood, the New Wafd Party, the Tagammu Party, and a number of independent public figures—agreed to enter into negotiations with Suleiman. These talks turned out to be short-lived: the regime refused to make any real concessions, and the protests on the street continued to escalate.

For its part, the Muslim Brotherhood threw its full weight behind the protests but purposefully kept a low profile. Its young members were an integral part of the coalition that had organized the protests, and according to some of the organizers, Brotherhood supporters constituted about one-third of the crowd occupying Tahrir Square. Muslim Brothers made up a large share of the protesters in those cities where the group has long had a large following, such as Alexandria and El Mansura. However, throughout the protests, the Brotherhood was careful not to use religious slogans or to overshadow the secular, pro-democracy activists who were driving the demonstrations.

During the first two weeks of the revolution, labor movements and professional groups did not play a visible role, partly because the regime had shut down all economic activity during this time. However, during the final week, as economic activity resumed, workers and professionals began to organize strikes. In the two days preceding Mubarak's resignation, the country was approaching a state of total civil disobedience, with workers striking en masse in the transportation, communications, and industrial sectors. Judges, doctors, university professors, lawyers, journalists, and artists also organized protests. According to Shady El Ghazaly Harb, a leading Egyptian youth activist, it was this development that finally convinced the military to oust Mubarak and assume control.

LAST DAYS OF THE PHARAOH

During the three weeks of protests in January and February, groups that had previously competed with one another—

Islamists and secularists, liberals and leftists—joined forces against the regime. There were fears that the opposition would fragment and that some factions would strike a separate deal with the regime, but such a turn of events never happened—although this had more to do with the Mubarak government's refusal to make any concessions and its apparent willingness to use violence. In the end, it was the unity of the opposition and broad-based popular mobilization that forced the military to oust Mubarak.

Unlike the opposition, the regime suffered from multiple divisions during the crisis. In the first week, the state tried to defuse the protests by sacking Gamal Mubarak as assistant secretary-general of the NDP and purging the businessmen closely associated with him from the ruling party and the cabinet. This effectively aborted the much-despised succession scenario and removed the new business elite from its privileged economic and political position.

Mubarak hoped that by removing Gamal and his business cronies, the protests would begin to lose steam. Indeed, these measures seemed to satisfy the majority of Egyptians; many observers in the media and even some opposition figures predicted that the revolution would come to a halt. However, the next day, after Mubarak announced that he would step down in September, security forces and hired vigilantes violently cracked down on the protesters—11 were shot and killed in Tahrir Square alone—turning the momentum back against the regime. Demands for Mubarak's immediate resignation intensified, and at that point, many new groups, mainly workers and professionals, joined the protests in large numbers.

The military, which until then had backed Mubarak while refraining from using force against the protesters, began to show signs of sedition. Throughout the crisis, the protesters had welcomed the presence of the military on the streets and urged it to side with them against Mubarak, as the military had done in Tunisia just weeks earlier. But until the last days of the crisis, the military seemed to back Mubarak's plan to remain in power until September and oversee an orderly transition to democracy. It took new groups joining the protests and the rising prospect of a confrontation between the protesters and the presidential guard for the military to finally break with Mubarak. On February 10, a spokesperson for the High Council of the Armed Forces delivered a communiqué that stated that the council supported the legitimate demands of the people. Mubarak was expected to resign that same night, but he did not. The next day, the military ousted him. The High Council of the Armed Forces assumed control of the country, and one week later, it announced the suspension of the constitution and the dissolution of both houses of parliament.

DEMOCRACY'S UNFINISHED BUSINESS

The revolution that pushed Mubarak from office has resulted in only a partial dissolution of his regime. The primary victims of this turn of events have been Mubarak's family, the business elites closely associated with it, leading figures in the state bureaucracy and the NDP, and members of the much-despised state security apparatus. The regime's basic structure remains largely intact, however: the military and the state bureaucracy are still in firm control of the country and in

a position to dictate the course of the transition in the coming months. As of this writing, the High Council of the Armed Forces rules Egypt. The state bureaucracy, which comprises some six million people, remains in place, with state ministries and agencies largely unchanged and still responsible for managing day-to-day affairs.

Two scenarios seem possible. The first scenario involves speedy elections held over the summer, both parliamentary and presidential. This option appears to be favored by the military and the Muslim Brotherhood, but it is rejected by most of the groups that took part in the revolution. Such a schedule would benefit only those individuals and groups that are already positioned to achieve electoral success in the near future—namely, those associated with the NDP and the Muslim Brotherhood, the only two political organizations in Egypt with long-standing networks and bases of support that could be mobilized on short notice. Were such elections held, the outcome would probably be a power-sharing arrangement between the regime (or some new incarnation of it) and the Muslim Brotherhood, leaving little representation for the secular and youth groups that drove the revolution.

The second scenario would see the appointment of a three-member presidential council made up of two civilians and a military figure and the formation of a new cabinet composed of technocrats not affiliated with any one party. This option has been put forward by ElBaradei and is the apparent preference of the country's secular political parties and youth movements. The next step would be to hold presidential elections, followed by direct elections for an assembly that would then draft a new constitution. Until these elections were held, the presidential council would lift all constraints on political parties, the media, and civil-society organizations, which would allow secular forces the chance to organize themselves and attract voters. Parliamentary elections would follow the new constitution and the creation of new political parties, likely within one or two years. Such an arrangement would level the playing field and would allow secular parties and movements to compete more effectively with the NDP and the Muslim Brotherhood.

There are fears that if the first scenario prevails, the democratic revolution will be aborted and the old regime—under the guise of NDP loyalists in an alliance with the Muslim Brotherhood—will reassert itself. A new parliament, dominated by former NDP members and the Muslim Brotherhood would guide the drafting of the new constitution and would set the parameters of a new political system. Some important liberalization measures might be adopted to quell popular discontent, but full democratization would be unlikely.

If, however, Islamists and secularists remain united, the street stays mobilized, and international pressure is applied to the military, the second scenario may prevail. In this case, the various groups that drove the revolution would have the time to organize themselves into viable political parties—and only that can produce genuine democratic change.

Graduate School Forum
Career Development

When you are trying to conceptualize a career path for yourself, it is easy to identify high-profile jobs that look exciting and interesting but less easy to understand how you get from where you are now to there.

Rarely today is building a career straightforward or even a straight trajectory—particularly in the international affairs field. If there is one common characteristic I have seen among the careers of international affairs practitioners, it is the fluidity with which their career paths can navigate among various sectors. A person might leave graduate school for a position with their national government, then move on to a private sector company, only to later find themselves with an NGO. I have seen any combination of cross-sector career paths, and it is this wide variety of options that makes a professional education in international affairs so valuable.

As you will see in the following pages, these schools and others like them combine a sound mix of practical training in hard skills in such areas as management, policy analysis and quantitative calculation—that are necessary to be successful in any position—with issue-specific knowledge to address the myriad topics proliferating in the international realm. In addition to providing curriculums that develop critical thinking, evaluation and leadership skills, these schools also include scholar practitioners on their faculties to ensure that students are exposed to the real-world application of the knowledge they develop during their Master's program. Such faculty along with strong alumni networks, career development offices, and opportunities to pursue substantive internships provide frameworks for building a successful career in the international affairs arena. These programs are designed to expose you to both the academic training and practical knowledge necessary to develop a career trajectory that will get you from here to there.

Leigh Morris Sloane
Association of Professional Schools of International Affairs (APSIA)

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A CONVERSATION WITH

Lori Garver

Deputy Administrator
National Aeronautics and Space Administration

Advancing Space Policy

Working at the National Aeronautics and Space Administration (NASA), I interact regularly with both the elected political leadership of the nation and the country's best technical and scientific minds, and I work to communicate effectively with both groups. Space policy is a constantly evolving field, and understanding the intricacies of space policy—from both a public policy and a technological perspective—is vital to success in this field.

Tell us about what you studied at the Elliott School and what your job currently entails at NASA.

At the Elliott School, I earned my master's degree in science and technology and public policy, with a focus on space policy. My coursework complemented and enhanced the work that I already had been doing in the public and non-profit sectors. While my early career was geared more towards public policy, working with Senator John Glenn piqued my interest in space and set me on my current path. At the Elliott School, I was able to combine my interests in space and policy and tailor my graduate study to suit my career goals.

As the Deputy Administrator at NASA, I am involved in a wide range of activities, from overseeing our functional offices to working closely with NASA's Administrator to set the organization's policy agenda. I represent NASA and its mission to the public as well as to other governmental entities—from Congress to the White House—and my job requires a daily balance between technical knowledge and public policy expertise.

How did your Elliott School education help you achieve your career goals?

The Elliott School provided me with the educational foundation for my career. The program actually had more to do with setting my professional trajectory than even the goals I had set for myself. I was able to combine my interests in public policy and space and to study with some of the leading experts in these two fields. In addition, the program allows for a strong mix of theoretical and practical work and gives students the opportunity to apply theory to the real-world issues that they will likely face after graduation. The Elliott School's Space Policy Institute is an invaluable resource for anyone who is considering a career in this field and is a tremendous asset for the space community.

What do you think sets the Elliott School apart from other international affairs programs?

The Elliott School combines a solid academic experience with the ability to simultaneously gain practical experience at some of the world's leading foreign policy institutions. Elliott School faculty are among the leaders in their fields, and the school's unique location in Foggy Bottom gives students the opportunity to work or intern in any area of international affairs—from government to non-profit to private sector organizations. Studying international affairs in the heart of Washington, DC provides an invaluable dimension to this field. This gave me the ability to see first-hand how the critical issues that we were examining from an academic perspective were being addressed in the international policy community

A CONVERSATION WITH

Glenn Fong

Thunderbird Associate Professor of Global Studies and Academic Director of MA and MS Programs

A Truly Global Education

Why do diplomats need business skills?

Thunderbird offers more than traditional international relations or MBA programs because the grand global challenges of the 21st century call for mixed mode, cross-sector solutions. In practice, the public, private, and non-profit sectors are not demarcated from each other. No one company, NGO, or country can solve issues like sustainable development, human rights, conflict resolution, or global economic recovery. We need Doctors Without Borders *and* USAID *and* Dell and Microsoft.

The coordinated effort calls for global management across these sectors. We need leaders who not only can speak different languages, but who can talk business and international relations and understand the nature and dynamics of these other sectors.

Thunderbird has consistently been committed to the notion that global executives must understand culture, politics, and history. Our Master of Arts program is based upon the notion that diplomats need to understand business and management. It's essential for modern diplomats to speak the business language because all of these industries intersect.

Why should students consider work in the developing world?

At Thunderbird we have a required global experience whereby students study or work in a foreign country. I believe that is so valuable, because it can be career changing. How can you pick a career if you only know what you've bumped into in your own culture? Once you've exposed yourself to other cultures, you expand your career options.

One of my priorities is encouraging students to consider working in the developing world. Developed metropolitan centers around the world are actually very similar. But in a developing country, you will see very different social and economic systems with expanded roles for the public, private, and non-profit sectors. One of the great things about Thunderbird is its entrepreneurial open-mindedness; students will find opportunities in areas most would overlook.

How can the Career Management Center help me?

For the last five to six years, Thunderbird has been running a program called Career TREKs. We get about fifteen students, selected through a competitive process, and plan a trip to a particular city for a number of company and organizational visits. These are essentially high-level informational interviews with great representatives.

Our Career Management Staff has been involved in outreach directly in the government, non-profit, and social enterprise realms, and says it has been really refreshing to see the response from these organizations. Many don't have a long tradition of hiring management-trained candidates, but see in our Thunderbird graduates the right mix of skills to make a difference.

What does it mean to be a Thunderbird?

The Thunderbird alumni network is integral to the institution. Our literature will tell you we have alumni in over 140 countries and that they are 40,000 strong, but what you can't necessarily see on the page is what that means when you land on the ground somewhere. We have come to rely greatly on alumni for insight and assistance regarding career management. True to our global reputation, Thunderbirds land in many countries, and they go to many types of companies and organizations. Students know they can rely on strong allies in the marketplace when they are trying to connect.

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A CONVERSATION WITH

Charles Wheelan, Ph.D. '98
Senior Lecturer
University of Chicago Harris School of Public Policy Studies
Author of *Naked Economics: Undressing the Dismal Science*

Rigor Meets Relevance at the University of Chicago Harris School

You earned your Ph.D. at the University of Chicago Harris School and then returned to teach there. Can you describe how your studies prepared you for the challenges you encountered when you graduated?

The University of Chicago Harris School is a place that combines everything great about the University of Chicago: a world-class research university with faculty and students who at the end of the day care most about solving problems. I was able, as a student, to go deeper into subjects like school reform and the economics of regulation and so on, but I also knew that I would never be comfortable in a purely academic environment.

After graduation, I worked as the Midwest correspondent for *The Economist*. I also worked for Chicago Metropolis 2020, which is a civic group that works on transportation, land use, and housing issues for the Chicago region. I really liked rolling up my sleeves to work on those issues. In a lot of ways, that's exactly why I came back as a faculty member—I knew this was a place where the purely academic and the practical could come together.

Students today are seeking both intellectual challenges and experiential learning. How does Chicago Harris combine these very different sources of academic training and why is that important?

Students who enroll in our International Policy Practicum combine theory with on-the-ground practice. Every fall, we pick a place and a topic, such as income inequality in Brazil or rural health care delivery in Cambodia. Students study it just like they would any other academic topic. The twist is that in December they get on a plane and go there and talk to the people affected.

There is absolutely no substitute for being on the ground. That's when you realize that some of the assumptions underlying your theories need to be relaxed—for example, when you learn that people might not be as rational in their decision-making as economists would like them to be. On the other hand, if you have no academic underpinnings to guide how you approach a problem, then it's not clear you are going to be able to add a whole lot of value. At Chicago Harris, we try to combine both.

How does Chicago Harris prepare students for leadership positions around the world?

When students leave Chicago Harris, they're confident that they have a general set of tools that can be applied to a very broad set of circumstances. That's the benefit of having rigorous core courses that teach the crucial quantitative skills. Our students have studied with some of the world's most prominent researchers. As a student, I took four classes from Nobel Prize winners! What you quickly come to realize at Chicago Harris is that our focus on quantitative skills gives you the exact tools you can use to develop and assess evidence-based policy prescriptions. Our world is complex, and the best solutions to our myriad problems are not necessarily obvious. An education at Chicago Harris gives future leaders the critical skills they need to develop, assess, and promote innovative—and effective—programs and policies.

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A CONVERSATION WITH

René Buholzer

Head Public Policy
Credit Suisse

Taking Advantage of a Privileged Setting: International Affairs in Switzerland

The University of St. Gallen is one of Europe's leading institutions of higher learning. Its students invariably benefit from an acknowledged expertise in economics and business administration. Multidisciplinarity, a finely tuned blend of theory and practice, and an international faculty at the top of their respective areas of expertise are further assets of an International Affairs Program that prepares students for a wide range of career opportunities in the public, private, and non-profit sectors. MIA graduates go on to financial institutions, small consulting firms and large transnational corporations; public sector opportunities include international organizations, diplomacy, and government agencies at every level. In addition, dual degree programs with Sciences Po in Paris, The Fletcher School in Boston, and Yonsei GSIS in Seoul offer professional qualifications with a genuine cross-border reach.

How did the MIA Program help ease the transition from school to your first job?

With hindsight, I realize that MIA students are happily spoiled in this regard, as both the University and the Program offer an ever-growing array of career services. Throughout the academic year, employers from the public and private sectors visit the campus to present job opportunities and allow for informal contact. Moreover, the Program encourages internships in Switzerland and abroad. At the same time, the curriculum includes small group seminars offered by experienced practitioners, many of whom are MIA alumni. And even in the context of regular coursework, students don't get lost in the proverbial ivory tower. Take my economics tutor at the time: As one of Switzerland's foremost trade economists, he certainly knew his theory; yet he would take us to the World Trade Organization in Geneva or to the Bank for International Settlements in Basle for extended stints. There, senior officials would join us to explain in detail what problems they were working on and how they meant to solve them. Today, I am thankful indeed to both the faculty and the Program for providing us with continuous exposure of this kind.

How has the International Affairs Program effectively prepared you for a career in the banking sector?

At first sight, choosing a multidisciplinary curriculum in graduate school may seem at odds with the vision of pursuing a career in the financial industry. Once you take a closer look, however, you realize that one is perfectly compatible with the other. In overseeing the public policy department of a multinational corporation, I have to come to terms with a wide range of political, economic, and regulatory issues on a daily basis. In very real ways, however, that is precisely what I was trained to do at the University of St. Gallen.

In cultivating co-teaching around core offerings from four fields—economics, public law, political science, and business administration—the MIA Program provides a tremendously fruitful experience of academic cross-insemination. While mandatory courses address conceptual foundations, research methods, and general knowledge, small group projects and electives across a large spectrum of topics enable students to hone their skills in specialized areas that they choose in light of individual preference. Combining breadth and depth is a genuine challenge. At St. Gallen, that marriage has always been a happy one.

A CONVERSATION WITH

Hans Winkler

Director
Diplomatic Academy of Vienna
Vienna School of International Studies

Chances, Changes, Challenges

The Diplomatic Academy of Vienna (DA), also known as the Vienna School of International Studies, rests on 4 strong pillars: the tradition of an outstanding academic institution since 1754; intellectual and cultural diversity and the strength of a student body of 150, representing 50 countries; multidisciplinary teaching of global affairs by an international faculty of academics and practitioners; and strong institutional and professional ties to diplomacy on a national, European and global level.

What are the chances of getting a job with a Master of Advanced International Studies (MAIS) or a Master of Science in Environmental Technology and International Affairsn(MSc in ETIA) with an undergraduate degree other than law, economics, or international relations?

One distinct characteristic of both our Master programmes is the multidisciplinarity of studies. Students with undergraduate degrees in disciplines other than law, economics and international relations are offered a structured approach that teaches them the academic and practical knowledge necessary to pursue a career in international affairs.

The careers of Federica, Fernando and Bernice are three examples for the successful feasibility of this approach.

U.S. student Federica entered the MAIS programme with a BA in English literature. Because Federica grew up in Latin America, she wanted to converge her multicultural background and her passion for international diplomacy. She is now pursuing a career at the Inter-American Development Bank.

Bernice from the U.K. attended universities in China and England, earning a BA in Modern Chinese Studies. She wanted to contribute to sustainable development after witnessing the effects of pollution and climate change while living in Asia, and the ETIA program provided her with the knowledge necessary for a career as Director of the Jane Goodall Institute in Singapore.

Fernando, a Mexican student with a BS in Industrial and System Engineering, wanted to work for an international organisation. Since graduating from MAIS he has worked as Programme Officer at the Office of the Executive Secretary at the UN Framework Convention on Climate Change.

Will studying at the DA help change my professional perspectives and deal with the challenges of finding a career?

Our graduates are generalists; they are able to understand and act in all aspects of international affairs using a broad basis of interdisciplinary knowledge, changing from one discipline to the other.

Vienna is a hub for international businesses, international organizations and agencies such as UNIDO, UNODC, IAEA, CTBTO, OPEC, OSCE, IOM, ICMPD, FRA, and hosts a great number of embassies, all of which offer a wide range of professional training possibilities for DA students, as previous generations of DA interns have built up an excellent reputation for their successors. These internships, as well as lectures, meetings and discussions with representatives of international affairs during conferences, and career talks at the DA will influence and change your professional perspectives. You are actively supported in this by the DA's Career Centre and by the network of alumni and mentors whose professional contacts will help you to meet the challenges of building a successful career.

Dr. Hans Winkler is the former State Secretary for Foreign Affairs and was one of the chief negotiators leading to the Washington Agreement for compensation and restitution for victims of the Nazi regime.

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A CONVERSATION WITH

Susan Holcombe
Professor of the Practice
Graduate Programs in Sustainable International Development
Heller School for Social Policy and Management, Brandeis University

Creating a Framework for Development

The Graduate Programs in Sustainable International Development form a community of concerned students and faculty from around the world. Our mission is to help build a new generation of development planners, policy makers, and program managers in the U.S. and abroad for whom a global society free of poverty, inequity, preventable disease, and environmental degradation is the motivating driver.

What do you find challenging in international development?

I came to this position in 2001 after many years in the field working with UN agencies and here in Boston with Oxfam America. The most daunting challenge in sustainable development is the gap between what we want to achieve and what we are actually able to do. I became interested in this when I did research on the Grameen Bank in Bangladesh.

Twenty years ago I wondered: How is a large nongovernmental organization able to send 11,000 workers to the field six days a week, walking or biking to villages, and still keep those workers focused on the two goals of poverty reduction and viable institutions for the poor? For Grameen, poverty reduction was about accumulating income and assets, but it was also about gaining dignity and a voice in the direction of one's life. Senior management focused on structuring daily work to ensure that bank workers reached, served, and enabled poor clients. They evolved effective standard operating procedures that kept the Bank on the road to commercial viability. For me a remarkable result was the visible confidence and initiative of women who had been with the Bank for 5 or more years, compared to the timidity of new members.

How does this relate to your own students?

I seek to incorporate into my teaching the knowledge and skills that help students bridge the gap between ideals and practice. Students need to be clear about their own definition of development and the values they bring. I teach a course called Frameworks for Development that introduces students to a range of concepts around sustainable development, and I ask them to strategize to reach particular development goals. Another course focuses on practical examples of implementing change. One of my interests is helping students realize how this theoretical knowledge applies to the practice of sustainability.

How will a degree from the Heller School help someone who is exploring this field?

The MA in SID is a professional degree grounded in both theory and practice, incorporating academic and internship components. It builds skills in planning, implementation, and monitoring and evaluation. Each class is intentionally diverse. Students from developing countries outnumber American students, and all bring practical development experience. Dr. Mimi Sesoko of Nelspruit, South Africa, is a Heller graduate and chief executive officer of Women's Development Businesses, a micro-finance and development institution that aims to support rural woman with loans. Dr. Sesoko says of her work, "The areas where our branches operate, out of these 20,000 households, I think we have been able to create 60,000 jobs, because we have seen women create jobs in their own small businesses." The intersection between theory and practice provides a range of competencies students need to advance their career.

A CONVERSATION WITH

Bill Rigler, MIA '04

Director of Special Initiatives
Millennium Promise

Keeping a Promise Made at SIPA

How has a graduate degree in public policy helped you address the goals of Millennium Promise?

What I love most about my job is that we are doing things that no one is doing in ways that nobody has ever tried before. The opportunity to work on the frontier of many development challenges, combined with working on a world-class team led by Dr. John W. McArthur, CEO of Millennium Promise and Professor Jeffrey Sachs, the organization's co-founder and director of The Earth Institute at Columbia University, is humbling and presents an incredible responsibility to act for those without a voice.

The breadth and depth of my SIPA education, which stretches from performance-based budgeting to purpose-driven leadership, provided me with the skills to play a key role with Millennium Promise.

Which SIPA faculty members or internships contributed to your education and success?

There is no substitute for the opportunity to learn from the world's leading practitioners. One of my favorite days at SIPA was sitting in Professor Joseph Stiglitz's class on globalization and congratulating him on receiving the Nobel Prize in economics. My very next class was Intelligence and Foreign Policy, taught by the then-assistant director at the CIA, who flew up once a week to teach.

I continue to draw daily on my favorite classes: accounting and budgeting, economics, campaign management, and diplomacy. One of the most important aspects of SIPA is the rich diversity of the student body; I usually learned as much from my classmates as from my professors.

What programs or areas of study at SIPA were most instrumental in shaping your career path?

I attribute my career path to SIPA—opportunities to work for former vice presidential candidate Geraldine Ferraro, to serve as the chief of staff at the Rockefeller Foundation and now as the director of special initiatives at Millennium Promise—my classes provided me with the skill sets, such as campaign management and accounting, needed to be a leader at these organizations. Other classes pulled me out of my comfort zone and challenged my traditional views of how the world works.

My graduate school experience also intersected with a time of profound social change in the United States: the heavily contested and emotional 2000 presidential election, September 11, and wars in Iraq and Afghanistan. Each of these serves as a powerful and vivid reminder that the world needs trained practitioners who are experts in their field and are guided by a calling to make it better.

How has SIPA's alumni network created new opportunities for you?

The strength of the alumni network is sometimes overlooked when choosing a graduate school. In this regard, SIPA is best-in-class. Alumni are spread around the world. I have yet to visit a place where I could not connect with a SIPA alumnus through the online platform. The alumni network opens doors, presents career opportunities, and gives us the chance to make great friends.

A CONVERSATION WITH

Andrew Billo

Master in Public Policy
Dual Degree Student, LKY School, NUS and Columbia-SIPA

Power is Shifting to Asia. Are you?

With more than five years of experience working on migration issues in developing countries, I decided to further my knowledge by pursuing a Master's degree in Public Policy. I knew that a public policy degree would help me enhance my impact as a development practitioner, whether I was studying the economics of labor migration, applying statistical analysis to population change, or navigating the legal structures of the United Nations system. To maximize the benefit of a public policy education, I opted for a dual degree. I spent my first year at the School of International and Public Affairs (SIPA) at Columbia University and my second year at the Lee Kuan Yew School of Public Policy (LKY School) at the National University of Singapore. I had several reasons for choosing the LKY School:

First, the LKY School is the only school in Asia that is a part of the Global Public Policy Network that includes the LSE, Sciences Po Paris, and SIPA. This reassured me that the quality of the curriculum, faculty, and student body was benchmarked against some of the world's leading educational institutions.

Second, the LKY School is an integral part of the National University of Singapore (NUS), which is consistently ranked amongst the top 30 universities in the world and is one of the most respected global universities with a focus on Asia. For students who, like me, are interested in studying, working and traveling in Asia, I could think of no better place to come to than the LKY School at NUS.

Third, the LKY School is situated in Singapore, which provides one of the best gateways to Asia, with its easy access to other countries in the region. Today, Singapore is one of the world's most prosperous nations and is rapidly establishing itself as the region's financial, high-tech, entertainment, and education hub. It is also arguably a top global city that uniquely combines first-world infrastructure with a vibrant multicultural setting.

Singapore is also widely recognized today as one of the best public policy laboratories in the world. The LKY School is a reflection of the country's vision to be at the cutting edge of policy, development, and international affairs, serving as a vital bridge between Asia's two rising giants, India and China, and the rest of the world. The LKY School classroom offers an unparalleled opportunity to network with a new generation of policymakers and leaders from Asia and beyond—my peers come from over 50 nations. Moreover, at the LKY School, you can join one of a number of career-oriented clubs and network in an industry or sector, in which you plan to pursue a future career.

Finally, what makes the LKY School one of the best training grounds in the world is its outstanding faculty, which offer a blend of Asian and global perspectives across a range of issues that are of critical concern today for development practitioners. They also serve as excellent mentors for finding career opportunities in the region through their connections with multilateral institutions, think tanks, foundations, and NGOs in Asia.

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A CONVERSATION WITH

Peter Cowhey
Dean
School of International Relations and Pacific Studies
University of California, San Diego

Beyond the Public Sector: Careers for Today's and Tomorrow's Graduates

How have you seen graduate education in international relations respond to increased attention worldwide on the environment and corresponding demand for trained international professionals in this area?

The School of International Relations and Pacific Studies (IR/PS) has prepared graduates for exactly these kinds of careers for many years. Peter Moritzburke (MPIA '96) focused on international management issues and has since been involved in the development of the clean energy market worldwide. He is currently the Business Development Manager for Sunpower, a global leader in the development of solar power technology.

Where do you feel the balance lies between educating policy makers and experts on environmental issues?

When thinking about the environment and known and unknown needs for the future from a policy perspective, it is important to educate students in the known areas, but also to do so in ways that help them to forecast and dissect the unknowns. At IR/PS, our core curriculum requires that all students push their limits in quantitative research methods, managerial economics and policy-making. With these hard skills, graduates can feel confident in facing a problem and knowing the steps needed to solve it.

Luke Nickerman (MPIA '06), was part of the international economics track at IR/PS and was a member of our Export Access student-run consulting group. Upon graduation, Luke was awarded a Presidential Management Fellowship at the US Department of Energy before transitioning to the private sector, where he is now a Senior Regulatory Analyst for Pacific Gas & Electric. Luke's experience displays a typical pathway for an IR/PS graduate and, more broadly, a successful professional in international relations.

You've emphasized the need for graduates to be problem solvers with the ability to work across disciplines. If graduates from IR programs are in some respects defined by their interdisciplinary education rather than expertise, how does the private sector view graduates as prospective employees?

Over 40% of IR/PS graduates are employed in the private sector, which is a significant vote of confidence in the education our students receive to be effective in that environment. IR/PS is known by top companies like eBay for providing graduates ready to contribute strong analytical and quantitative skills to international operations.

Given our proximity to the border and strong faculty expertise, Mexico is an ongoing area of focus for students interested in all sectors, but particularly the private sector. Pedro La Farga (MPIA '94) currently works as a Vice President for Sony of Mexico and we have a continuing relationship with Chevez, Ruiz, Zamarripa y Cia for internships for students interested in international trade issues.

How does your executive Master of Advanced Studies in International Affairs (MAS-IA) degree serve professionals working in the Pacific region?

The MAS-IA curriculum is designed so professionals from diverse backgrounds can customize the program to advance their careers. For example, Soo-Yeon Kim, General Manager for Citibank Korea, chose courses that were relevant for her work in global consumer public relations, while Ya-Ming Suen, a career diplomat for Taiwan's Ministry of Foreign Affairs, designed a program germane to his position as a congressional liaison officer.

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A CONVERSATION WITH

Helmut K. Anheier, Ph.D.
Dean and Professor of Sociology
Hertie School of Governance

Make an Impact at the Interface of the Private, Public and Civil Society Sectors

The Hertie School of Governance´s **Master of Public Policy (MPP)** has been designed to prepare students to take the lead at the intersection of the private, public and civil society sectors. The School´s Dean, renowned sociologist Professor Helmut K. Anheier, tells us more about the programme.

Why did the Hertie School decide to offer the MPP?

The idea was to add value to traditional career paths in public and private administration. Lawyers and economists continue to dominate public administration in Germany and other countries in continental Europe. We identified the need for an interdisciplinary programme that practically equips individuals from a broader range of disciplines to pursue careers in the private, public and civil society sectors. This is exactly what the MPP is and does.

How does the MPP prepare students to work across sectors?

Our MPP attracts students from over 40 countries worldwide and a wide spectrum of academic backgrounds. We've had students with first degrees in everything from micro-biology to medicine and law successfully complete the degree and pursue careers in research institutes, public health services or consulting agencies. This is possible because of the sound theoretical foundations that the programme puts in place. Firstly, we ensure that our students receive an equal level of training in subjects such as law, economics and political science through a range of core courses in these disciplines as well as in public management, statistical methods and research design. These foundations of public policy are complemented by courses that practically deal with policy challenges and equip students to develop policy recommendations by focusing on contemporary case studies.

How are MPP students taught to practically implement these policy recommendations?

In addition to the case study method our faculty use in their courses, MPP students are required to complete an internship between their first and second years of study. Our students typically choose internships in federal administration, international organizations, NGOs, private businesses or consultancies, with a focus on public affairs. We also encourage them to develop their master theses in cooperation with the internship organizations.

What are your graduates' professional destinations?

We find that most students apply for jobs in which they can have a positive impact. MPP graduates find employment in government, international organizations and NGOs, and ever more are pursuing careers in private business. About half of our graduates stay in Germany and the others go abroad—many to Brussels, Geneva or Washington D.C.

How do you support your students' transition to the labor market?

In addition to the MPP curriculum, we offer individual coaching and soft skills workshops such as media training, project management and negotiation training. We host events where practitioners from leading public and private institutions give our students insights into their daily working lives and their personal career paths. These events also provide our students with opportunities to build personal networks for their future careers. Furthermore, MPP students have the option of applying for a Professional Year in order to gain work experience between the first and second years of study, after which they resume their studies and finalize their degree.

Hertie School
of Governance

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A CONVERSATION WITH

Brandon Mendoza

GSPIA '10

Bridging the Gap Between Theory and Practice

What makes a GSPIA degree ideal for a career in public or international affairs?

GSPIA provides a truly comprehensive education, offering academic programs in international affairs, international development and public administration. The School offers a multidisciplinary program preparing students for careers in the international arena—as policy makers, diplomats, intelligence officials, global business leaders and policy researchers.

Another attractive aspect of a GSPIA degree is the way the programs of study are tailored to meet students' career interests. Students may shape their degree with one of nine majors. Students also have the option to enhance their degree by earning a certificate from any of the University of Pittsburgh's renowned regional studies centers—Asian, European, Latin American and Russian/East European Studies.

How does GSPIA's curriculum prepare students to take on the challenges of a complex and global society?

My classroom experience helped me to understand the core principles of organizational behavior and general management, building skills in areas such as human resource management, financial management and planning. It also provided solid grounding in the dynamics of global governance and the analytical techniques useful for promoting organizational effectiveness and efficiency. The curriculum provides students with a domestic view but also an inherently international perspective. It is designed to advance the core value of social equity fundamental to today's complex society either through public policy, management or international relations.

How does GPSIA balance what's taught in the classroom with practical experience gained in the field?

GSPIA's research centers and institutes bridge the gap between theory and practice, allowing students to work directly with government officials, nonprofits and the private sector. During the fall 2010 semester, I had the opportunity to take what I was learning in my strategic management class and apply it to my internship. The coursework enhanced my ability to think critically about a wide range of subjects and increased my ability to effectively communicate my research.

As an intern with a global consulting firm, I received hands-on training and participated at a very high level with potential and existing clients. My supervisor expressed his enthusiasm for my contributions from the onset. In one instance, I was assigned to work with one of the group's newest clients, a leading forensic engineering firm. The firm develops engine analysis software for the military and was exploring potential new markets. My assignment was to research and collect data, draft a report and present it to the firm's lead decision maker. This project allowed me to hone my research skills and further develop my writing and presentation skills. Upon completing my internship, I was offered a full-time position as an associate project manager for the group's international team, which is in the process of facilitating the completion of several international power-generation projects. From my perspective, this is what GSPIA is all about: acquiring new skills in the classroom and applying them in the field.

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About APSIA

The Association of Professional Schools of International Affairs (APSIA) comprises more than 60 members and affiliated programs around the world dedicated to the improvement of professional education in international affairs and the advancement there by of international understanding, prosperity, peace, and security.

APSIA members work to promote excellence in professional, international affairs education worldwide by sharing information and ideas among member schools and with other higher education institutions, the international affairs community, and the general public.

APSIA.org serves as a clearinghouse of information for prospective students and employers.

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The Black Swan of Cairo

How Suppressing Volatility Makes the World Less Predictable and More Dangerous

Nassim Nicholas Taleb and Mark Blyth

Why is surprise the permanent condition of the U.S. political and economic elite? In 2007–8, when the global financial system imploded, the cry that no one could have seen this coming was heard everywhere, despite the existence of numerous analyses showing that a crisis was unavoidable. It is no surprise that one hears precisely the same response today regarding the current turmoil in the Middle East. The critical issue in both cases is the artificial suppression of volatility—the ups and downs of life—in the name of stability. It is both misguided and dangerous to push unobserved risks further into the statistical tails of the probability distribution of outcomes and allow these high-impact, low-probability "tail risks" to disappear from policymakers' fields of observation. What the world is witnessing in Tunisia, Egypt, and Libya is simply what happens when highly constrained systems explode.

Complex systems that have artificially suppressed volatility tend to become extremely fragile, while at the same time exhibiting no visible risks. In fact, they tend to be too calm and exhibit minimal variability as silent risks accumulate beneath the surface. Although the stated intention of political leaders and economic policymakers is to stabilize the system by inhibiting fluctuations, the result tends to be the opposite. These artificially constrained systems become prone to "Black Swans"—that is, they become extremely vulnerable to large-scale events that lie far from the statistical norm and were largely unpredictable to a given set of observers.

Such environments eventually experience massive blowups, catching everyone off-guard and undoing years of stability or, in some cases, ending up far worse than they were in their initial volatile state. Indeed, the longer it takes for the blowup to occur, the worse the resulting harm in both economic and political systems.

Seeking to restrict variability seems to be good policy (who does not prefer stability

Nassim Nicholas Taleb is Distinguished Professor of Risk Engineering at New York University's Polytechnic Institute and the author of *The Black Swan: The Impact of the Highly Improbable*. Mark Blyth is Professor of International Political Economy at Brown University.

to chaos?), so it is with very good intentions that policymakers unwittingly increase the risk of major blowups. And it is the same misperception of the properties of natural systems that led to both the economic crisis of 2007–8 and the current turmoil in the Arab world. The policy implications are identical: to make systems robust, all risks must be visible and out in the open—*fluctuat nec mergitur* (it fluctuates but does not sink) goes the Latin saying.

Just as a robust economic system is one that encourages early failures (the concepts of "fail small" and "fail fast"), the U.S. government should stop supporting dictatorial regimes for the sake of pseudostability and instead allow political noise to rise to the surface. Making an economy robust in the face of business swings requires allowing risk to be visible; the same is true in politics.

SEDUCED BY STABILITY

Both the recent financial crisis and the current political crisis in the Middle East are grounded in the rise of complexity, interdependence, and unpredictability. Policymakers in the United Kingdom and the United States have long promoted policies aimed at eliminating fluctuation—no more booms and busts in the economy, no more "Iranian surprises" in foreign policy. These policies have almost always produced undesirable outcomes. For example, the U.S. banking system became very fragile following a succession of progressively larger bailouts and government interventions, particularly after the 1983 rescue of major banks (ironically, by the same Reagan administration that trumpeted free markets). In the United States, promoting these bad policies has been a bipartisan effort throughout. Republicans have been good at fragilizing large corporations through bailouts, and Democrats have been good at fragilizing the government. At the same time, the financial system as a whole exhibited little volatility; it kept getting weaker while providing policymakers with the illusion of stability, illustrated most notably when Ben Bernanke, who was then a member of the Board of Governors of the U.S. Federal Reserve, declared the era of "the great moderation" in 2004.

Putatively independent central bankers fell into the same trap. During the 1990s, U.S. Federal Reserve Chair Alan Greenspan wanted to iron out the economic cycle's booms and busts, and he sought to control economic swings with interest-rate reductions at the slightest sign of a downward tick in the economic data. Furthermore, he adapted his economic policy to guarantee bank rescues, with implicit promises of a backstop—the now infamous "Greenspan put." These policies proved to have grave delayed side effects. Washington stabilized the market with bailouts and by allowing certain companies to grow "too big to fail." Because policymakers believed it was better to do something than to do nothing, they felt obligated to heal the economy rather than wait and see if it healed on its own.

The foreign policy equivalent is to support the incumbent no matter what. And just as banks took wild risks thanks to Greenspan's implicit insurance policy, client governments such as Hosni Mubarak's in Egypt for years engaged in overt plunder thanks to similarly reliable U.S. support.

Those who seek to prevent volatility on the grounds that any and all bumps in the road must be avoided paradoxically increase the probability that a tail risk will cause a major explosion. Consider as a thought

experiment a man placed in an artificially sterilized environment for a decade and then invited to take a ride on a crowded subway; he would be expected to die quickly. Likewise, preventing small forest fires can cause larger forest fires to become devastating. This property is shared by all complex systems.

In the realm of economics, price controls are designed to constrain volatility on the grounds that stable prices are a good thing. But although these controls might work in some rare situations, the long-term effect of any such system is an eventual and extremely costly blowup whose cleanup costs can far exceed the benefits accrued. The risks of a dictatorship, no matter how seemingly stable, are no different, in the long run, from those of an artificially controlled price.

Such attempts to institutionally engineer the world come in two types: those that conform to the world as it is and those that attempt to reform the world. The nature of humans, quite reasonably, is to intervene in an effort to alter their world and the outcomes it produces. But government interventions are laden with unintended—and unforeseen—consequences, particularly in complex systems, so humans must work with nature by tolerating systems that absorb human imperfections rather than seek to change them.

Take, for example, the recent celebrated documentary on the financial crisis, *Inside Job*, which blames the crisis on the malfeasance and dishonesty of bankers and the incompetence of regulators. Although it is morally satisfying, the film naively overlooks the fact that humans have always been dishonest and regulators have always been behind the curve. The only difference this time around was the unprecedented magnitude of the hidden risks and a misunderstanding of the statistical properties of the system.

What is needed is a system that can prevent the harm done to citizens by the dishonesty of business elites; the limited competence of forecasters, economists, and statisticians; and the imperfections of regulation, not one that aims to eliminate these flaws. Humans must try to resist the illusion of control: just as foreign policy should be intelligence-proof (it should minimize its reliance on the competence of information-gathering organizations and the predictions of "experts" in what are inherently unpredictable domains), the economy should be regulator-proof, given that some regulations simply make the system itself more fragile. Due to the complexity of markets, intricate regulations simply serve to generate fees for lawyers and profits for sophisticated derivatives traders who can build complicated financial products that skirt those regulations.

DON'T BE A TURKEY

The life of a turkey before Thanksgiving is illustrative: the turkey is fed for 1,000 days and every day seems to confirm that the farmer cares for it—until the last day, when confidence is maximal. The "turkey problem" occurs when a naive analysis of stability is derived from the absence of past variations. Likewise, confidence in stability was maximal at the onset of the financial crisis in 2007.

The turkey problem for humans is the result of mistaking one environment for another. Humans simultaneously inhabit two systems: the linear and the complex. The linear domain is characterized by its predictability and the low degree of interaction among its components, which

allows the use of mathematical methods that make forecasts reliable. In complex systems, there is an absence of visible causal links between the elements, masking a high degree of interdependence and extremely low predictability. Nonlinear elements are also present, such as those commonly known, and generally misunderstood, as "tipping points." Imagine someone who keeps adding sand to a sand pile without any visible consequence, until suddenly the entire pile crumbles. It would be foolish to blame the collapse on the last grain of sand rather than the structure of the pile, but that is what people do consistently, and that is the policy error.

U.S. President Barack Obama may blame an intelligence failure for the government's not foreseeing the revolution in Egypt (just as former U.S. President Jimmy Carter blamed an intelligence failure for his administration's not foreseeing the 1979 Islamic Revolution in Iran), but it is the suppressed risk in the statistical tails that matters—not the failure to see the last grain of sand. As a result of complicated interdependence and contagion effects, in all man-made complex systems, a small number of possible events dominate, namely, Black Swans.

Engineering, architecture, astronomy, most of physics, and much of common science are linear domains. The complex domain is the realm of the social world, epidemics, and economics. Crucially, the linear domain delivers mild variations without large shocks, whereas the complex domain delivers massive jumps and gaps. Complex systems are misunderstood, mostly because humans' sophistication, obtained over the history of human knowledge in the linear domain, does not transfer properly to the complex domain. Humans can predict a solar eclipse and the trajectory of a space vessel, but not the stock market or Egyptian political events. All man-made complex systems have commonalities and even universalities. Sadly, deceptive calm (followed by Black Swan surprises) seems to be one of those properties.

THE ERROR OF PREDICTION

As with a crumbling sand pile, it would be foolish to attribute the collapse of a fragile bridge to the last truck that crossed it, and even more foolish to try to predict in advance which truck might bring it down. The system is responsible, not the components. But after the financial crisis of 2007–8, many people thought that predicting the subprime meltdown would have helped. It would not have, since it was a symptom of the crisis, not its underlying cause. Likewise, Obama's blaming "bad intelligence" for his administration's failure to predict the crisis in Egypt is symptomatic of both the misunderstanding of complex systems and the bad policies involved.

Obama's mistake illustrates the illusion of local causal chains—that is, confusing catalysts for causes and assuming that one can know which catalyst will produce which effect. The final episode of the upheaval in Egypt was unpredictable for all observers, especially those involved. As such, blaming the CIA is as foolish as funding it to forecast such events. Governments are wasting billions of dollars on attempting to predict events that are produced by interdependent systems and are therefore not statistically understandable at the individual level.

As Mark Abdollahian of Sentia Group, one of the contractors who sell predictive analytics to the U.S. government, noted regarding Egypt, policymakers should

"think of this like Las Vegas. In blackjack, if you can do four percent better than the average, you're making real money." But the analogy is spurious. There is no "four percent better" on Egypt. This is not just money wasted but the construction of a false confidence based on an erroneous focus. It is telling that the intelligence analysts made the same mistake as the risk-management systems that failed to predict the economic crisis—and offered the exact same excuses when they failed. Political and economic "tail events" are unpredictable, and their probabilities are

not scientifically measurable. No matter how many dollars are spent on research, predicting revolutions is not the same as counting cards; humans will never be able to turn politics into the tractable randomness of blackjack.

Most explanations being offered for the current turmoil in the Middle East follow the "catalysts as causes" confusion. The riots in Tunisia and Egypt were initially attributed to rising commodity prices, not to stifling and unpopular dictatorships. But Bahrain and Libya are countries with high GDPs that can afford to import grain and other commodities. Again, the focus is wrong even if the logic is comforting. It is the system and its fragility, not events, that must be studied—what physicists call "percolation theory," in which the properties of the terrain are studied rather than those of a single element of the terrain.

When dealing with a system that is inherently unpredictable, what should be done? Differentiating between two types of countries is useful. In the first, changes in government do not lead to meaningful differences in political outcomes (since political tensions are out in the open). In the second type, changes in government lead to both drastic and deeply unpredictable changes.

Consider that Italy, with its much-maligned "cabinet instability," is economically and politically stable despite having had more than 60 governments since World War II (indeed, one may say Italy's stability is because of these switches of government). Similarly, in spite of consistently bad press, Lebanon is a relatively safe bet in terms of how far governments can jump from equilibrium; in spite of all the noise, shifting alliances, and street protests, changes in government there tend to be comparatively mild. For example, a shift in the ruling coalition from Christian parties to Hezbollah is not such a consequential jump in terms of the country's economic and political stability. Switching equilibrium, with control of the government changing from one party to another, in such systems acts as a shock absorber. Since a single party cannot have total and more than temporary control, the possibility of a large jump in the regime type is constrained.

In contrast, consider Iran and Iraq. Mohammad Reza Shah Pahlavi and Saddam Hussein both constrained volatility by any means necessary. In Iran, when the shah was toppled, the shift of power to Ayatollah Ruhollah Khomeini was a huge, unforeseeable jump. After the fact, analysts could construct convincing accounts about how killing Iranian Communists, driving the left into exile, demobilizing the democratic opposition, and driving all dissent into the mosque had made Khomeini's rise inevitable. In Iraq, the United States removed the lid and was actually surprised to find that the regime did not jump from hyperconstraint to something like France. But this was impossible to predict ahead of time due to the nature of the system itself. What can be said, however, is that the more constrained the volatility, the bigger the regime jump is likely to be. From the French Revolution to the triumph of the Bolsheviks, history is replete with such examples, and yet somehow humans remain unable to process what they mean.

THE FEAR OF RANDOMNESS

Humans fear randomness—a healthy ancestral trait inherited from a different environment. Whereas in the past, which was a more linear world, this trait enhanced

fitness and increased chances of survival, it can have the reverse effect in today's complex world, making volatility take the shape of nasty Black Swans hiding behind deceptive periods of "great moderation." This is not to say that any and all volatility should be embraced. Insurance should not be banned, for example.

But alongside the "catalysts as causes" confusion sit two mental biases: the illusion of control and the action bias (the illusion that doing something is always better than doing nothing). This leads to the desire to impose man-made solutions. Greenspan's actions were harmful, but it would have been hard to justify inaction in a democracy where the incentive is to always promise a better outcome than the other guy, regardless of the actual, delayed cost.

Variation is information. When there is no variation, there is no information. This explains the CIA's failure to predict the Egyptian revolution and, a generation before, the Iranian Revolution—in both cases, the revolutionaries themselves did not have a clear idea of their relative strength with respect to the regime they were hoping to topple. So rather than subsidize and praise as a "force for stability" every tin-pot potentate on the planet, the U.S. government should encourage countries to let information flow upward through the transparency that comes with political agitation. It should not fear fluctuations per se, since allowing them to be in the open, as Italy and Lebanon both show in different ways, creates the stability of small jumps.

As Seneca wrote in *De clementia*, "Repeated punishment, while it crushes the hatred of a few, stirs the hatred of all . . . just as trees that have been trimmed throw out again countless branches." The imposition of peace through repeated punishment lies at the heart of many seemingly intractable conflicts, including the Israeli-Palestinian stalemate. Furthermore, dealing with seemingly reliable high-level officials rather than the people themselves prevents any peace treaty signed from being robust. The Romans were wise enough to know that only a free man under Roman law could be trusted to engage in a contract; by extension, only a free people can be trusted to abide by a treaty. Treaties that are negotiated with the consent of a broad swath of the populations on both sides of a conflict tend to survive. Just as no central bank is powerful enough to dictate stability, no superpower can be powerful enough to guarantee solid peace alone.

U.S. policy toward the Middle East has historically, and especially since 9/11, been unduly focused on the repression of any and all political fluctuations in the name of preventing "Islamic fundamentalism"—a trope that Mubarak repeated until his last moments in power and that Libyan leader Muammar al-Qaddafi continues to emphasize today, blaming Osama bin Laden for what has befallen him. This is wrong. The West and its autocratic Arab allies have strengthened Islamic fundamentalists by forcing them underground, and even more so by killing them.

As Jean-Jacques Rousseau put it, "A little bit of agitation gives motivation to the soul, and what really makes the species prosper is not peace so much as freedom." With freedom comes some unpredictable fluctuation. This is one of life's packages: there is no freedom without noise—and no stability without volatility.

The Rise of the Islamists

How Islamists Will Change Politics, and Vice Versa

Shadi Hamid

For decades, U.S. policy toward the Middle East has been paralyzed by "the Islamist dilemma"—how can the United States promote democracy in the region without risking bringing Islamists to power? Now, it seems, the United States no longer has a choice. Popular revolutions have swept U.S.-backed authoritarian regimes from power in Tunisia and Egypt and put Libya's on notice. If truly democratic governments form in their wake, they are likely to include significant representation of mainstream Islamist groups. Like it or not, the United States will have to learn to live with political Islam.

Washington tends to question whether Islamists' religious commitments can coexist with respect for democracy, pluralism, and women's rights. But what the United States really fears are the kinds of foreign policies such groups might pursue. Unlike the Middle East's pro-Western autocracies, Islamists have a distinctive, albeit vague, conception of an Arab world that is confident, independent, and willing to project influence beyond its borders.

There is no question that democracy will make the region more unpredictable and some governments there less amenable to U.S. security interests. At their core, however, mainstream Islamist organizations, such as the Muslim Brotherhood in Egypt and Jordan and al Nahda in Tunisia, have strong pragmatic tendencies. When their survival has required it, they have proved willing to compromise their ideology and make difficult choices.

To guide the new, rapidly evolving Middle East in a favorable direction, the United States should play to these instincts by entering into a strategic dialogue with the region's Islamist groups and parties. Through engagement, the United States can encourage these Islamists to respect key Western interests, including advancing the Arab-Israeli peace process, countering Iran, and combating terrorism. It will be better to develop such ties with opposition groups now, while the United States still has leverage, rather than later, after they are already in power.

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SMART POLITICS

The Middle East's mainstream Islamist movements, most of which are branches or descendants of the Egyptian Muslim Brotherhood, began as single-issue parties, preoccupied with proselytizing and instituting sharia law. Beginning in the 1990s, however, for various reasons in each case, they increasingly focused on democratic reform, publicly committing themselves to the alternation of power, popular sovereignty, and judicial independence. That said, Islamists are not, and will not become, liberals. They remain staunch social conservatives and invariably hold views that most Americans would find distasteful, including that women's rights should be limited and the sexes segregated. Given the chance, they will certainly try to pursue socially conservative legislation.

Yet to the consternation of their own conservative bases, the region's mainstream Islamist groups have also shown considerable flexibility on core ideological concerns. Despite popular support in the Arab world for the implementation of sharia, for example, many Islamist groups, including the Egyptian Muslim Brotherhood, have gradually stripped their political platforms of explicitly Islamist content. In the past few years, instead of calling for an "Islamic state," for example, the Muslim Brotherhood began calling for a "civil, democratic state with an Islamic reference," suggesting a newfound commitment to the separation of mosque and state (although not of religion and politics). This move seems to have been deliberately aimed, at least in part, at alleviating international fears; with the goal of improving its image, moreover, the group launched an internal initiative in 2005 called Reintroducing the Brotherhood to the West.

When it comes to foreign policy, mainstream Islamists have rhetorically retained much of the Muslim Brotherhood's original Arab nationalism and anti-Israel politics. Today's Egyptian and Libyan Muslim Brotherhoods and Tunisia's al Nahda refuse to recognize Israel's right to exist and call for the liberation of all of historic Palestine. They also view Hamas not as a terrorist group but as a legitimate force of resistance.

Still, Islamist groups did not create the anti-Israel sentiment that exists in Arab societies; they simply reflect and amplify it. In a 2005 Pew Global Attitudes poll, 100 percent of Jordanians polled were found to hold unfavorable views of Jews. In Morocco, home to the Arab world's largest Jewish community, the figure was 88 percent. The Middle East provides such fertile ground for public posturing against Israel that many groups—not only Islamists but also leftists and nationalists—seek to outdo one another in demonstrating their dislike for Israel.

A country's physical proximity to the Israeli-Palestinian conflict informs how aggressive such posturing is. It is no accident that Jordan's Islamic Action Front—the political arm of the Jordanian Muslim Brotherhood—is one of the more vehemently anti-Israel Islamist groups in the Arab world, given that a majority of the Jordanian population is of Palestinian origin. Unlike many of its counterparts, the IAF still uses religious language to frame the conflict; in its 2007 electoral platform, the party affirmed that the conflict between the Israelis and the Palestinians is "theological and civilizational," and not one of borders or territories,

as many groups now frame it. The IAF's so-called hawks, who tend to be of Palestinian origin, advocate even closer ties with Hamas. In Algeria and Tunisia, by contrast, Palestine ranks much lower as a priority for local Islamists.

FROM SHADOW TO STAGE

Although most Islamist groups share a broadly similar ideology, their expression of it has differed depending on their unique domestic and regional constraints and whether the group happens to be included in government. When a group is not included in government, and the ruling elite is unpopular and generally pro-Western, Islamists are more likely to define themselves in opposition to the government's policies to garner support.

Taking a hard line against Israel, for example, has been an effective way for Islamists in opposition to criticize regimes that they see as beholden to Western interests and antidemocratic. For example, before Jordan's 2007 parliamentary elections, the IAF released a statement arguing that freedoms in Jordan had diminished after Amman signed a peace treaty with Israel in 1994. Their attempt to connect pro-Israel policy with a loss of freedom was convincing, because it happened to be true. In 1989, before the treaty, Jordan had held free elections for the first time in decades, and Islamists and nationalists won a majority of the seats. But with peace with Israel on the horizon in the early 1990s, the king grew increasingly more autocratic, dismissing the parliament and enacting a new electoral law designed to limit Islamists' power at the polls.

As political systems across the Middle East open up, Islamist groups such as the Egyptian Muslim Brotherhood and al Nahda will likely try to move from the opposition into coalition or unity governments. During the euphoria of the democratic transition, new political parties—perhaps including Salafi groups that are more hard-line than the older Islamist organizations—will proliferate. As the parties compete for votes, the

incentives for Islamists to indulge in anti-American posturing to win the votes of the faithful may be greater.

Once actually in government, however, a new set of constraints and incentives will prevail. Rather than ruling, Islamists will likely be partners in coalition or national unity governments. Indeed, none of the Islamist groups in question even plans to run a full electoral slate; the Egyptian Muslim Brotherhood, for example, has explicitly stated that it will not seek a parliamentary majority. Islamists will be satisfied with dominating narrower parts of the government. They are likely to try to gain influence in ministries such as health and justice, while avoiding more sensitive portfolios, such as defense and foreign affairs.

Notably, the Middle East's generally secular security establishments have been hesitant in the past to hand over control of defense and foreign affairs to Islamists. Consider, for example, Necmettin Erbakan, the former leader of Turkey's Welfare Party, who was elected prime minister in 1996, making him the first-ever democratically elected Islamist head of government anywhere. Before coming to power, Erbakan had routinely denounced Israel and pledged to revisit existing military arrangements with the Jewish state. Yet once in office and faced with a powerful secular military and judicial establishment, he reversed course. During his one year in office, Erbakan presided over a deepening of relations with Israel and signed military agreements that allowed Israeli pilots to train in Turkish airspace. His government also set up joint naval drills with Israel in the Mediterranean.

Moreover, mainstream Islamist groups are surprisingly sensitive to international opinion. They remember the outcry that followed Islamist electoral victories in Algeria in 1991 and the Palestinian territories in 2006 and know that a great deal is at stake—hundreds of millions of dollars of Western assistance, loans from international financial institutions, and trade and investment. Islamists are well aware that getting tied up in controversial foreign policy efforts would cause the international community to withdraw support from the new democracies, thus undermining the prospects for a successful transition.

That is why, for example, in 2003, although Turkey's staunchly secular Republican People's Party overwhelmingly voted against supporting the U.S.-led war in Iraq, most of the ruling Islamist-leaning Justice and Development Party voted for it: the Bush administration exerted heavy pressure and offered billions of dollars in aid. And even Hamas—still regarded as the most radical of the mainstream Islamist groups—tempered its policies toward Israel after its 2006 electoral victory, saying it would accept the 1967 borders between Israel and the Palestinian territories.

For similar reasons, even before coming to power, some officials in the Egyptian and Jordanian Muslim Brotherhoods have explicitly stated that they would respect their countries' peace treaties with Israel (although others have threatened to leave the organization if it ever recognizes Israel). Despite the recent alarm, if Islamists join a coalition government in Egypt, moderation will likely prevail, and the country's 1979 Camp David peace agreement with Israel will be accepted, however reluctantly, as a fact of life.

ACCIDENTALLY ALIGNED

Islamist and U.S. interests can come together almost incidentally as well. The Syrian Muslim Brotherhood—brutally repressed by President Hafez al-Assad in the 1980s—has long shared U.S. fears of a powerful Iranian-Syrian-Hezbollah axis. Its opposition to the Syrian regime is well documented; the government made mere membership in the Brotherhood punishable by death. Like the United States, the group has often criticized Iran as a dangerous sectarian regime intent on projecting Shiite influence across the Arab world. Defying public opinion, Syrian Muslim Brotherhood figures even criticized Hezbollah for provoking Israel to attack Lebanon in 2006.

Similarly, the Lebanese Muslim Brotherhood, known as al-Gama'a al-Islamiyya,

has opposed Syria and Hezbollah's role in Lebanon and allied itself with the pro-U.S. March 14 alliance. Elsewhere, mainstream Sunni Islamists, while applauding Iran's support of Palestinian resistance, have been careful to maintain their distance from the Shiite clerical regime, which they see as a deviation from traditional Islamic governance.

This is not to say that the United States has nothing to be concerned about. Democratic governments reflect popular sentiment, and in the Middle East, this sentiment is firmly against Israel and U.S. hegemony in the region. If the Arab-Israeli conflict persists or, worse, war breaks out, Middle Eastern governments—Islamist or not—will come under pressure to take a strong stand in support of Palestinian rights.

In mature and young democracies alike, such pressure can be difficult to resist. The case of Jordan in the early 1990s is worth considering. In 1991, the Muslim Brotherhood, which had won a plurality of the vote in the 1989 elections, gained control of five ministries, including education, health, justice, religious affairs, and social development, as part of a short-lived coalition government. (This marked the first time—and one of the only times—the Brotherhood has held executive power anywhere in the world.) When, in late 1990, the United States began preparing to take military action against Saddam Hussein in response to his invasion of Kuwait, Jordan's parliament condemned the Western aggression and intensified its pressure on King Hussein to oppose the U.S. intervention—which he did, despite the obvious international consequences. For its part, the Muslim Brotherhood—a staunch opponent of Saddam's secular

regime—at first spoke out against the Iraqi aggression and expressed full support for Kuwait. But as Jordanians took to the streets to protest the war, the Brotherhood reversed course, riding the wave of anti-Americanism to even greater popularity.

THE ISLAMIST EXPERIMENT

So what does all of this mean for Tunisia, Egypt, and other countries facing popular upheaval? Like many others, Muslim Brotherhood activists in Egypt's Tahrir Square broke into applause when, on February 1, U.S. President Barack Obama called for a meaningful and immediate transition to genuine democracy in Egypt. Numerous Muslim Brotherhood members even said they wished the Obama administration would more forcefully push for Hosni Mubarak's ouster. Meanwhile, Sobhi Saleh, the only Brotherhood member on the country's newly established constitutional committee, told *The Wall Street Journal* that his organization was "much closer to the Turkish example," suggesting that the Brotherhood would evolve in a more pragmatic, moderate direction.

For their part, the Western media have tended to idealize the revolutions sweeping the Middle East. Tahrir Square was portrayed as a postideological utopia and Egyptians as pro-American liberals in the making. True, Egyptians (and Tunisians and Libyans) have wanted democracy for decades and showed during their revolution a knack for protest, peaceful expression, and self-governance.

But for all the changes of the past months, the United States remains a status quo power in a region undergoing radical change. Arabs across the region have been protesting an authoritarian order that the United States was, in their view, central in propagating. At their core, the revolutions sweeping the Middle East are about dignity and self-determination. For the protesters, dignity will mean playing a more active and independent role in the region. The moment of apparent convergence between Islamists and the United States during the revolutions does not mean that they will—or should—agree on all foreign policy questions in the future.

During the uprisings, the protesters have sensed that U.S. pressure on the autocratic regimes would prove critical to their success. Like any political group, Islamists are more cautious when they are vulnerable. But once Islamist groups solidify their position, they will have less patience for U.S. hectoring on Israel or the peace process. Already, they have started speaking more openly about their regional ambitions. On February 17, Mohammed Badie, the Egyptian Muslim Brotherhood's "general guide," stated that the revolution "must be a starting point for Egypt to take up its place in the world again, through recognizing the importance of our responsibilities toward our nations and defending them and their legitimate demands." Meanwhile, Hammam Said, the hard-line leader of the Jordanian Muslim Brotherhood put it more bluntly: "America must think seriously about changing its policy in the region, for people will no longer remain submissive to its dictates."

It will take a while for the new governments in Tunisia and Egypt to form cogent foreign policies, but Washington should start thinking ahead to mitigate the long-term risks. In the transition phase, the introduction of constitutional and institutional reforms to devolve power

will be critical. Proportional electoral systems that encourage the formation of coalition governments may be better than majoritarian systems because they would make foreign policy formulation a process of negotiation among many parties, necessarily moderating the result. Already, most mainstream Islamists have significant overlapping interests with the United States, such as seeing al Qaeda dismantled, policing terrorism, improving living standards and economic conditions across the Arab world, and consolidating democratic governance.

By initiating regular, substantive dialogue with Islamist groups to work on areas of agreement and discuss key foreign policy concerns, the United States might discover more convergence of interests than it expects. Indeed, one of the few low-level dialogues the United States has had with an Islamist group—that with Morocco's Justice and Development Party—has been successful, leading the party to be relatively restrained in its criticism of the United States. At any rate, the revolutions have made the shortsightedness of current U.S. policy—studiously avoiding formal contacts with the Muslim Brotherhood and like-minded groups—clear. The West knows much less about Egypt's most powerful opposition force than it should, and could.

The United States can take precautions—and it should—but this does not alter an unavoidable reality. Anti-Israel public opinion will remain a feature of Middle Eastern politics until a final and equitable peace treaty is struck. Whether that happens anytime soon will depend in part on Hamas. If Hamas finally joins a national unity government in the Palestinian territories that then negotiates an accommodation with Israel, this will effectively resolve other Islamist groups' Israel problem. Emboldened by the revolutions, however, Hamas is unlikely to be so cooperative.

For decades, Islamists postponed the difficult question of what they would do in power for a simple reason: the prospect of power seemed so remote. But the democratic wave sweeping the region has brought Islamists to the fore. What comes next may be the Arab world's first sustained experiment in Islamist integration. Fortunately, for all their anti-Americanism, mainstream Islamists have a strong pragmatic streak. If they have not already, they will need to come to terms with regional realities. And, for its part, the United States—and the rest of the international community—will need to finally come to terms with Islamists.

Terrorism After the Revolutions

How Secular Uprisings Could Help (or Hurt) Jihadists

Daniel Byman

On December 17, Mohamed Bouazizi, a Tunisian street vendor, set himself on fire to protest police harassment. His death incited unrest throughout Tunisia; less than a month later, protests toppled Tunisian President Zine el-Abidine Ben Ali. Egypt, the most populous and influential country in the Arab world, soon followed suit. Al Qaeda met both these dramatic events with near silence. Only in mid-February did Osama bin Laden's Egyptian deputy, Ayman al-Zawahiri, offer comments. But even then, he did not directly address the revolutions or explain how jihadists should respond. Instead, he claimed that the Tunisian revolution occurred "against the agent of America and France," gamely trying to transform Tunisians' fight against corruption and repression into a victory for anti-Western jihadists. On Egypt, Zawahiri offered a rambling history lesson, ranging from Napoleon to the tyranny of the Mubarak government. He released his statement on Egypt on February 18, a week after Hosni Mubarak resigned, and offered little guidance to potential followers on how they should view the revolution or react to it.

U.S. politicians are moving quickly to claim the revolutions and al Qaeda's muted response as victories in the struggle against terrorism. "This revolution is a repudiation of al Qaeda," declared Senator John McCain during a visit to Cairo on February 27. And indeed, looking out from bin Laden's cave, the Arab world looks less promising than it did only a few months ago. Although bin Laden and al Qaeda have been attempting to overthrow Arab governments for more than 20 years, the toppling of the seemingly solid dictatorships in Tunisia and Egypt caught them flat-footed and undermined their message of violent jihad.

Nevertheless, al Qaeda and its allies could ultimately benefit from the unrest. For now, al Qaeda has greater operational freedom of action, and bin Laden and his allies will seek to exploit any further unrest in the months and years to come.

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OFF MESSAGE

Al Qaeda is dangerous not only because it has hundreds of skilled fighters under arms but also because tens of thousands of Muslims have found its calls for violent change appealing. When dictators reigned supreme in Arab lands, al Qaeda could score points by denouncing despotism—Zawahiri even wrote a book condemning the crimes of Mubarak. When dictators such as Mubarak fall due to pressure from pro-democracy protesters, however, al Qaeda loses one of its best recruiting pitches: the repression Arab governments inflict on their citizens. The rise of less repressive leaders would deprive al Qaeda propagandists of this valuable argument.

Genuine democracy would be a particular blow to bin Laden and his followers. "If you have freedom, al Qaeda will go away," claims Osama Rushdi, a former spokesperson for al-Gama'a al-Islamiyya, once Egypt's most important jihadist group. Rushdi may be exaggerating, but the possible movement toward a free press, free elections, and civil liberties throughout the Middle East would highlight the least appealing part of al Qaeda's dogma: its hostility toward democracy.

Although the word "democracy" means different things to different audiences, polls suggest that the generic concept is quite popular in the Arab world, as befits a region that knows firsthand how brutal autocracy can be. A 2010 Zogby poll found that a majority of Egyptians favored democracy, and a 2006 survey by the scholars John Esposito and Dalia Mogahed found that 93 percent of Egyptians favored a constitution that guaranteed freedom of speech. At the same time, however, Esposito and Mogahed found that a majority wanted Islamic law to be the only source of legislation. In contrast, al Qaeda believes that democracy is blasphemous, arguing that it places man's word above God's. So if Tunisia's emerging democratic movement does not soon hand power over to clerics that implement an Islamic state, then—according to al Qaeda in the Islamic Maghreb (AQIM)—"the duty upon Muslims in Tunisia is to be ready and not lay down their weapons." Al Qaeda's message is clear: secular democracy is as abhorrent as secular dictatorship.

More ominous for al Qaeda is the way in which Ben Ali and Mubarak fell. Al Qaeda leaders insist that violence carried out in the name of God is the only way to force change. Zawahiri had long demanded that Egyptian youths either take up arms against the Mubarak government or, if that proved impossible, "go forth to the open arenas of Jihad like Somalia, Iraq, Algeria and Afghanistan." Youths in Tunisia and Egypt did not heed his call; the protesters were peaceful and largely secular in their demands. As U.S. Secretary of State Hillary Clinton said of al Qaeda's leaders, "I hope they were watching on television as Egyptian young people proved them wrong." A number of prominent jihadist scholars, such as Abu Basir al-Tartusi and Hamid al-Ali, echoed her, praising the protesters' courage and endorsing the revolutions despite their largely secular demands.

Even more distressing to al Qaeda, change occurred in the Arab world without an initial blow being struck against the United States. Al Qaeda has long insisted that Muslims must first destroy the region's supposed puppet master in Washington before change can come to Tunis or Cairo.

Finally, the fact that the young are leading the revolution is bad news for bin Laden. Young people, especially young men, are al Qaeda's key demographic—the ones al Qaeda propagandists expect to take up arms. For over a decade, al Qaeda has portrayed its young fighters as the most audacious and honorable defenders of Muslim lands in the face of Western aggression. Now, youths in the Arab world are afire with very different ideas—of freedom and nonviolent action. Recent events have shown idealistic young Arabs who dream of a new political order in the Middle East that they need not travel to Afghanistan or Iraq to engage in jihad; they can accomplish more by remaining in their own countries and marching peacefully against their authoritarian rulers.

THE CHAINS COME OFF

U.S. counterterrorism officials have long praised countries such as Tunisia and Egypt for their aggressive efforts against terrorism and their cooperation with the United States. Since 9/11, the United States has tried to work with Algeria, Mali, Mauritania, and Morocco as well to improve regional counterterrorism cooperation against AQIM. Even Libyan leader Muammar al-Qaddafi—long derided as "the mad dog of the Middle East"—has been valued as a partner against al Qaeda since 9/11. In the face of unrest in Libya, following on the heels of the revolution in Egypt, Qaddafi even declared that al Qaeda was behind the protests, warning Libyans, "Do not be swayed by bin Laden"—most likely in an effort to gain legitimacy for his crackdown against the demonstrators.

Arab tyranny has often served U.S. purposes. U.S. counterterrorism officials have worked well with authoritarian leaders because their regimes have generally had a low bar for imprisonment and detention. The United States could send a suspect captured in Europe to Egypt and be assured that he would be kept in jail. This low bar also meant that many minor players and innocents were swept up in security-service roundups. The Egyptian regime was even willing to threaten the families of jihadists, putting tremendous pressure on militants to inform, surrender, or otherwise abandon the fight. Assuming that a truly democratic government comes to Egypt, the easy incarceration of dissidents and ruthless threats against militants and their families will disappear.

Indeed, one measure of how much progress the Arab regimes are making toward democracy will be how much their security services are purged. The same security services that have fought al Qaeda and its affiliates have also imprisoned peaceful bloggers, beaten up Islamist organizers to intimidate them, and censored pro-democracy newspapers.

Those who replace the current security forces will not necessarily be friendly to Washington, and the governments they report to may also seek an arm's-length relationship with the United States. If new governments take popular opinion into account, as democratic leaders do, cooperation will not be as close as it once was. Many of the new political players, particularly the Islamists, see the United States as a repressive power that aids Israel and other enemies. Indeed, it is hard to imagine an Egyptian government that includes the Muslim Brotherhood instructing its security services to work as closely with the CIA as Mubarak's forces did.

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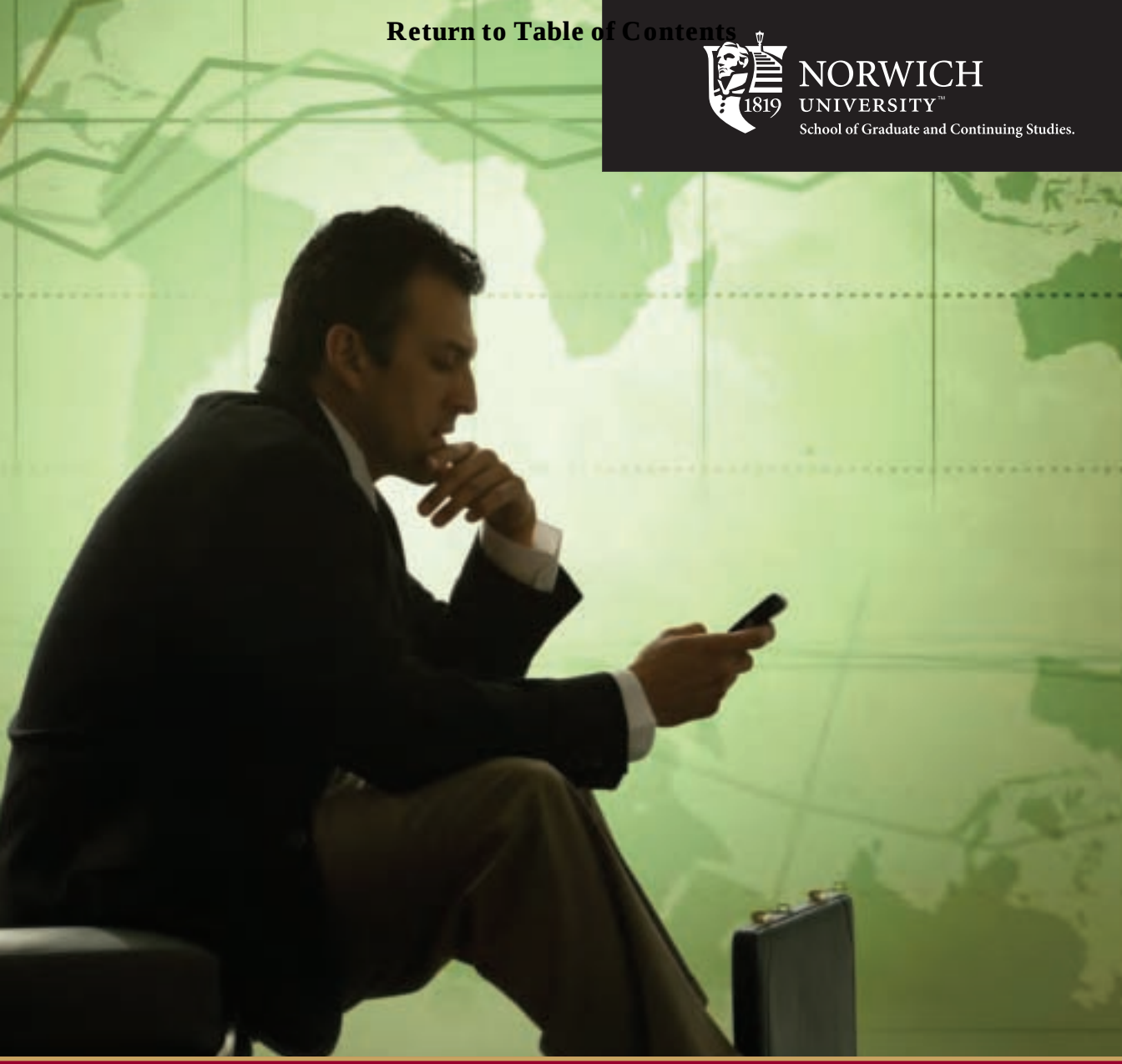

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Regional cooperation—vital because al Qaeda and its affiliates cross state boundaries—was fitful at best before the recent unrest. Now, it will become even harder, as old regimes and new leaders greet one another with suspicion.

AL QAEDA'S PATH FORWARD

Despite the challenge that the secular revolutions have posed to al Qaeda's narrative, there is a chance that the organization could rebound and become even stronger operationally.

Dictatorships have crumbled, but nothing solid has yet replaced them. During the recent unrest, some jails in Egypt and Libya were emptied, putting experienced jihadists back on the street. In both countries, many of the jailed jihadists had turned away from violence in the last decade, arguing—quite publicly—that the jihadists' struggle represented a misunderstanding of Islam, killed innocents, and had ultimately failed. This renunciation of jihad produced bitter polemics against al Qaeda (which were met by even more vitriolic responses from al Qaeda). Nevertheless, among those released, there are some unrepentant extremists who are willing to wreak havoc on their enemies. These exprisoners threaten U.S. interests at a time when Arab governments are least willing or able to monitor and constrain them.

And in countries where autocrats still cling to power, the security services will probably become less effective against jihadists. The services of Algeria, Morocco, and Yemen are now likely to make democratic dissenters their top priority, rather than suspected terrorists. Dictators such as Yemen's Ali Abdullah Saleh have a long history of quietly working with jihadists against mutual enemies, as Saleh did when he employed jihadists to fight on his side against rebellious southerners in Yemen's 1994 civil war. Saleh and al Qaeda in the Arabian Peninsula are both hostile to those demonstrating for democracy, and they may cooperate, or at least not disrupt each other's efforts.

Meanwhile, new democratic governments may be unlikely to target the recruiters, fundraisers, propagandists, and other less visible elements of the jihadist movement. These individuals are often far more important to the movement's overall health than the actual bombers and assassins, but they can more easily cloak their work as legitimate political action. Freedom of speech may protect some activities, and many Arabs see the jihadist struggles in Afghanistan, Iraq, and elsewhere as legitimate. Jihadists are media savvy and will try to exploit any new freedoms to expand their propaganda efforts.

A particularly tricky issue is the role of Islamist parties such as Egypt's Muslim Brotherhood. From a counterterrorism point of view, a greater role for Islamists could be good news. Although Brotherhood theologians such as Sayyid Qutb helped inspire the modern jihadist movement, and many important al Qaeda members were Brotherhood members before joining bin Laden, there is bad blood between the two organizations.

In his book *The Bitter Harvest*, Zawahiri angrily criticized Brotherhood leaders for rejecting violence and participating in politics. Hamas, a Brotherhood spinoff, has quarreled bitterly with al Qaeda. Zawahiri has blasted Hamas for adhering to ceasefires with Israel, not implementing Islamic law in Gaza, and deviating from the pure faith of jihadism. To prevent these ideas from gaining currency and eroding its

support, Hamas has harshly repressed al Qaeda–inspired jihadists in the Gaza Strip. If the Brotherhood gains influence in a new Egyptian government, as seems likely, the organization will carry this feud with it. And because many jihadists grew out of its ranks, the Brotherhood knows the jihadist community well and can effectively weed out the most dangerous figures.

When the Muslim Brotherhood had little chance of gaining power, ignoring it and other Islamist movements seemed prudent to both Republican and Democratic administrations. Now, the tables have turned, and the United States needs to catch up. In particular, Washington should clarify that it does not want these movements excluded from government but rather wants them to participate. Inevitably, this will lead to tension as Islamist groups seek policies that do not jibe with U.S. preferences.

But excluding the Brotherhood from power would be worse, for it would endanger the U.S. campaign against al Qaeda. In 1992, the Algerian government nullified elections that Islamists had won, provoking a bloody civil war. This war, in turn, radicalized the country's Islamist movement. *Takfiri* Islamists—those who believe other Muslims are apostates—dragged Algeria into a frenzy of gratuitous violence that alienated other jihadists and even bin Laden, due to the *takfiris*' horrific attacks on fellow Muslims. (Bin Laden worked with a less extreme faction of Algeria's jihadists, which later became the core of AQIM.) Although such an extreme scenario seems unlikely in Tunisia or Egypt, suppressing the Brotherhood's political aspirations would alienate younger, less patient Islamists. They, in turn, may find bin Laden's message attractive, believing that the new government is inherently anti-Islamic.

Here, perhaps, the goal of counterterrorism clashes with other U.S. interests. Although the Brotherhood is mouthing all the right slogans, its commitment to true democracy is uncertain. In any event, it is likely to seek restrictions on the rights of women and minorities in Egypt's political life. Islamist organizations in general are highly critical of U.S. military intervention in the Middle East, skeptical of cooperation with the CIA, and strongly opposed to anything that smacks of normal relations with Israel. Supporting a strong Islamist role in government risks creating a regime less friendly to the United States; excluding the Islamists risks radicalizing the movement and reinvigorating al Qaeda.

Opportunities for al Qaeda will also arise if unrest turns to civil war, as has happened in Libya. In Afghanistan, Chechnya, Iraq, Somalia, and Yemen, civil wars began largely for local reasons, with little jihadist involvement. Over time, however, al Qaeda and like-minded groups moved in. First, they posed as supporters of the opposition. Then, they spread their vitriol, using their superior resources to attract new recruits, while the surrounding violence helped radicalize the opposition. Al Qaeda now has a strong presence in all these countries. Already, AQIM—the regional al Qaeda affiliate geographically closest to Libya—is issuing statements in support of the anti-Qaddafi fighters.

In Libya, it is possible that the United States and local jihadist fighters will end up fighting the same enemy. This happened in the Balkans in the 1990s, when Washington was helping the Bosnian Muslims just as Arab jihadists were seeking

to assist the Muslims against the Serbs and turn Bosnia into a new Afghanistan.

AFTER THE REVOLUTION

The Obama administration must prevent al Qaeda from exploiting its increased freedom of movement in the Arab world and at the same time take advantage of the fact that its narrative has been discredited. U.S. public diplomacy efforts should relentlessly highlight al Qaeda's criticisms of democracy and emphasize the now credible idea that reform can come through peaceful change. The message should be spread by television and radio, as always, but particular attention should be paid to the Internet, given the importance of reaching young people.

The United States must also continue to use drone strikes and other means to put pressure on al Qaeda's senior leadership in Pakistan, even though these at times decrease support for the United States there. Part of the explanation for al Qaeda's slow response may be the fact that responding to such momentous change requires extensive consultations among leaders. Holding an open meeting, however, could invite a deluge of Hellfire missiles from U.S. drones.

Al Qaeda will presumably get its act together eventually and develop a coherent message regarding how jihadists should respond to the revolutions. Drone attacks remain vital to keeping al Qaeda behind the pace of events and preventing it from coordinating operations far from its base in Pakistan. Keeping al Qaeda's response slow and incoherent by inhibiting communication will make the organization appear irrelevant.

The United States must also recognize the risks for counterterrorism in the civil

wars that break out as autocrats resist democratization. The danger is that al Qaeda will exploit such conflicts, so the United States must make clear to opposition figures early on that the United States will consider aid, recognition, and other assistance, but that this aid is contingent on jihadists' being kept out of the rebels' ranks. When jihadists set up shop in the Balkans in the 1990s, U.S. pressure helped convince Bosnia's mainstream Muslim leadership to purge them. Al Qaeda cannot compete with the United States and its allies when it comes to resources or bestowing international legitimacy, so the choice between Washington and al Qaeda should be easy for opposition groups. A failure to help the oppositionists, however, may lead desperate ones to seek help from whatever quarter they can.

Al Qaeda, of course, will try to have it both ways. When the United States does not intervene to stop authoritarian regimes from attacking their citizens, it will blast the United States as being a friend of tyranny. And when the United States does intervene, al Qaeda will try to drum up anti-U.S. sentiment among the locals, calling for attacks on U.S. forces while portraying the intervention as part of the United States' master plan to conquer the Middle East. The United States should counter this by emphasizing the support it has from the local Muslim community and Arab states; even so, the image of a U.S. soldier in full battle gear may still alienate many Muslims.

More quietly, the United States should develop efforts to train the intelligence and security forces of the new regimes that emerge. The first step is simply to gain their trust, as new leaders are likely to see their U.S. counterparts as bulwarks of the old order and a possible source of counterrevolution. Many of the new security-service leaders will be new to counterterrorism. Even more important, they will be unaccustomed to the difficult task of balancing civil liberties and aggressive efforts against terrorism. Here, the FBI and other Western domestic intelligence services have much to offer. Developing such cooperation will take time and patience, but the United States should make this a priority.

For now, there is reason to hope that the revolutions in the Arab world will benefit U.S. counterterrorism efforts. But this hope should be balanced with the recognition that in the short term al Qaeda will gain operational freedom and that the United States and its allies need to recast their message, maintain pressure on al Qaeda's core, prepare to counter al Qaeda's attempts to exploit civil wars, and renew their intelligence cooperation in the region if they are to prevent al Qaeda from reaping long-term benefits from the upheavals.

INDONESIA

Redefining a Partnership

By Ambassador Dino Patti Djalal

How times have changed. In the mid-1950s, in the middle of the Cold War, an Indonesian government crumbled in the wake of a vote of no confidence in parliament after it pursued a security agreement with the United States.

In 2010, nearly a decade after 9/11, Indonesian President Susilo Bambang Yudhoyono and U.S. President Barack Obama signed the historic Comprehensive Partnership. And during a visit that year, President Obama's televised speech at Universitas Indonesia was arguably the most anticipated address by a visiting foreign leader in our history.

What happened?

Indonesia had changed. America had changed. The world had changed.

With decolonization and the Cold War behind us, it was time to face a new set of challenges. What were these? Globalization. Millennium Development Goals. Climate change. Diseases. Terrorism. Financial reform. The more we studied these challenges, the more we became convinced of the need for closer engagement.

On climate change, for example, the United States is the world's largest greenhouse gas emitter, while Indonesia has the global antidote in her large tracts of tropical rainforests.

During the financial crisis, both countries saw a changing international economic landscape, and worked together to make the G-20 the premier forum for global economic cooperation.

In the war against terrorism, they collaborated closely on law enforcement and counterterrorism cooperation, and were determined to prevent a deepening rift between the West and the Islamic world. Both countries also have a stake in the spread of pluralism, multiculturalism and moderation around the world.

Dr. Dino Patti Djalal, Indonesia's ambassador to the United States

In a world that has seen dramatic expansion of democracies, the United States and Indonesia have found a new political connection as the world's second- and third-largest democracies.

Both Jakarta and Washington have significantly broadened the scope of potential cooperation, and redefined the dynamics of their relations into a 21st century partnership.

The partnership is certainly strategic in character but not an alliance. Indonesia is constitutionally prohibited from entering into a military alliance with any country.

First, it is "comprehensive" because it is no longer focused on "single-issue interest," as it was in the past, when the principal focus was on East Timor or human rights. The six bilateral working groups established by Secretary of State Hillary Clinton and Foreign Minister Marty Natalegawa reflect this new comprehensive approach: defense and security, trade and investment, democracy, energy, environment and education.

Second, it is "forward-looking," because it leaves behind historical baggage and focuses on the common challenges of today and tomorrow.

Third, it is "flexible" because it allows plenty of room for both sides to agree to disagree (And we do this a lot!). Each side can choose which area of cooperation they prefer, and that is why I call it an "a la carte" partnership.

Fourth, it must be driven by "people-to-people" links, so that this relationship goes deep into the grassroots and does not become a thin relationship like it was in the past.

Fifth, it is based on "equality," which means that it is a partnership among equals. We reciprocate when we can, and engage with mutual respect, with no imposition by one to another. Indeed, the joint declaration of comprehensive partnership explicitly stated the United States' respect for "Indonesia's independent and active foreign policy" – a critical point of Indonesia's diplomacy.

For Indonesia, our new comprehensive partnership with the U.S. is part of a globalist outlook that seeks "a million friends and zero enemies."

In the last six years, Indonesia struck transformative partnership agreements with several countries, including Australia, Brazil, China, India, Japan, Pakistan, Russia, South Africa and South Korea. It is part of our efforts to reform the world order and address global issues through a "can-do" spirit of cooperation.

Amid shifting power relations, President Yudhoyono stressed the need for countries to reach a "new dynamic equilibrium."

That was why Indonesia was a strong advocate for the United States to join the East Asia Summit, and appreciated the Obama administration's intensified engagement with Asia and with ASEAN.

To strengthen maritime security, Indonesia wants to see the U.S. Senate renew efforts to ratify the U.N. Convention on the Law of the Sea.

We also want to see rich "soft power" engagement by the United States in the region, one that is saturated with trade, investment, education, tourism, youth exchanges, technology, innovation, the arts and so on.

And, Universitas Indonesia believes it can play a complementary role in the partnership.

For university rector, Prof. Dr. Der Soz Gumilar Rusliwa Somantri: "If UI wants to play a very significant role, we have to pave the way for the country to heed to the future by building a new civilization based on a sustainable future and development. Make democracy in practice really functional in bringing the country progress and a sustainable future."

In the coming Asia Pacific century, this is, indeed, the best way to realize President Obama's call to "win the future" and achieve what President Yudhoyono calls our "win-win future."

Dr. Dino Pa. Djalal is Indonesia's ambassador to the United States and former spokesperson to President Yudhoyono.

INDONESIA

Building quality for top performance

Mutu Certification International, managed by PT Mutuagung Lestari, is Indonesia's leading certification body, with over 850 clients. It provides certification services for management systems, sustainable natural resource management, and product and testing laboratories.

Since its inception in 1990, the company has widened its portfolio in terms of industries and domicile network. From an initial specialization in wood-based products, it expanded to forestry products, agribusiness, as well as fisheries and marine products.

It expanded to international certifications, including the Japan Agricultural Standard (JAS) accredited by the Ministry of Agriculture, Forestry and Fisheries, which authorized only eight other institutions worldwide.

It also issues the California Air Resources Board (CARB) certification of formaldehyde emissions from wood-based products, the Raad voor Accreditatie's accreditation for fisheries testing laboratory services, Roundtable on Sustainable Palm Oil (RSPO) certification for sustainable palm oil management.

Recently, Mutu Certification International opened branch offices in China, Japan, Vietnam, Malaysia, and Thailand.

"When we were accredited by the Japanese government for Asia Pacific, our process of going global started. This led to the California state government appointing us to be one of the third party certifiers of CARB," said president director Arifin Lambaga, who wants to see Mutu Certification International become a "one-stop service" for certification and testing laboratories.

"I dream of a company that supports global industries in exporting agribusiness and natural-based products, especially when ASEAN becomes an open market by 2015. Since we have been in this business for over 21 years, we know it well, particularly in agriculture and forestry products. If an investor wants to invest in these fields, we can help them set up, find partners, and form supply chains. We invite them to come," he said.

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Telkom: Indonesia's complete TIME company

A leading ICT company in the country, Telkom Indonesia serves millions of customers na. onwide and provides a strong por olio of informa on and communica on services, including x ed-wirelines and x ed-wireless telephone, mobile cellular, data and Internet, and network and interconnecon services, directly or through its subsidiaries. As compe on becomes ghter, Telkom Indonesia is reshaping itself into a telecommunication, information, media and edutainment (TIME) company.

Telkom Indonesia president director Rinaldi Firmansyah

Until 1961, telecommunications was a state-run enterprise. As was the case in other developing countries, expansion and modernization of telecommunications infrastructure played an important role in the country's general economic development. Also, Indonesia's large population and rapid economic growth created a demand for expanded services.

Recent reforms have attempted to create a regulatory framework to promote competition and accelerate the development of telecommunications facilities and infrastructure. Further measures that came into effect in September 2000 were aimed at boosting competition by removing monopolistic controls, increasing the transparency of the regulatory framework, creating opportunities for strategic alliances with foreign partners, and facilitating the entry of new participants to the industry.

Fixed-line penetration is low in Indonesia when measured against international standards. As of February 2011, Indonesia had an estimated fixed-line penetration (including fixed-wireless subscribers) of 16.8 percent and an estimated cellular penetration of more than 80 percent.

"There are a number of significant trends in the telecommunications industry in Indonesia and these include continued growth," said president director Rinaldi Firmansyah, who added that the telecommunications industry in Indonesia will continue to grow parallel to the growth of the economy.

According to Firmansyah, Telkom expects wireless services to become increasingly popular as a result of wider coverage areas, better wireless network quality, lower handset costs, and the proliferation of prepaid services. It also anticipates more competition in the industry as a result of the government's regulatory reforms.

"The future of our industry is TIME," emphasized Rinaldi.

Several years ago, Firmansyah realized that Telkom would face more challenges to meet the expectations and aspirations of its shareholders, customers, and indeed, the nation if it remained solely a telecommunications operator.

As new and unprecedented modes and volumes of communication emerged, driven by cellular, satellite, digital, and broadband technologies, Telkom stakes its future in its capability to provide seamless access to a huge diversity of information, media, and edutainment across a wide range of platforms.

"Our shares are traded on the IDX, the NYSE, the LSE, and are publicly offered without listing in Japan"

So, Telkom embarked on a far-reaching transformation that is still ongoing. While maintaining its legacy business of fixed-line and cellular voice services, it has strategically built a portfolio of new wave businesses, including broadband, IT and enterprise services, and content, with a view to sustaining competitive growth.

Firmansyah claimed that by the end of 2010, Telkom's customer base had grown 21.2 percent, to 105.1 million customers. Telkom at the moment serves 8.4 million fixed-wireline telephone subscribers, 15.1 million fixed-wireless telephone subscribers, and 81.6 million mobile telephone subscribers.

As of December 2010, Telkom had about 94.01 million cellular customers, which represented a 15.1 percent growth from the previous year on the back of continuous product and service innovation, strong brand positioning, and an improved network. Its estimated market share as of that year stood at about 45.6 percent of the full-mobility market.

On the other hand, as of December 2010, there were 1.65 million subscribers for fixed-broadband services (Speedy), which represented growth of 44 percent from 1.15 million subscribers recorded in the same period last year. Speedy remains the market leader in the business with a total market share exceeding 80 percent.

At the end of 2010, Telkom's mobile broadband user base grew by 128 percent from 1.67 million to 3.80 million in the same period. It has maintained its leadership position in the mobile broadband sector, with approximately a 60 percent market share.

"To support our mobile broadband service, some of our backbone infrastructures were utilized by Telkomsel (a Telkom subsidiary company) as a part of Telkom's strategy to synergize operational resources," Firmansyah said.

As of February 2011, the total number of fixed-wirelines in service remained essentially flat at approximately 8.3 million, which represented a decline of 1 percent from 8.37 million in the same period last year.

"Our 8.3 million subscribers represented a market share of some 99 percent. We remain the dominant player in the fixed-wireline market," Firmansyah said.

Until today, the majority of Telkom's common stock was owned by the Indonesian government, with the public taking a minority stake.

"Our shares are traded on the IDX, the NYSE, the LSE, and are publicly offered without listing in Japan," said Firmansyah, who is confident that Telkom will maintain its growth by regional expansion. It has established Telkom Indonesia International (TII) as its vehicle to expand overseas.

A fully owned subsidiary of Telkom, TII provides information communication and international networking services under three business portfolios: international telecommunication services, project management and consultancy, and investment and strategic partnerships.

As Telkom Group's international arm, TII has regional representation and investments in Malaysia, Singapore and Hong Kong. Through TII, Telkom works towards its vision of becoming a leading telecommunication, information, media and edutainment (TIME) player in the region.

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Essays

China and other emerging great powers do not want to contest the basic rules and principles of the liberal international order; they wish to gain more authority and leadership within it.

The Future of the Liberal World Order

Internationalism After America

G. John Ikenberry

There is no longer any question: wealth and power are moving from the North and the West to the East and the South, and the old order dominated by the United States and Europe is giving way to one increasingly shared with non-Western rising states. But if the great wheel of power is turning, what kind of global political order will emerge in the aftermath?

Some anxious observers argue that the world will not just look less American—it will also look less liberal. Not only is the United States' preeminence passing away, they say, but so, too, is the open and rule-based international order that the country has championed since the 1940s. In this view, newly powerful states are beginning to advance their own ideas and agendas for global order, and a weakened United States will find it harder to defend the old system. The hallmarks of liberal internationalism—openness and rule-based relations enshrined in institutions such as the United Nations and norms such as multilateralism—could give way to a more contested and fragmented system of blocs, spheres of influence, mercantilist networks, and regional rivalries.

G. John Ikenberry is Albert G. Milbank Professor of Politics and International Affairs at Princeton University and the author of *Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order* (Princeton University Press, 2011), from which this essay is adapted.

The fact that today's rising states are mostly large non-Western developing countries gives force to this narrative. The old liberal international order was designed and built in the West. Brazil, China, India, and other fast-emerging states have a different set of cultural, political, and economic experiences, and they see the world through their anti-imperial and anticolonial pasts. Still grappling with basic problems of development, they do not share the concerns of the advanced capitalist societies. The recent global economic slowdown has also bolstered this narrative of liberal international decline. Beginning in the United States, the crisis has tarnished the American model of liberal capitalism and raised new doubts about the ability of the United States to act as the global economic leader.

For all these reasons, many observers have concluded that world politics is experiencing not just a changing of the guard but also a transition in the ideas and principles that underlie the global order. The journalist Gideon Rachman, for example, says that a cluster of liberal internationalist ideas—such as faith in democratization, confidence in free markets, and the acceptability of U.S. military power—are all being called into question. According to this worldview, the future of international order will be shaped above all by China, which will use its growing power and wealth to push world politics in an illiberal direction. Pointing out that China and other non-Western states have weathered the recent financial crisis better than their Western counterparts, pessimists argue that an authoritarian capitalist alternative to Western neoliberal ideas has already emerged. According to the scholar Stefan Halper, emerging-market states "are learning to combine market economics with traditional autocratic or semiautocratic politics in a process that signals an intellectual rejection of the Western economic model."

But this panicked narrative misses a deeper reality: although the United States' position in the global system is changing, the liberal international order is alive and well. The struggle over international order today is not about fundamental principles. China and other emerging great powers do not want to contest the basic rules and principles of the liberal international order; they wish to gain more authority and leadership within it.

Indeed, today's power transition represents not the defeat of the liberal order but its ultimate ascendance. Brazil, China, and India have

all become more prosperous and capable by operating inside the existing international order—benefiting from its rules, practices, and institutions, including the World Trade Organization (WTO) and the newly organized G-20. Their economic success and growing influence are tied to the liberal internationalist organization of world politics, and they have deep interests in preserving that system.

In the meantime, alternatives to an open and rule-based order have yet to crystallize. Even though the last decade has brought remarkable upheavals in the global system—the emergence of new powers, bitter disputes among Western allies over the United States' unipolar ambitions, and a global financial crisis and recession—the liberal international order has no competitors. On the contrary, the rise of non-Western powers and the growth of economic and security interdependence are creating new constituencies for it.

To be sure, as wealth and power become less concentrated in the United States' hands, the country will be less able to shape world politics. But the underlying foundations of the liberal international order will survive and thrive. Indeed, now may be the best time for the United States and its democratic partners to update the liberal order for a new era, ensuring that it continues to provide the benefits of security and prosperity that it has provided since the middle of the twentieth century.

THE LIBERAL ASCENDANCY

China and the other emerging powers do not face simply an American-led order or a Western system. They face a broader international order that is the product of centuries of struggle and innovation. It is highly developed, expansive, integrated, institutionalized, and deeply rooted in the societies and economies of both advanced capitalist states and developing states. And over the last half century, this order has been unusually capable of assimilating rising powers and reconciling political and cultural diversity.

Today's international order is the product of two order-building projects that began centuries ago. One is the creation and expansion of the modern state system, a project dating back to the Peace of Westphalia in 1648. In the years since then, the project has promulgated

rules and principles associated with state sovereignty and norms of great-power conduct. The other project is the construction of the liberal order, which over the last two centuries was led by the United Kingdom and the United States and which in the twentieth century was aided by the rise of liberal democratic states. The two projects have worked together. The Westphalian project has focused on solving the "realist" problems of creating stable and cooperative interstate relations under conditions of anarchy, and the liberal-order-building project has been possible only when relations between the great powers have been stabilized. The "problems of Hobbes," that is, anarchy and power insecurities, have had to be solved in order to take advantage of the "opportunities of Locke," that is, the construction of open and rule-based relations.

At the heart of the Westphalian project is the notion of state sovereignty and great-power relations. The original principles of the Westphalian system—sovereignty, territorial integrity, and nonintervention—reflected an emerging consensus that states were the rightful political units for the establishment of legitimate rule. Founded in western Europe, the Westphalian system has expanded outward to encompass the entire globe. New norms and principles—such as self-determination and mutual recognition among sovereign states—have evolved within it, further reinforcing the primacy of states and state authority. Under the banners of sovereignty and self-determination, political movements for decolonization and independence were set in motion in the non-Western developing world, coming to fruition in the decades after World War II. Westphalian norms have been violated and ignored, but they have, nonetheless, been the most salient and agreed-on parts of the international order.

Today's international order is not really American or Western—even if it initially appeared that way.

A succession of postwar settlements—Vienna in 1815, Versailles in 1919, Yalta and Potsdam in 1945, and the U.S., Soviet, and European negotiations that ended the Cold War and reunified Germany in the early 1990s—allowed the great powers to update the principles and practices of their relations. Through war and settlement, the great powers learned how to operate within a multipolar balance-of-power

system. Over time, the order has remained a decentralized system in which major states compete and balance against one another. But it has also evolved. The great powers have developed principles and practices of restraint and accommodation that have served their interests. The Congress of Vienna in 1815, where post-Napoleonic France was returned to the great-power club and a congress system was established to manage conflicts, and the UN Security Council today, which has provided a site for great-power consultations, are emblematic of these efforts to create rules and mechanisms that reinforce restraint and accommodation.

The project of constructing a liberal order built on this evolving system of Westphalian relations. In the nineteenth century, liberal internationalism was manifest in the United Kingdom's championing of free trade and the freedom of the seas, but it was limited and co-existed with imperialism and colonialism. In the twentieth century, the United States advanced the liberal order in several phases. After World War I, President Woodrow Wilson and other liberals pushed for an international order organized around a global collective-security body, the League of Nations, in which states would act together to uphold a system of territorial peace. Open trade, national self-determination, and a belief in progressive global change also undergirded the Wilsonian worldview—a "one world" vision of nation-states that would trade and interact in a multilateral system of laws. But in the interwar period of closed economic systems and imperial blocs, this experiment in liberal order collapsed.

After World War II, President Franklin Roosevelt's administration tried to construct a liberal order again, embracing a vision of an open trading system and a global organization in which the great powers would cooperate to keep the peace—the United Nations. Drawing lessons from Wilson's failure and incorporating ideas from the New Deal, American architects of the postwar order also advanced more ambitious ideas about economic and political cooperation, which were embodied in the Bretton Woods institutions. This vision was originally global in spirit and scope, but it evolved into a more American-led and Western-centered system as a result of the weakness of postwar Europe and rising tensions with the Soviet Union. As the Cold War unfolded, the United States took command of the system, adopting

new commitments and functional roles in both security and economics. Its own economic and political system became, in effect, the central component of the larger liberal hegemonic order.

Another development of liberal internationalism was quietly launched after World War II, although it took root more slowly and competed with aspects of the Westphalian system. This was the elaboration of the universal rights of man, enshrined in the UN and its Universal Declaration of Human Rights. A steady stream of conventions and treaties followed that together constitute an extraordinary vision of rights, individuals, sovereignty, and global order. In the decades since the end of the Cold War, notions of "the responsibility to protect" have given the international community legal rights and obligations to intervene in the affairs of sovereign states.

Seen in this light, the modern international order is not really American or Western—even if, for historical reasons, it initially appeared that way. It is something much wider. In the decades after World War II, the United States stepped forward as the hegemonic leader, taking on the privileges and responsibilities of organizing and running the system. It presided over a far-flung international order organized around multilateral institutions, alliances, special relationships, and client states—a hierarchical order with liberal characteristics.

But now, as this hegemonic organization of the liberal international order starts to change, the hierarchical aspects are fading while the liberal aspects persist. So even as China and other rising states try to contest U.S. leadership—and there is indeed a struggle over the rights, privileges, and responsibilities of the leading states within the system—the deeper international order remains intact. Rising powers are finding incentives and opportunities to engage and integrate into this order, doing so to advance their own interests. For these states, the road to modernity runs through—not away from—the existing international order.

JOINING THE CLUB

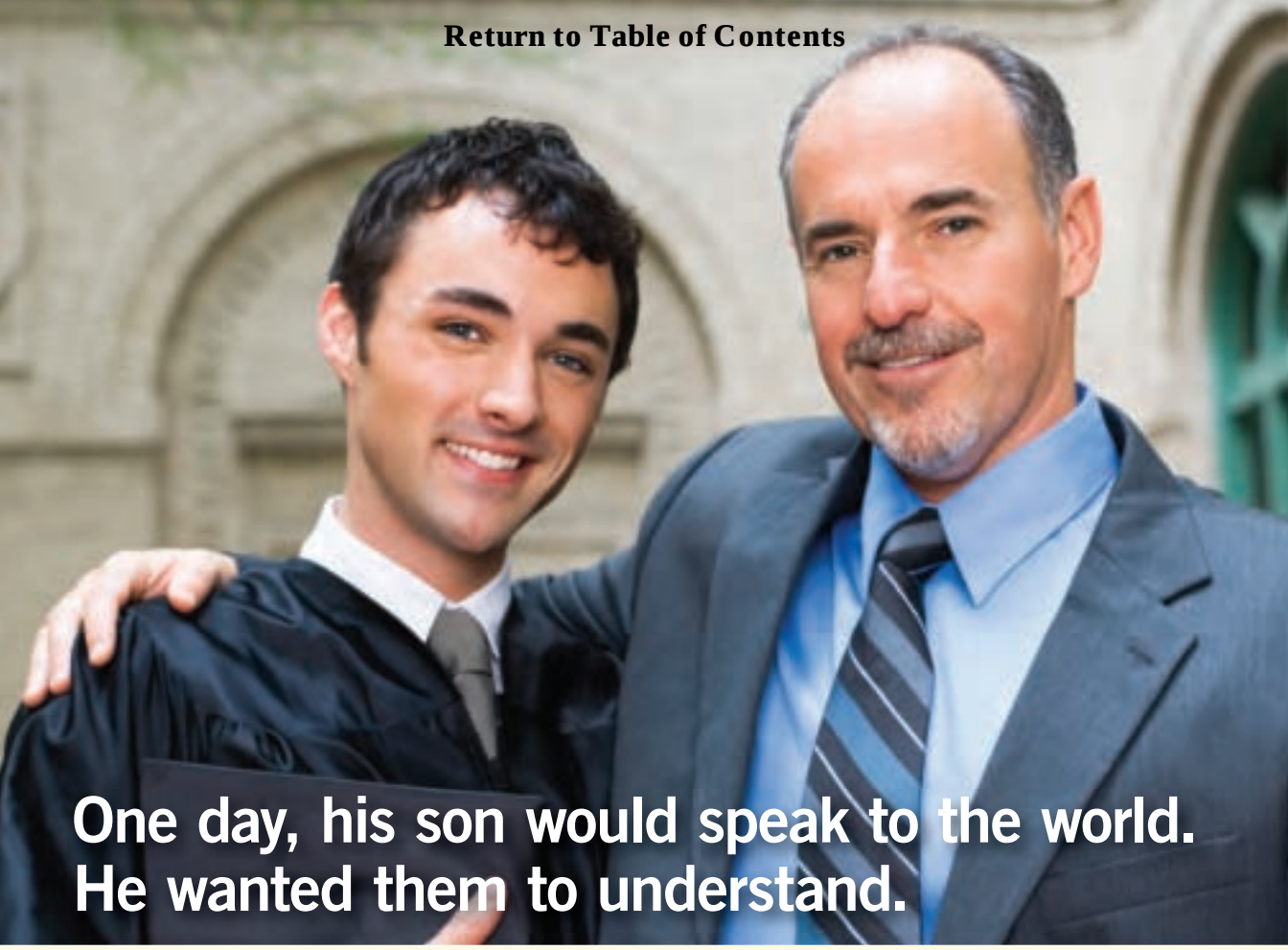
THE LIBERAL international order is not just a collection of liberal democratic states but an international mutual-aid society—a sort of global political club that provides members with tools for economic

and political advancement. Participants in the order gain trading opportunities, dispute-resolution mechanisms, frameworks for collective action, regulatory agreements, allied security guarantees, and resources in times of crisis. And just as there are a variety of reasons why rising states will embrace the liberal international order, there are powerful obstacles to opponents who would seek to overturn it.

To begin with, rising states have deep interests in an open and rule-based system. Openness gives them access to other societies—for trade, investment, and knowledge sharing. Without the unrestricted investment from the United States and Europe of the past several decades, for instance, China and the other rising states would be on a much slower developmental path. As these countries grow, they will encounter protectionist and discriminatory reactions from slower-growing countries threatened with the loss of jobs and markets. As a result, the rising states will find the rules and institutions that uphold nondiscrimination and equal access to be critical. The World Trade Organization—the most formal and developed institution of the liberal international order—enshrines these rules and norms, and rising states have been eager to join the WTO and gain the rights and protections it affords. China is already deeply enmeshed in the global trading system, with a remarkable 40 percent of its GNP composed of exports—25 percent of which go to the United States.

Democracy and the rule of law are still the hallmarks of modernity and the global standard for legitimate governance.

China could be drawn further into the liberal order through its desire to have the yuan become an international currency rivaling the U.S. dollar. Aside from conferring prestige, this feat could also stabilize China's exchange rate and grant Chinese leaders autonomy in setting macroeconomic policy. But if China wants to make the yuan a global currency, it will need to loosen its currency controls and strengthen its domestic financial rules and institutions. As Barry Eichengreen and other economic historians have noted, the U.S. dollar assumed its international role after World War II not only because the U.S. economy was large but also because the United States had highly developed financial markets and domestic institutions—economic



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and political—that were stable, open, and grounded in the rule of law. China will feel pressures to establish these same institutional preconditions if it wants the benefits of a global currency.

Internationalist-oriented elites in Brazil, China, India, and elsewhere are growing in influence within their societies, creating an expanding global constituency for an open and rule-based international order. These elites were not party to the grand bargains that lay behind the founding of the liberal order in the early postwar decades, and they are seeking to renegotiate their countries' positions within the system. But they are nonetheless embracing the rules and institutions of the old order. They want the protections and rights that come from the international order's Westphalian defense of sovereignty. They care about great-power authority. They want the protections and rights relating to trade and investment. And they want to use the rules and institutions of liberal internationalism as platforms to project their influence and acquire legitimacy at home and abroad. The UN Security Council, the G-20, the governing bodies of the Bretton Woods institutions—these are all stages on which rising non-Western states can acquire great-power authority and exercise global leadership.

NO OTHER ORDER

Meanwhile, there is no competing global organizing logic to liberal internationalism. An alternative, illiberal order—a "Beijing model"—would presumably be organized around exclusive blocs, spheres of influence, and mercantilist networks. It would be less open and rule-based, and it would be dominated by an array of state-to-state ties. But on a global scale, such a system would not advance the interests of any of the major states, including China. The Beijing model only works when one or a few states opportunistically exploit an open system of markets. But if everyone does, it is no longer an open system but a fragmented, mercantilist, and protectionist complex—and everyone suffers.

It is possible that China could nonetheless move in this direction. This is a future in which China is not a full-blown illiberal hegemon that reorganizes the global rules and institutions. It is simply a spoiler.

It attempts to operate both inside and outside the liberal international order. In this case, China would be successful enough with its authoritarian model of development to resist the pressures to liberalize and democratize. But if the rest of the world does not gravitate toward this model, China will find itself subjected to pressure to play by the rules. This dynamic was on display in February 2011, when Brazilian President Dilma Rousseff joined U.S. Treasury Secretary Timothy Geithner in expressing concern over China's currency policy. China can free-ride on the liberal international order, but it will pay the costs of doing so—and it will still not be able to impose its illiberal vision on the world.

In the background, meanwhile, democracy and the rule of law are still the hallmarks of modernity and the global standard for legitimate governance. Although it is true that the spread of democracy has stalled in recent years and that authoritarian China has performed well in the recent economic crisis, there is little evidence that authoritarian states can become truly advanced societies without moving in a liberal democratic direction. The legitimacy of one-party rule within China rests more on the state's ability to deliver economic growth and full employment than on authoritarian—let alone communist—political principles. Kishore Mahbubani, a Singaporean intellectual who has championed China's rise, admits that "China cannot succeed in its goal of becoming a modern developed society until it can take the leap and allow the Chinese people to choose their own rulers." No one knows how far or fast democratic reforms will unfold in China, but a growing middle class, business elites, and human rights groups will exert pressure for them. The Chinese government certainly appears to worry about the long-term preservation of one-party rule, and in the wake of the ongoing revolts against Arab authoritarian regimes, it has tried harder to prevent student gatherings and control foreign journalists.

Outside China, democracy has become a near-universal ideal. As the economist Amartya Sen has noted, "While democracy is not yet universally practiced, nor indeed universally accepted, in the general climate of world opinion democratic governance has achieved the status of being taken to be generally right." All the leading institutions of the global system enshrine democracy as the proper and just

form of governance—and no competing political ideals even lurk on the sidelines.

The recent global economic downturn was the first great postwar economic upheaval that emerged from the United States, raising doubts about an American-led world economy and Washington's particular brand of economics. The doctrines of neoliberalism and market fundamentalism have been discredited, particularly among the emerging economies. But liberal internationalism is not the same as neoliberalism or market fundamentalism. The liberal internationalism that the United States articulated in the 1940s entailed a more holistic set of ideas about markets, openness, and social stability. It was an attempt to construct an open world economy and reconcile it with social welfare and employment stability. Sustained domestic support for openness, postwar leaders knew, would be possible only if countries also established social protections and regulations that safeguarded economic stability.

Indeed, the notions of national security and economic security emerged together in the 1940s, reflecting New Deal and World War II thinking about how liberal democracies would be rendered safe and stable. The Atlantic Charter, announced by Roosevelt and Winston Churchill in 1941, and the Bretton Woods agreements of 1944 were early efforts to articulate a vision of economic openness and social stability. The United States would do well to try to reach back and rearticulate this view. The world is not rejecting openness and markets; it is asking for a more expansive notion of stability and economic security.

REASON FOR REASSURANCE

Rising powers will discover another reason to embrace the existing global rules and institutions: doing so will reassure their neighbors as they grow more powerful. A stronger China will make neighboring states potentially less secure, especially if it acts aggressively and exhibits revisionist ambitions. Since this will trigger a balancing backlash, Beijing has incentives to signal restraint. It will find ways to do so by participating in various regional and global institutions. If China hopes to convince its neighbors that it has embarked on a "peaceful rise," it will need to become more integrated into the international order.

China has already experienced a taste of such a backlash. Last year, its military made a series of provocative moves—including naval exercises—in the South China Sea, actions taken to support the government's claims to sovereign rights over contested islands and waters. Many of the countries disputing China's claims joined with the United States at the Regional Forum of the Association of Southeast Asian Nations (ASEAN) in July to reject Chinese bullying and reaffirm open access to Asia's waters and respect for international law. In September, a Chinese fishing trawler operating near islands administered by Japan in the East China Sea rammed into two Japanese coast guard ships. After Japanese authorities detained the trawler's crew, China responded with what one Japanese journalist described as a "diplomatic 'shock and awe' campaign," suspending ministerial-level contacts, demanding an apology, detaining several Japanese workers in China, and instituting a de facto ban on exports of rare-earth minerals to Japan. These actions—seen as manifestations of a more bellicose and aggressive foreign policy—pushed ASEAN, Japan, and South Korea perceptibly closer to the United States.

Paradoxically, the challenges facing the liberal world order now are artifacts of its success.

As China's economic and military power grow, its neighbors will only become more worried about Chinese aggressiveness, and so Beijing will have reason to allay their fears. Of course, it might be that some elites in China are not interested in practicing restraint. But to the extent that China is interested in doing so, it will find itself needing to signal peaceful intentions—redoubling its participation in existing institutions, such as the ASEAN Regional Forum and the East Asia Summit, or working with the other great powers in the region to build new ones. This is, of course, precisely what the United States did in the decades after World War II. The country operated within layers of regional and global economic, political, and security institutions and constructed new ones—thereby making itself more predictable and approachable and reducing the incentives for other states to undermine it by building countervailing coalitions.

More generally, given the emerging problems of the twenty-first century, there will be growing incentives among all the great powers

to embrace an open, rule-based international system. In a world of rising economic and security interdependence, the costs of not following multilateral rules and not forging cooperative ties go up. As the global economic system becomes more interdependent, all states—even large, powerful ones—will find it harder to ensure prosperity on their own.

Growing interdependence in the realm of security is also creating a demand for multilateral rules and institutions. Both the established and the rising great powers are threatened less by mass armies marching across borders than by transnational dangers, such as terrorism, climate change, and pandemic disease. What goes on in one country—radicalism, carbon emissions, or public health failures—can increasingly harm another country.

Intensifying economic and security interdependence are giving the United States and other powerful countries reason to seek new and more extensive forms of multilateral cooperation. Even now, as the United States engages China and other rising states, the agenda includes expanded cooperation in areas such as clean energy, environmental protection, nonproliferation, and global economic governance. The old and rising powers may disagree on how exactly this cooperation should proceed, but they all have reasons to avoid a breakdown in the multilateral order itself. So they will increasingly experiment with new and more extensive forms of liberal internationalism.

TIME FOR RENEWAL

Pronouncements of American decline miss the real transformation under way today. What is occurring is not American decline but a dynamic process in which other states are catching up and growing more connected. In an open and rule-based international order, this is what happens. If the architects of the postwar liberal order were alive to see today's system, they would think that their vision had succeeded beyond their wildest dreams. Markets and democracy have spread. Societies outside the West are trading and growing. The United States has more alliance partners today than it did during the Cold War. Rival hegemonic states with revisionist and illiberal agendas have been pushed off the global stage. It is difficult to read

these world-historical developments as a story of American decline and liberal unraveling.

In a way, however, the liberal international order has sown the seeds of its own discontent, since, paradoxically, the challenges facing it now—the rise of non-Western states and new transnational threats—are artifacts of its success. But the solutions to these problems—integrating rising powers and tackling problems cooperatively—will lead the order's old guardians and new stakeholders to an agenda of renewal. The coming divide in world politics will not be between the United States (and the West) and the non-Western rising states. Rather, the struggle will be between those who want to renew and expand today's system of multilateral governance arrangements and those who want to move to a less cooperative order built on spheres of influence. These fault lines do not map onto geography, nor do they split the West and the non-West. There are passionate champions of the UN, the WTO, and a rule-based international order in Asia, and there are isolationist, protectionist, and anti-internationalist factions in the West.

The liberal international order has succeeded over the decades because its rules and institutions have not just enshrined open trade and free markets but also provided tools for governments to manage economic and security interdependence. The agenda for the renewal of the liberal international order should be driven by this same imperative: to reinforce the capacities of national governments to govern and achieve their economic and security goals.

As the hegemonic organization of the liberal international order slowly gives way, more states will have authority and status. But this will still be a world that the United States wants to inhabit. A wider array of states will share the burdens of global economic and political governance, and with its worldwide system of alliances, the United States will remain at the center of the global system. Rising states do not just grow more powerful on the global stage; they grow more powerful within their regions, and this creates its own set of worries and insecurities—which is why states will continue to look to Washington for security and partnership. In this new age of international order, the United States will not be able to rule. But it can still lead.

Equatorial Guinea

The Future Vision

All eyes are on Equatorial Guinea, the small West African nation rapidly becoming one of Africa's top oil and gas producers, with total energy sector investments of $40 billion. Having elevated itself out of obscurity and into global significance, the government's "Horizon 2020" Development Plan aims to enhance Equatorial Guinea's socioeconomic progress. Reinvestment in infrastructure, energy, telecommunications, transport, tourism, education, and health has been designated as a top priority, while multinational companies continue to compete for petroleum concessions and a burgeoning natural gas industry. With President Teodoro Obiang Nguema Mbasogo holding African Union chairmanship this year, Equatorial Guinea's endeavors have come even more into the public eye. Can the government convince new investors to enter its territories? Will Equatorial Guinea achieve a meaningful and transparent strategy for economic diversification and poverty reduction?

Horizon 2020: Day by Day Development

Teodoro Obiang Nguema Mbasogo, President of Equatorial Guinea

Outside of Africa, the Republic of Equatorial Guinea may not make the nightly news or be a household name on the business pages. But for one of the continent's smallest countries, all of that is about to change. Not only has the nation's economic and political status skyrocketed by substantial oil and gas discoveries in recent years—making it a big hit with petroleum multinationals—but in January this year Equatorial Guinea also assumed chairmanship of the African Union for the first time in its history.

Located next to Cameroon and Gabon in the African mid-west, Equatorial Guinea's topography is divided into the mainland region of Rio Muni and the insular regions of Annobón, Corisco, Elobey, Mbañe, and Bioko, the latter being home to the country's capital, Malabo. However, another crucial division exists in Equatorial Guinea. The country may statistically be one of the wealthiest in Africa today, but poverty still remains a challenge. This has become a major focal point for the government's "Horizon 2020" Development Plan, which aims to accelerate poverty reduction and create the basis for Equatorial Guinea to become an emerging economy by 2020. The plan aligns with many benchmarks set in the UN Millennium Development Goals (MDG), and through the Malaria Control Project, the island of Bioko has already achieved MDG-outlined reduction in child mortality five years in advance.

"Equatorial Guinea was the poorest country on the continent," admitted President Teodoro Obiang Nguema Mbasogo in an October 2010 interview. When Obiang took over the reins of this former Spanish colony in 1979 by deposing Francisco Macías Nguema, Equatorial Guinea's preceding president—and notorious dictator—the country's prospects were bleak, with only agriculture and wood providing any form of national income. "But following the discovery of oil, we have overcome the issue of reconstructing the country. I think that if we continue what we are doing now, by the year 2020 we will have surpassed all the challenges of an underdeveloped country," says President Obiang.

A sustainable future is what "Horizon 2020" aims to achieve, in combination with the Social Development Fund set up to drastically improve education, health, water and sewage, gender equality, and community development. In the past year alone, President Obiang

itemized over $1 billion in spending on these projects. "This is a global plan that addresses every sector, not just one. However, there are certain basic sectors such as health care and proper infrastructure that are essential to guarantee the nation's development."

Nobel Peace Laureate Archbishop Desmond Tutu commended the president's plan, writing that he was "encouraged and impressed" by Obiang's public commitments to transparency and political, legal, and economic reforms. In response, President Obiang wrote that it was "essential to have qualified and experienced people who are capable of transforming into reality the [plan's] noble objectives. We also need to be able to count on the support of individuals and prestigious international institutions that believe in our determination to develop a modern nation." The Red Cross, the U.S. State Department and the African Union have been invited to assist in protecting human rights and democratic institutions, such as a free and independent press, strong and viable political parties, and an independent judiciary.

African Union: A Summit of Values and Issues

In addition to overseeing the day-to-day developments on the ground in his own country, President Obiang has also taken on the chairmanship of the African Union. It is by no means an easy year to assume the union's presidency; the agenda is agitating with issues of civil and military conflicts, food security, developmental obstacles, and the ongoing battle against HIV/AIDS.

"The crisis of the values of the African culture is reducing the unity and solidarity amongst our people," President Obiang, as the new chairperson, said in his acceptance address to the AU Assembly. "Africa must focus on the dialogue for a peaceful negotiated solution to the conflicts that ravage our towns. Africa must assume, more than ever, a leading role, not just on the continent, but in the international arena."

In addition, Obiang will have to deal with the rapidly changing socio-political map in Northern Africa, where longstanding heads of state have been driven out or into a corner by public uprisings in demand of democratic reforms. It will no doubt be the number one topic for discussion at the 2011 African Union Summit, to be held in Equatorial Guinea in June/July.

An entirely new coastal resort, Sipopo, has been constructed for the summit, complete with a lavish Sofitel and a "smart-tech" conference center, as well as independent luxury residences to host each and every presidential delegation from Africa's 52 states attending. About 12 miles southwest of Malabo, Sipopo's secure community will also serve as the main venue for the 2012 Africa Cup of Nations, which will be jointly hosted with Gabon. Equatorial Guinea is in essence the perfect backdrop for this year's AU summit: a rapidly transforming nation extending its welcome to old friends and new faces, state heads, and delegates of a progressively evolving Africa.

Multi-Level Cooperation With the United States

2011 is a year in which President Barack Obama wants to increase U.S. engagement with Africa. Apart from his personal bond with the continent, Africa is becoming increasingly important for U.S. interests. His focus will therefore be on supporting nations with good governance and naming democracy "the change that can unlock Africa's potential, and that is a responsibility that can only be met by Africans."

Equatorial Guinea's relations with the United States have gone through phases of cooling and warming. U.S. diplomatic presence in Malabo froze in 1996, but with Equatorial Guinea's ensuing oil boom, activities by U.S. energy companies grew, and a shift in U.S. policy observed the capacity for West African oil to not only spur development but also attribute to security and stability. As a result, the U.S. Embassy in Malabo reopened in November 2006.

The United States has since become the largest cumulative bilateral foreign investor in Equatorial Guinea, which supplies 17 percent of U.S. natural gas, with investments estimated at over $12 billion. Albert M. Fernandez, current U.S. ambassador to Equatorial Guinea and recipient of the Edward R. Murrow Award for Excellence in Public Diplomacy for his work in the Middle East, said in October 2010 that "the United States Embassy in Equatorial Guinea is working in collaboration with the government to improve some aspects of its operation." In addition, the ambassador's Self-Help Fund annually finances a number of small grassroots projects in the country.

President Obiang has visited Washington on several occasions, most recently attending the National Prayer Breakfast at which President Barack Obama was a speaker. Obiang's chairmanship of the African Union lends a unique opportunity to show his nation's commitment to common values, which will be closely monitored by the U.S. State Department.

FDI: Making a World of Difference

Equatorial Guinea was not quite the same fifteen years ago as it is today. Not a decent road was to be found, means of telecommunication were rare, and the country was in essence undeveloped. But with the arrival of major energy corporations came opportunity, and soon petroleum revenues transformed the face of the whole nation.

"Investment to date in the oil and gas sector has now exceeded $35 billion," reveals Gabriel M. Obiang Lima, delegate minister of Mines, Industry, and Energy. "We anticipate this number to increase to over $45 billion in the next few years." The funds raised from these investments are being used to create thousands of miles of new urban and interurban roads, airports, ports, and job opportunities.

In addition to investment from U.S. energy companies, Africa's only Spanish-speaking nation maintains ties with former colonial powers Spain and France, and enjoys investment from a plethora of global firms. Malabo and Bata, the country's main cities, have become cosmopolitan business hubs for major companies from Brazil to Russia, all active in diverse sectors of the Equatoguinean economy. Strategic alliances have been forged in energy, infrastructure, and construction of public works, as well as in commerce, telecoms, and transport. Indeed, the overall upgrade spans even into fiber optics, with information and communication technologies firm ZTE from China currently installing the country's first high-bandwidth cable network.

"The port expansion is one of the huge infrastructure projects taking place in the country," continues Gabriel Obiang Lima, adding that it took the Moroccan firm Somagec only two years to finalize the first phase of Malabo's port. Bioko island may receive a big slice of makeover funds, but so will the remote island province of Annobón with more than $425 million worth of transport connectivity investments.

Meanwhile, on the mainland, efforts have been made to create an up-to-date healthcare system, as Obiang Lima points out. "In addition to 60 Equatoguinean nurses having been trained in Israel, we completed the first of two 100-bed hospitals, the La Paz hospital in Bata, which has all of the modern medical technology present in any of the world's trauma-one facilities. A leading public-private partnership has also been initiated to eradicate malaria with astonishing results, as the first phase ended with an 80 percent reduction in Malaria-transmitting insects." It is clear that foreign direct investment (FDI) is upgrading the country's economic status while making a world of difference for a majority of its citizens.

Big Oil on the Horizon: Equatorial Guinea's Fuel Injection

When gas condensate was first discovered by Repsol off of Bioko island in 1983, global supply and demand did not validate exploiting the relatively small Alba field. Several large U.S. companies also passed over the opportunity until Houston-based oil independent Walter International—which through acquisitions became the current owner Marathon— started drilling in 1990. One year later, Equatorial Guinea was exporting oil condensate. This is largely attributed to the perseverance of the country's president, who insisted for 12 fruitless years that enough oil could be found to turn the country around.

"We know that the task is not easy and we have a long way to go," said President Obiang in a speech to the 2010 Global Forum in Cape Town. "Because this is about developing a country that started from nowhere. It is about changing mindsets rooted in underdevelopment and banishing habits that are opposed to modern development." Sure enough, the government of Equatorial Guinea vowed to use oil revenues to tackle the causes of illiteracy, poverty, tribalism, and political opportunism.

"Until the oil boom," explains Minister of Industry, Mines, and Energy Marcelino Owono Edu, "the economy of Equatorial Guinea was based exclusively on agriculture and wood. Oil completely changed these conditions, since it now signifies 95 percent of the total income of the country." But the rapid economic development happened at a much faster pace than Equatorial Guinea could develop its human resources to service it, and Energy Minister Owono Edu calls this a "deficit of national human skills to manage the existing resources. The lack of human resources is evident in all aspects of national administration and we are therefore planning intense training programs, so that little by little our very own people can take over the responsibility and management of our national economy, particularly the sectors of oil and gas, electrical energy, and mining."

Currently, production stands at around 260,000 barrels daily of crude oil, excluding the production of condensed, propane, butane, methanol, and LNG gas. Minister Owono Edu points out that the government is also assessing opportunities in green energy "alternative power plants that include the usage of wind energy, hydro energy, and biofuels. All these projects are at the moment in an embryonic phase, but we have a plan and a vision towards the future, so that when we run out of the traditional energies, we can rely on renewable forms."

According to Delegate Minister of Energy Gabriel Obiang Lima, energy sector investment in Equatorial Guinea has reached $40 billion from 17 different companies. "Our key target is to maintain an average not higher than 300,000 barrels per day for a long period. So whenever we have a new discovery, such as at the Aseng field, we do not put it on stream immediately. This production will compensate the decline of other fields and maintain our average." Obiang Lima adds that these past two years have been particularly good for Equatorial Guinea, and that the government's strategy seems to be paying off so far. "In a period of two years that we heavily invested in infrastructure, we saw a rapid growth of our economy. For the past ten years, Equatorial Guinea has maintained almost a zero debt status."

An expiration date is always present, with current data showing Equatorial Guinea to have proven oil reserves until 2035 and gas for another decade beyond that. That limit may well be extended with successes in new exploration areas, such as near the island of Corisco. The waters beyond Corisco Bay had become an issue of territorial dispute with Gabon. However, in an "important demonstration of statesmanship on both sides," as UN secretary-general Ban Ki-moon put it, Presidents Obiang and Ali Bongo Ondimba of Gabon vowed to jointly exploit the area's resources, securing a collective development for the region until a final decision is made by the International Court of Justice in The Hague.

"President Obiang has always insisted that the future of Equatorial Guinea is not in the oil and gas sector; it is in the services sector," says Gabriel Obiang Lima. "You must always think that whenever the oil will finish, you need to keep producing revenues for the state with the invested infrastructure."

Clearing Crude

In 2004, President Obiang initiated procedures to become a member of the Extractive Industries Transparency Initiative (EITI). With the assistance of the World Bank and the U.S. oil companies active in Equatorial Guinea–Exxon Mobil, Hess, and Marathon–the government conducted an audit to justify accounts and results from all of the oil income.

However, in April 2010, EITI chairman Peter Eigen, in an open letter to President Obiang, denied the country's request to extend its validation deadline, citing there had not been any "unforeseeable circumstances" hampering the nation's process to meet transparency requirements. EITI emphasized that it

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Creating Development

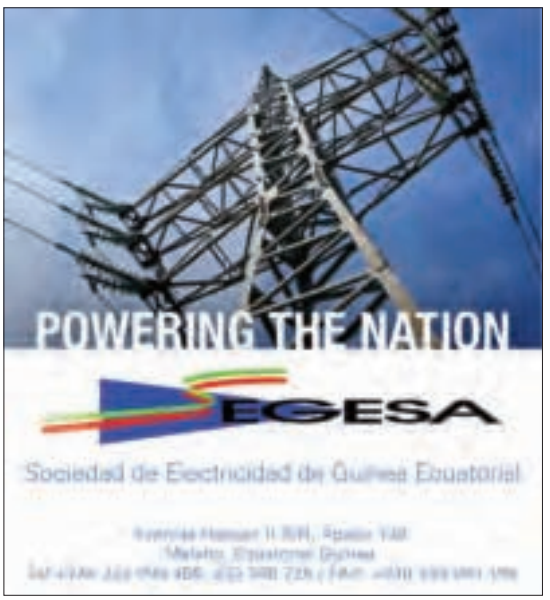
would welcome a reapplication by Equatorial Guinea with a renewed commitment to clarify and address the constraints of the original process.

Minister of Economy, Commerce, and Promotion of Entrepreneurship Dr. Francisca Tatchouop Belobe, as Equatorial Guinea's coordinator of the EITI efforts, says that it is indeed the government's intention, "to improve what prevented us from keeping the term of validation and apply again for the candidature to EITI. We think that this will help us measure our own steps in the transparent use of the oil funds. For us, transparency is an exercise to improve management of public finance, and in this process we try to learn day by day."

She adds that the EITI Reconciliation Report proved that far more than 90 percent of oil revenues are paid into treasury accounts, against all foreign expectations. This shows the determination of the government in improving public funds management, despite existing institutional weaknesses which are being targeted with continued support from the Bretton Woods Institutions. The minister believes that "concerns about opacity can be smoothed out," just as the Obiang administration did in 2010 when it published a report of its public expenditures under World Bank direction.

Sprint From the Starting Blocks

Even as oil is becoming everybody's business in Equatorial Guinea, one autonomous body has the overview to manage government stakes and public-private partnerships: GEPetrol. Established in 2001 by presidential decree, GEPetrol also acts as agent for the sale of the state's share of hydrocarbons and promotes acreage within its waters.



"Before its establishment," explains Candido Nsue Okomo, director general of GEPetrol, "it was the Ministry of Mines, Industry, and Energy, which was assigned all the technical and political works." Subsequently, the technical part was taken over by the company and GEPetrol assisted the government in evaluating other companies. "Before GEPetrol, state participation was 3 to 6 percent. Today we have a 20 to 30 percent share stake in operational fields, as well as being the technical operator in block P." That block is proving to be "a tough job," but Nsue Okomo nevertheless has high targets for GEPetrol. "We are working hard with other foreign companies and collaborating with consulting agencies so that in 3 or 5 years, GEPetrol will be transformed to an operator enterprise, the first one in Central Africa."

There's no denying that GEPetrol, in its close collaboration with the country's energy ministry, is privy to negotiating beneficial deals for its ambitions. Candido Nsue Okomo reveals that the next step for GEPetrol is to commercialize refined products. Last year the U.S. engineering firm KBR was selected by Equatorial Guinea's energy ministry to create the blueprint for a planned refinery at Mbini. This would eventually lead to GEPetrol opening up its own network of filling stations around the country. "We are not competing with TOTAL," assures Candido Nsue Okomo, referring to the introduction of downstream operations at GEPetrol. "There are a lot of people and many cars, and these are the challenges that GEPetrol has to face and to work out."

Miguel Edjang Angué, GEPetrol's deputy director-general, explains that "currently there are three producing fields in Equatorial Guinea's waters: ZAFIRO, licensed to ExxonMobil; CEIBA, operated by Hess; and the ALBA field for Marathon Oil. Part of the crude oil within those oil fields, as well as its sales and commercialization, are within our responsibility. One of the achievements in the past years was the promotion of new areas and the subsequent signing of contracts. The success that we had in this particular case was due to the revision of the hydrocarbons law, subsequently leading to a new law created in 2006 with more conditions of transparency in the oil sector." According to Edjang Angué, "this gave Equatorial Guinea a competitive edge over neighboring countries."

"Another achievement for us was the successful operation of purchasing DEVON's assets. The state bought them all and production increased from 38 percent to 48 percent." Miguel Edjang Angué does

admit that collaborating with foreign companies, at this point, is more advantageous for GEPetrol. "We recognize our limited experience. It is better to cooperate with other enterprises than to compete with them, since this is a way of transferring know-how and technologies, as well as a way to benefit from their experience. Also, until now, explorations have been performed only in the country's offshore zone. We are now implementing a project in order to study the onshore zone as well, especially in the continental part, where we think the perspectives are encouraging."

With an ongoing campaign of intense perforation, the interest in Equatorial Guinea as an oil-producing nation has continued to peak, maintaining its status as one of the major oil producers in sub-Saharan Africa. In Miguel Edjang Angué's eyes, GEPetrol, as the leading company in Equatorial Guinea today, has "assisted a revolution of the economic and social numbers." In his own experience, the deputy director-general remembers when the nation's GDP was continuously negative. "We had a GNP of $130 per citizen and the budget investments of the state were $2 million a year. So, having that in mind, we can say that Equatorial Guinea started not from zero, but much more below that. Since the country started from negative numbers, it had to reach zero first and then it started experiencing a positive growth. That's why we have assisted in a real revolution."

"For us," continues Edjang Angué, "living in this country we have noticed that the development has vertiginous speed. We recognize that there is still a lot to do, as most of the time the growth is more rapid than the development and the development is more complex. So, we are heading straight forward and the government has made plans in order to reach its objectives for the year 2020. The "Horizon 2020" Development Program is a guideline which allows us to monitor and improve everything at all levels. We are extremely optimistic because we have been educated inside austerity; we had administered an agriculture-based country and now the country has been transformed to an industrial one, so we have to adapt to that."

A Flair for Gas

Fairly early on, Equatorial Guinea decided to find productive uses for the huge pockets of gas that were being discovered in oil drills. The government ordered the construction of an LPG plant, took a stake in the methanol production plant with Marathon and Noble, and owns a 25 percent working interest in the country's first liquefied natural gas (LNG) plant. This gas-centric expansion is headed by state-owned entity SONAGAS, which has been tasked with overseeing monetary, production, and export-related issues. "Our vision is to continue making a profit from gas and reducing all gas flaring in Equatorial Guinea," says Juan Antonio Ndong Ondo, general director of SONAGAS, from his Malabo office. The results of this creative use of gas are by no means insignificant: "In general there is gas production of around 90 mm cubic feet per day. And from that gas we produce 8,000 barrels a day of butane, 14,000 daily barrels of propane, 3,000 metric tons per day of methanol, and approximately 3 million cubic feet of LNG every 24 hours."

All gas is being collected and processed at specialized plants on the island of Bioko, from where LNG and LPG cargoes are shipped abroad. New discoveries are being made by Noble Energy in its allocated blocks, and one of the government's priorities is to implement a second plant for LNG. "There are a lot of speculations that great quantities of gas exist in Equatorial Guinea," says Ndong Ondo. "These speculations have of course to be confirmed. Since there are still a lot of zones that have not been explored, we presume that there should be greater quantities of gas. The discovered quantity is more than 3 trillion cubic feet of gas. Our Japanese partner company, Mitsui, and the German Ferrostaal have already expressed interest in a new petrochemical complex being proposed."

Power for the People

With all the developments taking place in Equatorial Guinea, its people are entering an age of enlightenment. This is particularly valid with the government's objective of distributing electric power to all of its citizens. President Obiang's "Light for Everyone" program aims to connect the whole country with a constant, quality, and low-cost electricity current for all people. Juan Lupercio Nsibi Omogo, director-general of the nation's sole electricity provider SEGESA, even calls it a "great mass movement."

"This is the big government dream," urges Nsibi Omogo, "transforming it into reality through big infrastructures in order to eliminate once and for all the shortage of electricity in large cities. When our clients or the subscribers of SEGESA enjoy the electric current 24/7, without any complaints or shortages, then I think this will be a great achievement for our company."

SEGESA was established in 1990 to replace multiple generation and distribution companies. In light of the recent infrastructure development drive, electricity provision became the first major necessity, and that required a collective endeavor. "In order to support SEGESA in its economic growth, we all have to help each party to the maximum extent. This is the only way to respond to the efforts of the government and of the enterprises."

Fully owned by the state, SEGESA has been benefiting from the government's cooperation with Chinese companies and has also established cooperation with Cuba on the exchange of technical know-how, in order to ramp up its network. New sources of generation include natural gas from offshore fields as well as alternative power, such as the Hydroelectric Centers of Djibloho and Sendje, which will generate over 300 megawatts to supply electricity for the whole country. Despite the gargantuan task involved, Juan Lupercio Nsibi Omogo says these investors have been highly willing to participate in the nation's power revolution. "One of the successes of the Guinean economy is due not only to the discovery of oil but to the country's political stability. We hope that the peace and tranquility we enjoy will continue to reign on our soil."

Service Benchmark

"This has proven to be a very big experience during a very short period of time," observes Samuel Safo Tchofo, general manager of Schlumberger Oil EG. "The changes have been taking place so fast." All the more reason for a dedicated energy services company to keep track of the oil producer's technology needs. "In such a recent oil-producing country, we managed to bring state-of-the-art technology and operate it within a very difficult environment, when the infrastructure and the technical level of people were not yet in place. And we placed a lot of effort and trust in building up, in a short period of time, the local capability."

Schlumberger is proud to be the first oil services company to offer the largest range of services from exploration and development to production of hydrocarbons. "The oil companies that will come to Equatorial Guinea in the future have an advantage: they will find a structure already in place," suggests Safo Tchofo. "We established facilities that are quite large and well-structured." He nevertheless indicates that business in Equatorial Guinea is highly cyclical rather than a continuous, steady one. "Last year the business volume was quite important, but this year it has diminished. So we foresee that in 2012 it will be up again."

Samuel Safo Tchofo does however admit to being thrilled as head of Schlumberger in Equatorial Guinea. The company has been here since 2001, active in oil and gas services and giving young locals a chance to pull out all the stops. "A freshly recruited engineer will first go to the field, in order to know how things work and in order to show his practical skills. This is very important to us, because

one fundamental point is that we implement the culture of the company from within, in all countries. This is the breeding ground for future managers." Anticipating future developments, Schlumberger invested an additional $1.4 million in its operations in Equatorial Guinea last year.

A Transport and Logistics Hub

The services sector was of course the first secondary creation effected by the energy industry in Equatorial Guinea. As cargo and products started to grow in volume and frequency, the need grew rapidly for competent logistics partners. Serapio Sima Ntutumu, an international college graduate with significant experience at GEPetrol and SONAGAS, saw a gap in the national market. While working at the Global Procurement department of ExxonMobil in Houston, Sima Ntutumu realized how both the country and its investors would be better off with a national contractor in logistics services.

"Back in 2004," recalls Sima Ntutumu, "we had the vision of creating faster logistics services in Equatorial Guinea. My thought was that we could build up the competency in order to speed up all relevant processes and gain time." Sima Ntutumu started EGBL, a logistics company, with two employees, took on ExxonMobil as his first customer, and built up the capacity of his company to become the 50-strong workforce it is today. "This is how EGBL started," says its owner and CEO. "Everyone in Equatorial Guinea shares the president's vision. If there is a single vision, then this country can become the safe gateway to Africa. This can be the home of gas processing for the central Gulf of Guinea region. Our position is very good and we are a stable country."

In only six years, EGBL's CEO has witnessed for himself the rise in efficiency and consistency in doing business in the country. "I believe we created more value of trust. Note that I do not imply value of money, but value of trust, like increasing the range of the contract terms or the range of capacity of sales." EGBL's main clients today are the "Punta Europa" entities, namely EG LNG, MEGPL, and AMPCO, a contract many newcomers would set their eyes on. "Punta Europa" constitutes one of the main transshipment facilities for the energy industry.

Europe, the United States and the Far East are all major destinations for Equatorial oil, but so are regional countries. For that reason, EGBL has expanded its already growing activities with an office for operations in Ghana. "The expansion of the oil and gas sector is creating expansion for EGBL," says Sima Ntutumu. "This will bring more expectations on business, buildings, infrastructure, and all these opportunities. So, as far as those activities increase, then logistics is absolutely a big opportunity."

Of course, in order to really expand, basic infrastructure development needs to speed up. Commercial activity zones are an ideal solution for a developing country to quickly and effectively create areas where business networks can operate from. In Equatorial Guinea, the first such zone is the Luba Freeport.

An investment to date of $70 million to $80 million has been made by Lonrho Plc, the major shareholder, in the Luba Freeport project. "Phase two of the freeport was completed in 2009, based on the template of Jebel Ali in Dubai," says Luba Freeport's current director and general manager, Howard McDowall.

Luba Freeport, which last year invoiced around $2 million per month, is making a solid economic contribution in services and logistics, as well as in the creation of jobs and the transfer of technical know-how. "We are going to leave a world class facility here which the government will become owner of in 2028, when the concession agreement will expire."

And that is exactly the philosophy behind everything the government is doing today in the energy sector. It should lead to a more advanced, industrious, and tech-savvy nation, an Equatorial Guinea on the horizon of the developed world.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Banking: A Credit Boom for the Real Economy

As the Equatoguinean government gears up to execute its visionary "Horizon 2020" Development Plan, financial institutions are bracing for a flood of investment opportunities coming their way. However, the four banks currently active in the country also have to invest in expansions of their own, as services and products are still emerging from the 20th century. ATMs, e-banking, and other transfer services require a rapid network, and with the Internet not at all widely available, banks are working together to service the real economy, as well as corporate clients.

Equatorial Guinea is a land of contrasts. Back in 1995, the IMF estimated that the country's foreign reserves were only $40,000—sufficient to cover barely one week of imports. In 2005 and 2006 on the other hand, Equatorial Guinea's foreign exchange reserves rose sharply as a result of high oil prices, an increase in hydrocarbons production, and the larger share of oil revenue taken by the state, as the investment costs of major fields had been fully repaid. By the end of 2006, foreign exchange reserves stood at $3.1 billion.

Increasingly concerned about the low yields that its foreign exchange reserves receive in the deposits held at the regional central bank, BEAC (Banque des Etats de l' Afrique Centrale), the government is persuading the regional economic grouping, CEMAC (Communauté Économique et Monétaire de l'Afrique Centrale), to change its regulations. President Obiang would very much like his country to be allowed to invest in foreign financial assets.

Only four banks operate in the country so far. In addition to CCEI Bank G.E., a subsidiary of Cameroon's CCEI Bank (Caisse Commune d' Épargne et d' Investissement) and a member of the Afriland First Group, there is also BGFI Bank Guinée Équatoriale, a subsidiary of the Gabon-based BGFI group (Banque Gabonaise et Française Internationale); SGBGE (Société Générale de Banques en Guinée Équatoriale), a subsidiary of the French Société Générale group; and a newer bank, the Banco Nacional de Guinea Ecuatorial (BANGE), which began operations in September 2006.

Mr. Melchor Esono Edjo, a renowned economist who oversaw the country's ministry of finance and budget throughout the oil boom until January this year, says that although the banking institutions in Equatorial Guinea are in a sound state of liquidity, reforms are needed to precipitate a more vibrant private banking market. "The main problems are linked to infrastructure and judicial reforms; if there is no governmental guarantee, the banks are very reluctant in financing the real economy, but they do when there is a collateral security, so the judicial reforms will facilitate the banks to intervene in financing within the real economy."

He adds that the global financial crisis did not really hit the nation's financial institutions due largely to the lack of a stock exchange in Equatorial Guinea. Therefore, no speculative trading was ever undertaken. Nevertheless, Esono Edjo would like to see banks step out of their safe zone and venture out into the country—not just in the main cities of Malabo and Bata—to start financing local business projects.

"The banks are enhancing and ameliorating their products. We are also pushing the banks to change their mentality and invest here. But as said before, they require structural reforms and a good governmental strategy to allow them to finance within the real or national economy and offer all types of modern and universal banking services to all visitors coming into the country. "

Where Credit is Due

Certainly banks have been becoming increasingly active in expanding their services to national and international clients. Credit cards such as Visa and Mastercard have yet to make an entry into Equatorial Guinea, though CCEI Bank GE says it will be introducing them this year. Joseph Célestin Tindjou, CEO of CCEI Bank GE, also insists that the bank's very existence today is because of small and medium enterprises. "If this bank has survived so far, it is not because of the large corporations, but thanks to the support of the small ones when we first started in 1994. We started with the small and medium enterprises, working very closely with them, always respecting their own culture, and I can guarantee that the future of this institution relies on the small stakeholders. We have to know that if we wish to participate in the development of a country, if we wish to reduce the social disequilibrium, we have to support SMEs and private entrepreneurship."

Tindjou, a Cameroonian executive with 17 years of experience on Equatoguinean ground, does however realize that the current shortfalls require efforts to be made by the country's bankers first. "We have to inform the population, to make presentations of our programs, to make the population trust us more,

knowing that before 1994 things were really hard." Two banks went bankrupt in the years before oil was found, with the last locally owned bank closing its doors in 1985. "Our role is to implement everything in order to make people understand that it is [more] important to have bank accounts and to collaborate with bankers than to hoard money," says Tindjou. Even public servants were paid in cash up until very recently, and they reacted hesitantly when their salaries started being paid out into bank accounts.

"When the population had difficult moments, we knew how to support them, as well as support the government in its development efforts—by offering adapted products. You know that there is no success without sacrifice, no success without work, without training. We invest a lot in training and in consulting, whether it is for individuals or for companies."

The "Horizon 2020" Development Program is widely recognized by banks as a healthy initiative for Equatorial Guinea, and is one that CCEI Bank GE fully supports. The bank has already created a department for social housing, working towards the realization of the "A home for everyone" program. "At a social level," continues CCEI Bank GE's CEO, "we have delivered a ward at the General Hospital of Malabo dedicated to the fight against AIDS. We also invest in the agricultural sector, working currently hand in hand with a company in its early stages of specializing in food production. At the educational level, we are thinking of introducing specific products towards financing Equatorial Guinea's youth. We have large projects and by 2015 we will be able to fill all the blanks."

"These initiatives," says Tindjou, "have made CCEI Bank GE the most trusted bank in Equatorial Guinea and a leader in deposits and credits, with a market share of 50 percent and 80 percent, respectively." Eager to attract more investors to the country, the bank is not resting on its laurels. "Equatorial Guinea has one of the most flexible investment codes of the sub-region. Apart from the advantages that exist in this investment code, you can always seek further input from the government on additional advantages, which may be provided after they have been analyzed. I want to point out that the essential thing is to have a serious profile, to be honest, and to respect the laws of the country. As long as these conditions are met, Equatorial Guinea is an emerging paradise."

Big BANGE Theory

The first locally owned bank to enter the market since 1985, BANGE (Banco Nacional de Guinea Ecuatorial), was set up in 2006 to support public and private infrastructure projects in the real economy. But oil flow does not guarantee cash flow, and three years down the line, the newly established bank found a partner to help reverse its turnover. The African Development Corporation, part of Germany's Altira Group, bought a 25 percent stake and took over management to bring BANGE up to a new level of competitiveness.

"This year is a very profitable one," says Cornelis Verheezen, the man tasked with guaranteeing the bank's existence and subsequent success. "This has been achieved and now we have proceeded to efficiency improvements." Verheezen is somewhat of a veteran when it comes to building up banks to viability and full potential in emerging markets. Verheezen practically co-founded the banking sector

in Afghanistan in one of eight banks he has established during his career. In the case of BANGE, the bank had to prove itself in competition with one international and two regional institutions.

"Even though we are 'fishing in the same pond' with the other banks, we are a local entity and that is what differentiates us." Verheezen says that with the government owning a 35 percent stake in BANGE, the bank closely associates with "Horizon 2020" objectives. "Thus, we know where the development takes place, and that is where the business actually is." So how does Verheezen plan to win the hearts and accounts of international and local clients? The answer lies quite simply in modernization and building up Equatoguinean management skills.

"Our job is to train the people and build up the proper competence. That is in fact what I have done almost all my life in emerging markets. You enter the market, you find people with the right potential, you build up a bank, you train the people, and then you leave. This phase needs about 3 to 5 years depending on the tasks. We are now one and a half years down the road and we tripled the lending business. The deposits have also grown 20-plus percent. We have no liquidity problem, so we are in a comfortable position."

Acccording to Verheezen's team, the local banking system is not up to speed yet. "If you start developing a market, you should bring it immediately to the 21st century, bringing the latest technology and products. The moment we offer more services, more cards, more ATMs, the next step is that people and private corporations alike will bring in their business." Together with the government, Verheezen is executing tests with all the major credit card providers so that BANGE can offer the full range, including the Chinese CUP card, in early 2011. "You have to offer a total package. We are ready to venture in e-banking in spite of low Internet density in general. However, all corporate clients do have Internet and will be better serviced if they can work with their bank from behind their desks. The infrastructure has to be developed to allow us to move forward with fully fledged banking services."

Piece of the Pie Chart

As banks race to be the first to roll out new services in Equatorial Guinea, competition within the sector is heating up. This is only logical, given Equatorial Guinea's central location in the Gulf of Guinea. Once its new ports, upgraded airports, and other infrastructure projects have been completed, the country will be able to serve as a pivotal trade hub for the CEMAC region. According to Christophe Mounguengui, director-general of BGFI, two more banks are about to enter the market, Ecobank and UBA. "It is evidently a very dynamic sector," says Mounguengui, "but it presents some problems, since banking among the population remains weak." BGFI was the first to introduce ATMs in Equatorial Guinea in combination with salary accounts, providing debit cards so people can use the ATMs to extract their pay. It may seem straightforward enough, but when limited infrastructure is available, these are indeed milestone achievements.

Christophe Mounguengui believes that, in order to advance, Equatoguineans need a shift in cultural mindset, for many facets of life. "We are planning to convince the people to save money. This is not inside their mentality and culture. We also want to start with products for the children regarding savings, since children are our priority in the group. Parents should learn how to save money in order to support them, for example in their future education."

Through a partnership with WWF and the wildlife conservation society, environmental protection is another field in which BGFI is active. Gabon is particularly dependent on this change. "The protection of the environment might exist in the leaders' minds, but it is still not in the culture of each and every individual."

EG Calling

A sector that will be particularly observed for its development is telecommunications and the spread of information technology. Because telecoms are so vital to a society's daily progress, Equatorial Guinea has subscribed to the ACE submarine cable. Operated by Alcatel-Lucent, the cable will provide data speeds of up to 5.12 Terabits per second, a considerable speed considering the country only had basic land line cables until 15 years ago. "The 'Horizon 2020' policy adopted the use of fiber optics for its communication and information technology innovations and utilities," says Equatorial Guinea's former Minister of Transport, Technology, Posts, and Telecommunications, Vicente Ehate Tomi. Finally high-speed, high-quality broadband is making its way from France to Equatorial Guinea via South Africa. "The general law of telecommunications in the country has as sole objective to liberalize the market." And with only two telephony operators active in the country, GETESA-Orange and HITS Telecom, Equatorial Guinea is still quite open for telecom providers to enter the market.

Equatorial Evolution

How one oil boom, over 200 construction companies, and 756 infrastructure projects are shaping a whole new nation.

Many nations dream of striking oil on their territory. The opportunities that arise from such a find are immense, if handled sensibly. If political or civil instability was a factor, the discovery of natural resources can also blow up those tensions, especially if the ensuing wealth has not been distributed to benefit the whole population.

For Equatorial Guinea, a small yet stable country, which until recently hardly had any significant economic activity on an international level, the discovery of a generation must have seemed heaven-sent. A nation that had no roads, ports, sanitation network, electrical grid, industry, nor social housing suddenly, in 1995, found itself endowed with fossil fuels. Here was a chance for President Obiang to become a difference maker, to build up his country and establish a new economic order within the West African community; and he took it with all his power.

"During this oil boom," explains Marcelino Oyono Ntutumu, Equatorial Guinea's former minister of public works and infrastructure, "the government focused its efforts on the basic infrastructure. This will be the base for exploitation in the future. We are now in the process of building about 2,000 kilometers of motorway both in the insular and continental regions. In Malabo we are building the most important port after Morocco and South Africa. It will be a port of at least 18 meters' depth."

In Bata, the government has also ordered the port to be modernized. "It was an open sea port and had a capacity of 6 boats. Now we are building a port that will have a capacity of 40 boats and at least 16 meters of shed. We are in the process of achieving the first runway for the Airbus A380 in Bata, which will have a length of 3.5 kilometers and 70 meters' width. Apart from Senegal and South Africa in the African zone, no other country is building such airports. All these works will be achieved by next year."

Demetrio Elo Ndong Nsefumu, Equatorial Guinea's second vice prime minister and newly appointed minister of public works and infrastructure, says it was the government's firm decision to use financial resources from oil to fund projects for the people. "It should be noted that these great works arise from the difficult geographical situation of Equatorial Guinea: a presence of islands and islets with great distances between them and difficult access to the continental part, a vast maritime extension of some 300,000 square kilometers and a continental zone far from the islands, bordering Cameroon and Gabon."

In this scenario, a massive national overhaul is taking place to create ports, airports, power plants and electric transmission lines, potable water supply and sanitation, roads, bridges, government buildings, hospitals, stadiums, sports halls, and a huge amount of social houses or residential complexes, all as a central strategy for economic and social development and poverty alleviation. "Equatorial Guinea is open to any investor in any sector who will be treated according to the law and to the gracious hospitality that characterizes our peaceful people," concludes Elo Ndong Nsefumu.

Anyone who visited Equatorial Guinea 10 years ago and returns today will see that the infrastructure minister is by no means exaggerating. The tireless efforts made in creating a new nation with all the basic infrastructure necessary to spark socio-economic growth are mind-boggling. Urban and rural areas are being connected, electricity is finding its way to new communities, and clean, running water is starting to flow in villages formerly cut off from utilities.

In an interview with Equatorial Guinea News, President Obiang discussed the effects these developments were having on his country. "Frankly, everyone sees that Equatorial Guinea has been transformed. This transformation can be seen in the aspect of infrastructure, as well as in the morale of our people, because they feel satisfied." The president added that he thought there had been an important change from an economic-political standpoint. "I don't say it as flattery, it is the reality. The country has many prospects for improvement."

Projecting the future

The "Horizon 2020" Development Plan would have been inconceivable without the plethora of works being carried out in basic infrastructure. Equatorial Guinea's regeneration currently counts 756 Projects, 90 percent of which is being paid for by the government, all derived from natural resource revenues.

But the oil-buck doesn't stop there. "We are creating a platform for the exploitation of tourism," continues former infrastructure minister Marcelino Oyono Ntutumu. "That's why we are building an airport in the island of Corisco, which has a length of 3 kilometers. From that point on, we are calling businesspeople, professional experts, and private enterprises to collaborate with the government in the exploitation of those sectors where

the government has established the basic infrastructure."

The development of landmark projects across Equatorial Guinea reflects a profound desire and a strategic plan to reinforce economic growth, ensuring better quality of life for the people and building a solid foundation for the future. Overseeing this construction drive is GEPROYECTOS (National Office for Project Planning and Monitoring). At its helm is Committee President Tarcisio Obama Nzeng. "There were 185 projects completed at the end of 2010," reports Obama. "We have registered about 200 national and foreign enterprises, which are working in the construction sector here in Equatorial Guinea."

Tarcisio Obama Nzeng personally oversees the execution of the country's projects, along the way assuring that a large amplitude of projects has already been completed. "We have completed three street paving phases of the streets of Bata and the addition of drinkable water and sanitation networks in the cities of Ebebiyin, Mongomo, and Evinayong." New roads between Niefang and Evinayong as well as Bata and Mbini have also brought new life to those towns. "In Bata we have finished with the restructuring of the National Institute of Secondary Education called Carlos Lwanga and that of the Polytechnic Center in Bata. We have also completed the construction of several institutions of Secondary Education in the municipality of Bidjabidjan, Bitica, Bicurga, and Evinayong."

Speaking about the water sector, Obama Nzeng notes that in villages or areas where a system of potable water and sanitation has been introduced, the health of the population has improved significantly. "As you know water can be a source of contamination and diseases. As long as the water is improved, the health of the population is also improved and various diseases like malaria can be eliminated."

Obama says there is a healthy symbiosis of governmental development agencies working together with private contractors from both Equatorial Guinea and abroad. Meanwhile, private investors are being courted to start their own projects with special incentives. "For example, if somebody wishes to invest in the hotel business, he will not have to pay for the land. The land in such cases would be provided for free. Another important incentive is the tax exemption that applies for investors."

Harboring confidence

One international firm already taking advantage of these incentives is the Moroccan civil engineering company SOMAGEC GE. It is currently developing three hotels in the country and even planning a fourth on Annobón island. "We think that the future of Equatorial Guinea is tourism," says Jean-Charles Hayoz, director-general of SOMAGEC GE. "We decided to orient the company towards tourism development by participating in the construction of three hotels; the Kogo Hotel, the Corisco Hotel, and the $70 million 5-star Media Luna Hotel, a 100 percent SOMAGEC project. The concept for Annobón is based on high-sea fishing and the idea of a modern well-being center. It will be suitable for people who want to spend, let's say, one week far away from the modern world."

The decision by one of Africa's largest maritime civil engineering groups to venture into tourism development here is a prime example of the faith displayed by a foreign company in Equatorial Guinea's non-oil potential. SOMAGEC's main strength and expertise lies in public works and the execution of vital infrastructure projects, as it has proven through Equatorial Guinea's transformation. In just under six years, SOMAGEC GE has not only initiated and completed a total overhaul and extension of the port in Malabo; it has also created the first and only port in Annobón, extended the island's airport and upgraded its terminal, developed a harbor and a 13-hectare tourist zone in Kogo, and initiated a coastal protection project against erosion in Bata, as well as the rehabilitation and construction of Bata's new harbor. With over 5,000 employees, SOMAGEC GE is the largest contractor in Equatorial Guinea, indirectly providing income for approximately 8 percent of the population.

Hayoz explains that his company's policy is to only collaborate with those countries that Morocco has good political relations with, but it was nevertheless a challenge at first to create relations of confidence with the government. "The only way to achieve that was through our work, through proving that we are able to accomplish whatever we have committed to." It only took SOMAGEC GE one year to erase any apprehension, bringing in new equipment and delivering ahead of deadlines. "The second challenge was to shape the people who were going to work with that new equipment and make them understand the whole target and the fruits of their work."

The government's decision to re-invest oil and gas funds into infrastructure projects is the right choice in Jean-Charles Hayoz's opinion, given that it promotes the people rather than the country. "For example, if you wanted to go from Ebebiyín to Bata a few years ago, you needed two days. But now with the new roads you are there in two hours. So, a farmer from Ebebiyín, who wants to sell his products in Bata, can take a car, arrive in Bata in the morning, and sell his products. Then he can buy goods and drive back. That is exactly a way to

create movement, to create a society, and consequently to create an economy."

Currently working on a new trade and passenger harbor at Corisco and an industrial harbor at Akalayong, Hayoz takes pleasure in witnessing the effects SOMAGEC's first projects are having on the country. "Since December 2010, the 16-meter deep harbor in Malabo has the first berth in Sub-Saharan Africa which is able to receive the new 'Super Panamax' vessel. By the first quarter of 2012, it will be able to host two of these at the same time, each one carrying 12,000 to 14,000 containers. Although gantry-cranes capable of unloading vessels this size have yet to be invested in, all these constitute a crucial step towards Malabo and Bata on the mainland becoming trans-shipment hubs for the African continent.

The most significant metamorphosis however has been for the formerly isolated island of Annobón, which used to be approached once every month, at best, and vessels remained in high seas while islanders had to reach them in their 'cayocos' made of hollowed-out Ceiba tree trunks. The new $129 million port of Annobón, which lies 500 miles south of Bioko, will now permit trade with the region, with the docking of large-tonnage ships and passenger ferries. The Equatoguinean government has made a total investment of over $425 million in Annobón. Jean-Charles Hayoz is proud not only of his company's achievements for the people of Equatorial Guinea, but also that these "show the whole world how a typical African company is able to concept, build, and realize such large-scale projects, proving also the worth of cooperation between African countries."

Essential Infrastructure

Having committed all available funds in order to ensure the execution of necessary modern infrastructure and development projects all across the country, the government of Equatorial Guinea is today monitoring the allocated public funds, making sure the construction sector is delivering the desired level of quality and value. The foregoing has prompted the Ministry of Finance to begin implementing a structure of pricing per unit, to be adopted for public works, in a well-directed effort by President Obiang to keep costs under control.

The sheer number of projects being executed nationwide is awe-inspiring, but also highly challenging. "The coordination of the infrastructure is something quite difficult, and shall take time for sure," observes Bechara El Kassis, director of operations at renowned construction and engineering company Setraco EG, "especially when it comes to bringing in people to start the construction of a project, to provide plans and provisions, or to apply them." But El Kassis praises the close cooperation with all relevant public authorities passionate about a collective success. "Everybody needs everybody," he adds, also indicating the collaboration with other construction companies present in Equatorial Guinea. "It is a cooperative attitude, not a competitive one, aimed at bringing about the best results for the country. We are combining all our strengths with the government's efforts in a disciplined and organized manner, so as to ensure a high level of quality and professionalism in the execution of both public and private works."

Nevertheless, the company has also proven its worth in executing intricate projects on its own. "The first essential project that we were assigned in February 2009 was that of Paraiso," continues El Kassis. "Development of the Paraiso neighborhood is considered one of the most challenging projects, since it is situated in a very populated area with many obstructions." In addition, it is a complete infrastructure project entirely taken on by Setraco EG. "Now we stand at 70 percent of the project, which includes sanitary, drainage, potable water, and distribution networks. When we took over this project we brought in people who had worked with us in the past, well experienced in the field of infrastructure. As a result, we have managed to increase the production by 3 or 4 times per month over the last 4 months."

Bechara El Kassis indicates that there are also natu-

ral factors to consider when developing a project in Equatorial Guinea. "Our target is to have finished with the main roads of Paraiso by June 2011. Then the curbs and pedestrian walkways remain. We have set our targets, but unfortunately there are many factors causing delay, such as rainfall. This is something that cannot be predicted, and one day of rainfall actually means two days of productivity loss. Given that the soil layers are composed of clay, whenever there is water, it takes time to dissipate and evaporate."

Bringing 41 years of experience from Lebanon, the Nigeria-based company said its main challenge on arrival in 2003 was the language barrier, for which it brought in Spanish-speaking professionals from Europe. The second issue was isolation. Conducting construction projects on an island requires everything to be shipped in. "We have a fleet here of over 150 machines," says El Kassis, "with about 26 extra-heavy pieces of equipment coming in order to speed up operations before the rain season begins. In line with Setraco's faith in the country's promising future and potential, the company has committed among the largest capital investment made by private companies here in Equatorial Guinea. We have already invested approximately $7 million." El Kassis says that even with a 10 percent government down payment on projects in hand, Setraco's total investment will run up to $25 million once it has established its main offices in Equatorial Guinea.

Bringing vital arteries to life

Not all foreign construction firms present in Equatorial Guinea came after the oil boom. Sogea Satom GE, part of Vinci Construction, has been present in the country for more than 15 years, becoming one of the first foreign entities to commit to the nation. Bringing in 70 years of know-how and the experience of conducting projects from Morocco and across Africa, it has been at the forefront of bringing vital transport arteries to life, connecting the country with roads and bridges.

Frank Casteleyn, the company's agency director in Equatorial Guinea, describes how its work has impacted Equatoguinean life. "In a town like Mbini, for example, which is very far from easy connections, there were no open roads. The few open roads we built changed the nature of the town completely. From there you start organizing business activity and the government can start planning schools, hospitals, and everything else. I have been working for 16 years now in the construction sector across Africa and this is the first time I have seen such frenzy," comments Casteleyn.

The payoff for home-bred construction companies participating in their country's buildup lies in the exchange of acquisition and transfer of know-how. "Partnerships are quite necessary, since the implementation of some works within a project may require more than one enterprise to make it," says Alejandro Envoro Ovono Angue, president and director-general of Equatoguinean construction firm AMACEEA, col-

loquially known as Andoga. "For example, we are constructing a road extension of many kilometers. In order to do it appropriately, we are collaborating with other big enterprises for the construction of the bridges and the project designs. One major advantage is that we train our own local people, since most of them are quite competent."

Home improvement

AMACEEA's main projects, assigned by the government, are ones that can be slightly challenging on a private level, as Envoro Ovono Angue explains. "We have big and important projects ranging from $20 million to $126 million. We have the government trust and support for the execution of these projects, especially the residential houses that we build."

Safe new social housing is a vital necessity for most communities in Equatorial Guinea. Even in some quarters of Malabo, homes are not connected to running water networks. This in combination with dangerous materials in use has caused quite a few outbreaks of fire. "We also contribute to the social sector," says AMACEEA's president and director-general. "For example, during our construction activities, we may help by building a house for a poor family to live in decently. Also, we build meeting places so that people in villages may gather and socialize."

For Envoro Ovono Angue, the "Horizon 2020" Development Plan is encouraging not only the progress of Equatorial Guinea's people but also its businesses. "Our company started as a small enterprise, and during years of work it has increased tremendously and has taken a very important place in the country. This is due to the opportunities that our president and the "Horizon 2020" plan gave us, as all efforts are directed towards an integrated development of Equatorial Guinea."

Bespoke design

The number of contractors active in Equatorial Guinea is creating an entirely new ecosystem, leading companies to home in on specific areas of expertise or even expand to offer turn-key services from start to finish. "Competition forces the construction industry to evolve," observes Roger Pereira, director of PAC International GE. "That´s why we have chosen to position ourselves as a high-standard construction company." Pereira notes that throughout the 10 years of the company's activities here, "PAC International GE has grown to offer specialist site teams of 450 personnel to perform high-quality construction, renovation, interior design, furniture work and decoration, consultancy, refurbishment, and planned maintenance services. We use only the finest craftsmen to ensure that these important bespoke elements are finished to the highest standards."

PAC currently takes on 30 projects a year, setting itself apart from other constructors and elevating the standards of engineering, architecture, and aesthetics by adding bespoke elements and details in all of its works. Among its various projects, PAC has undertaken significant assignments at Sipopo, the General Hospital in Malabo, VIP terminals at the airports of Malabo and Bata, the Cultural Center of Malabo, the Public Library of Bata, the Ministry of Agriculture in Malabo, the Nigerian Embassy at Malabo, the Malabo Student Hostel Residence, and the Seminary of Banapa.

Pereira says that by contributing to the country's architectural landscape, PAC has become part of the national development. "While PAC International executes mainly government works, our projects have helped grow local economies and improve the quality of life for communities and people across Equatorial Guinea."

In spite of all the challenges facing the country, considering how far it has come and the state it was in just a few years ago, it is not hard to understand how Equatoguineans view the progress in a positive light. "The infrastructure sector contributes greatly to the socioeconomic development of our country," Infrastructure Minister Demetrio Elo Ndong Nsefumu says with pride. "It has been emerging as a major vector of development, being the link that facilitates the interaction between productive and social sectors."

Building a luxury tourism upgrade

From its inception almost 100 years ago, Hilton Hotels & Resorts has become the most recognized global brand associated with luxury hospitality. The winning philosophy of founder Conrad Hilton has now also reached Equatorial Guinea's shores, as his spirit once again beckons visitors to "Be My Guest."

The 189-room Hilton Malabo will be the country's new benchmark of luxury. Only five minutes from the airport and seven minutes from downtown Malabo and its new business district, Hilton Malabo is also set to become the beating heart of Equatorial Guinea's tourism, conference, and business travel sectors.

The approximately $70 million establishment, completed from scratch in just five years by American Business Investment (ABI) Construction Ltd., includes a state-of-the-art conference wing, a grand ballroom for up to 450 guests, and a fully equipped business center.

Youssef Ahmad, general director of ABI Construction, says the Hilton is practically finalized, opening its doors on May 30 2011. On the occasion of the 2011 African Union Summit in the country, Hilton Malabo will be welcoming Equatoguineans and foreigners alike. "Profiting from our presence here for this successful project, we have been able to initiate other construction projects with the government," explains Ahmad, mentioning the new building that will house the Ministry of Economy and the Ministry of Finance and Budget, as well as one for the Municipality of Bata.

There's no doubt that Hilton Malabo will place Equatorial Guinea on the "go-to" executive and tourist maps, in itself a whole new frontier for the country.

Grand Challenges

Assuring a collaborative reform process, President Obiang has vowed commitment to the rational use of resources, social sector development, legal reform, relations with human rights organizations, and environmental conservation. With USAID technical assistance for the country's Social Development Fund, the economic transformation will promote small and medium enterprises, benefit a better redistribution of the national wealth, and allow a drastic reduction of poverty.

International oil companies have also started to take up an active role in Equatoguinean life. During the nation's annual Independence Day parades, it is not unusual to see delegations from Marathon Oil, Hess, or ExxonMobil participating in the festivities alongside parading national troops and local schoolchildren. As David Kennedy, vice president of Hess EG, explains, big oil companies want to be part of the country's development. "We endeavor to leave a lasting and positive legacy in the country." In the past 10 years, Hess committed over $30 million to social responsibility projects in Equatorial Guinea, including 50 percent co-sponsorship of the Prodege primary education improvement project with the government.

Marathon Oil equally believes that the right to operate in and work together with the government of Equatorial Guinea is "a privilege." In return, Marathon has not only pumped funds and efforts in Bioko's Malaria Control Program, but has also committed to advanced education initiatives for Equatoguineans, such as undergraduate training programs at the Universities of South Carolina and Texas A&M.

The grandest challenge, however, lies in the development of education and health care. In order to avoid the proliferation of problems affecting the country's school system, Minister of Education and Sciences Joaquín Mbana Nchama has been visiting national academic institutions to take note of ideas for improvement. Students raised their concerns, which ranged from a paucity of didactic material, libraries, and Internet access to demands for an increase in qualified professors. The

minister promised to devise solutions, in return encouraging students to maintain "good manners" and discipline to uphold peace and order in the country.

West African students now also have access to the new International University of Equatorial Guinea in Malabo. Designed by Unicon Development, the complex aims to impart future leaders with the knowledge to compete in a global landscape, while still maintaining and enriching their own cultural identity.

In addition, the School of Medical Sciences in Bata, part of the National University of Equatorial guinea (UNGE), has recently been endowed with upgraded equipment, one of the steps taken to assure future growth and increase medical expertise in Equatorial Guinea, and an aspiration for government-paid universal health care.

An enterprising perspective

Before it can take its first unaided step, a baby needs to find its equilibrium, standing on its own two feet. "Balance of growth," is how Minister of Economy, Commerce, and Promotion of Entrepreneurship Dr. Francisca Tatchouop Belobe describes her strategy of diversification for Equatorial Guinea. "The mono-production orientation in the oil sector has established an economy that remains very fragile," clarifies Tatchouop Belobe. Thus, the government passed a fiscal expansion policy that aims to obtain resources in order to make investments in other sectors. However, growth is embedded in a well-functioning and organized private sector. "This leads us to the small and medium enterprises, which are not involved in the oil sector and need a lot of support in order to finance their activities."

Logically, economic diversification has to be based on expanding the country's existing industries, with a special focus on increasing the export potential of fisheries, agriculture, and forestry. Modern service sectors like telecoms, financial markets, tourism, and transport are slightly more challenging to develop, as they require both qualified human resources and infrastructure upgrades; the latter are being undertaken by the government and the former is being addressed by developing human resources from primary to higher education levels through the Prodege project, the National University of Equatorial Guinea, and other initiatives.

"The population is quite active, commercially speaking. But enterprises lack the human resources or funds to implement better activities." Economy Minister Tatchouop Belobe is therefore creating a fund of partial guarantee of credits and a training center.

"By far the biggest challenge is, however, understanding that economic and social development means building a win-win contract between all actors, institutional and private. The challenges we are facing are of a more philosophical than technical nature. If there is a lack in the conceptualization of a vision of society, it is difficult to implement technical development."

One of the companies driving non-oil growth in Equatorial Guinea since 1997 is CFAO MOTORS, a French-based automotive, high-technology, and pharmaceutical representation group active in Africa since 1886 and with presence today across 36 countries. Samuel Lefebvre, general director of CFAO MOTORS EG, also agrees that shifting gears in education is a prime factor for accelerating business here. "Its shortage is actually the brake on development," Lefebvre asserts.

As the official representative of Toyota in Equatorial Guinea and a major sales force in Suzuki, Peugeot, and Renault trucks, CFAO's success depends largely on the technical know-how of its after-sales service engineers. Lefebvre therefore places great importance on the training of the country's 71 employees. "There is also a Toyota training center in Douala where we actually send those employees who have the appropriate potential to evolve."

With Equatorial Guinea's expanding road network and economic activity, CFAO is projecting an increase in demand, vehicle imports, and car sales, automatically requiring a larger pool of competent technicians. "This is why we are proceeding towards the construction of a concession—European Toyota's standard—for the automotive sector, to enforce our position in after-sales services and support." But there is one other issue, which according to Lefebvre is arresting development of enterprise in Equatorial Guinea: the approximately 50 percent share of the informal market that skirts all legal and tax directives. When trust and balance has been mastered, and such challenges are resolved, the infant economy that is Equatorial Guinea will soon be running at full speed.

Tourism Graces

Imagine observing gorillas at the Monte Alen National Park, discovering the James Bond–esque volcanic crater lake Lago A Pot on Annobón Island, or ascending Mount Pico Basilé to breathtaking views. It can all be possible as tourism development opens up Equatorial Guinea in the coming years. Secretary of State for Tourism Jose Mba Obama describes his country as "an oasis of peace, where a person feels more human," with a high potential for quality leisure and ecotourism, "more rewarding than mass tourism." Mba Obama wants his people to understand the importance tourism can have in improving their living standards. "We Guineans have to identify ourselves with tourism as a way to emphasize the values of our own identity."

All that is required now is a travel visa, an approved itinerary from the ministry of information and tourism, and—in case you want photographic keepsakes of your Equatoguinean memories—an official letter of permission to take pictures.

New hotels are sprouting and transportation facilities are increasing throughout Equatorial Guinea. By basing yourself at the Sofitel Malabo, with its Spanish Colonial architecture and French art de vivre, you're well in reach of all that's fascinating in this land, its graceful and hospitable people, their unique customs and culture, and immensely diverse flora and fauna. You might even catch an impromptu performance by the Malabo Strit Band.

Nothing really sparks off a country's tourism potential like a major sporting event. In 2012 it will be Equatorial Guinea's chance to shine, as it is organizing the 2012 Africa Cup of Nations soccer tournament, together with co-host Gabon. Four brand new stadiums have been built for the event, one of which will have the honor of hosting the opening match.

"There will be a common visa for Gabon and Equatorial Guinea during the event, allowing you to travel in both countries," says Secretary of State of Youth and Sports Ruslan Obiang Nsue. "As the organizing committee, we are also collaborating with Ghana, which has already organized two such events in the past, so their input can be valuable. For the state, the country's image, and our population, this is a way to prove that Equatorial Guinea is an open country."

By awarding Equatorial Guinea this hosting privelege, Ruslan Obiang Nsue says the Confederation saw that it was "an opportunity to help the development of the country, because such an event would push the development further and turn all eyes on this fast-changing economy."

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Getting the Military Out of Pakistani Politics

How Aiding the Army Undermines Democracy

Aqil Shah

The United States has a major stake in Pakistan's stability, given the country's central role in the U.S.-led effort to, in U.S. President Barack Obama's words, "disrupt, dismantle, and defeat" al Qaeda; its war-prone rivalry with India over Kashmir; and its nuclear arsenal. As a result, U.S. policy toward Pakistan has been dominated by concerns for its stability—providing the reasoning for Washington's backing of the Pakistani military's frequent interventions in domestic politics—at the expense of its democratic institutions. But as the recent eruption of protests in the Middle East against U.S.-backed tyrants has shown, authoritarian stability is not always a winning bet.

Despite U.S. efforts to promote it, stability is hardly Pakistan's distinguishing feature. Indeed, many observers fear that Pakistan could become the world's first nuclear-armed failed state. Their worry is not without reason. More than 63 years after independence, Pakistan is faced with a crumbling economy and a pernicious Taliban insurgency radiating from its Federally Administered Tribal Areas (FATA), the semiautonomous seven districts and six smaller regions along its border with Afghanistan. It is still struggling to meet its population's basic needs. More than half its population faces severe poverty,

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which fuels resentment against the government and feeds political instability.

According to the World Bank, the Pakistani state's effectiveness has actually been in steady decline for the last two decades. In 2010, *Foreign Policy* even ranked Pakistan as number ten on its Failed States Index, placing it in the "critical" category with such other failed or failing states as Afghanistan, the Democratic Republic of the Congo, and Somalia. The consequences of its failure would no doubt be catastrophic, if for no other reason than al Qaeda and its affiliates could possibly get control of the country's atomic weapons. The Pakistani Taliban's dramatic incursions into Pakistan's northwestern Buner District (just 65 miles from the capital) in 2009 raised the specter of such a takeover.

Pakistan is, of course, a weak state with serious political, economic, and security challenges. But it is not on the fast track to failure, ready to be overturned by warlords, militants, or militias. It has an incredibly resilient civil society, which has proved itself capable of resisting both state and nonstate repression. Its numerous universities, assertive professional associations, vocal human rights groups, and free (if often irresponsible and hypernationalist) media sharply distinguish Pakistan from the likes of Afghanistan or Somalia. And its bureaucratic, judicial, and coercive branches still have plenty of fight left in them. The country's political parties are popular, and parliamentary democracy is the default system of government. The Pakistani military, moreover, is a highly disciplined and cohesive force and is unlikely to let the country slide into chaos or let its prized nuclear weapons fall into the hands of Islamists.

But although Pakistan's army is professional, it has no respect for the political system. It has not mattered whether the army is under the command of a reckless figure, such as General Pervez Musharraf, or a more prudent one, such as the current chief of staff, Ashfaq Parvez Kayani. As an institution, it deeply distrusts politicians and sees itself as the only force standing between stability and anarchy, intervening in politics whenever it decides that the politicians are not governing effectively. These repeated interventions have weakened Pakistan's civilian institutional capacity, undermined the growth of representative institutions, and fomented deep divisions in the country.

Getting the Military Out of Pakistani Politics

Pakistan is unlikely to collapse, but the imbalance of power between its civilian and military branches needs to be addressed if it is to become a normal modern state that is capable of effectively governing its territory. For its part, the United States must resist using the generals as shortcuts to stability, demonstrate patience with Pakistan's civilian authorities, and help them consolidate their hold on power.

THE CAPACITY DILEMMA

The Pakistani military's political power is a historical legacy of the country's birth. The immediate onset of conflict over Kashmir in 1947–48 with a militarily and politically stronger India made the military central to the state's survival and placed it above civilian scrutiny. Today, after four wars with India, the military filters every internal and external development through the lens of Pakistan's rivalry with India. Civilian governments, such as the current one, headed by President Asif Ali Zardari's Pakistan Peoples Party (PPP), and those headed by Nawaz Sharif's Pakistan Muslim League (PML-N), have typically operated in the military's lurking shadow.

The military has frequently co-opted Islamists to advance its domestic and regional agendas. In the late 1970s and into the 1980s, the generals, especially the U.S.-funded military dictator General Muhammad Zia-ul-Haq, used Islamism to gain political legitimacy. Zia suppressed secular political rivals, such as the PPP, by jailing and torturing opposition leaders, banning political parties, and enacting harsh Islamic laws to appease allies in Islamist parties, such as the Jamaat-e-Islami. Zia also armed Sunni sectarian groups in order to balance the country's Shiite minority, which had been emboldened by the recent Iranian Revolution. State patronage of violent extremism deepened sectarian rifts, militarized the society, and empowered radical Islamists, all of which in turn eroded the state's own writ and authority.

Flush with U.S. cash, the generals also fomented militancy in Kashmir to keep India bleeding and sponsored fundamentalism in Afghanistan to give Pakistan strategic depth against its archrival. Yet faced with U.S. President George W. Bush's famous ultimatum after 9/11 to either cut the military's ties to Afghan militants or prepare for war, Pakistani President Musharraf ostensibly jettisoned the generals' black-turbaned allies. He granted the United States access to Pakistani

air bases, expanded Pakistan's intelligence cooperation, provided logistical support for the U.S. invasion of Afghanistan, and helped the United States with its primary objective—killing or capturing members of al Qaeda. The United States was content with this level of cooperation and did not press Pakistan to help stabilize Afghanistan or target the Afghan Taliban, who had fled to Pakistan in the wake of the U.S. invasion.

Yet by 2004, the Taliban threatened to undermine the Afghan regime from their stronghold in Pakistan, and the Bush administration demanded that Pakistan address the problem, "the sooner, the better" in the words of Zalmay Khalilzad, then U.S. ambassador to Kabul. Since then, the Pakistani military has targeted militant groups in several parts of FATA and in the Malakand region of Khyber Pakhtunkhwa (formerly the North-West Frontier Province).

Even if the Pakistani military's capacity is a genuine issue, it is not the reason why counterterrorism in the country has failed. It is merely a pretext for inaction.

But the military has a pick-and-choose approach to counterterrorism, even though terrorism poses a grave threat to Pakistan's internal security and stability. It has targeted members of the Pakistani Taliban in South Waziristan and other administrative agencies in FATA, for example, but has persistently refused to take action in North Waziristan, which is the headquarters of the Haqqani network, an al Qaeda–affiliated Afghan militant group that leads the cross-border insurgency in eastern Afghanistan. It also continues to allow top members of the former Afghan Taliban regime to operate from Pakistan's major cities, especially Quetta and Karachi. Although Lashkar-e-Taiba, a militant group that carries out attacks in India and Indian Kashmir, is formally banned in Pakistan, it continues to operate through proxies and aliases, recruiting operatives, organizing rallies, collecting funds for its "charitable" activities, and publishing proselytizing jihadist materials in plain sight of Pakistani intelligence authorities.

Although ending the insurgency in Afghanistan will require more than just eliminating militant sanctuaries in Pakistan, the Pakistani military's reluctance to target Afghan militants in North Waziristan has been a particularly sore point in its relationship with the United

States. U.S. officials believe that the lawlessness of North Waziristan hampers the U.S. military effort in Afghanistan, since insurgents can easily escape to safety on the Pakistani side of the border. For its part, the Pakistani military denies sheltering the Afghan Taliban anywhere in the country and claims that it cannot expand its operations into North Waziristan because it is stretched thin by its existing deployments and is short of critical military hardware, such as attack and transport helicopters.

Several U.S. and Pakistani observers agree with this assessment. Writing on March 23, 2010, in *The New York Times*, the Brookings fellow Michael O'Hanlon argued that Pakistan "simply does not have the military capacity to make major moves against the Afghan fundamentalists." Former U.S. Secretary of State Colin Powell reportedly believes that Pakistan needs more armaments to successfully fight insurgents on its border with Afghanistan. And Maleeha Lodhi, former editor of *The News International* and former Pakistani ambassador to the United States, similarly contends that pushing the military to fight on multiple fronts is likely to strain its capacity and undermine its existing missions.

Yet even if capacity is a genuine issue, it is not the reason that counterrorism in Pakistan has failed. It is a pretext for inaction, rhetorically implying that the military has undergone a strategic paradigm shift, seeing militancy as a threat to national security rather than as a useful tool of foreign policy. Yet there are reasons to be skeptical. First, the Pakistani military has shown that it does indeed have the tools it needs to fight terrorism in several tribal areas simultaneously when it wants to. Besides, it already receives enough U.S. security assistance—roughly $300 million since 2002 in foreign military financing and around $1.1 billion since 2008 for increasing its counterinsurgency capabilities, to be followed by $1.2 billion more next year—to acquire the capacity it claims to so desperately need. In contrast, in 2010, U.S. aid for Pakistan's poorly paid, undertrained, and underresourced police forces, which are crucial to fighting insurgencies, totaled a paltry $66 million.

Second, it is unlikely that the Pakistani military has truly changed its calculation of the strategic value of militant groups. Before it moved into South Waziristan in October of 2009, the military cited similar shortages in resources yet was able to conduct a full and relatively

successful mission there, clearing the area, capturing or killing many militants, and dismantling their bases and training camps. Indeed, the military seems to confront only those militants who threaten and attack the army itself. When the Pakistani government requested that the military go into South Waziristan, for example, it dragged its feet for months and was spurred into action only after militants carried out a deadly attack on its heavily guarded headquarters in the northern city of Rawalpindi. At the same time, it holds those groups that do not threaten it, including the Haqqani network, as reserve assets for the endgame in Afghanistan, when U.S. troops start pulling out this July and eventually leave by 2014. In fact, Pakistan's intelligence service has reportedly permitted Haqqani fighters to flee U.S. drone attacks in North Waziristan and relocate to bases in the nearby Kurram region.

Troublingly, the military's capacity alibi shifts the blame for the strength of Pakistan's violent extremists from the military—which has nurtured and legitimized the influence of radical Islamists—to civilian leaders and foreign patrons, who have supposedly neglected to provide the army with enough resources. Yet the extremists' growth and power in Pakistani society are a direct result of the military's pursuit of strategic depth against India. In fact, the military's permissive attitude toward radical Islamists has allowed them to infiltrate the lower echelons of Pakistan's security services. This worrying development was vividly demonstrated by the brutal murder of Salman Taseer, the governor of Punjab, Pakistan's largest province, by his own police guard on January 4 for opposing the blasphemy laws. Brazen terrorist attacks have battered the military itself, and suicide bombings in major Pakistani cities, including a spate of them in 2009 that claimed over 3,000 lives, have undermined citizens' confidence in the government's ability to provide them with security. Surprisingly, such attacks have not seemed to erode confidence in the military, especially after it provided quicker and more effective relief than the government after last year's devastating floods—although trust in the military should not be confused with public support for military rule.

CAN MIGHT MAKE RIGHT?

With all the resources in the world, the Pakistani military alone would be insufficient to conquer terrorism. So far, wherever it has

tried to deal with militants, it has alternated between attempting to subdue them with brute force and, when that does not work, cutting its losses by appeasing them with peace deals. Both approaches have further fueled militancy. For instance, the military's use of artillery and aerial strikes to "soften targets" (sometimes without sufficient warning to civilian populations) and its collective punishment of

tribes (under the Frontier Crimes Regulation, the colonial-era law under which FATA is still governed) have angered and alienated locals, reportedly facilitating militant recruitment. In exchange for a cease-fire, the peace agreements have ceded territory to the militants and given them the space to openly recruit, train, and arm themselves. The terms of the military's 2005 deal with Baitullah Mehsud, who was the leader of the Pakistani Taliban until his death in 2009, for example, stipulated that the military would release captured militants and vacate Mehsud's territory in return for a pledge that he would not harbor foreign fighters or attack Pakistani security forces. The military claims to have learned its lesson and has adopted a new strategy of counterinsurgency based on winning hearts and minds. But even in its recent campaigns, such as the 2009 offensives in the Swat Valley and South Waziristan, which were relatively more successful in terms of clearing militants and taking back territory, the military favored a heavy use of force and displaced millions of citizens. Moreover, it failed to capture or kill any significant number of senior Taliban leaders.

By treating the Pakistani military as a state above the state, the United States only reinforces the military's exaggerated sense of indispensability.

Militant extremism can be fought effectively only through serious governance reforms that ensure the rule of law and accountability. This will require a strong democracy, a viable economy, and well-balanced civil-military relations. In FATA, it will require abolishing the Frontier Crimes Regulation and integrating the region into the adjoining Khyber Pakhtunkhwa Province to end the Pakistani federal government's direct and oppressive rule, which the Pakistani Taliban have exploited to expand their influence, displace the already weakened tribal authority in the region, and establish parallel courts and policing systems in several FATA agencies, including North and South Waziristan. All of this seems daunting, but there is really no other long-term alternative. And despite its many failings and weaknesses, there are reasons to be optimistic about democracy in Pakistan.

If the "third wave" of democratization in the 1970s and 1980s had any lesson, it is that democracy does not necessarily require natural-born democrats or a mythically selfless political leadership. In fact, a strong

democratic system can mitigate the baser instincts of politicians. If anything, the experience of countries such as Chile, the Philippines, South Korea, and Thailand in the last few decades shows that the strength and quality of democracy may be linked to the stability of the party system. This is good news for Pakistan. It is true that Pakistan's civilian politics is dominated by a few families, namely the Bhuttos, who control the PPP, and the Sharifs, who control the PML-N. In a perverse way, however, the hold of the Bhuttos and the Sharifs on their parties may be one of the main reasons that these parties have survived the military's divide-and-rule repression and may consolidate democracy in the future.

Already, the demands of governing seem to be putting some positive pressure on Pakistan's politicians. The most recent civilian government is only three years old, yet the much-derided political elite seems to have developed a consensus that democracy is the only game in town and has enacted constitutional reforms to curb outsized presidential powers—an artifact of previous military regimes—especially the power to dismiss democratically elected parliaments and prime ministers, which past military or military-backed presidents used to neuter parliament. The government has also created new parliamentary committees to appoint Supreme Court and provincial High Court judges and the country's top election officials, delegated some administrative and financial authority to the provinces, and raised the share of the federal revenue pool that the provinces receive.

The best way to further boost Pakistan's democracy will be to habituate the military to democratic norms and raise the costs of undermining democratic governance. The current parliament has already removed some constitutional loopholes that military leaders used in the past to avoid prosecution for coups. It has also proscribed the judiciary's frequent practice of legalizing military rule. But more direct attempts at exerting civilian control have backfired, including the government's short-lived July 2008 decision to bring Pakistan's secretive Inter-Services Intelligence (ISI)—which technically answers to the prime minister but in practice operates as the military's intelligence wing—under the control of the Interior Ministry. The move was reversed during a midnight phone call between an angry Army Chief Kayani and the prime minister. And now, the ongoing ethnic violence in the southern port city of Karachi and the politically charged turf

battles between the PPP government and the Supreme Court over the judiciary's encroachments on executive authority—such as its sacking of top federal officials, its creation of judicial cells to monitor specific corruption cases, and its fixing of basic commodity prices—could invite renewed military intervention.

But such setbacks are not uncommon in transitional democracies and should not prevent civilian politicians from continuing to take measured steps to establish civilian supremacy. For instance, instead of staying out of defense policy completely, the civilian government should call regular meetings of the cabinet's Defense Committee to discuss and make key national security decisions. Civilians should also try to exert more control over the Ministry of Defense, subject military expenditures to vigorous parliamentary debate, create a bipartisan parliamentary subcommittee for intelligence oversight, enact legislation to bring the ISI under civilian control, and appoint a special cabinet committee to approve top military promotions and appointments.

OUT-OF-BALANCE BUDGETS

THE OTHER critical obstacle to democratization and stability in Pakistan is the country's weak economic performance. The civilian government inherited a cash-strapped, highly indebted economy from the Musharraf regime and had to ask the International Monetary Fund for a $7.6 billion bailout in 2008 to avoid default. Last summer's heavy floods, which displaced some 20 million people and caused considerable damage to Pakistan's civilian infrastructure, dealt a devastating blow to the prospects of economic resurgence. Perceptions of widespread government corruption and civilian authorities' apparent unwillingness to cut spending have not helped. Moreover, Pakistan has one of the lowest tax-to-GDP ratios in the world—only two percent of the population pays any taxes at all—yet the government has not been able to agree on critical tax reforms.

Pakistan must also reckon with the need to alleviate the economic hardships faced by its poor. Skyrocketing inflation of basic commodity prices, chronic power cuts, persistently high levels of unemployment, and general lawlessness are fueling public resentment of the current government. Some observers fear that the downward economic spiral could play into the hands of Islamists, but there is no automatic link


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between economic woes and the influence of Islamists in public life. In Pakistan, Islamist influence has been closely tied to state patronage, not popular support. Islamist parties continue to perform poorly at the polls, never garnering more than 10–12 percent of the vote, whereas the two main moderate parties—the PPP and the PML-N—typically claim about 60 percent of the vote and 70 percent of the seats in the national parliament.

Still, Pakistan's civilian government must stabilize the economy to bolster public confidence in democratic institutions. It must invest in Pakistan's long-term economic development and create opportunities for the country's rapidly growing population. It may even need a long-term, multibillion-dollar Marshall Plan to help build civilian institutional capacity, rebuild areas hit by last year's floods, invest in public-sector and infrastructure projects, and plug the energy shortages that have all but crippled the manufacturing sector, especially its top-exporting textile industry. Of course, such a plan should come with proper controls to fight corruption and waste.

It is worth noting that Pakistan's economic difficulties are the result not just of bad luck and poor management, and therefore they cannot be fixed with development aid alone. They are rooted in fundamental structural problems as well: military expenditures dwarf spending on development. Pakistan has one of the world's largest out-of-school populations, yet it spends seven times as much on the military every year as on education, an investment with a higher national security payoff in the long run. Thus, the country must find a way to rationalize its military expenditures.

Some progress toward a resolution of the Kashmir conflict could induce Pakistan to scale back its military behemoth. It could also potentially reduce the attractiveness of using militancy as an instrument of foreign policy. As Steve Coll chronicled in *The New Yorker* in 2009, Musharraf and Indian Prime Minister Manmohan Singh were quite close to reaching a breakthrough accord on Kashmir in 2008, but it was aborted by the rapid erosion of Musharraf's authority in the face of domestic opposition to his dictatorial rule. The point is that only a strong, stable, and legitimate elected government will be able to mobilize the public opinion necessary to clinch a lasting peace with India. Both the PPP and the PML-N favor cooperation over confrontation in the region, and each has tried to mend fences with India, through

high-level diplomacy as well as backdoor talks, only to be upbraided by the generals for compromising on national security. These parties need more room to pursue peace with India while holding the military at bay. This is something the United States can help provide, by firmly supporting democratic institutions in Pakistan even as it works with the military to fight al Qaeda.

NO MEANS NO

The Obama administration came into office in 2009 with a solid commitment to supporting Pakistan's then year-old civilian democratic government as a hedge against militancy and terrorism. The Kerry-Lugar-Berman bill, which was passed into law as the Enhanced Partnership With Pakistan Act of 2009, authorized the U.S. Congress to triple civilian development assistance to Pakistan, raising it to $7.5 billion between 2010 and 2014. The aid package was designed to signal a new era in the United States' relationship with Pakistan, shifting the focus of U.S. aid from the military to civilian democratic governance and social development. Continued military aid was also tied to a yearly certification by the U.S. secretary of state that the Pakistani military has refrained from interfering in politics and is subject to civilian control over budgetary allocations, officer promotions, and strategic planning.

Not surprisingly, the Pakistani military balked at this affront even as the civilian government welcomed the aid. Joining with opposition parties, the military publicly decried the bill as a threat to Pakistani national security and mobilized right-wing sections of the media against U.S. meddling. In response, the bill's sponsors buckled and effectively defanged the conditionality measures. Even though the text of the law is intact, the United States meekly assured the Pakistani military that the intent of the conditions was misinterpreted and that the United States would keep its nose out of the generals' business. Indeed, most contact between the two countries still occurs behind closed doors between the two militaries or between the CIA and the ISI. The CIA's use of unmanned drones against militants in FATA, which are reportedly flown out of Pakistani bases, exemplifies this lack of transparency. The secrecy of the program allows both the United States and Pakistan to escape responsibility for civilian casualties.

The climb-down on the Enhanced Partnership Act indicated that even though the U.S. Congress recognizes the folly of building exclusive alliances with the Pakistani military, it still prefers engaging with Pakistan's military over its civilian leaders. This is partly pragmatism: the military is still the most powerful institution in Pakistan. But by continuing to treat the Pakistani military as a state above the state, the United States only reinforces the military's exaggerated sense of indispensability and further weakens civilian rule.

If the United States had stood its ground, the Pakistani military would have eventually backed down. It is dependent on the United States for military aid and high-tech armaments, including upgrading its aging fleet of F-16 fighters. And although the military has leverage over Washington since it controls U.S. supply routes into landlocked Afghanistan, its bargaining position has weakened over time.

Although Washington generally remains reluctant to pressure the Pakistani military, appropriately using sticks has not necessarily meant losing the generals' cooperation in fighting terrorism. For example, the U.S. Congress warned that it would cut off U.S. aid in response to Pakistan's detention of a CIA contractor, Raymond Davis, who was arrested in January for fatally shooting two Pakistanis in the eastern city of Lahore. In the end, Davis was released from jail in March—the families of the victims agreed to pardon him after receiving compensation. His release would not have been possible without military complicity.

Such political and diplomatic pressure should be used to censure the military for political incursions. In this spirit, the United States should signal to the military that cracking down on terrorism is not a license for it to destabilize or overrun the government. The U.S. military should remind its Pakistani counterpart that interference in politics will not be tolerated and could have serious repercussions, including a downgrading of military ties, the suspension of non-development aid, and broader diplomatic isolation.

Although the United States is confronted with an economic recession of its own, more civilian aid for (and trade with) Pakistan would cost relatively little compared to the money that the United States spends fighting Afghan and Pakistani extremists. And the potential dividends could be enormous: U.S. civilian aid could help secure civilian rule in Pakistan for the long haul and diminish anti-

Americanism as well. To reduce the danger of moral hazard, this aid should be tightly linked to Pakistan's economic performance, progress in combating corruption, and transparency and responsiveness in government.

One relatively easy way for the United States to boost economic productivity in Pakistan would be to grant Pakistan emergency duty-free access to the U.S. market for textiles. This concession would face opposition from politically powerful U.S. textile interests, but the Obama administration should pursue this legislation on at least a temporary basis because it could crucially improve the economic stability of a vital ally by increasing the revenue it gets from this important industry.

Although a settlement of the Kashmir conflict is unlikely in the short term, Washington should continue to push both sides to achieve that goal. Of course, there are no guarantees that peace would be sufficient to reduce Pakistan's military expenditures or restrict the military to its proper constitutional sphere. But it is worth the effort because the international community has a stake in ending the nuclearized Indian-Pakistani rivalry, which not only endangers global security but also has spilled into Afghanistan.

With over a hundred nuclear weapons, a war-prone rivalry with India, and the presence of some of the world's most dangerous terrorists on its soil, Pakistan is too important to be left to the devices of its generals. For too long, the United States has sacrificed democracy for order. The results have been less than ideal, especially for the people of Pakistan. Pakistan urgently needs support from the international community to help stabilize its civilian democratic institutions and bolster its economy. Only such support will ensure its stability and reliability as a U.S. partner in the region.

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Brazil: Investing in a Sustainable Future

Renato Araujo/Abr

BARACK OBAMA AND DILMA ROUSSEFF
United States and Brazil : A stronger partnership

A thriving economy, social inclusion and a stable regulatory environment may seem to change Brazil from the country of the future to a world power. But it must get rid of ancient pernicious practices, such as political corruption, high taxation and a low educational level.

By Alexandre Gaspari

Generations of Brazilians have been taught that they lived in "the country of the future" but as recently as 1994, this promising future started facing certain unheard-of macroeconomic stability. In 2003, policies favoring income generation for the poor came to join in this economic stability, decreasing poverty levels. The increased gross domestic product (GDP) in 2010, 7.5%, one of the highest worldwide at around US$2.2 trillion, made Brazil become the world´s 7th largest economy, indicating that the future may have arrived for a country now entitled to be a world power. This is even clearer if we take into consideration the hefty investments necessary to develop the still deficient domestic infrastructure. Until 2014, BNDES, the Brazilian Development Bank predicts that US$227.6 billion is necessary for infrastructure, markedly for the power industry and logistics.

But the "country of the future" still lives side by side with a backward culture that keeps it living in the past. Corruption remains widespread in some government sectors, and many of the positions that demand technical knowledge are occupied by non-specialists, as determined by electoral alliances. Nominal interest rate is at 11.25%, almost twice as much as that in China (6.06%) and India (6.5%), impacting long-term foreign and domestic investments in the country while upping public debt. Tax burden, according to the Brazilian Institute of Tax Planning (IBPT) came up by 5 percentile points between 2000 and 2010, or 35.13% of last year´s GDP. According to the 2010-2011 Global Competitiveness Report developed by the World Economic Forum, Brazil ranks 58th among 139 countries, again behind China (27th) and India (51st).

This paradox poses a question, i.e., how sustainable is the Brazilian economy? After all, Brazil has already lived through similar situations, when everything seemed all right and irreversible, like in the 1970s, when it was foremost in the GDP growth rank, and also during the Cruzado Plan, an economic plan that came about in 1986 that harnessed inflation, but both plans collapsed soon after. To top it off, the new president, Dilma Rousseff, expected to represent a continuity of Mr. Luís Inácio Lula da Silva, has both a technical profile and a much more discreet demeanor than the former Brazilian president.

Both entrepreneurs and investors acknowledge Brazil´s continuous improvements, since the Real Plan started in 1994. "Today we can breathe in a long-term atmosphere in Brazil. The government is doing its job. So when it comes down to business, we can plan five years ahead" confirms Michel Wurman, CFO of PDG, a real estate developer. "Today we can make long-term plans, which 20 years ago was unthinkable" states Antônio Carlos Augusto Bonchristiano, co-president of GP Investments, one of the largest Brazilian private equity groups.

Economic stability has allowed for social programs focused on income distribution, such as the Bolsa Família (family grant), helping to decrease considerably the number of Brazilians living in extreme poverty. It has also given the country strong macroeconomic fundaments, enabling Brazil to be one of the last countries to face the outcome of the 2008 financial crisis and one of the first to emerge from it. "Brazil practically did not have to come to terms with the financial crisis as it was either prepared not to plunge into it or to react immediately to ward it off" confirms Hugo Bethlem, the vice executive president of the largest food retailer in Brazil, Pão de Açúcar Group.

Another plus is the increment of the per capita income. A new middle class has emerged in the last years, namely 30 million people (the Brazilian population today is around 200 million) and they have been acquiring goods and services never imagined before. "There is an incredible consumption boom that has not been generated by government programs. Only 17% of this aggregated income stems from social programs, and 67% from job generation. This is evidently sustainable growth" consents Bethlem.

However, one may not deny that old-standard Brazil is still a nuisance. Entrepreneurs and investors do not seem to agree on what reform the Brazilian government should handle first: political, tax or social security . Undoubtedly, high interest rates and the tax burden pose a threat to some of the domestic industry sectors. "We are facing now a deindustrialization, with relatively significant losses in the stake the transformation industry has in the GDP and job generation. We have an unfair tax environment. Besides that, financial expenses for industries represent almost 7% of their total sales, against 1.5% to 2.0% in the rest of the world" reports Paulo Francini, director of Economic Studies and Research of

AMAURY GUILHERME BIER, Partner of Gávea Investimentos

JERSON KELMAN, CEO of LIGHT

MAURILIO BIAGI FILHO, President of Grupo Maubisa

the Industrial Federation of São Paulo (Fiesp), the state that accounts for more than 40% of the Brazilian industrial output.

Another polemic point is the trend so well observed in Lula´s administration of the state´s presence in the economy, reverting the liberal tendency started in Fernando Henrique Cardoso´s former administration. "The state must have less initiative, and there is room for the private sector. One good example are airports, a chaotic example, though, which is in the hands of the government." reinforces Pedro Luiz Passos, president of the Board of the Institute for Industrial Development Studies (IEDI) and president of the Board of Directors of Natura, a makeup manufacturer. "Since Lula´s administration we have been walking backwards, markedly in what concerns regulatory agencies, ultimately the instances that play a crucial role in balancing public and private interests, and conforming them to the population and society as a whole" adds Amaury Guilherme Bier, senior partner of Gávea Investment Fund.

No matter the common awareness, one expects Brazil may overcome such bottlenecks if economic growth rate is kept steady. "If Brazil keeps moving on at a 4%, 5% growth rate yearly, many things may change. Tax collection increases together with the economy. Public debt in relation to the GDP falls, and interest rates may go down as well. There may be more money to be invested in infrastructure. So such growth may well be sustainable" wraps up Sergio Andrade chairman of Andrade Gutierrez, a construction company.

Power Supply Domestically and Abroad

Economic growth prospects in Brazil over the coming years entail steep demand: to guarantee uninterrupted power supply; to support the economic expansion that is underway; and to prepare for the large-scale sports events Brazil is hosting, such as the World Cup in 2014 and Olympic Games in 2016. Besides the investments that are necessary to meet the increasing call of the domestic market, markedly in power supply and bio-fuels, other hefty investment figures are drawing worldwide attention, as is the case of Petrobrás discovery, along with private partners, of large pre-salt and natural gas reservoirs in Campos and Santos basins off the shore of Brazil (estimates of which reach 100 billion barrels).

Social inclusion in the last few years and increasingly higher social indicators provide reassuring prospects for the Brazilian power demand. According to the 2019 Decennial Energy Plan made by the Energy Research Company (EPE), a government agency in charge of planning the power industry, power consumed in Brazil will jump from 228 million tons of oil equivalent (TEP) in 2010 to 365.7 million in 2019 (an average growth rate of 5.4% a year). In order to meet such a demand, EPE forecasts a total investment slightly above US$570 billion.

Domestic power supply is expected to rise from 539.9 terawatts per hour (TWh) in 2010 to approximately 830 TWh in 2019, by which time power demand, according to EPE, should have attained 712 TWh. Such an improved level of power supply (which stems from the construction of Belo Monte, a giant 11,233 megawatt power plant, and Angra 3 nuclear power plant, as well as the transmission lines backing this power grid) should demand investment inflows of around US$128.5 billion, US$64.8 billion of which refers to power plant projects yet to be unveiled for the market.

The power sector regulatory environment steered away from a 100% government control in the 1980s to a government and private mix today, enabling foreign capital inflows to come into play. "Spanish Iberdrola has recently acquired control over Elektro, a power supply company, for US$2.4 billion. This is a testimony of how much the Brazilian power sector has become attractive for both Brazilian and foreign investors alike" says Jerson Kelman, CEO of Light, a power company that supplies energy to Rio de Janeiro, and also a former director of Aneel, the National Electrical Energy Agency, and ANA, the National Water Resources Management.

Investments backing pre-salt exploration should not only strengthen the domestic oil derivatives industry, but also transform Brazil into a large crude oil and derivatives exporter. In a 2008 study, BTG Pactual, an investment bank, concluded that a US$600 billion inflow would be necessary to drill at a depth over 5,000 meters below the salt layer. According to EPE, until 2019, investments to meet drilling rigs, and oil and gas production costs should be slightly above US$400 billion (or R$672 billion, in Brazilian currencies). This figure does not include the US$77.5 billion to be invested in refining plants domestically, US$56.2 billion of which for new refineries.

As for bio-fuels, international trade barriers alone are not enough to dampen ethanol competitiveness in Brazil. After all, according to the Decennial Energy Plan, prospects on the Brazilian domestic market between 2010 and 2019 (or an impressive 8.7% yearly growth) should guarantee a 52.4 billion liter consumption in eight years from now, vis-à-vis the 29 billion liters consumed last year. Not surprisingly, though, Anglo-Dutch Shell Group and Brazilian Cosan have established a joint venture, Raízen, a bio-fuel multinational company, and British BP itself has been increasing its market share in the production of ethanol in Brazil.

Yet there are those who believe the Brazilian consumer market of flexible fuel vehicles will create a demand that ethanol production is not likely to meet. "If the rack price of ethanol is much more affordable than that of gas, we should run short of it for the whole of the domestic fleet. And we will still have to supply other markets, such as the United States and Europe" says Mauro Biaggi, Maubisa Group, and Bioenergética Aroeira CEO.

Broadband Ready To Start

If all goes well, April shall see the much longed-for Brazilian National Broadband Plan (PNBL) come into effect. Launched by the Brazilian government, the intention is to provide mass access to broadband services and fuel telecommunications infrastructure until 2014. For that to happen, initial state-funded and private investments are expected to reach US$30 billion (R$49 billion, in Brazilian currency).

Undoubtedly, Brazil offers a world of opportunities to be grasped. The Communication Ministry showed that, in 2008, the number of people with broadband Internet access topped at 9.6 million or around 17.8 accesses per 100 Brazilian households. Without the PNBL, the forecast should total 18.3 million accesses at year end 2014 or 31.2 accesses per 100 households, an average below that of China, Argentina and Chile.

The plan is supposed to trigger 90 million broadband Internet accesses, 30 million of which concern fixed broadband and 60 million mobile broadband representing 50 accesses per 100 households, assuming fixed broadband alone in 4,283 counties throughout Brazil. Also, according to the PNBL Executive Summary, private funding is paramount "for providing approximately 70 million of these new accesses".

In charge of setting up the plan is Telebrás, a state-owned company whose structure was privatized way back in 1998, and which was "resuscitated" during Mr. Luis Inácio Lula da Silva´s administration. State-owned Eletrobrás and Petrobrás fiber optic infrastructure concession agreement was expected to be signed in late March 2011, an inalienable condition to make planning effective.

Although some points remain dormant, such as tax exemption and lines of credit that should be put in place, the market is optimistic. "In the next five years, OI Company will be the main broadband provider in Brazil. We will be the largest data provider in every industry segment" says Luiz Eduardo Falco, CEO of OI Company, one of the largest telecommunications company in Brazil.


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The Post-American Hemisphere

Power and Politics in an Autonomous Latin America

Russell Crandall

On August 18, 2010, a Venezuelan drug trafficker named Walid Makled was arrested in Colombia. U.S. officials accused him of shipping ten tons of cocaine a month to the United States, and they made a formal extradition request to try him in New York. Although the Venezuelan government had also made an extradition request for crimes Makled allegedly committed in Venezuela, senior U.S. diplomats were confident that the Colombian government would add him to the list of hundreds of suspects it had already turned over to U.S. judicial authorities in recent years.

So it came as a surprise when Colombian President Juan Manuel Santos announced in November that he had promised Venezuelan President Hugo Chávez that Makled would be extradited to Venezuela, not the United States. Colombia, Washington's closest ally in South America, appeared to be unveiling a new strategic calculus, one that gave less weight to its relationship with Washington. What made the decision all the more unexpected is that the U.S. government still provides Colombia with upward of $500 million annually in development

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and security assistance, making Colombia one of the world's top recipients of U.S. aid. For the United States in Latin America today, apparently, $500 million just does not buy what it used to.

Across the region in recent years, the United States has seen its influence decline. Latin American countries are increasingly looking for solutions among themselves, forming their own regional organizations that exclude the United States and seeking friends and opportunities outside of Washington's orbit. Some U.S. allies are even reconsidering their belief in the primacy of relations with the United States. Much of this has to do with the end of the Cold War, a conflict that turned Latin America into a battleground between U.S. and Soviet proxies. Washington has also made a series of mistakes in the years since then, arrogantly issuing ultimatums that made it even harder to get what it wanted in Latin America.

At the same time as U.S. influence has diminished, Latin America's own capabilities have grown. The region has entered into an era of unprecedented economic, political, and diplomatic success. Most visibly, Brazil has emerged as an economic powerhouse, attracting foreign investment with an economy that grew 7.5 percent last year. (Regionwide, average GDP growth last year was 5.6 percent.) Regular free elections and vibrant civil societies are now commonplace in Latin America, and the region's diplomats are more visible and confident in global forums than ever before. After decades on the receiving end of lectures from Washington and Brussels, Latin American leaders are eager to advertise their recent gains. Santos has been known to tell visiting foreign counterparts that this will be "Latin America's century."

Although star performers such as Brazil and Chile have recently surged ahead, Latin America has yet to realize its full collective diplomatic and political capacity. The problems that have plagued the region in the past—income inequality, a lack of law and order, illicit trafficking networks—still exist, threatening to derail its hard-earned successes. Guatemala, to take just one example, not only ranks among the world's poorest countries; it also has one of the highest homicide rates in the world, with 6,000 people murdered each year in a population of only 13 million.

Ironically, moreover, Latin America's entry into a "post-hegemonic" era, a product of its own advancements, could undermine its past

progress. As the balance of power in the region is redistributed, unexpected alliances and enmities could arise. Many observers have assumed that less U.S. involvement would be an inherently positive development, but that may be too optimistic. No one should underestimate the capacity of the Venezuela-led bloc of quasi-authoritarian leftist governments to stop the regional trend toward greater openness and democracy—values that the bloc sees as representing a capitulation to the U.S.-controlled global system.

Nonetheless, Latin America's emerging democratic consensus seems inevitable, and as its strategic posture finally matures, the region will be more directly responsible for its own successes and failures. Long Latin America's master, the United States must adapt to the new realities of this post-hegemonic era, lest it see its influence diminish even further. It must demonstrate an ability to quietly engage and lead when appropriate—an approach that will allow Washington to remain actively involved in the region's affairs without acting as though it is trying to maintain its legacy of hegemony. Given how accustomed the United States is to dominating the region, this project will be harder than it sounds.

FROM HEGEMONY TO AUTONOMY

The era of U.S. hegemony in Latin America began over a century ago, when the United States started flexing its emerging economic and military might in Central America and the Caribbean. In the jungles and mountains of Nicaragua, Haiti, and the Dominican Republic, American soldiers and diplomats used persuasion, coercion, and force to advance U.S. political and economic interests. During the Cold War, Washington sought to stem the threat of Soviet and Cuban communism, acting directly, for example, when it invaded Grenada in 1983 and Panama in 1989, and indirectly, as when it provided covert funding to undermine Chilean President Salvador Allende's leftist government in the 1970s. Sometimes these efforts worked, as in Chile and Grenada, but often they did not; both the Bay of Pigs operation in 1961 and U.S. efforts to overthrow by proxy the Sandinista regime in Nicaragua in the 1980s were outright failures.

Russell Crandall

For much of the twentieth century, there was a disconnect between Washington's lofty rhetoric of democracy and regional harmony and its demonstrated willingness to jettison these principles when its economic or geopolitical interests were at stake. Even after the Cold War, the United States was accused of peddling its "Washington consensus" of laissez-faire economic policies, such as the privatization of state-owned assets and free-trade agreements, as a sort of neoimperialism. Instead of U.S. marines or CIA agents, blame for doing the empire's bidding was now pinned on the "technocratic imperialists" from the World Bank, the International Monetary Fund, and the U.S. Treasury Department.

Despite what the fiery rhetoric of leaders such as Chávez might indicate, Latin Americans want results, not blame.

Yet over the past decade or so, the United States' willingness and ability to exert control in the region have diminished. This has occurred in part because more important issues, including the wars in Afghanistan and Iraq, have forced Latin America down the policymaking food chain. But there is also the indisputable reality that the region itself is now more confident acting on its own. For the most part, this was inevitable, given the end of external and local communist challenges and the shift to an increasingly multilateral world that had room for new powers. Latin America's greater autonomy is both a cause and a result of decreased U.S. influence.

The United States' relationship with Bolivia provides one example of Washington's declining power in the region. Believing that it was time to pay back the Americans for their years of backing his political opponents, Bolivian President Evo Morales expelled the U.S. ambassador and the U.S. Drug Enforcement Administration in 2008 and suspended U.S.-funded democracy programs the following year. A decade or so ago, when Bolivia was a faithful client of the United States, it would have been unimaginable for a Bolivian government to even consider such acts, given the diplomatic and financial consequences of provoking Washington's ire. Yet even the ostensibly hard-line George W. Bush administration responded to Morales' repeated diplomatic insults largely with silence. Morales had gone eyeball to eyeball with Washington and lived to tell about it.

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In the late 1980s and 1990s, after decades of rule by military dictatorships, the countries of Latin America became part of the "third wave" of democratization that was then washing across the globe. Yet the region struggled to convert democratic practices, such as open elections, into lasting democratic institutions, such as independent judiciaries. Meanwhile, economic instability, including chronic bouts of hyperinflation, made many Latin Americans wonder if they had not been better off under the relatively enlightened *mano dura* (strong hand) regimes of the past. Even in the 1990s, when Latin America finally began to slay inflation and replace it with impressive macroeconomic stability, countries had difficulty translating this into lasting social gains for the entire population. At times, Latin Americans used their newfound electoral power to elect "democratic populists," such as Venezuela's Chávez and Peru's Alberto Fujimori, who often governed in autocratic ways.

In recent years, however, Latin America's growth has begun to translate into more prosperous and developed societies. In countries as disparate as Brazil, Mexico, and Peru, the benefits of democracy and open markets are now finally beginning to trickle down to a citizenry that had lost faith in elected governments. This socioeconomic prosperity, in turn, is legitimizing the democratic system—a sort of virtuous cycle in a region more accustomed to vicious ones. Despite what the fiery rhetoric of leaders such as Chávez might indicate, in today's climate, Latin Americans want results, not blame. Armed revolution is now dead in the region that was once its cradle. In its stead, the region now has a new brand of leaders who have taken office through the ballot box and have striven to provide education, security, and opportunities for their constituents. Human capital and economic competitiveness, not rote anticapitalist slogans, are what occupy the thoughts of these politicians. They point proudly to the fact that 40 million Latin Americans were lifted out of poverty between 2002 and 2008, a feat accomplished largely through innovative and homegrown social programs.

It has long been said that when the United States catches a cold, Latin America catches the flu. This has certainly been true in the economic realm, where jitters in the U.S. economy could quickly undermine Latin America's chronically weak financial and fiscal

fundamentals. But during the recent global economic crisis, Latin America remained relatively unscathed. At the time, many predicted that Latin American governments—especially leftist ones suspected of being more predisposed to fiscal profligacy—would turn to the seductive tonic of populism. But leftist governments in Brazil, Chile, and Uruguay, to name a few, responded to the crisis with prudence. They refused to abandon market-friendly policies such as flexible exchange rates, independent central banks, and fiscal restraint. Some countries, such as Brazil and Peru, even continued to grow at almost China-like rates.

In the past, when Latin America was in economic trouble, outsiders prescribed bitter medicine, such as severe fiscal austerity measures. In the last several years, however, the region has shown that it can address its own problems, even exporting its solutions globally. There is no greater example of the region's autonomy in economic policymaking than Brazil's Bolsa Família or Mexico's Oportunidades, conditional cash-transfer programs that give money to poor families if they meet certain requirements, such as enrolling their children in school. As the World Bank has noted, Bolsa Família targets the 12 million Brazilians who desperately need the assistance; most of the money is used to buy food, school supplies, and clothes for children. The program is also credited with helping reduce Brazil's notoriously high income inequality. The Brazilian and Mexican efforts have been widely emulated outside the region, including in the United States. Another example is Chile's creation of a rainy-day fund, filled with national savings from the country's copper production. This $12.8 billion account gave Chile a level of policy flexibility during the recent global economic downturn that the United States and many other industrial economies could only envy. As Latin America's achievements suggest, the region is growing up fast.

POWER PLAYS

Latin America's economic growth and political stability are driving an unprecedented power shift within the region. Countries are reassessing their interests and alliances, and the more confident among them are flexing their muscles. Instead of looking to Washington for guidance,

Latin American countries are increasingly working among themselves to conduct diplomacy, pursue shared objectives, and, at times, even spark new rivalries.

Brazil's emergence as a serious power is a direct result of the increasing absence of U.S. influence in the region. Sensing an opportunity to gain the regional stature that has long eluded it, the country has begun to act more assertively. But complicating Brazil's power play is the reaction from its fellow Latin American nations. Colombian, Mexican, and Peruvian officials, among others, talk privately about their dislike of Brazil's arrogant diplomacy. In some quarters, Brazil's responses to developments such as Chávez's ongoing assault on Venezuela's democracy and even the 2009 coup in Honduras have undermined its credibility as a serious leader. (Brasília's reluctance to speak out for hemispheric democracy is particularly inexcusable for a government that includes many officials who suffered under the successive military regimes of the 1960s, 1970s, and 1980s.) Many Latin American officials quietly reveal that they are not eager to see Brazil replace the United States as the hemisphere's hegemon. As one diplomat recently put it, "The new imperialists have arrived, and they speak Portuguese."

Iran, Russia, and China have all significantly increased their economic and political footprints in the region.

Yet Brazil is learning that leadership means responsibility. Relations with its neighbor Bolivia are a case in point. After the U.S. Drug Enforcement Administration was kicked out of Bolivia, Brasília belatedly realized that Bolivia's cocaine exports—most of which are destined for Brazil, Argentina, or Europe—represented a serious challenge and so stepped up its counternarcotics cooperation with Bolivia. Fortunately, the United States and Brazil are eager to work together on counternarcotics. Bolivia will be a key test of this cooperation—made all the more important by the bitter diplomatic flap that erupted in May 2010 between U.S. President Barack Obama and then Brazilian President Luiz Inácio Lula da Silva over the Iranian nuclear deal brokered by Brazil and Turkey.

Colombian leaders are also aware of the shifting balance of power within Latin America. With the recent departure of the inimitable

Lula, whose charisma and presence overshadowed the efforts of other Latin American leaders, Santos now believes his government can assume the mantle of regional leadership by adopting a more balanced foreign policy, one less dependent on Washington. Although Santos has no desire to do away with his country's long-standing closeness to the United States, he understands that Colombia's credibility is now more dependent on its ability to cooperate with other regional governments, most important of all, Brazil's.

Further evidence of Colombia's diplomatic and strategic maturity can be found in the way it has begun exporting its counterinsurgency and counternarcotics expertise to places as far away as Afghanistan. For almost half a century, the Colombian government has waged a bloody war against the Revolutionary Armed Forces of Colombia, or FARC. But it has been only in the past several years that the Colombian state, backed by billions of dollars in U.S. assistance, has gained the upper hand. Overwhelmed by this fight until recently, Colombia's security forces now use their hangars and equipment to train pilots from Mexico and Peru and counternarcotics operatives from Afghanistan.

As Latin America comes into its own, it is beginning to rely more on its own multilateral bodies. For the past 60 years, the Organization of American States, headquartered in Washington, has struggled to gain credibility in the region, as critics saw it as a guise for U.S. domination. In recent years, however, it has codified the primacy of democracy in its guiding principles—an important development suggesting that OAS members now consider democracy a shared goal as opposed to a foreign imposition.

Meanwhile, in 2008, Brazil helped create the Union of South American Nations, or UNASUR, which Brazilian leaders quietly hope will replace the OAS as the default regional body in South America. But so far, its record has been mixed. To date, UNASUR has prioritized regional integration and solidarity over promoting democratic practices. And much to the chagrin of some in Brasília, the OAS demonstrated its importance when it helped coordinate the regional diplomatic response following the coup in Honduras in 2009, an effort that likely staved off even greater strife in the country. The OAS also renewed its relevance during its General Assembly meeting that same year, when a debate regarding Cuba's 1962 suspension from the body produced a

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consensus that Cuba's return to full membership should depend on its transition to democracy. The seemingly moribund organization has shown some surprisingly gritty determination, but there is new competition in the neighborhood.

THE SPOILERS

With the end of U.S. hegemony in Latin America, the region's authoritarians—Venezuela's Chávez, Cuba's Fidel and Raúl Castro, and Nicaragua's Daniel Ortega—have taken the opportunity to expand their own influence. Chávez, the Castro brothers, and Ortega form part of the Bolivarian Alliance for the Americas (ALBA), a band of leftist governments led by Venezuela. Contending that Latin America remains shackled by the imperial United States and its lackeys at the World Bank and the International Monetary Fund, members of this group remain committed to a nonaligned diplomacy and seek friendships with the governments of such countries as Iran, Russia, and, to some extent, China. With the United States less involved in the region, the ALBA bloc will continue to play its cherished role as diplomatic spoiler and its members will face far fewer constraints on how radically they transform their societies.

Take Bolivia, whose military recently declared itself "socialist, anti-imperialist, and anticapitalist." This declaration is no surprise, given that the Bolivian government has gone to great lengths to reduce U.S. influence in the country, especially in the armed forces. Cuban and Venezuelan military advisers have replaced U.S. ones. The consequences of such a shift within Bolivia's military will not be known for a while, but it is unlikely to be good for Bolivia's fledgling democracy.

Thus far, the Chávez-led spoilers have been enabled by their more democratic counterparts. Although the democratic leaders enjoy the benefits of elections, a free press, and other signs of democratic vigor in their own countries, they are unwilling to confront other governments that undermine such rights. Many of the otherwise impressive leftist democratic governments in the region, such as those of former Chilean President Michelle Bachelet and Lula, have been wary of raising the subject, especially regarding Cuba and Venezuela. These leaders and others like them have been reluctant to speak out because they still

share some sort of revolutionary solidarity with Chávez and the Castros and they remain overly sensitive to concerns about violating another nation's sovereignty.

But these diplomatic spoilers have proved to be the biggest losers in Latin America's realignment. The Chávez model, inherited from Fidel Castro, sees the United States and global capitalism as permanent adversaries. Nothing hurts this approach more than when other Latin American governments, especially leftist democratic ones, opt for and succeed with capitalist, democratic, or U.S.-friendly policies. Indeed, the bloc has ended up enjoying less regional support than its members hoped for. A case in point is the drama surrounding a November 2010 OAS resolution that called for all Costa Rican and Nicaraguan military and security personnel to leave a disputed area on their countries' shared border. In a resounding defeat for the ALBA bloc, which wanted to isolate Costa Rica and the United States by outmaneuvering them diplomatically, 21 countries voted in favor of the resolution, and only four (including Venezuela and Nicaragua) voted against it.

Meanwhile, some external actors are taking advantage of Latin America's newly permissive environment as well. Iran, Russia, and China have all significantly increased their economic and political footprints in the region. Tehran is seeking to reduce its diplomatic isolation, and Moscow is mostly looking for markets for its weapons industry. Beijing, by far the most significant outside player, is principally concerned with obtaining natural resources. In 2005, it imported over $21 billion worth of goods from Latin America; in 2008, that figure was $71 billion. China has also increased its military engagement with the region, expanding military exchanges and selling sophisticated military equipment. That said, Beijing has generally been cautious in its diplomatic and military outreach, preferring to focus on the more mundane issue of purchasing raw materials.

LETTING GO OF LATIN AMERICA

In his first term, U.S. President George W. Bush adopted a heavy-handed, unilateral approach to Latin America, attempting to force governments there to approve the U.S. invasion of Iraq and ensure U.S. soldiers' exemption from the jurisdiction of the International

Criminal Court. This strategy backfired, and many governments, including traditional U.S. partners such as Chile and Mexico, refused. So in his second term, Bush attempted a more conciliatory approach, for instance, cultivating a personal relationship with the leftist Lula. But it was too little, too late; Chávez and other radicals still played up Bush's reputation as a bully. After Obama took office, however, it became much harder to use the U.S.-bashing strategy. In April 2009, at the Summit of the Americas in Trinidad, Obama tried to put his imprimatur on Washington's Latin America policy, emphasizing mutual respect and outlining a vision of equal partnerships and joint responsibility. His deferential yet serious style quickly put the most conspiratorial anti-U.S. critics, such as Chávez, Morales, and Ortega, on the defensive—where they have remained ever since.

After Obama took office, it became much harder to use the U.S.-bashing strategy.

The United States' enhanced image should not be dismissed as a mere public relations victory; rather, it is indispensable to restoring Washington's influence in Latin America, since it makes it easier for willing governments to cooperate with Washington on shared priorities without appearing to be subservient to the old hegemon. Obama's approach to the region can be seen as a more concerted continuation of the one Bush adopted in his second term, emphasizing responsibility as a prerequisite for cooperation and leadership—an implicit call for Latin America to solve its own problems. Other than focusing on Mexico's drug violence, the Obama administration has not made Latin America a priority. This may not be so bad: a little breathing room is appropriate, given the region's current stability.

Having recast the mood of the relationship between the United States and Latin America, the Obama administration must now figure out how to put its strategy into practice. It will need to show what strategic patience and understated leadership actually look like. A critical test of that is Mexico, a country sorely in need of U.S. assistance to combat its drug violence. Yet Mexico's deeply ingrained suspicion of U.S. motives means that any initiatives to counter this cross-border threat must be pursued delicately, lest Washington find itself

accused of violating Mexico's sovereignty yet again. The Obama administration also needs to resist the temptation to allow strategic patience to slide into neglect. And it remains to be seen whether it will invest time in Brazil and other "noncrisis" cases when so much of Washington's already limited attention has been occupied by Haiti, Honduras, and Mexico.

The good news is that the United States enjoys robust partnerships with governments of all political stripes in the region—with conservative governments in Chile, Mexico, and Peru as well as more leftist ones in Brazil, El Salvador, and Uruguay. Despite occasional bilateral tensions, the United States and Brazil are cooperating more than ever before in areas including military relations, counternarcotics, energy, and the environment. And as the U.S. government's impressive response to Haiti's earthquake in January 2009 demonstrated, the United States can provide diplomatic and military public goods that no other hemispheric power, not even Brazil, can match.

Of course, some in Washington are still adjusting to letting go. In Congress, influential Republicans are itching to return to a more confrontational stance toward the region, particularly regarding Cuba and Venezuela. What these conservatives do not fully understand, however, is that alarmist responses to assaults on democracy and human rights in the region only play into the hands of those such as Chávez and the Castro brothers, who thrive on what they spin as imperialist barbs. More subtle responses thus may prove more effective.

The United States' desire to let others lead will be tested the most when it comes to Brazil. As the country emerges as the new neighborhood police officer, Washington must engage Brasília aggressively in order to help ensure that it plays this role in accordance with U.S. interests. In general, U.S. officials are eager to see Brazil assume more regional responsibility, but they may find it hard, for example, to actually sit back and watch the Brazilians build up UNASUR as a rival to the more U.S.-influenced OAS. The same is the case when it comes to Colombia, where Santos' bold multilateral agenda has unsettled those in the U.S. government used to a more traditional patron-client relationship with Bogotá.

Meanwhile, although Latin America may have entered a post-hegemonic era, that does not mean it is entirely secure. Despite all the

progress, Latin America remains a region in which countries still openly threaten war with one another. Just last year, Chávez did exactly that after Bogotá accused him of giving refuge to Colombian narcoterrorists. Latin American countries' unpredictable behavior and ambivalence toward U.S. leadership will make it difficult for Washington to maintain strategic patience.

After witnessing the acerbic diplomatic impasse over Honduras, when Brazil opposed U.S. plans for new presidential elections to solve the political crisis there, one might think that the region largely wants Washington to stay uninvolved. Yet the behind-the-scenes reality is that most Latin American governments actually appreciate robust U.S. attention and even leadership—as they in fact did during the Honduran crisis. Most leaders in the region realize that Latin America and the United States share the same interests and goals, and they understand that cooperation is indispensable. They know full well that their gains remain precarious, that it could take only one economic crisis or political row to send the region spiraling back to the old days of instability. Yet whatever happens in Latin America's future, its gains and failures will be caused by its own hand.

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How to Save the Euro—and the EU

Reading Keynes in Brussels

Henry Farrell and John Quiggin

The European Union is in danger of compounding its ongoing economic crisis with a political crisis of its own making. Over the last year, crises of confidence have hit the 17 EU members that in the years since 1998 have given up their own currencies to adopt the euro. For the first decade of this century, markets behaved as though the debt of peripheral EU countries, such as Greece and Ireland, was as safe as that of core EU countries, such as Germany. But when bond investors realized that Greece had been cooking its books and that Ireland's fiscal posture was unsustainable, they ran for the door. The EU has stopped the contagion from spreading—for now—by creating the European Financial Stability Facility, which can issue bonds and raise money to help eurozone states. Together with the International Monetary Fund, the European Financial Stability Facility has already lent Greece and Ireland enough money to cover their short-term needs.

But such bailouts are only stop-gap measures. Portugal and Spain, and to a lesser extent Belgium and Italy, remain vulnerable

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to pressure from bondholders. Portugal is likely to receive 50–100 billion euros over the next few months. But should Spain also need a bailout—which could cost as much as 600 billion euros—the 750 billion euro European Financial Stability Facility would soon be exhausted. In that event, the main euro creditors, primarily British, French, and German banks, might have to accept so-called haircuts, substantial cuts in the principals of their loans. (The banks' tax-avoidance strategies might inflate this total, but the Bank for International Settlements has estimated that the exposure of British, French, and German banks to the group of vulnerable debtor states referred to as the PIGS—Portugal, Ireland, Greece, and Spain—amounted to more than $1 trillion in mid-2010.) Encouraged by Germany, some of the states in difficulty have sought to placate bond markets by making ruthless cuts in government spending. But as many economists have pointed out, these measures are hindering growth without satisfying bondholders that their money is safe; bondholders worry that these measures are not politically sustainable. In fact, they are likely to undermine Europe's political union.

Nevertheless, Germany has been pressing European countries to institutionalize more stringent cuts in spending. In February, it, along with France, proposed that members of the eurozone introduce "debt brakes," inflexible limits on deficit spending. Germany had already incorporated such a cap into its own constitution, one that severely restricts any government deficit spending, including the kind that might benefit the country's long-term growth. In early March, the other 16 eurozone states agreed to introduce such debt brakes or some equivalent into their domestic laws and to make them as durable and binding as possible, for example, by incorporating them into their national constitutions.

But institutionalizing austerity will badly damage European economies in the short term—and the long-term consequences will be even worse. European politicians worry about the economic consequences if their attempts at fiscal stabilization fail. They should be far more worried about the political consequences. Even if these strict spending limits do calm bond markets somehow, they will destroy what little is left of the EU's political legitimacy.

Henry Farrell and John Quiggin

BAD AS GOLD

THE EU is now drifting toward a thinly disguised version of the gold standard, which wreaked economic havoc in the 1920s and led to a toxic political fallout. Under that system, European states had fixed exchange rates. During economic crises, they refused to increase government spending because of a failure to either understand or care that monetary disturbances and shocks to demand could lead to joblessness. The result was generalized misery. Governments responded to economic crises by allowing unemployment to go up and cutting back wages, leaving workers to bear the pain of adjustment. As *Golden Fetters*, Barry Eichengreen's classic history of the period, shows, the gold standard began to collapse when workers in Europe gained the power to vote out of office the parties that supported austerity.

The measures that the eurozone states have recently decided to adopt will be even harsher, if they make the mistake of following Germany's example. Germany's debt brake, which at first Berlin implicitly proposed as a model for other European countries, turns austerity into a constitutional obligation. In theory, it provides some flexibility during hard economic times, but in practice it makes deficit spending as difficult as possible: only the vote of a supermajority of German legislators can relax it. And it rules out debt-financed investment, such as in infrastructure, even though that can spur long-term growth.

As they begin to adopt Germany's model, or something along those lines, the other eurozone states will find it nearly impossible to use fiscal stimulus in times of crisis. And with monetary policy already in the hands of the dogmatically anti-inflationary European Central Bank, their only means of adjusting to crises will be to stand by as wages fall and unemployment soars. Ireland—with its collapsed tax revenues, massive cuts in government spending, shrinking wages, and skyrocketing unemployment—is the unhappy exemplar of rigid austerity measures in the new Europe.

This approach cannot be sustained for long. The EU has never had much popular legitimacy: many voters have gone along with it so far only out of the belief that their politicians knew best. Today, they are more suspicious. And if they come to think that further European

integration is causing more economic hardship, their suspicion could harden into bitterness and perhaps even xenophobia. Ireland's new finance minister, Michael Noonan, has told voters that the EU is a game rigged in Germany's favor; editorials in major Irish newspapers warn of Germany's return to racist imperialism. As economic shocks hit other EU countries, politicians in those states will also look for someone to blame.

If the EU is to survive, it will have to craft a solution to the eurozone crisis that is politically as well as economically sustainable. It will need to create long-term institutions that both minimize the risk of future economic crises and refrain from adopting politically unsustainable forms of austerity when crises do hit. They must offer the EU countries that are the worst hit a viable path to economic stability while reassuring Germany, the state currently driving economic debates within the union, that it will not be asked to bail out weaker states indefinitely.

The short-term solution is clear—even if the European Central Bank, which is still fighting the war against the inflation of the 1980s and 1990s, refuses to recognize it. The solution is a one-off combination of market purchases of bonds and other financial assets, temporarily higher inflation, and fiscal support with the issuance of a common European bond. Quantitative easing and higher inflation would help ease the pain of adjustment, and a European bond would allow the weaker eurozone states to raise money on international markets. All of this would shore up the euro long enough to allow for further-reaching reforms down the road. The major euro bondholders would have to bear some of the costs—as they should, since they lent excessively during the first years of this century—through either explicit haircuts (in effect a discount of their bonds' value) or inflation. Germany might not enjoy experiencing temporarily higher inflation, but if this were a one-time cost, it could probably live with the results—as long as it was also reassured that the long-term gain would be stability in the eurozone.

> Institutionalizing economic austerity, as the eurozone states have agreed to do, will destroy what little is left of the EU's political legitimacy.

IN THE BEST OF TIMES, FOR THE WORST OF TIMES

INSTITUTING EFFECTIVE long-term reforms will be a harder sell. Germany adopted its own large-scale fiscal stimulus in 2009, but it returned to its traditional anti-Keynesian stance as soon as the danger of total systemic collapse had passed. Yet Keynesianism, at least properly understood, is the only way forward.

Contrary to the beliefs of nearly all anti-Keynesians—and, regrettably, some Keynesians, too—Keynesianism demands more, not less, fiscal rectitude in normal times than does the orthodox theory of balanced budgets that underpins the EU. John Maynard Keynes argued that surpluses should be accumulated during good years so that they could be spent to stimulate demand during bad ones. This lesson was well understood during the golden age of Keynesian social democracy, after World War II, when, aided by moderate inflation, the governments of the countries in the Organization for Economic Cooperation and Development greatly reduced their ratios of public debt to GDP. This approach should not be confused with the opportunistic support for large budget deficits evident, for example, among advocates of supply-side economics. If anything, "hard" Keynesianism suggests that the problem with the macroeconomic rules governing the euro is not that they are too tough and too detailed but that they are not tough or detailed enough. States in the eurozone should not be allowed to run moderate budget deficits in boom years, the Keynesian argument goes; instead, they should be compelled to run budget surpluses. The surpluses could then be saved in rainy-day funds or used to pay down government debt or, if the country had reached a satisfactory debt-to-GDP ratio, spent as a fiscal stimulus in the event of a crisis. Unlike the kind of budget management advocated by the German government, this approach does not seek to eliminate or minimize governments' leeway to conduct fiscal policy. It gives governments up-front the means to manage demand whenever they might need to.

Resorting to hard Keynesianism to deal with the euro crisis would require making far-reaching changes to the rules and practices of the EU's economic and monetary union. It would mean both toughening the requirements of the Stability and Growth Pact, which governs the euro, and strengthening the enforcement of these rules. As they stand,

the Stability and Growth Pact's bylaws require the eurozone states to maintain budget deficits under three percent of GDP and debt-to-GDP ratios under 60 percent. The system does not provide enough flexibility during downturns: even German politicians ignored these requirements a few years ago, when Germany was suffering from a recession—much as they prefer not to remember this today.

To be more effective, the system needs to be stricter. The Stability and Growth Pact should be strengthened so that it requires countries to put aside surpluses during auspicious years. Since governments are persistently tempted to squander surpluses, a new supervisory institution should be introduced at the EU level. It should be granted access to detailed budget-planning and other economic information from the eurozone states and should be empowered to sanction misbehaving states. Such a reform could be integrated into other proposals under consideration today, such as the "European semester system," which would give the European Council the responsibility to assess member states' budgetary policies. A new European college of budgetary supervisors, with one supervisor from each member state, could assess the budget-planning processes of the member states and provide short-term flexibility in times of real crisis. Its staff would come from the ministries of finance of the eurozone states. When states faced hard economic times, the college could decide, with a simple majority, to relax fiscal strictures on a six-month basis.

The eurozone countries should be required to put surpluses aside during good years for the purpose of stimulating demand during bad years.

The Stability and Growth Pact, a semi-formal protocol of dubious legal standing, should also be properly incorporated into the EU's basic treaties. That would allow the European Court of Justice to adjudicate disputes between EU bodies and member states and help with the pact's enforcement. These arrangements would prevent national governments from unjustified deficit spending while giving them flexibility in times of real need.

Such an active use of fiscal policy requires the coordination of fiscal and monetary policies. This, in turn, means that the European Central Bank can no longer be totally independent, as it has been since the

implementation of the euro. As it stands, the European Central Bank is possessive about its powers. For example, it has resisted oversight by the European Parliament even though it has begun to take on an increasingly important political role through its support for the European banking system. It has assiduously avoided mingling monetary policy and fiscal policy, focusing instead on targeting inflation. But it nonetheless failed to prevent asset price booms, and these could only have been prevented with much more direct institutional control over unsound financial innovations. As the interaction between governments and central banks is unavoidable and the role of the European Central Bank is increasingly political, it would be better to properly define the relations of authority among these bodies. The European Central Bank must be more willing to adjust its policies so that they do not undercut those of elected national governments. Even if this were not necessary economically, it would be necessary politically. Handing the power to destroy national economies to unelected technocrats is simply not politically sustainable.

Creating an active fiscal policy regime of this kind would reduce the volatility of interest rates, the result of an excessive reliance on monetary policy. Manipulating interest rates helped stabilize inflation during "the great moderation," the era of relative economic calm between the late 1980s and the late years of the first decade of this century. But in the long term, it contributed to the growth of the asset price bubbles that almost destroyed the entire system in the global financial crisis. To be most effective, these reforms would have to go together with the creation of a limited fiscal union that would balance out the asymmetric effects of economic shocks by allowing limited fiscal transfers between member states. Managing surpluses as hard Keynesianism recommends would go some way toward providing the eurozone states with an important buffer against crises. But in hard times, imperfect monetary unions, such as the eurozone, require temporary transfers to the countries most hurt from the countries that are less affected. This is not to argue that the EU should become a "transfer union," with the extensive fiscal transfers of a full-fledged federal system, as the German government fears. But the eurozone should allow for more short-term fiscal transfers to deal with asymmetric shocks. A common bond mechanism, for example, would help states in difficulty

raise money on international markets or allow resources that are, say, earmarked for agriculture to be redirected to an emergency fund.

ROOM WITH A VIEW

HARD KEYNESIANISM would not solve all of the EU's economic and political problems. But it would steer the union away from the disaster toward which it is now sleepwalking. A new set of rules based on this approach could form the basis of a solution that is politically viable for both Germany and its European partners most suffering from the crisis. With only limited fiscal transfers allowed, Germany could be further assured that it would not have to continually bail out its profligate partners. Such an approach would maximize the fiscal room that states in distress need in order to deal with economic shocks while ensuring the eurozone's long-term fiscal sustainability. In the short term, hard Keynesianism, like enforced austerity, would impose real adjustment costs on the eurozone's weaker economies; there is no cost-free path to fiscal balance. But if the costs were shared with bondholders and were alleviated by a one-off loosening of monetary policy, they could be politically acceptable.

By concentrating on its economic problems but ignoring their political consequences, the EU is setting itself up for failure. The case for austerity does not make sense. And if the EU fails to deal with the political fallout of its own institutional weaknesses, it is going to collapse. No political body can force voters to repeatedly shoulder the costs of adjustment on their own and expect to remain legitimate. During the gold standard, nation-states tried this and failed—and they had considerably more authority than the EU has today. Hard Keynesianism offers a means to combine fiscal discipline with flexibility in order to cushion the political costs of adjustment in times of economic stress. EU leaders must institute it in a hurry.

After Doha

Why the Negotiations Are Doomed and What We Should Do About It

Susan C. Schwab

It is time for the international community to recognize that the Doha Round is doomed. Started in November 2001 as the ninth multilateral trade negotiation under the auspices of the General Agreement on Tariffs and Trade and its successor, the World Trade Organization (WTO), the talks have sought to promote economic growth and improve living standards across the globe—especially in developing countries—through trade liberalization and reforms. Yet after countless attempts to achieve a resolution, the talks have dragged on into their tenth year, with no end in sight.

To be sure, world leaders, negotiators, and commentators have expressed their unanimous support for a successful outcome—the "balanced" and "ambitious" agreement called for by so many summit statements. But concluding a trade agreement is like pole-vaulting. Everything must come together at once—after the extensive preparation and the building of momentum, there is that one giant leap—with the hope that the entire body will sail over the bar. Most trade agreements survive several failed attempts before success is achieved. But the Doha Round keeps crashing into the bar.

To a significant degree, Doha's failure can be traced to its outdated structure and negotiating dynamic: even the best of intentions are stymied when every negotiator's concessions are more clear than their potential gains and when the bipolar division between developed and

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Susan C. Schwab served as U.S. Trade Representative from 2006 to 2009.

developing countries shortchanges most in the developing world. More fundamental, however, has been the Doha Round's failure to address the central question facing international economic governance today: What are the relative roles and responsibilities of advanced (or developed), emerging, and developing countries? (Although there are no universally recognized definitions, advanced countries are generally mature economies that have industrialized and attained high levels of per capita income. Emerging-market economies are those that are undergoing rapid rates of growth and industrialization but have not yet reached developed status. Developing countries have not yet experienced these transitions.) World leaders are frustrated that their mandates to negotiators have failed to translate into a successful conclusion to the round. Meanwhile, the negotiators either cannot or prefer not to admit that Doha's flaws will prevent them from closing the deal, let alone ever addressing that fundamental question.

What this means, simply, is that it is time to give up on trying to "save" Doha. For years, the threat of being blamed for the Doha Round's collapse has made it too risky for governments to suggest that the talks are dead. Negotiators obsess over how to keep the dead cat from landing on their doorstep. But the pretense that the deal will somehow come together at long last is now a greater threat to the multilateral trading system than acknowledging the truth: prolonging the Doha process will only jeopardize the multilateral trading system and threaten future prospects for WTO-led liberalization and reform.

To avoid that outcome, negotiators should salvage any partial agreements they can from the round and walk away from the rest. World leaders and trade policymakers should then immediately redirect all the energy, initiative, and frequent-flier miles devoted to Doha into launching new multilateral initiatives to restore trust in the WTO and preserve it as a dynamic venue for both improving and enforcing the rules governing international trade.

DEFINING SUCCESS

THE INITIAL meetings that led to the Doha Round stumbled before the process could get started, signified by the failed 1999 WTO ministerial summit in Seattle. When the Doha Round finally began in the

wake of September 11, 2001, negotiators continued to disagree over its objectives and how to achieve them.

The use of trade liberalization and reform to generate economic growth and help alleviate poverty formed the core of the initiative. Negotiators initially identified 21 subjects for negotiation, including reductions in agricultural trade barriers, the elimination of agricultural export subsidies, cuts in trade-distorting domestic subsidies, major improvements in market access for manufactured goods, and more open trade in services. Although economists have shown that countries would benefit from undertaking such actions unilaterally, most political leaders and negotiators would prefer to trade their own country's market reforms for better access elsewhere.

Participants originally scheduled the Doha talks to end by early 2005, in time for the Bush administration to use trade promotion authority (TPA), which was set to expire in June 2007, to gain approval of the agreement. TPA is a fast-track mechanism for trade agreements, under which the executive branch commits to extensive consultations with Congress and the range of relevant U.S. constituencies during trade negotiations in exchange for Congress' agreement to employ procedural rules that move bills through the process faster, ban potentially deal-killing amendments, and mandate timely up-or-down votes. But the talks collapsed in 2003 in Cancún, Mexico, when a bloc of emerging and developing countries expressed their displeasure over a perceived European Union and U.S. effort to impose excessive burdens on them in the form of new issues and obligations. Revived with the 2004 Framework Agreement, which finally established the round's negotiating parameters, the talks stumbled through a December 2005 ministerial meeting in Hong Kong and suffered further breakdowns at gatherings of trade ministers in 2006, 2007, and 2008.

As the many summits and negotiating sessions held over the last decade can attest, Doha's failure does not owe to any lack of effort. Former U.S. President George W. Bush attended easily over a hundred such gatherings with foreign leaders and his advisers during the second half of his tenure alone. He made concluding the Doha Round his top trade priority, capping an active and successful trade agenda that secured comprehensive free-trade agreements with 17 countries in Asia, Latin America, and the Middle East.

The Bush administration identified three criteria to define success in the Doha Round. First and foremost, any outcome had to contribute to global economic growth and development through the generation of new trade flows, especially between and among emerging and developing economies. With these economies together representing close to half the world's GDP and registering twice the growth rate of the developed world, the administration decided that negotiators could not meet Doha's growth and poverty-alleviation objectives without reducing emerging-market tariffs and nontariff barriers.

Second, the administration resolved that the final agreement should increase market opportunities for U.S. exports of farm products, manufactured goods, and services—particularly in high-potential, high-growth markets such as Brazil, China, and India. Finally, the administration believed that any Doha agreement should avoid contributing to the growth of economic isolationism, whether in the United States or elsewhere.

ELEPHANTS HIDING BEHIND MICE

When the negotiations collapsed again in the summer of 2008, none of the administration's criteria had been met. From almost the start of the negotiations, the rapidly evolving nature of the global economy had rendered Doha's dichotomy between developed and developing countries outdated and its negotiating structure obsolete. And even as it became obvious over the decade that emerging economies had become a dominant force in global economic growth and trade, those nations' perceptions of their consequent needs and responsibilities had failed to keep pace.

As they currently stand, Doha's negotiating texts create two main categories of obligations—one applying to the developed economies and another applying to those characterized as developing countries, which make up the majority of the WTO's members. In fact, over two-thirds of the countries in the "developing" category have special breaks built into their obligations, so that their obligations are dramatically less than even those of the countries meeting the official developing-country criteria. These include groups such as those designated as "least-developed countries" and "small and vulnerable economies." To the extent that nations

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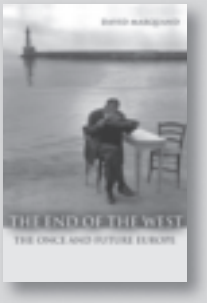

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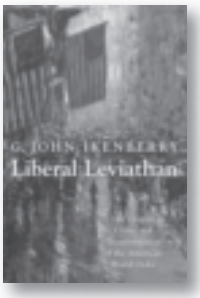

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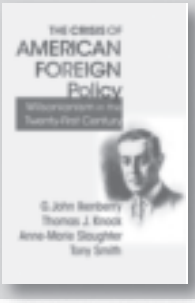

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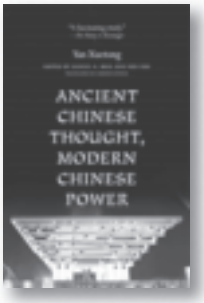

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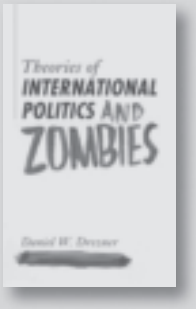

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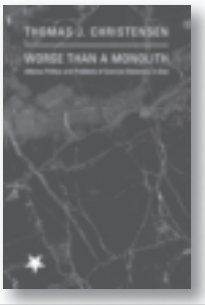

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such as Brazil, China, India, and South Africa have taken positions against further market opening in the name of developing countries, they are actually taking positions that go against the group's interests.

At Doha, these emerging economies have minimized their own difficult market-opening decisions by seeking maximum flexibility for developing countries. And they have found it easier to avoid confronting their own needs for greater access to one another's markets by focusing on what they can all agree on—namely, the market-opening obligations of developed countries. The result is what one African ambassador to the WTO once described as "the elephants hiding behind the mice."

A number of emerging and developing economies—among them Chile, Colombia, Costa Rica, Hong Kong, Malaysia, Pakistan, and Singapore—have attempted to advocate for more ambitious emerging-market contributions. Yet these countries have been either ignored or harshly criticized by their peers, particularly Brazil, India, and South Africa. Even when Brazil attempted to break with other developing countries to save the Doha Round in the summer of 2008, it found itself the target of the same kind of criticism it periodically levels against others.

The dilemma facing China's negotiators has been particularly acute. China's manufacturing prowess and export drive are a phenomenon never before encountered in a major trade round, and fear of increased imports from China may be the most unacknowledged reason behind Doha's continued failures. Although Beijing stands to gain tremendously from a successful Doha Round, internal critics resist liberalization by pointing to the significant market opening that the country undertook when it joined the WTO in 2001 as yet another unequal treaty imposed by foreign powers. Combined, these factors have made it difficult for Beijing to break with the other major emerging markets in Doha—even if it might have meant saving the round.

The developed-versus-developing-country framework itself is increasingly anachronistic. China's GDP has already overtaken that of Japan and will likely have exceeded that of the United States before any Doha agreement can be fully implemented. Meanwhile, the International Monetary Fund predicts that by mid-decade, in terms of GDP, India will have exceeded Germany, Brazil will have outpaced France and the United Kingdom, Mexico will have passed Canada, and Indonesia and Turkey will have superseded Australia.

To be sure, advanced economies should shoulder a somewhat heavier share of the burden of any multilateral economic agreement, making their contributions consistent with their more dominant positions in the global economy. After all, even when China's GDP reaches U.S. levels, Chinese citizens will still have just about a third of the yearly income of their U.S. counterparts, and Indians are likely to have one third of that. But the size and growth trajectories of the emerging economies, combined with the fact that some are now leading producers and exporters in key sectors, such as chemicals, information technology, car parts, pharmaceuticals, and environmental goods, set them apart. The inability of Doha's structure and negotiating dynamic to reflect this evolution has helped ensure its downfall.

DOHA'S OBSTACLES

THE LUMPING together of all emerging and developing economies in the Doha negotiating structure, and the associated peer pressure, has given leverage in the talks to those emerging economies disinclined to open their markets and taken it away from those advanced, emerging, and developing countries that might have backed a more ambitious outcome to the round.

In addition, the negotiations' heavy emphasis on rigid formulas for tariff cuts, rather than a looser combination of targets and negotiations over specific openings, has generated "formula and flex" models that undermine both the negotiating dynamic and any potential outcome. This is most evident in the proposed texts associated with the failed July 2008 ministerial gathering in Geneva. Although the formulas appropriately target the highest tariffs for the greatest cuts and place the most significant burden on the developed countries, the developing countries enjoy far shallower cuts and slower implementation. Also, the developing countries have significant flexibilities in the form of exclusions from the formula cuts that they insist on selecting themselves rather than negotiating.

For manufactured goods, these proposals would, by the end of the Doha implementation period, allow the tariffs of most emerging economies, other than China and South Africa, to remain largely unchanged from those in place when the Doha Round began. Based

on 2008 calculations, this would result in the developed economies' delivering over three-quarters of the Doha Round's market-opening results, well beyond their current 53 percent (and shrinking) share of global GDP.

The framework has also posed problems when it comes to agricultural trade. The current proposals task the developed countries with eliminating export subsidies, cutting trade-distorting domestic subsidies, and reducing tariff and nontariff barriers to imports. The developing countries are also obligated to reduce trade barriers, albeit to a lesser extent. But although exceptions to the formula cuts enable both the developed and the developing countries to protect some items, the extreme flexibilities given to the developing economies will again enable the emerging economies to negate the bulk of their formula cuts. The 2008 package, for example, would allow India to shield close to 90 percent of its current agricultural trade from tariff cuts and permit China to exclude from the cuts commodities of keen interest to both developing and developed countries, including corn, cotton, sugar, rice, and wheat. Moreover, a proposed new agricultural safeguard for the emerging and developing countries anticipated in the agreement raises the prospect that trade barriers in those countries could actually end up being higher than before the Doha talks started.

It is time to give up on trying to "save" Doha.

In an effort to move the Doha Round forward, the WTO leadership has worked to establish key agreement parameters through draft texts. These texts have progressively narrowed and in some cases precluded the negotiation of specific and substantive product concessions—trapping participants in almost a decade of negotiations about negotiations. In fact, the combination in the framework of rigid formulas and ill-defined, largely nonnegotiable flexibilities put all the negotiators in a defensive posture from the outset, left to assume that their own import-sensitive constituencies would face severe tariff cuts but unable to point to the kind of concrete gains in market access necessary to build domestic support for the trade talks. Finally, the dramatic imbalance in the negotiating flexibilities available to the emerging economies as opposed to the advanced economies has left both sides with little room to maneuver. Even if the emerging countries wanted to put more

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on the table, their offers today would look like unilateral concessions, since the developed countries have nothing of perceived value left to concede in return.

The uneven negotiating field is not the only structural roadblock that has undermined the negotiations. Multilateral trade talks have traditionally called for the United States and fellow developed countries to take the lead in offering concessions to jump-start flagging negotiations—the idea being that a significant unilateral initiative by a large economy will encourage others to reciprocate, thus paying dividends to all. Yet during the Doha Round, such efforts by the United States—even those explicitly conditioned on a meaningful response—have not been met in kind. And as time has passed, U.S. and EU compromises have effectively been pocketed, forming the base line for the next set of demands.

The challenges posed by the negotiating structure are compounded by the fact that Doha mandates a single undertaking. This means that nothing is considered agreed until everything is agreed. This rule was designed to encourage countries to make tough calls in one sector knowing that they would be able to show gains in other sectors. However, in the context of Doha, the rule has enabled individual countries to play the spoiler and seek lowest-common-denominator outcomes or to free-ride on others' concessions.

The passage of time has also defeated the Doha Round. Over the years, political and economic windows for a deal have opened and closed. The 2007 expiration of TPA undermined the willingness of U.S. trading partners to take risks because they no longer knew whether the U.S. Congress would attempt to amend the negotiated commitments. Domestic political concerns in India prior to the country's 2009 elections likely destroyed any potential for a deal in 2008. Brazil has retreated to a defensive crouch when it comes to market access for industrial goods, citing the threat of currency appreciation and Chinese imports. Japan's frequent shifts in government this past decade have undermined its ability to negotiate. EU member states continue to expend the bulk of their negotiating capital on internal debates about reform, leaving little room for dealing at Doha. And China faces a 2012 leadership transition that appears to have solidified its unwillingness to take risks.

RISKS TO THE MULTILATERAL SYSTEM

DESPITE ALL these problems, it is far too soon to give up on multilateral agreements and the global trading system. If any more evidence were needed to demonstrate the WTO's critical importance to the world economy, one need look no further than the recent global financial crisis. Although countries took protectionist measures in the wake of the crisis, the international community avoided a quick deterioration into a spiral of beggar-thy-neighbor actions to block imports. Previous multilateral agreements that reduced permitted tariff levels, WTO-consistent escape valves and enforcement opportunities, and a high-profile G-20 commitment to avoid discriminatory trade actions helped ensure this outcome. The fact that the independent policy research think tank Global Trade Alert began publishing lists of G-20 trade-pledge violations certainly helped as well.

But with the exception of limiting some of the WTO-consistent tariff increases by emerging countries, the Doha Round agreement currently under negotiation would not have precluded most of the discriminatory actions taken. Similarly, the fact that the Doha Round is still officially in progress has failed to stem the proliferation of low-quality bilateral and regional trade agreements. The number of such agreements in place has doubled to over 200 worldwide since the Doha talks began, with hundreds still in negotiation. They are of uneven quality. Some, such as those negotiated by the Bush administration, eliminate virtually all barriers between signatory countries, while others exclude whole swaths of commerce. Yet they all exclude, and therefore discriminate against, the vast majority of other trading nations, including most developing countries. And they skew commerce and global supply chains through complex rules that dictate how much of a product must be made in a given location to qualify for duty-free treatment.

Although the countries with which the United States has negotiated bilateral and regional trade agreements have almost uniformly advocated for an ambitious conclusion to the Doha talks, the negotiation of often lower-quality bilateral and regional trade agreements has eroded support and political will for the pursuit of a strong multilateral deal among other countries. A robust multilateral trade agreement,

involving the vast majority of trading countries, can contribute far more to global economic growth and welfare than even the best bilateral and regional trade agreements. Such an agreement can better address systemic challenges such as subsidies and enjoy the potential to achieve significantly more international market opening, as countries can point to a whole world of new market opportunities gained in exchange for their own concessions.

Granted, the phenomenon of bilateral and regional trade agreements has been the result in part of a vicious cycle. Countries have pursued these agreements because Doha is faltering and bilateral and regional agreements can deliver commercial results; Doha is faltering in part because some countries think they can avoid difficult decisions by opting for easier bilateral or regional talks instead. But as the Doha talks meander, the international community may be reaching a tipping point, where the pursuit of these lesser agreements becomes the preferred option.

ONE LAST TRY?

Even if, in the interest of saving the Doha Round, key emerging economies were inclined to liberalize their markets well beyond what the 2008 proposals explicitly mandate, the current negotiating structure and peer pressure would make doing so exceedingly difficult, if not impossible. But any attempt to salvage Doha on the basis of those proposals would still raise questions about its ultimate benefit—both in absolute terms and in terms of opportunity costs—if this is the deal that is to set the global terms of trade for the next two decades or more.

Gary Hufbauer, Jeffrey Schott, and Woan Foong Wong of the Peterson Institute for International Economics estimated in June 2010 that implementing the formula cuts under consideration when the talks collapsed in July 2008 would increase world GDP by $63 billion, or 0.1 percent. This would result from an increase in global trade of $183 billion, an amount less than half the value of U.S. trade with Canada in a single year. The Peterson Institute study then calculated the potential value of a major boost to the 2008 proposals, including additional tariff cuts in certain key industrial sectors, a ten percent reduction in barriers to services trade, and a successful conclusion of the trade facilitation negotiation.

The study estimated that these measures—unlikely to occur in the first place—would raise global GDP by around $283 billion, or 0.5 percent. The trade gains, slightly higher than the value of U.S. trade with Canada and Mexico in 2009, would require at least a decade to be phased in.

In fact, the only readily measurable benefits of the plan currently on the table come from developed-country tariff cuts, since it remains unclear how emerging economies would choose to allocate their flexibilities. Indeed, the 2008 proposals' potential commercial benefits would come primarily from tariff savings in mature-country markets, rather than from any meaningful increase in new trade flows in the fastest-growing economies.

To even approach the more optimistic projections of what a successful Doha agreement might contain would require upending the present structure to generate negotiations based on substance and specifics. Not all 153 WTO members would have to increase their commitments. But ultimately, to generate real value for all participants, greater concessions from a dozen or so emerging countries would make a difference.

In the case of manufactured goods, creating a negotiation in which the advanced and the emerging countries both had greater flexibility to cut their tariffs more or less than the levels currently dictated by the formulas would move the process forward. In agriculture, the negotiations should only permit new safeguards if they are limited to temporary responses to damaging import surges. And with regard to market access, the emerging economies would have to accept fewer flexibilities. The developed countries could improve their offers on domestic farm support, but the past ten years have made it clear that cuts to agricultural subsidies deliver little in the way of new agricultural- or industrial-market access. Finally, participants would need to engage in a far more serious negotiation about services than anything contemplated to date.

Variations on these and other ideas, designed to prompt real negotiations over specific trade barriers so as to build momentum and pro-agreement constituencies, have thus far failed to gain traction. As long as the current negotiating dynamic remains, there is little reason for influential countries such as Brazil, China, India, Indonesia, and South Africa to surrender their favorable negotiating positions and risk attack from one another for breaking developing-country solidarity.

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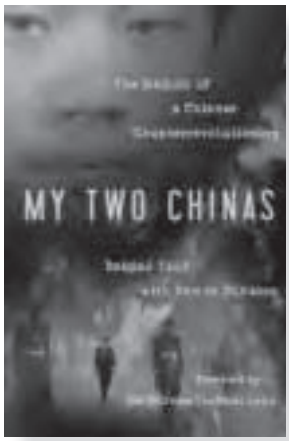
The Memoir of a Chinese Counterrevolutionary



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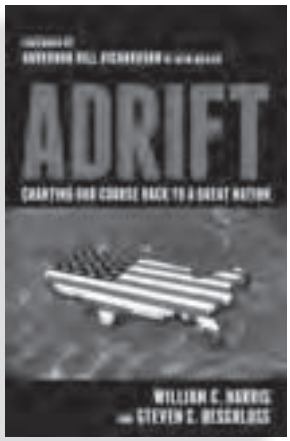

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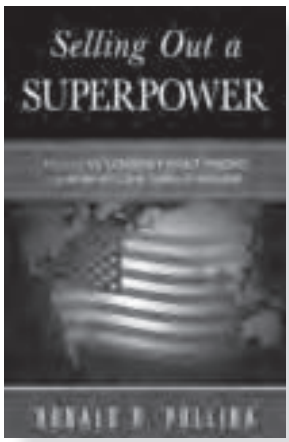

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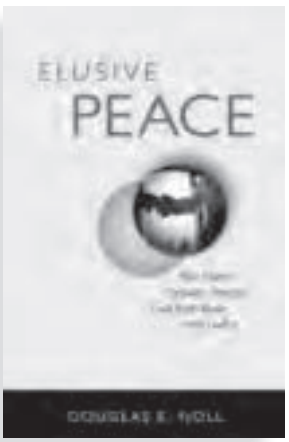

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HOW TO MOVE FORWARD

THE ONLY way for world leaders to advance a healthy multilateral trading system now is to liberate themselves from the stranglehold of the Doha Round. Another series of draft proposals is not the answer.

Participants must close out the Doha Round in 2011. With leadership and goodwill, several smaller agreements could be salvaged from the existing negotiations. A top candidate for rescue is the trade facilitation package, the subject of a serious negotiation among the advanced, emerging, and developing economies. The package would reduce the costs associated with moving goods across borders, and the Peterson Institute has estimated that it could contribute over $100 billion to global GDP.

Other areas that might potentially be saved include the largely completed agricultural-export pillar, comprising proposed agreements on export credits, food aid, state-trading firms, and the elimination of export subsidies. Negotiators should also endeavor to complete two environment-related agreements, one cutting subsidies to industrial fishing fleets guilty of overfishing the world's oceans and the other ending tariff and nontariff barriers to "green" technologies in major producing and consuming countries.

These smaller elements of the Doha undertaking would deliver tangible near-term results. In theory, world leaders could instruct that they be spun off and concluded this year. In practice, it is possible that in the current environment, not even these smaller deals can be achieved. But it is worth trying, because the Doha Round certainly has not delivered them. And if the effort is made and then blocked, at least the media can shine a spotlight on the spoilers.

Above all, world leaders should not wait to determine whether they can conclude these before laying the groundwork to launch a new series of multilateral negotiations under WTO auspices. The large multilateral trade round format epitomized by Doha's predecessors need not be obsolete, but WTO members will need a clean break from the current round to reestablish trust and regain momentum before attempting that model again. More narrowly drawn negotiations and small deals with some commercial value may offer the best near-term approach.

One obvious avenue would be to expand the product coverage in the plurilateral Information Technology Agreement, through which every

major producer and consumer in the world of information technology products, save for Brazil, has eliminated their tariffs. Nations could initiate a similar multiparty accord for a package that includes pharmaceuticals, medical equipment, and health-care services, designed to reduce the cost of delivering health care. Such negotiations would have to follow WTO rules, and the outcome would have to apply equally to all WTO members, regardless of whether they took part in the negotiations. Yet veto power over any given deal would be granted only to those members who chose to negotiate and contribute, improving the chances of constructive engagement by most interested parties.

The international community could also draw from some of the more practical or innovative elements of existing bilateral or multiparty agreements and seek to multilateralize them. These might include provisions governing investment, transparency, e-commerce, services that contribute to entrepreneurial infrastructure, or even enhanced WTO intellectual property protections. WTO members could also commit to results-based business practice reforms, addressing such international indices as the World Bank's Ease of Doing Business Index and Transparency International's Corruption Perceptions Index.

Another series of draft proposals is not the answer.

To reduce some of the negative effects of bilateral and regional trade deals, WTO members might consider guidelines to ensure that such agreements have built-in docking provisions that allow like-minded countries to join them. Meanwhile, interested members should consider using focused WTO cases and dispute settlements to target poor-quality bilateral and regional trade agreements that fail to meet the letter and spirit of the WTO's requirement that such agreements cover "substantially all trade." This would help reassert the fundamental principles of an open trading system, curb the proliferation of inadequate bilateral and regional trade agreements, and lay the foundation for devising better agreements in the future.

The most significant contribution the United States could make to reestablishing WTO negotiations as a viable enterprise—and offering a serious new deadline for action—would be to obtain a renewal of TPA from Congress, even if limited to plurilateral and multilateral trade agreements. Along with an Obama administration push to achieve

congressional approval of pending free-trade agreements with Colombia, Panama, and South Korea, a renewed TPA would provide needed credibility and make trading partners far more willing to listen to U.S. proposals and take risks in any future trade talks.

Meanwhile, the United States and other developed countries may want to review whether their trade-preference programs for developing countries are benefiting the developing countries that need the most assistance and not creating a disincentive to swap trade concessions for access.

Once the dust has settled on the Doha Round, the United States and the other WTO members should dispassionately study Doha's successes and failures to prepare for the next major negotiating exercise. They should explore simpler formulas that can lead to real negotiations on tariffs, nontariff barriers, subsidies, and services, with give-and-take that builds momentum and ignites enthusiasm from pro-trade constituencies. Participants should also begin to address new issues, such as food security and the damaging use of export bans.

No future multilateral negotiation will succeed, however, without addressing the very real differences in economic strength, prospects, and capabilities within the so-called developing world. It is worth recalling that one of the WTO's most important characteristics is the inclusion of these developing economies in governance and decision-making from its origins as the General Agreement on Tariffs and Trade in 1948. In private, most emerging and developing countries acknowledge that it is in their interest to bridge the increasingly artificial divide between developed and developing nations when it comes to global issues such as trade, international finance, and climate change. Escaping the confines of the Doha Round could hasten the emergence of new models. These might include multilateral negotiations designed to offer a better balance between benefits and obligations, or they could include plurilateral deals that set a high bar but enable like-minded countries to participate.

Doha may be dead, but by accepting what everyone knows and no one wants to admit, the world can actually reinvigorate and strengthen the multilateral trading system. The WTO has served the world well, but it risks losing its relevance as the Doha Round continues to drain its credibility and resources. Now is the time to liberate the would-be trade liberalizers and move on.

Who's Afraid of the International Criminal Court?

Finding the Prosecutor Who Can Set It Straight

David Kaye

Last February, soon after Libyan leader Muammar al-Qaddafi unleashed his forces against civilian protesters, the United Nations Security Council unanimously voted to refer the situation in Libya to the International Criminal Court. Days later, the ICC's chief prosecutor, Luis Moreno-Ocampo, announced the launch of an investigation of members of the Qaddafi regime, promising, "There will be no impunity in Libya."

With the UN Security Council injecting the court into one of the year's biggest stories, the ICC may seem to have become an indispensable international player. It already is looking into some of the gravest atrocities committed in recent decades—in the Democratic Republic of the Congo, Sudan, and Uganda, among others—and its investigation into the 2007 election-related violence in Kenya is shaking up that country's elite. But a closer look suggests that the ICC's sleek office building on the outskirts of The Hague houses an institution that is still struggling to find its footing almost a decade after its creation.

David Kaye is Executive Director of the International Human Rights Law Program at the University of California, Los Angeles, School of Law.

The court has failed to complete even one trial, frustrating victims as well as the dozens of governments that have contributed close to $1 billion to its budget since 2003. The ICC's first trial was nearly dismissed twice. Its highest-profile suspects—Sudanese President Omar al-Bashir and Joseph Kony, the leader of the Lord's Resistance Army (LRA), the rebel group that has terrorized northern Uganda and neighboring areas—have thumbed their noses at the court and are evading arrest. And with all six of the ICC's investigations involving abuses in Africa, its reputation as a truly international tribunal is in question.

A rare opportunity to recapture the court's early promise lies ahead: at the end of the year, the 114 states that have ratified the Rome Statute, the ICC's founding charter, will elect a successor to Moreno-Ocampo, who is expected to step down as head of the Office of the Prosecutor (OTP) in mid-2012. As the ICC's driving force and its face to the world, the chief prosecutor has a critical job: choosing which situations to investigate, which senior officials to indict, and which charges to bring—all sensitive decisions with major political implications. In 2003, before Moreno-Ocampo was elected, then UN Secretary-General Kofi Annan rightly said that "the decisions and public statements of the prosecutor will do more than anything else to establish the reputation of the court." By this standard, Moreno-Ocampo's tenure has not been a success. Thanks partly to a management and decision-making style that has alienated subordinates and court officials alike, he has been dealt repeated judicial setbacks, which have overshadowed his office's modest gains.

The ICC needs a new leader who has not only the necessary prosecutorial, diplomatic, and managerial skills but also a keen sense of the importance of this moment in the development of the still fledgling institution. To achieve the ICC's promise as a global court, the parties to the Rome Statute must select a prosecutor who can meet the court's most serious challenges: concluding trials; convincing governments to arrest fugitives; conducting credible investigations in difficult places, such as Libya and Sudan; and expanding the ICC's reach beyond Africa. This may be a lot to ask for, but the future of the ICC depends on it.

David Kaye

LAYING DOWN THE LAW

THE ICC is the culmination of a decades-old movement to promote international criminal law. The movement started soon after World War II, with the creation of the international military tribunals at Nuremberg and Tokyo, and gained steam again in the early 1990s, when in the midst of the war in Bosnia, the UN Security Council set up the International Criminal Tribunal for the Former Yugoslavia (ICTY) and then, in the wake of the genocide in Rwanda, the International Criminal Tribunal for Rwanda (ICTR). The Security Council gave both tribunals the mandate to prosecute war crimes, crimes against humanity, and genocide, with the expectation that they would target the most senior political and military leaders. The early days were hard going. It took a year to find a chief prosecutor for the ICTY, and at first even supportive governments contributed only small amounts to the courts' budgets. Other states were obstructionist. The governments of Croatia and Serbia, alleging bias, refused to turn over war crimes suspects to the ICTY or share information with it—they relented only when cooperation became a precondition for membership in the European Union. NATO originally refused to carry out the ICTY's calls to arrest indictees in Bosnia for fear of endangering its forces in the country. Serbian President Slobodan Milosevic managed to drag out his trial for years, making the ICTY seem powerless in the face of his defiance. The work proceeded slowly: the ICTY handed down its first sentence in 1996; the ICTR, in 1998.

By now, however, the ICTY and the ICTR have held dozens of trials, including against senior political leaders, such as Milosevic and Radovan Karadzic, the president of Republika Srpska, and top military officials, such as Théoneste Bagosora of Rwanda. The ICTY has sentenced 64 defendants and acquitted 12, and the trials of another three dozen are on its docket; it has also transferred defendants and evidence to local courts in Bosnia. The ICTR has sentenced 46 defendants and acquitted eight, and the trials of two dozen more are on its docket. The two tribunals have significantly developed international criminal jurisprudence, and they have deeply influenced the training, if not the behavior, of military officers worldwide. They have contributed, although perhaps only modestly, to stability in several countries. The

ICTY has not alleviated deep-seated animosities in Bosnia, but it can claim some credit for bringing a measure of reconciliation to Bosnia, Croatia, and Serbia. The ICTR has produced an authoritative historical account of the Rwandan genocide. The ICTY has triggered the development of a specialized war crimes chamber in the Bosnian courts, and the ICTR has inspired the widespread use in Rwanda of the traditional *gacaca* court system to deal with hundreds of thousands of lower-level perpetrators.

Thanks in part to these courts' relative success, the international criminal law movement continued to gain traction. By the early years of this century, the Special Court for Sierra Leone had been established to prosecute the war crimes and crimes against humanity committed in Sierra Leone since late 1996 (that court's highest-profile trial, against former Liberian President Charles Taylor, is winding down toward a judgment). After protracted negotiations, a mixed Cambodian-international tribunal was set up to try the surviving Khmer Rouge leadership. Meanwhile, under the heavy influence of international nongovernmental organizations and local civil-society movements, Western governments led an effort to draft a charter for a permanent international criminal court. In 1998, a UN-sponsored diplomatic conference in Rome adopted the Rome Statute, creating the first permanent international criminal institution. The ICC was tasked with investigating and prosecuting war crimes, crimes against humanity, and acts of genocide committed on the territories of its member states or by their nationals, or whenever asked by the UN Security Council. It would not look back to past injustices; it would have the power to go after crimes committed at or after its creation. And it would act only when national courts with jurisdiction over these crimes were "unable" or "unwilling" to do so themselves—meaning when governments lacked the necessary substantive law or legal infrastructure or when they were shielding culprits from responsibility.

> The ICC's authority is inherently fragile—a big problem given that its effectiveness depends on the help of governments.

The ICC became a reality after the 60th signatory to the Rome Statute ratified the treaty, in July 2002—just four years after the

Rome conference. This was lightning speed by the standards of international treaty-making and a measure of the court's vast following. Still, it was only natural that the ICC, which sits at the intersection of war and peace, politics and law, would also attract enemies. China, Russia, and the United States have chosen not to join it, for instance, for fear that it might one day take aim at their own nationals. Washington has slowly been softening its position, but it remains wary. Earlier this year, in an unprecedented show of support for the court, it voted for the Security Council's referral of the Libya situation. (In 2005, it had abstained from voting on the Sudan referral regarding atrocities committed in Darfur.) But partly at the insistence of the U.S. government, the referral stipulated that the nationals of states that have not ratified the Rome Statute do not fall within the jurisdiction of the ICC. The idea was to protect them from prosecution by the ICC if they ever were to be suspected of committing crimes in the course of a foreign military intervention against Qaddafi.

In other words, unlike the ICTY and the ICTR, the ICC has very broad jurisdiction, both in time and space, but without enjoying the UN Security Council's unequivocal backing. This makes its authority seem inherently fragile—a big problem given that its effectiveness depends on the cooperation of governments. Prosecuting international crimes in countries where conflict is ongoing, or against sitting heads of state, is delicate work: it challenges not only accepted notions of state sovereignty but also the traditional territorial boundaries of criminal investigations. At the same time, the ICC relies on state authorities to arrest suspects and transfer witnesses, evidence, and intelligence, and most governments have done little to help. Some have stepped up in relatively simple situations: for instance, Belgium and France each arrested one Congolese suspect on their territory and transferred the two men to the ICC in The Hague. But Bashir, for one, has managed to travel around Africa and the Arab world, including to states that are parties to the Rome Statute, such as Chad and Kenya. The Security Council, the very body that referred the Sudan situation to the ICC, has not stood firmly behind the arrest warrant against Bashir; it could have increased the cost of doing business with Bashir by imposing sanctions on fugitive Sudanese officials and governments that flout the arrest warrant. The Security Council may deserve credit for making

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the referral, but it appears uninterested in giving the court the kind of support it needs. And it is unclear whether when the time comes to back up the recent referral on Libya, the Security Council will once more undermine the court even as it seems to be empowering it.

COURTING TROUBLE

GIVEN THAT the ICC operates in a complicated, sometimes hostile political environment, it was bound to face serious problems. Yet many of its wounds have been self-inflicted. Management and personality clashes, for instance, have hindered its development. The court's leadership was in place by early 2003, with a triumvirate formed by the prosecutor, the court's president (the court's ceremonial head, who is responsible for external relations), and the registrar (the lead administrative officer). As impressive as the three principals were, they were mismatched. Moreno-Ocampo, interpreting the independence of the OTP broadly, challenged the registrar not to raid his bailiwick and continually picked battles with the registrar's staff on everything from human resources to witness protection. He also resisted coordination with the president. These petty battles over turf and resources undermined the sense that the court's leaders were sharing a historic mission. Meanwhile, many of the ICC's prosecutors and investigators chafed under what they perceived to be Moreno-Ocampo's micromanaging and erratic decision-making. Some of the OTP's most experienced staffers quit; those who remain say that low morale continues to plague the court.

Worse, the OTP has not made enough concrete progress. It has yet to conclude a single trial. Its first case, which indicted the Congolese militia leader Thomas Lubanga Dyilo for recruiting and using children as soldiers, has faltered repeatedly. Some observers have chided Moreno-Ocampo for failing to charge Lubanga with any crimes of sexual violence, a scourge in the Ituri region while he was in charge—this was a lost opportunity, the critics argued, considering the extent of gender-based atrocities in Congo and elsewhere in Africa. During opening statements in the case, Moreno-Ocampo was seen repeatedly using his Blackberry, and he left the hearings, reportedly to attend the World Economic Forum in Davos, before the defense concluded its

presentation. Twice, a three-judge panel ordered that Lubanga be released (he has been in custody since March 2006) because of serious concerns that the prosecution had failed to share potentially exculpatory information with the defense. And although both times an appellate chamber ordered that Lubanga stay in detention, it also harshly criticized the OTP's work. Throughout, the prosecution repeatedly failed to implement court orders, infuriating the judges. Even if Moreno-Ocampo's team occasionally got the law right, its brash behavior undermined the judges' confidence in its good faith and competence.

Six years after the UN Security Council referred the situation in Sudan to the ICC, not one suspect is in custody. In 2007, the court issued a warrant for the arrest of Ahmad Harun, a senior official in Bashir's government, and Ali Kushayb, a leader of the Janjaweed militias, for committing war crimes and crimes against humanity in Darfur. But instead of carefully plotting the two men's arrests, targeting other parties at the same level of responsibility, and carefully establishing the Sudanese government's broader policy of repression and violence, in 2008, Moreno-Ocampo requested that the judges issue a warrant for Bashir's arrest, charging him, too, with war crimes and crimes against humanity—and also with genocide. The move was supposed to be a bold demonstration of the court's purpose. But deciding what to do about the genocide charge—which had never been brought against a sitting head of state—held up the judges' decision for eight months. Finally, in 2009, came a warrant for war crimes and crimes against humanity; it took another year—and an appeal—for the warrant for genocide to be issued. And the damage was already done. Internal dissent at the court had been exposed, public confidence in the genocide charge was undermined, and Darfur activists disagreed bitterly over strategy. Alleging genocide would have been ambitious in even the best investigative circumstances: it is always difficult to prove the crime's requirement that the perpetrators specifically intended to destroy, in whole or in part, a national, ethnic, racial, or religious group. But in the case of the atrocities in Darfur, there were special difficulties. As one former senior ICC prosecutor put it, "It is difficult to cry government-led genocide in one breath and then explain in the next why two million Darfuris have sought refuge around the principal army garrisons of their province." Many atrocities have clearly been committed against

civilians in Darfur; but whether Bashir intended to, and is responsible for trying to, destroy the region's ethnic communities remains a subject of intense debate. And so Moreno-Ocampo's big gesture backfired. The Sudanese government, which was already refusing to cooperate with the ICC, went into lockdown. It kicked most humanitarian workers out of Darfur and cracked down on the domestic opposition. The International Crisis Group, a strong supporter of the ICC, criticized Moreno-Ocampo's approach, accusing him of "risking politicizing his office" and taking a needlessly "confrontational" approach with Bashir. Today, progress on the Darfur file seems to have completely stalled.

A related problem has been the ICC's lack of legitimacy among some African leaders. Although 31 African countries have ratified the Rome Statute, many of them, as well as the African Union, have opposed the ICC's investigations in Sudan and Kenya. This may have something to do with self-serving politics—mutual back-scratching among the continent's leaders. But with all its formal investigations targeting African states—the Central African Republic, Congo, Kenya, Libya, Sudan, and Uganda—the court has also invited the charge that it is an agent for postcolonial Western interests.

This is unfortunate. For one thing, Africa is the setting for innumerable atrocities, and international attention to them should be welcomed, not shunned. For another, the ICC has been conducting preliminary examinations (inquiries that may or may not turn into formal investigations) outside Africa, including in Afghanistan, Colombia, Georgia, Honduras, and the Palestinian territories. Unfortunately, Moreno-Ocampo has failed to see these as easy opportunities to defang the opponents who call the OTP biased. He could have taken a more aggressive line regarding Colombia, for example, and launched a full investigation into war crimes and crimes against humanity committed by paramilitary officials with links to official government agencies. The facts called for it, and the circumstances allowed it: with the Colombian courts seeming unlikely to pursue any senior-level cases, the ICC had the jurisdiction to step in.

By commission and omission alike, the OTP has repeatedly made itself a target for charges of politicization. This has come as a surprise to those who applauded Moreno-Ocampo's decision early on to create

within the OTC a special office to encourage cooperation from other international actors and ensure the ICC's complementarity with national courts. Moreno-Ocampo has undoubtedly faced significant pressure to go after senior leaders, but having chosen to pursue the big fish and failed to catch many, now he does not have much to show for his efforts. Particularly during its nascent phase, the ICC needed a more effective operator, institution builder, and diplomat.

TRIALS AND TRIBULATIONS

THERE ARE reasons to hope that the ICC can still become a viable agent against impunity, chief among them the desire of victims worldwide to see the court succeed. The upcoming election of the next prosecutor is an occasion to do right by them.

African leaders are understandably pushing for an African prosecutor. The continent has largely embraced the Rome Statute, and the ICC has focused on some of Africa's most conflict-riven states. Having an African lead the prosecution over the next decade could help inspire domestic and regional efforts at developing accountability and the rule of law by demonstrating that international justice is not a norm imposed by the West but one shared by top African jurists. An African prosecutor might also have a better sense of how to reach out to African communities that need to be convinced of the ICC's value. Yet a search for Moreno-Ocampo's replacement that starts and ends with a focus on Africa would only bolster the ICC's unwanted reputation as a single-minded, regionally focused court. Two well-regarded Gambian lawyers—Fatou Bensouda, the ICC's deputy prosecutor, and Hassan Jallow, chief prosecutor of the ICTR—are currently the front-runners. (The chief prosecutor of the ICTY, the Belgian Serge Brammertz, is thought to be a long shot, not least because much of the work will require leading prosecutions involving Congo, a former Belgian colony.) But as the parties to the Rome Statute begin to look for candidates—they have already established a search committee—they should dispel the impression that anyone already has a lock on the position. And they should consider candidates without any geographic constraints; the ICC deserves the prosecutor best able to meet its core challenges.

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At the bureaucratic level, the next chief prosecutor will need to be a manager who can lead on multiple fronts. First among those must be an effort to gain back the confidence of the ICC's investigators, analysts, and other prosecutors. Recruiting and retaining the most highly qualified staffers means giving them substantial authority and providing them with guidance without micromanaging them. Another important task will be to rebuild the OTP's reputation with the court's judges. The next prosecutor will also have to bring several trials to conclusion, as well as conduct high-profile investigations in difficult environments, such as Libya.

In all these tasks, the next prosecutor will need to display political and diplomatic savvy. One pressing and thorny issue will be getting states to enforce arrest warrants, especially those against Bashir and the other Sudanese indictees. This will not be easy. Even key ICC supporters in Africa, such as Ghana, Senegal, and South Africa, have been unable to beat back the anti-ICC fever within the African Union. To many African Union members, arresting Bashir may seem less desirable than ever now that he appears to be accepting the fact of southern Sudan's secession, which was decided by referendum early this year. Some Western officials are reportedly in favor of getting the Security Council to defer enforcing the arrest warrant against him; the U.S. special envoy to Sudan, J. Scott Gration, has publicly stated his concern that the warrant has complicated peacemaking efforts. On the other hand, ignoring this warrant would likely undermine the credibility of the court's warrants generally.

> By commission and omission alike, the prosecution's office has repeatedly made itself a target for charges of politicization.

In such a fraught political environment, the next prosecutor will not make any headway using confrontational or triumphalist rhetoric. The OTP would do better to rethink its top-down approach in Sudan and reopen investigations concerning other senior-level figures with potential liability for the atrocities committed in Darfur. The suspects are already known: a secret annex to the 2005 report of the UN's International Commission of Inquiry on Darfur is said to list over four dozen names. Focusing on suspected perpetrators at levels of

seniority lower than Bashir's would allow ICC prosecutors to establish that the Sudanese government implemented a widespread policy to commit atrocities in Darfur. The ICC seems likely to prosecute two Darfur rebel leaders for attacking UN peacekeepers; bringing a viable case against Sudanese government figures in addition to those two would significantly bolster the ICC's credibility. Over the long term, holding one or several trials that establish Khartoum's involvement in the atrocities in Darfur could put pressure on governments that currently give Bashir assistance. It could also add to the pressure on Bashir himself, particularly if someone in his circle is found guilty.

The LRA leader Kony will continue to pose both a diplomatic and a military challenge. Since the warrants for the arrest of Kony and four of his lieutenants were issued in 2005, the Ugandan government has pushed the rebels out of northern Uganda, bringing a modicum of safety to the region's residents. But now the LRA is brutalizing civilians in bordering areas of the Central African Republic and Congo. Short of mounting a military operation aimed at arresting Kony and his commanders, which no government appears prepared to do, there may be no solution to this problem—at least none within the powers of the ICC prosecutor. When it comes to the LRA file, the main challenge for the next prosecutor will be to continue to press for arrests without appearing powerless in the face of ongoing atrocities.

So far, the threat of ICC prosecutions has helped generate some useful discussion about justice at the national level. In places as diverse as Colombia and Kenya, for instance, the court's activities have helped generate public calls—and, in Kenya, legislation—for domestic trials for war crimes and crimes against humanity. The next ICC prosecutor should take the task a step further, doing more than simply advocating for national efforts and instead playing a substantial role in shaping them. Moreno-Ocampo and court officials have said all the right things about the importance of national prosecutions, and there has been some interaction between prosecutors and investigators at the ICC and their national counterparts. But this activity has been treated as though it is tangential to the court's success. In fact, it is essential. The prosecution of senior officials in The Hague should support the prosecution of lower-level officials in national courts. Under the new prosecutor, the ICC should help build the capacity of

national legal systems to try international crimes by sharing more strategy, tactics, and information, much as the ICTY has done to assist prosecutors throughout the Balkans.

WITNESS FOR THE PROSECUTION

THE NEW prosecutor will need to defend the ICC against charges that it brings too little accountability while standing in the way of peace and stability. Among other things, this will mean deploying the post's powers carefully, with a full awareness of their limits. At times, this could require considerable restraint: for instance, the OTP might be better off not seeking any warrants in the Libya case if the Security Council is unlikely to help with enforcement. The ICC prosecutor must be a forceful spokesperson for international criminal justice, of course, but that job also requires understanding that most governments see justice as only one priority among many. Not all international prosecutors have successfully handled this aspect of the role. Carla Del Ponte, the third chief prosecutor of the ICTY and the ICTR, regularly tussled with officials at the tribunals, government officials in the Balkans, and members of the UN Security Council—so much so that in 2003 the Security Council took back the ICTR half of her job. Louise Arbour, who held the dual position before Del Ponte, was just as firm in insisting that states cooperate with the courts, but she also managed both to get her hands dirty with investigations and prosecutions and to maintain the respect of the state leaders whose support she needed. Moreno-Ocampo is more Del Ponte than Arbour, and the ICC needs an Arbour.

Arbour herself once wrote that the international community's repeated failure to prevent atrocities "leaves criminal justice to meet the sometimes unrealistic expectations about the contribution that it can make to social peace and harmony, to the eradication of hatred, and to the reconciliation of previously warring factions." Substitute "the ICC prosecutor" for "criminal justice" in that sentence, and the difficulty of the job becomes clear. To be effective, the ICC's next chief prosecutor must share Arbour's healthy understanding of both the court's promise and its limitations.

Recalibrating Homeland Security

Mobilizing American Society to Prepare for Disaster

Stephen Flynn

The United States has made a mess of homeland security. This is hardly surprising. The policymakers responsible for developing homeland security policy in the wake of September 11, 2001, did so under extraordinary conditions and with few guideposts. The Bush administration's emphasis on combating terrorism overseas meant that it devoted limited strategic attention to the top-down law enforcement and border-focused efforts of the federal departments and agencies assigned new homeland security responsibilities. President Barack Obama has largely continued his predecessor's policies, and congressional oversight has been haphazard. As a result, nearly a decade after al Qaeda struck the World Trade Center and the Pentagon, Washington still lacks a coherent strategy for harnessing the nation's best assets for managing risks to the homeland—civil society and the private sector.

For much of its history, the United States drew on the strength of its citizens in times of crisis, with volunteers joining fire brigades and civilians enlisting or being drafted to fight the nation's wars. But during the Cold War, keeping the threat of a nuclear holocaust at bay required career military and intelligence professionals operating

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within a large, complex, and highly secretive national security establishment. The sheer size and lethality of U.S. and Soviet nuclear arsenals rendered civil defense measures largely futile. By the time the Berlin Wall came down and the Soviet Union collapsed, two generations of Americans had grown accustomed to sitting on the sidelines and the national security community had become used to operating in a world of its own.

To an extraordinary extent, this same self-contained Cold War–era national security apparatus is what Washington is using today to confront the far different challenge presented by terrorism. U.S. federal law enforcement agencies, the border agencies, and the Transportation Security Administration (TSA) are subsumed in a world of security clearances and classified documents. Prohibited from sharing information on threats and vulnerabilities with the general public, these departments' officials have become increasingly isolated from the people that they serve.

This is the wrong approach to protecting the homeland. Even with the help of their state and local counterparts, these federal agencies cannot detect and intercept every act of terrorism. Police, firefighters, and other emergency responders will not always be immediately at hand to protect and rescue those in harm's way. Professionals are usually not the first responders to terrorist attacks and other disasters. A sidewalk T-shirt vendor, not a police patrol officer, sounded the alarm about Faisal Shahzad's SUV in his May 2010 car-bombing attempt on New York's Times Square. Courageous passengers and flight-crew members, not a federal air marshal, helped disrupt the suicide-bombing attempt by Umar Farouk Abdulmutallab aboard Northwest Airlines Flight 253 on Christmas Day 2009. It often falls to ordinary citizens—family, friends, neighbors, and bystanders—to lend a hand in times of crisis.

Coping with terrorism requires localized, open, and inclusive engagement of civil society. But the U.S. government has neither adequately informed nor empowered civilians to play a meaningful role in defending the country. To better involve civilians in homeland security, the United States must remove the inadvertent obstacles it has placed in their way. Citizens, in turn, must be willing to grapple

with the risks they and their communities are likely to face and embrace a more active role in preparing for disasters.

DEVELOPING TRUST

To IMPROVE the nation's capacity to manage dangers, federal agencies must avoid alienating the very people they are responsible for protecting. Regrettably, Washington's growing homeland security bureaucracy has largely overlooked the need to garner support from the public. New security measures are advanced without spelling out the vulnerability that they are designed to address. The American public has generally tolerated this thus far, but presuming the public's submissiveness risks breeding resentment and lack of cooperation over time. Alternatively, when citizens understand the appropriateness of a given security measure, they will be more willing to collaborate to achieve its goal.

When the TSA introduced full-body X-ray scanners and enhanced pat-downs at U.S. airports last fall, it prioritized public compliance over public acceptance. Given the coercive tools at its disposal, the TSA correctly presumed that it could force civilian acquiescence to this more intrusive passenger screening process. But the marginal additional capabilities provided by the scanners and pat-downs came at a heavy cost. Public confusion and anger over the new program, expressed by the Thanksgiving holiday travel opt-out campaign, spawned a vocal minority that has sown general public skepticism and may impede future U.S. government efforts to improve homeland security.

In explaining its security measures to the public, the government should not promise more than it can deliver. U.S. officials should avoid making the kind of statements issued frequently after September 11 to the effect that terrorists have to be right only once, whereas U.S. officials have to be right 100 percent of the time. Such declarations might demonstrate firm resolve, but they set an impossible standard; no security regime is foolproof. Common drug-smuggling techniques can evade the new scanning technology at U.S. airports. Radiation portal monitors, deployed with much fanfare at U.S. seaports, are unlikely to detect shielded nuclear material, raising the possibility that a nuclear weapon or dirty bomb encased in lead

could pass through undetected. Public officials should acknowledge the potential limits of these technologies and other security protocols in deterring terrorists. Creating unrealistic expectations guarantees anger, disappointment, and mistrust should a terrorist attack succeed.

U.S. policymakers should also refrain from measures that provide the optics of security rather than real security. For example, the presence of cement barriers outside a train station may reassure daily commuters. But if those barriers are not anchored to the ground, an explosive-laden truck could ram them aside and make it to the station's entrance. The ensuing tragedy would leave commuters feeling rightfully deceived and the families of victims outraged. Security protocols must survive a "morning-after test"; that is, they should be able to withstand a postmortem by the public about their adequacy, even if they failed to thwart an attack. If the post-incident assessment deems the security measures to be lacking credibility, there will be hell to pay.

OPEN UP

National security officials should also resist the secrecy reflex. U.S. intelligence and federal law enforcement agencies perform too much homeland security work behind closed doors. Their proclivity to operate in a world of restricted documents and windowless rooms often leaves both the private sector and the general public out of the loop.

On the surface, it seems sensible to avoid releasing information about vulnerabilities or security measures that potential adversaries could exploit. But this insularity often undermines the defense of critical infrastructure, such as seaports, dams, and waterworks. In determining the best way to protect a suspension bridge, for example, the bridge's chief engineer is likely to have ideas that would not occur to a law enforcement or military professional working in the Department of Homeland Security. But government officials frequently fail to consult that engineer. They will share security information only with vetted company security officers, who in turn are barred from passing this information on to senior executives and managers who do not

hold active security clearances. As a result, investment and operational decisions are often made with scant attention paid to the potential security stakes.

The U.S. government should increase its transparency with the broader public as well. Many policymakers believe that candor about potential dangers may generate excessive public fear. Yet the secrecy reflex often contributes to public anxiety. People are most frightened when they sense their vulnerability to threats but feel powerless to address them. U.S. officials have stated for nearly a decade that terrorism is a clear and present danger, but they have given citizens little information about how to cope with that hazard. Instead, citizens are told to proceed with their daily routines because the government is hard at work protecting them. The psychological effect of this is similar to that of a doctor telling a patient that she is suffering from a potentially life-threatening illness but providing only vague guidance about how to combat it. No one wants to receive disturbing news from his physician, but a prognosis becomes less stressful when doctors provide patients with all the details, a clear description of the available treatments, and the opportunity to make decisions that allow the patient to assert some personal control over the outcome. In the same way, the U.S. government can decrease fears of terrorism by giving the American public the information it needs to better withstand, rapidly recover from, and adapt to the next major terrorist attack.

Federal agencies must avoid alienating the very people they are responsible for protecting.

Flight attendants routinely tell passengers that they may need to use their seat cushions to stay afloat in the event of an emergency water landing. Although escaping a plane in the water is a frightening scenario, this safety instruction does not generate panic among passengers. Similarly, there is no reason why civilians should not be told what bombs and detonators look like, on the very remote chance that someone like the "Christmas Day bomber" ends up seated next to one of them on a plane. Having better-informed airport workers, flight crews, and passengers could prove a far more effective safeguard than deploying hundreds of new body scanners at airports.

AVOID OVERREACTING

WASHINGTON MUST also avoid overstating the threat of terrorism. Terrorist attacks are not all the same. Small-scale attacks of limited destructiveness pose the most likely terrorist danger to the United States today. Although Osama bin Laden remains on the loose, al Qaeda's senior leadership infrastructure has essentially been dismantled, undermining its ability to conduct sophisticated large-scale operations in North America. Aligned groups or other terrorist organizations may still organize catastrophic attacks, but such ambitious terrorist operations require groups of operatives with capable leaders, communications with those overseeing the planning, and time to conduct surveillance and to rehearse. Money, identity documents, and safe houses for operatives must be secured, and other logistical needs must be met. All this effort creates multiple opportunities for intelligence and law enforcement agents to disrupt plots before they come to fruition.

In the face of these challenges, terrorists have adapted their tactics. Now, attacks on U.S. soil are likely to be perpetrated by homegrown operatives who act alone or with one or two accomplices. Such operations are difficult to detect and intercept. Yet lone gunmen and suicide bombers can inflict only limited damage. Tragically, such attacks will destroy property and take innocent lives. But Mother Nature generates far more frequent and disastrous incidents. Virtually no terrorist scenario could equal the devastation caused by the March 2011 earthquake and tsunami that hit northern Japan. Similarly, it is hard to imagine that a terrorist armed with a weapon of mass destruction could produce more casualties than a global outbreak of a virulent strain of the flu virus: epidemiologists estimate that as many as 100 million people died of the Spanish flu in 1918. Even when terrorism is measured against other national security challenges, some perspective is warranted. During the height of the Cold War, a nuclear exchange with the Soviet Union would have left two-thirds of the American people dead and much of the world in ruins. That was a true existential danger, and one that the most ambitious terrorists cannot hope to match.

Similarly, U.S. policymakers must avoid overreacting to terrorist incidents when they do occur. In the aftermath of the bombing attempt aboard Northwest Airlines Flight 253, congressional leaders on both the left and the right declared it better to overreact than underreact to the risk of terrorism. This rare bipartisan consensus was unfortunately entirely wrong. Terrorism is fueled by the confidence that Americans will react to it by embracing draconian measures that damage the U.S. economy. Al Qaeda's October 2010 attempt to bomb airplanes by hiding explosives in ink cartridges shipped from Yemen was consistent with this strategy. The terrorists hoped that the midair destruction of any plane—cargo or civilian—would spur U.S. officials to respond with costly and disruptive methods that would undermine the movement of global cargo. In other words, their strategy depends on how Americans react—or, more precisely, overreact—to acts of terrorism.

Yet such smaller-scale, less destructive, and less lethal operations, even if unsuccessful, can produce this overreaction only when overwrought media coverage and political recriminations generate a rush to deploy expensive and often counterproductive new defenses. Conversely, a response of confident resilience to acts of terrorism would provide a real measure of deterrence by demonstrating that such attacks will not achieve their desired ends. Although the United States cannot prevent every act of terrorism, it can control how it responds to them.

THE WAY FORWARD

The U.S. government can avoid hindering its own actions to protect the homeland by building trust and setting proper expectations with civilians. To develop a comprehensive homeland security strategy, however, Washington should place greater emphasis on developing adequate societal resilience. Resilience is the capacity of individuals, communities, companies, and the government to withstand, respond to, adapt to, and recover from disasters. Since disruptions can come not just from terrorism but also from natural and accidental sources as well, advancing resilience translates into building a general level of preparedness. Ideally, a program of

resilience would address the most likely risks that people, cities, or enterprises may face. This would minimize the potential for complacency while assuring a level of basic skills, such as first aid and effective emergency communications, which are useful no matter the hazard.

Building societal resilience requires a bottom-up, open, and participatory process—that is, the exact inverse of the way U.S. policymakers have approached homeland security to date. A program of resilience mandates individuals, communities, and companies to take precautions within their respective areas of control. Success is measured by the continuity or rapid restoration of important systems, infrastructure, and societal values in the face of an attack or other danger.

Al Qaeda's strategy depends on how Americans react—or, more precisely, overreact—to acts of terrorism.

Resilience begins on the level of individuals. A program of resilience would promote self-reliance in the face of unexpected events, encouraging civilians to remain calm when the normal rhythms of life get interrupted. It would also teach individuals to make themselves aware of the risks that may confront them and to be resourceful by learning how to react to crises. And it would make preparedness a civic virtue by instructing civilians to refrain from requesting professional assistance unless absolutely necessary, thus freeing up manpower for those in the greatest need.

Promoting individual resilience involves acknowledging that many Americans have become increasingly complacent and helpless in the face of large-scale danger. Reversing this trend demands a special emphasis on educating young people. Students should learn to embrace preparedness as both a practical necessity and an opportunity to serve others. These students, in turn, can teach their parents information-age survival skills, such as texting, which may offer the only means to communicate when cellular networks are overloaded (800 text messages consume the same bandwidth as a one-minute call). As demonstrated in the aftermath of the 2010 Haitian earthquake and the Deepwater Horizon

oil spill that same year, social media are transforming the way rescuers and survivors respond to crises. These new tools have the power to turn traditional, top-down emergency management on its head.

Resilience also applies to communities. The U.S. government can promote resilience on the communal level by providing meaningful incentives for collaboration across the public, private, and nonprofit sectors before, during, and after disasters. Much like at the individual level of resilience, communities should aspire to cope with disasters without outside assistance to the greatest degree possible.

Building resilient communities requires providing community leaders with tools to measure and improve their preparedness based on a widely accepted standard. The Community and Regional Resilience Institute, a government-funded research program based at Tennessee's Oak Ridge National Laboratory, has spearheaded an attempt to define the parameters of resilience, modeled on the method by which fire and building codes were created and are maintained. It has drawn on a network of former governors and former and current mayors, emergency planners, and academics to develop detailed guidelines and comprehensive supporting resources that will allow communities to devise resilience plans tailored to their needs. Other countries, including Australia, Israel, and the United Kingdom, have instituted similar programs. Federal and state governments could provide communities that implement a comprehensive risk-awareness strategy and a broad-based engagement program with tangible financial rewards, such as reduced insurance premiums and improved bond ratings.

The tenth anniversary of September 11 will provide Obama with an opportunity to recalibrate the nation's approach to homeland security.

U.S. companies compose the third tier of resilience. Resilient companies should make business continuity a top priority in the face of a disaster. They should invest in contingency planning and employee training that allow them to serve and protect their customers under any circumstance. Corporations must also study the

capabilities of and partner with their suppliers and surrounding communities. Much like individuals and communities, corporations with resilience would possess the ability to sustain essential functions and quickly resume their operations at full capacity after a disaster. Resilience may also bring financial benefits to companies able to demonstrate their dependability in the wake of a major disruption. Such companies are likely to experience an increase in market share by maintaining regular customers and attracting new ones as well.

Although most large corporations invest in measures that improve resilience, smaller companies—which are the backbone of local economies and yet are constrained by limited resources—generally do not. But small businesses can rectify this in a low-cost manner by creating a buddy system between companies located in different regions. For instance, a furniture store in Gulfport, Mississippi, that may fall victim to an August hurricane could partner with a furniture store in Nashville, Tennessee, that may suffer from spring flooding. These businesses would agree to assist each other in providing backup support for data, personnel, customers, and suppliers in the event of a disaster.

INSTILLING RESILIENCE

To his credit, Obama explicitly identified resilience as a national security imperative in his May 2010 National Security Strategy. Homeland Security Secretary Janet Napolitano did the same in the February 2010 Quadrennial Homeland Security Review. Both have made frequent references to the importance of resilience in their speeches. But neither the federal bureaucracy nor the general public appears to be paying much attention.

The approaching tenth anniversary of September 11 will provide Obama with an opportunity to recalibrate the nation's approach to homeland security. While honoring the enormous sacrifice of the U.S. armed forces and those who have been working to protect the U.S. homeland, he should ask citizens to step forward and assume their own unique role. For individuals, families, neighbors, employers, and employees, the way to honor the lives so tragically lost in the

Twin Towers, in the Pentagon, and aboard United Airlines Flight 93 is to unite in preparing for future emergencies. The president should ask citizens from every walk of life to embrace a personal commitment to making the United States more resilient.

When passengers enter the new body scanners at U.S. airports, they are directed by TSA screeners to hold their hands above their heads and stand still while their images are taken. The position closely resembles the universal stance for surrendering—undoubtedly why many find the process so uncomfortable. An emphasis on resilience, by contrast, is consistent with the U.S. tradition of grit, determination, and hope in the face of adversity. When tested, Americans have always bounced back better and stronger. It is long past time for Washington to stop treating civil society as a child to be sheltered and to acknowledge the limits and counterproductive consequences of relying so heavily on protective measures. In good times and bad, the greatest asset of the United States has always been its people.

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Reviews & Responses

REUTERS/GORAN TOMASEVIC

A statue of the Iraqi dictator Saddam Hussein falling in Firdos Square, Baghdad, April 9, 2003

The works of totalitarian art rarely outlast the regimes that produced them; they are quickly consigned to oblivion or destroyed outright by enraged populations.

Review Essay

What Is Totalitarian Art?

Cultural Kitsch From Stalin to Saddam

Kanan Makiya

Totalitarian Art: In the Soviet Union, the Third Reich, Fascist Italy, and the People's Republic of China. 2nd ed. BY IGOR GOLOMSTOCK. Overlook Press, 2011, 420 pp. $40.00.

Earlier this year, the government of Iraq, in a misconceived act of outreach to the country's once dominant Sunni community, began restoring a dilapidated monument in Baghdad. Originally constructed in the late 1980s as a celebration of Iraq's supposed triumph in its war against Iran, the Victory Arch was partially dismantled in 2008 by Sadrist elements who were eventually stopped by orders from the Iraqi prime minister. The monument consists of two sets of giant forearms and hands brandishing swords, draped with a net containing a gruesome collection of enemy helmets. Conceived by Saddam Hussein himself and carried out by the Iraqi sculptor Mohammed Ghani Hikmat using casts of Saddam's own arms, it is such an outstanding example of totalitarian kitsch that I used it as a lens through which to view the degradation of culture in Iraq under the Baathist regime in my 1991 book *The Monument*.

But what exactly makes something totalitarian art? In his important and encyclopedic tome on the art produced under the twentieth century's four most brutal political systems—the Soviet Union, the Third Reich, Fascist Italy, and the People's Republic of China—Igor Golomstock makes it clear that he is writing not about "art under totalitarian regimes" but rather about "totalitarian art," a particular cultural phenomenon with its own ideology, aesthetics, and style. This type of art did not arise because of common threads running through Soviet,

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EDUARDO MUNOZ/REUTERS

An Iraqi soldier passing the Victory Arch in Baghdad, June 2008

German, Italian, and Chinese culture; the cultural traditions of the countries, Golomstock holds, are "simply too diverse" to explain the stylistic and thematic similarities among totalitarian works. He collects these similarities under the term "total realism," a genre that has its roots in the socialist realist art of the Soviet Union after 1932, when Stalin decreed it the only type of art acceptable.

One cannot think of a more perfect example of the totalitarian artistic impulse than Saddam's insistence that a cast of his own forearms be used as the mold from which the Victory Arch was to be made. But in general, depictions of the leader, perhaps the most common subject of total realism, had to be mythologized. It would not do, for example, for a Soviet artist to depict Stalin as the short, pockmarked, bandy-legged man that he really was. His physical attributes, as in F. S. Shurpin's portrait *The Morning of Our Fatherland,* had to undergo the same transformation as Stalin's version of history, to be turned into what the writer Milan Kundera so eloquently referred to as "the beautifying lie." To make this point even more explicit, in this new edition of the book (it was first published in 1990), Golomstock has added a postscript on totalitarian art in Saddam's Iraq. Although the art of that era was produced in a largely Arab and overwhelmingly Muslim culture, it still fits into the same paradigm as the art produced in Maoist China. As Golomstock argues, the similarities within totalitarian art demonstrate "the universality of the mechanisms of totalitarian culture."

Golomstock arrived at this insight in the late 1950s when he was working as a children's guide in the Pushkin Museum of Fine Arts, in Moscow. He discovered that children who were well versed in the Stalinist art of the previous decades were unable to tell the difference between Nazi and Soviet works. "It was then," he writes, "in the bowels of the totalitarian system, 'in the belly of the whale,' that I first had the idea of this book: it arose from an intuitive sense of the strange closeness between two artistic systems that were . . . ideologically hostile to one another."

TOM STODDART/GETTY IMAGES

An image of Saddam Hussein that covers a wall in Baghdad, September 1989

By cataloging and reproducing hundreds of images, some never before published, of paintings, posters, and sculptures and juxtaposing Soviet, German, Italian, and Chinese works to one another, Golomstock has fleshed out that original intuition. His exploration of these works, and his unearthing of the multitude of stories surrounding their origin, production, and fate, is invaluable. *Totalitarian Art* is an indispensable work of reference on the art produced under four regimes that, between them, are responsible for the deaths of tens of millions of people.

SPONSORING CREATIVITY

Golomstock's story about Soviet schoolchildren is eerily reminiscent of how Oleg Grabar opened his groundbreaking 1973 book, *The Formation of Islamic Art*. Grabar noted that if a person with a "modicum of artistic culture" were leafing through hundreds of images of major works of art from all over the world, he would, without fail, be able to identify those that experts label "Islamic art." But what makes Islamic art unique? Grabar was quick to show that it had little, if anything, to do with Islam. Many works of art made by or for non-Muslims are appropriately studied as examples of Islamic art. There is, after all, a Taj Mahal in India made by Indians drawing on Hindu, pre-Islamic traditions and a Dome of the Rock in Jerusalem made by Christian artisans whose craft was Byzantine in origin. Yet experts regard both architectural masterpieces as unquestionably Islamic. What is Islamic about the art, Grabar writes, is its "special overlay, a deforming or refracting prism which transformed, at times temporarily and imperfectly, at other times permanently, some local energies or traditions."

In its early centuries, Islamic civilization was a fusion of many preexisting cultures, which in turn gave birth to new forms of literature and art that are recognizable as Islamic, even centuries after the original creative spark died out. There is such a thing as Islamic art, comparable to Gothic or baroque art, because of a centuries-long historical juncture that transformed ethnic and geographic traditions and created a new kind of symbiosis between local

modes of artistic expression and pan-Islamic ones. Historians may not yet fully understand how a particular tile made in Muslim Spain came to bear an uncanny and elusive resemblance to one made in Hyderabad, India, but as Grabar has demonstrated, they do know that both are indubitably Islamic.

The same elusive and unselfconscious creative impulse cannot be found in state-sponsored totalitarian art. To begin with, it is often indistinguishable from propaganda. Consider the amateurish poster of Saddam on a white horse (à la Vasily Yaklovev's portrait of the Soviet marshal Georgy Zhukov) that was plastered all over Baghdad in 1989—the year he rode under his Victory Arch on that very horse. Because they are so bound up with the state and its politics, the works of totalitarian art rarely outlast the regimes that produced them; they are quickly consigned to oblivion or destroyed outright by enraged populations. After the U.S. invasion of Iraq, for example, jubilant Baghdadis clambered on top of the toppled bronze statue of Saddam in Firdos Square and dragged the severed head through the streets. Totalitarian art, in other words, seems to be rejected once the political conditions that led to its creation are lifted. The art that has survived in Germany and the former Soviet Union has only recently begun to be pulled out of museum basements, largely for the purpose of study, not admiration.

GOLOMSTOCK, LONDON

Vasily Yakovlev, Portrait of Georgy Zhukov *(1946)*

More important, totalitarian art has not yet produced masterpieces that, irrespective of the odious systems that birthed them, could be said to have made permanent contributions to human culture. Perhaps this is because, unlike Islamic art, for example, totalitarian art's production has everything to do with a top-down, state-driven project to bring about an aesthetic and spiritual union of government and people according to a prefixed dogma.

Benito Mussolini was the first political leader to propagate the idea that art should serve the revolution and the state. But Italian fascism was never quite able to realize this vision. It was never able to fully fuse ideology, organization, and terror into the kind of state-run cultural machine that Mussolini's own fascist doctrine called for. Whereas Hitler and Stalin used both

ISKUSSTVO

F. S. Shurpin, The Morning of Our Fatherland *(1948)*

threats and rewards to co-opt artists, Mussolini used only the latter, and so pre-Fascist Italian culture was never laid to waste the way German and Russian culture were. The concrete implementation of the concept of total realism—in paint, marble, and building materials—was left to Hitler's Germany, Stalin's Russia, and Mao's China. Italy's inability to realize the totalitarian cultural project highlights how unimaginable such a project would have been in the formative centuries of Islam, when no state or empire had the resources, repressive agencies, or organizational wherewithal to bring about the necessary fusion that Mussolini called for and that Hitler and Stalin put into effect. Totalitarianism is a twentieth-century enterprise that would have been impossible to realize in premodern, nonindustrialized societies.

THE ELEMENTS OF STYLE

To be sure, Islamic and totalitarian art do have something in common. Behind both lay an originally political and ideological impetus, not an artistic one, that made new aesthetic forms possible. Both can be precisely dated, since Muslim sources document when different lands became Islamic and the beginnings of totalitarianism can be pinned down in the twentieth century with even greater precision. The day the Third Reich collapsed in 1945 ended the German experiment with total realism, and the day the statue in Firdos Square came tumbling down in 2003 ended Iraq's. The Soviet Union's fascination with the form reached its apogee between 1946 and 1953, only to wither away in later decades.

But Golomstock does much more than provide the political markers for the start and the end of full-blown totalitarian culture. He makes a cultural argument that there was a nexus between totalitarianism and modernism. "We shall never be able to understand the nature of totalitarian culture," he writes, "unless we examine its ideological sources in what it referred

to with contempt as 'modernism.'" In his problematic first chapter, "Modernism and Totalitarianism," Golomstock writes of a "hereditary link" between the avant-garde movement of the first decades of the twentieth century, which by and large welcomed the 1917 Russian Revolution, and the total realism movements of the 1930s and 1940s, which he sees as that revolution's offspring. Totalitarian regimes, he argues, disguise themselves in the revolutionary garb of modernist art in their early stages, before turning to "the most conservative and outmoded" cultural traditions once they have legitimated themselves.

Unfortunately, in making this ideological connection between some avant-garde artists and the total realists, Golomstock has lost sight of the initial experience in the 1950s that brought him to all the important insights of this book. If he were to place works by such giants of early modernism as Umberto Boccioni and Wassily Kandinsky side by side with works by such total realists as Yakovlev and Heinrich Knirr, he would find that the children he had taught in the 1950s would have no trouble at all telling them apart. (The children would, of course, not know the names of the modernists, because these had been erased from art history books, just as their works had been removed from museums.) The stylistic gap between the two groups is so large that it is senseless to claim that evolving ideologies somehow connect them. Contrary to Golomstock's reasoning, an artist should not qualify as the progenitor of totalitarian art simply because he or she hailed fascism and revolution in Europe in the first decades of the twentieth century.

The fundamental distinction that needs to be made here, one ignored by Golomstock, is between, on the one hand, an artist's rhetoric and the political ideas he or she holds (including the meaning given to his or her own work) and, on the other hand, the work itself and how it speaks to fellow artists and viewers of art in society at large. It does not really matter if Boccioni, the great Italian sculptor and painter, joined forces with Mussolini. What matters is that he learned from such modernist giants as Georges Braque and Constantin Brancusi and went on to help shape cubist sculpture

COURTESY OF THE ARMY ART COLLECTION, U.S. ARMY CENTER OF MILITARY HISTORY

Heinrich Knirr, Portrait of Adolf Hitler *(1939)*

in Europe, influencing such important artists as Raymond Duchamp-Villon, C. R. W. Nevinson, and Wyndham Lewis—who were as removed from totalitarian ideas and movements as it was possible to be. Boccioni, then, was both an artist and an Italian Fascist, but his work is not remotely connected with totalitarian art.

DICTATORIAL TASTES

The crucial element in the creation of totalitarian culture was the involvement of the state, not indirectly, through the financing of culture, but directly, by imposing a "dictatorship of taste," as the Russian futurist poet Vladimir Mayakovsky enthusiastically called it. To find, as in post-Baathist Iraq, boxes of files containing hundreds of pages of correspondence from the Office of the President providing guidance on the minutiae of wall posters and paintings and murals and monuments made in Baghdad under Saddam, even as he was waging wars with Iran, Kuwait, and the United States: this is the true measure of totalitarian culture, not what this or that Iraqi artist said about art before Saddam even came to power.

The fact that artists, even great ones, have acquiesced in, collaborated in, and even argued for state organization of art and culture is beside the point; it is the implementation of the supposed necessity of that organization, so thoroughly documented by Golomstock, that ultimately creates the universal forms of totalitarian art that even schoolchildren can immediately recognize as such. Moreover, it matters how good these artists are at what they do. Golomstock acknowledges this in his postscript on totalitarian art in Iraq. No Iraqi artist working for Saddam, he writes, "was as gifted as Arno Breker, Vera Mukhina or Alexander Gerasimov"—all artists who worked under Hitler or Stalin.

This statement betrays Golomstock's overly hasty observations about Iraqi art, whose quality he fails to appreciate. Totalitarian art is only interesting when the best artistic talent engages in it, and this is what happened in Iraq. Under Hitler, many of the best artists went into exile, continuing modernism on the more welcoming shores of the Unites States. (The consequences of choosing not to flee can be severe: the poet Mayakovsky stayed on in Stalin's Russia, which may have had something to do with why he shot himself in 1930.) In Iraq, by contrast, most of the talented artists of the 1950s and 1960s collaborated with the new regime. Ghani Hikmat and Khalid al-Rahal, two of the most promising young Iraqi talents in the 1960s, went on to carry out such total realist monstrosities as the Victory Arch and the Monument to the Unknown Soldier in the 1980s. They did so because their project of the reappropriation of Iraqi *turath*, or "heritage," was hijacked by the Baath Party, which found it politically parallel to its own idea of a Baathist-led "renaissance" of Arabness.

After 1968, once the totalitarian machinery of the state had been set up, the government poured money into the arts. Over time, it directed artistic life to fit state-driven political goals, to the point where Saddam himself began designing monuments. What the Iraqi experience shows, when the pre-totalitarian works of Iraqi artists are compared with the later totalitarian works that were dictated by the Saddam regime, is how much the work of the individual artist was transformed into something quite unrecognizable from what it used to be. Totalitarian art is the lifeless and mindless outcome of that dictation.

Recent Books on International Relations

Political and Legal

G. JOHN IKENBERRY

The Origins of Political Order: From Prehuman Times to the French Revolution. BY FRANCIS FUKUYAMA. Farrar, Straus & Giroux, 2011, 608 pp. $35.00.

Fukuyama is best known for his reflections on "the end of history," but with this landmark study, he turns to history's beginning, tracing the origins and trajectories of political order from prehistoric times to the French Revolution. (A second volume will take the story to the present.) Drawing inspiration from Samuel Huntington's classic study *Political Order in Changing Societies*, Fukuyama begins with humans' earliest steps to construct tribal societies before moving on to the gradual emergence of organized political communities and the rise of the territorial state. At each turn in this rich survey, he is interested in the origins and evolution of political institutions, whether they be Arab, African, Chinese, European, or Indian. Political development, he argues, is manifest in societies' gradual, contested, and reversible transitions toward the modern state, where authority is centralized, the rule of law holds sway, and representative leaders are held accountable. The book incorporates both traditional accounts of the rise of the state, emphasizing war and economic predation, as well as those that focus on transformative ideas about law, justice, and religion.

Zero-Sum Future: American Power in an Age of Anxiety. BY GIDEON RACHMAN. Simon & Schuster, 2011, 352 pp. $27.00.

In this lively chronicle of the last three decades, Rachman, a columnist for the *Financial Times*, argues that the 2008 financial crisis "changed the logic of international relations," ushering in a new era marked by a dysfunctional world economy and intensifying "zero-sum" geopolitical rivalries. The optimistic post–Cold War era, when globalization, democracy, and U.S. leadership seemed to be lifting all boats and bringing the world together, is over. Rachman unfurls his narrative in a sequence of brief portraits of political leaders and public intellectuals—such as Deng Xiaoping, Ronald Reagan, and Bill Gates—who are emblematic of various features of the rapidly transforming global landscape. The book points to the obvious problems that are unsettling the global system, including climate change, nuclear proliferation, failed states, and the failure of institutions such as the G-20 to foster cooperation and manage

geoeconomic instability. As Rachman writes, these problems might be more tractable if the United States were still sufficiently dominant to impose solutions, but the shift of power and wealth toward Asia and the rise of a rival Chinese authoritarian capitalist system are undermining the coherence and stability of the current world order. Taking the long view, however, it is far from clear that world politics are, as he believes, more zero-sum now than in the past.

Dangerous Times? The International Politics of Great Power Peace. BY CHRISTOPHER J. FETTWEIS. Georgetown University Press, 2010, 304 pp. $29.95.

Not since World War II have any major countries directly fought a war with one another—the longest period of great-power peace in centuries. Scholars have debated the sources and significance of this "long peace," variously pointing to nuclear deterrence, democratization, and economic interdependence. All these explanations look to long-term shifts in the costs of war and the benefits of peace. In this book, Fettweis goes a step further and argues that a deeper transformation has occurred in the way citizens of great powers think about large-scale war. He asserts that there has been a long-term shift in the norms of war, not unlike earlier shifts in norms that undermined the acceptability of dueling and slavery. Much of the book is focused on the implications for theories of international relations. Unfortunately, Fettweis spends very little time actually looking for empirical indications of evolving norms. It may well be that today's great-power peace reflects a discontinuity in the normative underpinnings of international politics. But skeptics who read this book will probably remain skeptics.

Determinants of Democratization: Explaining Regime Change in the World, 1972–2006. BY JAN TEORELL. Cambridge University Press, 2010, 220 pp. $90.00 (paper, $28.99).

Beginning in the 1980s, countries across southern and Eastern Europe, Latin America, and Asia made transitions to democracy. In recent years, this "third wave" of world democratization has slowed and, in some cases, reversed. This important book presents fascinating empirical findings that explain why some countries have become democracies and others have not, and why some democratic breakthroughs have endured and others have slid backward. Echoing the classic work of the political scientist Adam Przeworski, Teorell argues that modernization primarily helps prevent reversals to authoritarianism rather than promote transitions to democracy. Interestingly, he suggests that this "modernization effect" has to do with the spread of media: a free press seems to undercut antidemocratic coups. Short-term economic gains, meanwhile, can reinforce authoritarian rule, whereas sudden economic crises can trigger pro-democracy movements. Teorell also finds evidence of a "diffusion effect," whereby a successful democratic transition in one state can stimulate efforts elsewhere. The book's rich findings will no doubt stir the scholarly debate and lend support to democracy promoters who wish to strengthen pro-democratic groups and independent media.

History and Neorealism. EDITED BY ERNEST R. MAY, RICHARD ROSECRANCE, AND ZARA STEINER. Cambridge University Press, 2010, 406 pp. $99.00 (paper, $33.99).

The Prussian field marshal Helmuth von Moltke famously remarked that "no plan survives contact with the enemy." The same might be said for theories of international relations after they make contact with the real world. In this collection of essays, leading diplomatic historians and international relations theorists explore the limits of realist theory in explaining why great powers do what they do. Although their critiques are not new—indeed, scholars spent the two decades after the appearance of Kenneth Waltz's *Theory of International Politics* in 1979 debating the explanatory claims of the balance of power—this book does illuminate how great powers' ideologies, domestic politics, and shifting power relationships shape their behavior. The authors all focus on historical moments when major states defied the expectations of balance-of-power theory, failing to respond to rising threats, pursuing appeasement, or going overboard. Paul Schroeder finds realism's balancing logic insufficient to explain patterns of conflict in the seventeenth and eighteenth centuries. Niall Ferguson examines German foreign policy during the Munich crisis. May, one of the volume's editors, explores the "underuse" of military power. The book is not really a devastating indictment of realism—after all, the authors all use realism as a base line from which to identify the other factors at work. But it does show the fruitfulness of exploring the interplay between history and theory.

Economic, Social, and Environmental

RICHARD N. COOPER

The Haves and the Have-Nots: A Brief and Idiosyncratic History of Global Inequality. BY BRANKO MILANOVIC. Basic Books, 2011, 272 pp. $27.95.

This delightful and quirky book explains in layman's terms the evolution of income inequality over the years, within countries and between countries. Twenty-six vignettes tackle diverse questions: Where does the reader fit into the global distribution of income? How unequal was income in the Roman Empire? Who was the world's richest person in history? How egalitarian was socialism in practice? Is there an emerging global middle class? How does the search for love and wealth in *Pride and Prejudice* differ from that in *Anna Karenina*? A growing volume of data on income distribution within countries and new data on purchasing power comparisons between countries have permitted the author, an economist at the World Bank, to make quantitative generalizations that could once only be guessed at. It is a pity he did not include (in an appendix) some of the data he draws on so skillfully.

Financial Globalization, Economic Growth, and the Crisis of 2007–09. BY WILLIAM R. CLINE. Peterson Institute for International Economics, 2010, 256 pp. $28.95.

Following within a decade of the Asian financial crisis, the recent global financial crisis has revived the debate over the merits of openness to foreign finance, especially

for developing countries. Restrictions on international capital movements are back in fashion. In this useful overview, Cline reviews the extensive and scattered economic literature on the contribution of financial openness to economic growth, correcting the mistaken impression that the literature provides little support for it. The results of many studies are overwhelmingly one-sided in showing that financial openness encourages growth—it has boosted the GDPs of the emerging countries by 0.5 percent a year since 1990, Cline estimates, and it has boosted those of the rich countries by even more. The cumulative gains of opening up to foreign capital outweigh the losses attributable to occasional financial crises (as opposed to global recessions, which hurt countries largely by reducing trade).

Exorbitant Privilege: The Rise and Fall of the Dollar and the Future of the International Monetary System. BY BARRY EICHENGREEN. Oxford University Press, 2011, 224 pp. $27.95.

Reform of the international monetary system is on the agenda for the G-20's 2011 summit. Eichengreen, an economic historian, has written a brief and readable account of how the international monetary system got where it is today and of past efforts, both successful and (mainly) unsuccessful, to reform it. He argues that the dollar is deeply embedded in the world economy and that it will be difficult for any alternative—the euro, the yuan, or the International Monetary Fund's reserve asset, Special Drawing Rights—to dislodge it anytime soon. The dollar continues to be attractive because of the size of the U.S. economy and the scale and liquidity of U.S. financial markets and, above all, because many foreign firms and governments continue to use it. Eichengreen also skillfully debunks the notion that the Chinese government could damage the United States by dumping its large holdings of dollars and the view that the United States' geopolitical influence hinges on the international role of the dollar. In fact, any serious damage to the United States' role in the world is likely to be done by Americans' own inattention to fiscal discipline.

Quiet Politics and Business Power: Corporate Control in Europe and Japan. BY PEPPER D. CULPEPPER. Cambridge University Press, 2010, 248 pp. $90.00 (paper, $29.99).

Hostile takeovers often make for exciting news wherever they occur. But they are especially exciting when they occur outside the United Kingdom and the United States, since they are much less common in other countries. Around the world, resistance to such takeovers is gradually crumbling, although at markedly different rates. Culpepper, a political scientist, tries to explain why this is so, focusing on public policy in France, Germany, Japan, and the Netherlands. Whereas France and Japan have seen a significant decline since 1990 in the proportion of corporate equity held by "stable" shareholders (that is, shareholders that are unlikely to sell to an upstart buyer), Germany and the Netherlands have not. The change in stable shareholding, Culpepper argues, is not so much a cause as a consequence of shifting attitudes toward management. So long as the issue of corporate control remains politically unimportant, national policy will largely be determined by the preferences of companies' managers, rather than by those

of institutional investors, workers, or even politicians. But if the issue develops political salience—as it did in the United States after the Enron scandal or, more recently, in reaction to the high pay for executives at bailed-out banks—management sometimes, but not always, loses control of the issue.

The Decline of Sterling: Managing the Retreat of an International Currency, 1945–1992. BY CATHERINE R. SCHENK. Cambridge University Press, 2010, 454 pp. $99.00.

Banking on Sterling: Britain's Independence From the Euro Zone. BY OPHELIA EGLENE. Lexington Books, 2011, 167 pp. $60.00.

Together, these two books cover the evolution of the United Kingdom's currency since World War II. Schenk, a historian, focuses on the decline of sterling as an international currency, a process that started as a British policy objective in the late 1940s and finally concluded three decades later. Drawing on archival material, she details the evolving and occasionally conflicting views within the British government about both goals and tactics and examines the financial backing the United Kingdom received from other countries to support sterling.

Eglene, a political scientist, follows events since 1990 and focuses on the United Kingdom's deliberations on joining the euro—that is, abolishing sterling altogether. She concludes that both the views of the United Kingdom's financial sector and official anxiety about it, rather than ideology or public opinion, played the decisive role in the country's procrastination with respect to joining the eurozone.

Military, Scientific, and Technological

LAWRENCE D. FREEDMAN

15 Minutes: General Curtis LeMay and the Countdown to Nuclear Annihilation. BY L. DOUGLAS KEENEY. St. Martin's Press, 2011, 384 pp. $26.99.

How the End Begins: The Road to a Nuclear World War III. BY RON ROSENBAUM. Simon & Schuster, 2011, 320 pp. $28.00.

General Curtis LeMay, forever associated with the firebombing of Japan and nuclear belligerence during the Cold War, was also a formidable manager. Keeney's book is not so much about LeMay as about the extraordinary system he created to ensure that the United States could threaten the Soviet Union with nuclear retaliation under all circumstances. Keeney cites LeMay's views in 1950 about what would be needed to allow the United States to deliver a retaliatory strike rather than just a first strike: an intelligence system that would warn of an incoming attack, a continual war footing for the air force, sufficient funds to support ambitious operational planning, and, in LeMay's words, the need to "re-examine present policies which imply that we must absorb the first blow." If retaliation was the order, then everything revolved around the 15 minutes of Keeney's title—the time it would take to get strategic bombers airborne while giving the president time to decide whether to exchange nuclear devastation. This strategy explains the massive size of the U.S. arsenal, which at its peak comprised some 34,000 nuclear weapons. The justification for all this is that it worked: mutual deterrence took hold,

and the Cold War ended peacefully. But accidents and potentially catastrophic errors were regular. Along with David Hoffman's *The Dead Hand*, Keeney's book is yet another chilling reminder of the enormous gamble of Cold War deterrence.

It would certainly be grist for the mill for Rosenbaum, an accomplished journalist with a talent for exploring familiar issues from novel angles. His instincts are liberal and antinuclear, and in *How the End Begins,* he interrogates nuclear experts about how stable nuclear relationships were in the past and whether, in the light of Iranian endeavors, one can be confident about the future. He is particularly bothered by a question that is also at the heart of Keeney's book, one that was posed in 1975 by a major in the Strategic Air Command (to whom Rosenbaum's book is dedicated) and one that leads Rosenbaum into a disquisition on the morality of second-strike retaliation: Should the order to unleash a nuclear strike be issued, how can one know if the president is sane?

The Age of Airpower. BY MARTIN VAN CREVELD. PublicAffairs, 2011, 512 pp. $35.00.

A new book from Van Creveld is always something to be savored. There have been many previous histories of airpower, but none so comprehensive and sensitive to context as this one. No recorded use of aircraft in war has been excluded, whether during the 1939–40 Russo-Finish War or the El Salvador insurgency in the early 1990s. Even fictional accounts of air war are included. In some ways, the book is a masterpiece of compression. Yet the result can be dense, and at times, Van Creveld's sources are not the best. The underlying argument, moreover, is unconvincing. The basic thesis is that airpower had reached its country-wrecking peak by 1945, after which it declined, as nuclear deterrence suppressed great-power war and as the arrival of missiles, satellites, and drones rendered increasingly expensive aircraft superfluous. As Van Creveld points out, airpower has not been effective in "wars among the people," and the air forces of the major powers have all shrunk since their glory days. But so, of course, have their navies and their armored divisions; the real argument to be made is about the declining utility of all types of military power. Van Creveld is right to be aware of the limits of airpower used on its own, but few commanders would wish to fight their land wars without air superiority.

Triumph Revisited: Historians Battle for the Vietnam War. EDITED BY ANDREW WIEST AND MICHAEL J. DOIDGE. Routledge, 2010, 256 pp. $125.00 (paper, $36.95).

The Columbia History of the Vietnam War. EDITED BY DAVID L. ANDERSON. Columbia University Press, 2011, 488 pp. $65.00.

In 2006, the historian Mark Moyar published a lively and vigorously revisionist account of the Vietnam War. He challenged all aspects of the orthodox view. This view, he argued, underplayed the viciousness of the North Vietnamese Communists, the genuine concerns of other countries in the region about the implications for them should South Vietnam collapse, and the fact that with a little less timidity, the Communists could have been beaten. If instead of overthrowing the South Vietnamese leader Ngo Dinh Diem, the Americans had worked on taking the battle to the North, the

war would now be viewed in a quite different light. Hence the title of his book, *Triumph Forsaken*. In *Triumph Revisited*, Wiest and Doidge have collected Moyar's critics (and there are many) to explain why the standard explanations for the United States' failure in Vietnam—its exaggerated Cold War fears, its hopeless client, and its incoherent strategy—remain compelling. Moyar is allowed a spirited defense. The collection demonstrates the importance of debate as a way of illuminating important issues and questioning established positions.

Anderson, who contributes a fair and considered chapter to *Triumph Revisited*, is also the editor of *The Columbia History of the Vietnam War*. Although the contributors to this volume acknowledge the various debates surrounding the war, they all tend to follow the mainstream view on it, and so there is none of the cut and thrust of Wiest and Doidge's collection. No new theories about the main features and turning points of the war are advanced. Nonetheless, the quality and authority of the authors ensure that *The Columbia History* will have a place as an accessible and coherent account of the war's course, from before the United States' involvement to the North's eventual victory.

The United States

WALTER RUSSELL MEAD

The Right Kind of Revolution: Modernization, Development, and U.S. Foreign Policy From the Cold War to the Present. BY MICHAEL E. LATHAM. Cornell University Press, 2011, 256 pp. $69.95 (paper, $22.95).

Theories of development and modernization have played a crucial role in the formation of U.S. policy since George Washington's administration promoted the "civilization" of the eastern Native American tribes. When the French Revolution failed to create a moderate and liberal republic, when the newly independent South American republics collapsed into chaos, and when decolonization created fragile new states around the world, American intellectuals and policymakers argued about what modernization is and how it can be promoted. Latham's review grasps the strategic importance of modernization theory to U.S. foreign policy and at times offers penetrating and useful analysis. He does an excellent job of showing how Americans' technocratic assumptions have caused problems when events in places such as Egypt under Gamal Abdel Nasser, India under Jawaharlal Nehru, and Iraq more recently have not worked out as hoped. But Latham is sometimes more eager to castigate past administrations than to understand the dilemmas they faced. Nobody really knows how modernization really works, where history is headed, or how to raise living standards in poor countries. Yet the United States' values and interests lead the country, over and over, to promote what it hopes will be positive changes around the world.

The Dogs of War: 1861. BY EMORY M. THOMAS. Oxford University Press, 2011, 128 pp. $14.95.

As the United States lurched toward civil war 150 years ago, the political leaders in both the North and the South, Thomas writes in this concise book, were profoundly ignorant of their true situation. Abraham Lincoln was perhaps the most deluded of them all; both his words and his deeds

were predicated on the belief that only a handful of hotheaded aristocrats really cared about the Confederacy and that the silent majority of moderate Southerners would return to the Union once passions had cooled. Jefferson Davis had a clearer idea that the war might be long and bitter, but he believed—and would continue to believe into 1865—that the South could fight a successful guerrilla war against the North. Neither president knew how to use military leaders effectively in 1861. In Thomas' view, Davis never quite understood that Robert E. Lee believed that the South's only path to victory lay in destroying the North's army on the field of battle. And although Lincoln's chief military officer (the aged War of 1812 veteran Winfield Scott) thought from the beginning in terms of a long and bitter war, Lincoln rejected his advice as unpalatable.

The South and America Since World War II. BY JAMES C. COBB. Oxford University Press, 2010, 392 pp. $24.95.

This masterful history of the American South since World War II analyzes the social and economic transformation of a region that within living memory was still William Faulkner territory. In 60 years, the Jim Crow laws have fallen and much of the region has been through both industrialization and (as textile mills fled to Asia) deindustrialization. The country's most rural region has become suburban and metropolitan; domestic migrants and immigrants are changing the South's demography and culture at an unprecedented rate. The most Democratic region of the country has become the most Republican; the South has more weight in Congress today than at any time since the Civil War. Yet the region remains the country's most distinct and problematic. Cobb, one of the South's leading historians, has produced a clear and compelling portrait of a tumultuous time, using race relations, economic development, and culture as three lenses through which to understand the contemporary South and its future. A look at how underdevelopment has both restricted the South's choices and shaped its culture would have made the book even more useful; at times, Cobb seems to be scolding the South rather than explaining it. But the South does not always make perverse choices because of some flaw in its nature; frequently (as with its hunger to attract low-wage and environmentally destructive industries), it is trying to make the best of a bad situation.

Nearest East: American Millennialism and Mission to the Middle East. BY HANS-LUKAS KIESER. Temple University Press, 2010, 224 pp. $59.50.

Kieser, a German Swiss scholar, brings his backgrounds in Ottoman studies and Protestant theology together to offer a rewarding perspective on the complex relationship between the United States and what he calls the "nearest East." Kieser understands as few others do just how important Protestant missionaries in the Ottoman Empire in the first two decades of the twentieth century were to American progressive intellectuals and religious leaders. His description of the gulf of mutual misunderstanding that separated Ottoman and American Protestant reformers is haunting. And his analysis of how those reformers lost hope after the mass murder of Armenians during World War I is revelatory. (U.S. missionaries had seen the Armenians as the modernizers of the Middle East, and their near extinction

dealt a blow to the missionaries' fusion of Enlightenment optimism and Protestant Christianity.) Unfortunately, Kieser does not have the same familiarity with Arab sources that he does with Ottoman ones; his nearest East really includes only Asia Minor. And like many writers with strong theological and moral commitments, he sometimes piles a very high mountain of moral judgment on very shaky foundations of political analysis. Nevertheless, at its best, *Nearest East* casts fresh light on an episode that left lasting marks on the United States' culture and its relations with a vital part of the world.

Western Europe

ANDREW MORAVCSIK

Bust: Greece, the Euro, and the Sovereign Debt Crisis. BY MATTHEW LYNN. Bloomberg Press, 2010, 288 pp. $27.95.

Uncertainty about the future and myopic thinking drive boom-and-bust cycles in financial markets. The same factors drive cycles in financial journalism. Immediately after the European Union and the International Monetary Fund bailed out troubled European governments in May 2010, when the reporting for this book ends, many were still predicting disaster for the eurozone. Lynn, a journalist, captures the conventional wisdom behind that pessimism. The euro, he says, was always motivated primarily by politics, not economics; the Germans accepted it only as a quid pro quo for reunification, even though it does not really benefit them. He believes that the debt contagion is likely to spread to Italy, Spain, and Portugal; that eventually the euro must collapse; and that Europe's and the United States' power have irrevocably shifted to Asia. But observers have grown more optimistic since Lynn wrote his book. The Europeans have redoubled their efforts to stabilize the system, because it is in their economic interest to do so. The French and the Germans are bailing out their banks, and the Greeks are working toward a restructuring or a partial default. *Bust* gives a sensible midterm report on the euro crisis, but the final chapter has yet to be written.

The Spanish Republic and Civil War. BY JULIÁN CASANOVA. Cambridge University Press, 2010, 370 pp. $99.00 (paper, $31.99).

More than 25,000 books and essays have appeared on the Spanish Civil War, and almost 75 years later, still no consensus has emerged about its causes, course, and consequences. In part, this is because historians still cannot resist taking sides in what was the quintessential battle among twentieth-century political ideas. Nearly every important organized ideology of that century was represented. Fascists, monarchists, Catholics, nationalists, liberals, anticlericalists, Socialists, Communists, and anarchists all took part. After the assassinations, terrorism, and mass killing spread, the Nazis, the Italian Fascists, and the Soviets intervened, while the British and the French appeased. The war ended with the Republicans' unconditional surrender to General Francisco Franco and led to a half century of repression. Few have contributed more to understanding these events than Casanova, an eminent professor at the University of Zaragoza. Here, he synthesizes new research, much of it by a generation of young historians, into a lively, engaging account—the best available in English.

Recent Books

Genocide and the Europeans. BY KAREN E. SMITH. Cambridge University Press, 2010, 288 pp. $90.00 (paper, $31.99).

In world politics, idealistic schemes often begin with high hopes and end with disappointment. Such has been the case with Europe's response to recent genocides. So, also, is the experience of this book's author in applying trendy social science to this issue. Smith sets out to vindicate so-called constructivist theories of international relations, in the form of the proposition that international law alters the ideals, identities, and norms to which states adhere. The Genocide Convention, she conjectures, may encourage states to combat massive violations of human rights, and if any government in the world takes human rights seriously, surely it must be those in Europe. But after examining the official responses of France, Germany, and the United Kingdom to crises in Bosnia, Kosovo, Rwanda, and Darfur—or, more often, their nonresponses—Smith becomes more skeptical. Governments do tailor their actions to their public rhetoric. Yet Paris, Berlin, and London, just like Washington, also respond by recalibrating their rhetoric to duck responsibility, choosing whether to define events as "genocide" depending on their interests. The German government has been the most likely to use the term, in large part because it knows its smaller military is unlikely to be called on to intervene. France and the United Kingdom have been less likely to do so, because they might be obliged to deploy their more robust military forces. The result is perverse: Europe remains divided, self-interested, and cautious, even in the face of the worst atrocities. As François de La Rochefoucauld wrote, "Hypocrisy is the homage that vice pays to virtue."

The Empire Project: The Rise and Fall of the British World System, 1830–1970. BY JOHN DARWIN. Cambridge University Press, 2009, 814 pp. $39.00 (paper, $28.99).

The nineteenth-century historian Sir John Seeley famously remarked that the British "conquered and peopled half the world in a fit of absence of mind." Seeley was right that the United Kingdom's empire was neither planned nor coherent. Yet nonetheless it was, as the title of this book suggests, a "project," resulting from the deliberate, largely self-interested choices of British decision-makers. It also required, to a surprising extent, the cooperation of elites and masses in the territories that composed it—without which, British power and wealth alone would surely have been insufficient. Oxford University's Darwin offers a brilliant modern synthesis of the project's history. The guiding theme is the rise and fall of the United Kingdom's power and wealth—resulting from geopolitical forces over which the British had little control. He is particularly good on the empire's ineluctable but slow decline, arguing that only in the midst of World War II did it become clear that the nineteenth-century conception of empire was finished. Yet in telling the story of a great power's inevitable trajectory, Darwin does not neglect history's humanistic, less predictable side: the United Kingdom's clever diplomacy, the remarkable ethnic solidarity felt by the descendants of settlers, the role of imperial romanticism among both the conquerors and the conquered, and the extraordinary individual personalities behind the scenes. This long yet readable book is now the best general history of the British Empire.

From Fatwa to Jihad: The Rushdie Affair and Its Aftermath. BY KENAN MALIK. Melville House, 2010, 272 pp. $25.00.

Most books about Islam and Europe tend to be predictable, empirically thin polemics written by outsiders. This book is different. It is not just a sociocultural critique but also a personal memoir by an Indian-born, British-raised research psychologist and journalist who has toiled in the trenches of the culture wars. Although Malik is a socialist and has no time for anti-immigrant polemics, he criticizes the British government's policy of fostering independent multicultural communities. This policy has empowered fundamentalist clerics by naming them official spokespeople for Muslim communities that are, in fact, divided and moderate. He presents an intriguing explanation of how radical Islam has taken hold in the United Kingdom, based on the saga of how Ayatollah Ruhollah Khomeini's 1989 fatwa against Salman Rushdie for his book *The Satanic Verses*—originally just an opportunistic effort for Khomeini to gain a political advantage in Iran—managed to spark fundamentalist religious confrontation and, ultimately, jihadist terrorism. Malik believes the causes of extremism do not lie in religious tradition: most radicals are neither religious nor traditional. Nor do they lie in hostility toward Western foreign policy, about which most British Muslim radicals care relatively little. He views the sort of jihadism that led to the July 7, 2005, bombings in London as a form of youthful rebellion, akin to membership in street gangs or middle-class slumming. It is motivated by young men's antipathy toward their parents and their desire for street credibility—forces stronger among the better educated. The tragic result has been an increasingly illiberal and divided society, with little cultural space for second-generation British Muslims.

Western Hemisphere

RICHARD FEINBERG

The New Nicaragua: Lessons in Development, Democracy, and Nation-Building for the United States. BY STEVEN E. HENDRIX. Praeger, 2009, 286 pp. $59.95.

In this impassioned political memoir, the man who led the U.S. Agency for International Development's democracy-promotion programs during the 2006 presidential campaign in Nicaragua details just what political nation building means at the grass-roots level. With purposeful transparency, Hendrix reveals the trail of money and technical assistance that flowed from U.S.-based nongovernmental organizations to Nicaraguans fighting for fair elections, integrity in government, a more effective judiciary, and a vibrant civil society. In his energetic efforts, Hendrix mobilized the impressive network of democracy-promotion specialists that USAID has nurtured around the Western Hemisphere. Hendrix adamantly rejects charges of interventionism and insists that his motives were not "right versus left" but rather "right versus wrong." On election day, Nicaraguan voters preferred one of the "wrong" candidates, awarding the United States' nemesis Daniel Ortega a slim plurality. Yet Nicaragua remains a vigorous, if imperfect, democracy, a work in progress that should give Hendrix some comfort.

Recent Books

Dragon in the Tropics: Hugo Chávez and the Political Economy of Revolution in Venezuela. BY JAVIER CORRALES AND MICHAEL PENFOLD. Brookings Institution Press, 2010, 195 pp. $22.95.

Easily the best scholarly treatment of Hugo Chávez's hybrid electoral autocracy, Corrales and Penfold's book courageously refutes orthodox explanations—from the right and the left—for this unique caudillo's rise and resilience. Chávez gained power not because of neoliberal market reforms and political decay but rather because of the reverse: Venezuela's statist, oil-based economy and prior democratic openings had created the conditions for Chavismo. Especially insightful—and heartbreaking—is the story of how Chávez has drained the once proud state oil company of capital to fund his politically driven social programs and ambitious foreign policy agenda. Equally fascinating is how he has cleverly manipulated his international largess and appeal to the region's radical left to mute external criticism of his rule. Most likely, the authors predict, Chávez will sustain his increasingly entrenched neopopulist regime, unless a more unified opposition can build bridges to regime moderates who fear future chaos. This masterful monograph's dissection of Chávez's astoundingly shrewd political tactics will be carefully studied by both his well-wishers and his detractors.

Hemispheric Giants: The Misunderstood History of U.S.-Brazilian Relations. BY BRITTA H. CRANDALL. Rowman & Littlefield, 2011, 230 pp. $65.00.

Much of what is written on U.S.–Latin American relations relies on media reports or recycles other academic works. Crandall, in contrast, took the time to interview U.S. policymakers and career diplomats. Her discovery: the mainstream complaint that the United States has forever neglected Brazil is way off the mark. In fact, U.S. officials—at both the senior and the middle levels of the bureaucracy—have recognized Brazil's relative weight and have repeatedly sought to engage its Foreign Ministry. But hung up on fears of being overwhelmed by U.S. power, or driven by their own dreams of Brazilian hegemony over South America, Brazilian diplomats have often turned their backs on U.S. advances. In this well-researched and balanced treatment, Crandall foresees the potential for bilateral cooperation on emerging global issues, ranging from financial stability to energy supplies, on which U.S. and Brazilian interests may converge. But will Brazil sufficiently redefine its strategic posture to pick up these gains?

Rethinking Corporate Social Engagement: Lessons From Latin America. BY LESTER M. SALAMON. Kumarian Press, 2010, 176 pp. $21.95.

At the behest of the Inter-American Foundation (a U.S. government entity focused on grass-roots economic development), the nonprofit guru Salamon surveyed the corporate social responsibility movement in Latin America. Essentially a reprint of that consulting report, this primer, loaded with clear snapshots of cutting-edge cases, focuses on five countries: Argentina, Brazil, Chile, Colombia, and Mexico. Overall, Salamon finds that leading Latin American firms are adapting modern practices of corporate social responsibility—aligning their philanthropy with their business goals, forming partnerships with government entities and nongovernmental organizations, and including

local communities in business decisions. Yet corporate participation is still spotty and too often focused more on public relations than on meaningful reform. Nonetheless, Salamon is "cautiously optimistic" that corporate social engagement is more than a passing fad.

Living Standards in Latin American History: Height, Welfare, and Development, 1750–2000. EDITED BY RICARDO D. SALVATORE, JOHN H. COATSWORTH, AND AMILCAR E. CHALLU. David Rockefeller Center for Latin American Studies, 2010, 350 pp. $29.95.

The average heights of most human populations are highly correlated with childhood nutrition. Building on this insight, a fascinating new field of study, anthropometric history, is demonstrating that extreme economic inequalities are reflected in the differing physical statures of social classes. In the eighteenth and nineteenth centuries, for example, well-fed European aristocrats towered over their undernourished peasants. This volume reveals that even today, a shockingly high percentage of impoverished Guatemalans suffer from stunted growth, whereas Mayan immigrant children living in California grow significantly taller—suggesting that poverty, not genetics, is stunting their relatives back home. This innovative collection offers numerous surprises for conventional historians: in various periods when the urban poor were presumed to have suffered from economic austerity or authoritarian deprivation, for instance, anthropometry cannot find signs of worsening nutrition. The good news is that as a region, Latin America displays the lowest percentage of stunted growth in the developing world and has registered a dramatic drop, from 26 percent in 1980 to 13 percent in 2000.

Eastern Europe and Former Soviet Republics

ROBERT LEGVOLD

Allah's Angels: Chechen Women in War. BY PAUL J. MURPHY. Naval Institute Press, 2010, 320 pp. $34.95.

Mention the title of this book, *Allah's Angels*, and the thought is immediately of "black widows," the Chechen female suicide bombers who have blown up stadiums, subways, and planes in Moscow and elsewhere. Murphy does deal with this subset of Chechen women, but his angels comprise all categories of Chechen women—on whichever side of the violence. Indeed, the first and second Chechen wars imposed all manner of cruelty on the women of the region: they were wounded or killed by indiscriminate bombing and shelling, kidnapped for ransom, tortured as suspected terrorists (by Russians), murdered as suspected collaborators (by Chechens), robbed, raped, burned out of their homes, and targeted in honor killings. Yet they also stood up—sometimes as furious packs descending on those who had seized an innocent person, at other times in small nongovernmental organizations struggling to focus attention on human rights abuses. In smaller, more lethal numbers, they have also fought back as so-called white stockings, female snipers whose ranks include even a few non-Chechen biathletes, who joined the cause out of sympathy or for money. Murphy

describes all these women in mind-numbing detail, one personal story after another, and with stomach-turning precision.

Mirrors of the Economy: National Accounts and International Norms in Russia and Beyond. BY YOSHIKO M. HERRERA. Cornell University Press, 2010, 272 pp. $49.95.

Studying how Russia has changed the way it does its national economic accounting may sound dry, but it is far from so. On the contrary, given the impact that GDP statistics have on politics and policy choices—sometimes including international politics—how these are measured and reported has immense practical consequences. During the Soviet era, Russia and its neighbors used completely different metrics from those of the United Nations System of National Accounts (SNA), which from the 1950s onward slowly became the international standard. After the collapse of the Soviet Union, Goskomstat—the old Soviet-era statistical agency, staffed with bureaucrats for whom the SNA was anathema—abruptly and thoroughly discarded its old system of accounting. How and why? Herrera believes that the old guard's bifurcated sense of norms (the SNA was for market-based economies; their system, for a command economy) was key. Once one economic order replaced another, so, logically, should one bookkeeping system replace another. This leads Herrera to make a much larger point concerning the way norms influence institutions and institutions influence norms. This she does deftly, adding convincing complexity to standard theory.

Lost and Found in Russia: Lives in a Post-Soviet Landscape. BY SUSAN RICHARDS. Other Press, 2010, 320 pp. $15.95.

There are other excellent recent travelogues about Russia's deep, remote interior—for example, Ian Frazier's *Travels in Siberia* and Anna Reid's *The Shaman's Coat*—but Richards' book is different in two ways. First, she returned to the same places every year or two from the collapse of the Soviet Union to 2008, allowing her to gauge and color the picture of how the upheaval and confusion evolved over the intervening years. The color is gray, sometimes black, with eventually a bright splash of success here and there. Second, the core of her account revolves around deepening relationships with a half dozen individuals and couples mostly in Saratov and a godforsaken neighboring town named, yes, Marx. The ups and downs of their lives and their relationships with Richards mirrored the fate of much of the country. Richards' odyssey grew out of curiosity about the government's plans to create a modern homeland for the Volga Germans, ethnic Germans expelled by Stalin from the lands their eighteenth-century immigrant ancestors had settled, a prospect that soon withered. From there, she wandered into the world of Russian mysticism, traveling first to a community of Old Believers (Russian Orthodox traditionalists) deep in the forests of eastern Siberia and then to an odd, secretive Uzbek city obsessed with creatures from outer space. Eventually, she visited a scientific enterprise at the Siberian Branch of the Russian Academy of Sciences that, taking its inspiration from nineteenth-century Russian scientist-philosophers, is seeking to merge a spiritual cosmos with hard science.

The Kirov Murder and Soviet History. BY MATTHEW E. LENOE. Yale University Press, 2010, 872 pp. $85.00.

On December 1, 1934, a disaffected,

psychotic party worker stalked Sergei Kirov, the first secretary of the Leningrad Communist Party, as he walked the hall to his third-floor office and shot him in the back of the head. From this act flowed an ever-widening cascade of murderous events. Stalin charged Grigory Zinoviev and Lev Kamenev, once leaders of the opposition against him, with "moral complicity" in Kirov's killing. He then spread the blame to much of the Leningrad party organization and eventually, as the Communist Party's purge swelled, to all manner of supposed opposition figures, including so-called Trotskyite terrorists. In mainstream Western historical scholarship, Kirov's murder has long been thought to have been plotted by Stalin. In a post-Soviet Russia fascinated with more titillating theories, some have alleged that the assassin's motive was that of a jealous husband. Lenoe's massive volume combines biography—of both Kirov and his killer, Leonid Nikolaev—with an assessment of the vast documentation yielded by the Soviet archives, and it concludes that Nikolaev most likely acted on his own. As the documents and witnesses tell their story, the monstrous use that Stalin made of the event stands still more baldly exposed.

No Precedent, No Plan: Inside Russia's 1998 Default. BY MARTIN GILMAN. MIT Press, 2010, 416 pp. $29.95.

Gilman was the International Monetary Fund's senior representative in Moscow from 1996 to 2002, served on its Russia team far longer, and now teaches at Russia's Higher School of Economics. His book is an insider's assessment of the missteps that led to the Russian government's default on its domestic obligations in 1998 (an avoidable event, in his view) and the economic crisis that followed (which he believes was also avoidable), and it includes a behind-the-scenes account of the interplay between the IMF and Russian officials. But the book is much more than this. To make what happened in 1998 intelligible and to counter what he sees as the vastly oversimplified standards by which Western observers have judged Russia's economic reform, Gilman stresses how constrained the country's options were after the Soviet Union collapsed in 1991. The decisive problem then was the crumbling of effective state power. Coming out of its initial inadvertent success and the 1998 crisis, Russia, he argues, was later well served economically by Vladimir Putin's leadership, particularly during his first presidential term, when the lessons of 1998 were clearly at work.

A Guided Tour Through the Museum of Communism: Fables From a Mouse, a Parrot, a Bear, a Cat, a Mole, a Pig, a Dog, and a Raven. BY SLAVENKA DRAKULIC. Penguin Books, 2011, 208 pp. $14.00.

Of all the genres employed to explore the long night of Eastern European communism, fables have not, until now, been one of them. Drakulic's book is a little like David Sedaris' *Squirrel Seeks Chipmunk* as serious history. A mouse, a parrot, and a string of other creatures each tell a story about one of the Eastern European states. The parrot describes Yugoslav President Marshal Tito's life on the Brijuni Islands; the cat, Polish President Wojciech Jaruzelski's agonized reflections on his 1981 decision to crush Solidarity; the mole, the events surrounding the fall of the Berlin Wall; the pig, the effects of the Hungarian ruler János Kádár's "goulash communism"; and so on. Drakulic is not trying to present the entire communist experience. Rather, she means to let a few

apparently random, if significant, facets—embellished by sardonic fictionalized observations—give readers a sense of the foibles, fears, and absurdities of life back then.

Middle East

L. CARL BROWN

Egypt on the Brink: From Nasser to Mubarak. BY TAREK OSMAN. Yale University Press, 2010, 304 pp. $20.00.

Published a short time before thousands of Egyptians began pouring into Cairo's Tahrir Square, *Egypt on the Brink* is a timely account of Egypt near the end of the 30-year Mubarak era. It is presented thematically, rather than chronologically, and one of the most intriguing themes is the notion that whereas Egypt in the age of liberal nationalism (the 1920s and 1930s) and the Nasser years (1952–70) had a regional standing and a sense of national purpose, Hosni Mubarak's regime lost both this standing and this purpose as it devolved into a dreary despotism. Yet Osman writes with neither nostalgia nor disdain. Separate chapters discuss the Islamists, the Christians, the rise of liberal capitalism, and Egypt's youth. Even the conclusion, which speculates on who and what regime would replace Mubarak, now overtaken by events, offers useful thoughts on Egypt's distinctive politics.

Pakistan: A Hard Country. BY ANATOL LIEVEN. PublicAffairs, 2011, 592 pp. $35.00.

Deadly Embrace: Pakistan, America, and the Future of the Global Jihad. BY BRUCE RIEDEL. Brookings Institution Press, 2011, 180 pp. $24.95.

Challenging the notion that Pakistan is fragile, Lieven presents in exquisite detail how things actually work, for better or worse, in that "hard country." Pakistan's political parties, he says, are best understood in terms of their different provincial roots, and each of the four major provinces offers a different culture. Islam in Pakistan, meanwhile, is about more than the Sunni-Shiite split, involving a complexity of contending movements. Lieven devotes an entire chapter to the Pakistani military, whose roots in the British Raj (1858–1947) he delineates. All this makes for a state that offers both limited services to and limited rule over society. In many areas, tribal or feudal customs provide the substance of governance, and along the 1,600-mile Durand Line, separating Pakistan from Afghanistan, the pretense of Pakistani sovereignty veils a de facto regional autonomy. In this system, the Pakistani Taliban will be resisted only as they thrust out from beyond their thinly populated border area. The Pakistani Taliban jihad, provoked by the U.S.-led campaign in Afghanistan, will subside only after a Western withdrawal from Afghanistan. Thereafter, Lieven warns, there should be "no more wars against Muslim states under any circumstances whatsoever."

The much shorter book *Deadly Embrace* is in a sense a primary source about U.S. policy toward Pakistan. Riedel, a veteran CIA official, was brought out of retirement in early 2009 by the Obama administration to chair a special committee reviewing Washington's policy toward Afghanistan and Pakistan. His conclusion is that a "jihadist state" is possible in Pakistan and a proactive U.S. policy to forestall that danger is needed. Thus, readers are presented with the conundrum of two intelligent specialists making plausible

but opposing arguments, the one giving priority to Western withdrawal and the other to what in the Raj days would have been dubbed a "forward," or activist, policy.

Faith Misplaced: The Broken Promise of U.S.-Arab Relations; 1820–2001. BY USSAMA MAKDISI. PublicAffairs, 2010, 432 pp. $28.95.

The title of this history of U.S.-Arab relations and those of its chapters—winding downward from "Benevolent America" to "Betrayal"—might suggest that it is just one more overheated polemic about Israel and the Palestinians. Not so. This is the work of a historian not so much pleading a case as bringing to life the mindsets and interactions of Arabs and Americans while highlighting the less well-known Arab side of the story. Telling that history requires touching on subjects usually filed in other historical folders. Makdisi neatly weaves a number of them—Arab immigration to the United States, U.S. missionaries in the Middle East, the oil company Aramco, U.S. universities in the Arab world—into a more conventional history of Washington's diplomacy in the region. He does indeed argue that U.S. support for Israel has strongly shaped U.S.-Arab relations, and that is in itself a useful corrective, given the tendency in many quarters to discount that factor.

What Is a Palestinian State Worth? BY SARI NUSSEIBEH. Harvard University Press, 2011, 256 pp. $19.95.

Nusseibeh, president of Al-Quds University, in Jerusalem, and a scion of an eminent Palestinian Muslim family, has long championed a peaceful settlement between Israel and the Palestinians. Here, he probes how the Israelis and the Palestinians can reach that goal. His optimal solution would be two states, but he fears that may no longer be feasible. A single state granting citizenship to all living in Israel and in those Palestinian territories that Israel conquered in 1967 seems equally unlikely. So Nusseibeh advances the idea of a single state run by the Israelis that offers the Palestinians civil and human rights but no political rights. "Simply put," he writes, "in this scenario the Jews could run the country while the Arabs could at last enjoy living in it." This striking proposal grows out of Nusseibeh's political philosophy. He recognizes the fears and hopes of the Israelis as well as the Palestinians, stresses the morality and practicality of nonviolence, and views the state not as an end in itself but as a means to the good life. This idea of a "second-class citizenship" for Palestinians, he adds, could perhaps be just an "interim step." One can appreciate Nusseibeh's laudable effort to get beyond a seemingly endless occupation and fruitless negotiations, but his stark proposal is a nonstarter. Perhaps, however, this proposal and the other painstakingly reasoned arguments in this book will provoke the parties to reconsider that ideal but elusive two-state solution.

Asia and Pacific

ANDREW J. NATHAN

Inside the Red Box: North Korea's Post-Totalitarian Politics. BY PATRICK MCEACHERN. Columbia University Press, 2011, 320 pp. $35.00.

McEachern is a U.S. Foreign Service officer based in Seoul who analyzes Pyongyang policymaking. Instead of the

usual view of a one-man decision-making process, he proposes a "post-totalitarian institutionalist" model in which three bureaucratic actors with different views—the party, the military, and the cabinet—compete to shape the information and options available to Kim Jong Il and the ways in which his decisions are implemented. The approach helps explain many of the contradictions and oscillations of North Korean policy. The different positions of the three bureaucracies arise from their distinctive missions—the party's, to protect its ideological vision; the military's, to defend state security; and the cabinet's, to promote economic survival. All elites, meanwhile, share an interest in the survival of their dysfunctional regime. Even the most pragmatic institution, the cabinet, is unwilling to trade away nuclear weapons in the face of what it sees as an existential threat from the United States. There are no real soft-liners.

Mao's New World: Political Culture in the Early People's Republic. BY CHANG-TAI HUNG. Cornell University Press, 2010, 328 pp. $39.95.

The politics of remaking Chinese ideology and literature after the 1949 revolution have been thoroughly studied. Less well known are the dramas behind the reconfiguration of physical space, the staging of public celebrations, and the redesign of graphic arts. Hung's meticulous research reveals the struggles over values and power behind the granite surface of revolutionary China's new look. City planners fought over how big and what shape to make Tiananmen Square. Beijing icons such as the Great Hall of the People, the big museums, and the railway station were built in haste and with constant tinkering. Displays at what was then the Museum of the Chinese Revolution had to be revised to give enough prominence to Mao. A famous oil painting was altered four times as some of the leaders portrayed in it were purged and then rehabilitated. One failure was the party's attempt to replace charming New Year's prints of gods and fat babies with socialist realist pictures of labor heroes and political leaders: the book's illustrations make it easy to understand why the peasants were not interested.

Harmony and War: Confucian Culture and Chinese Power Politics. BY YUAN-KANG WANG. Columbia University Press, 2011, 328 pp. $50.00.

Does Chinese strategic culture emphasize harmony and defense, thereby assuring that China's rise will be peaceful? Or is the culture realist, encouraging China to push its interests harder as its capabilities increase? Wang's thesis is that China has a strategic culture that is predominantly peaceful and defensive but that this culture has little influence over the country's grand strategy. He tests the thesis with a rich historical account of China's international actions from 960 to 1644, showing that the Song and Ming dynasties alternated between defensive and offensive behavior depending on the balance of power with neighboring political units. The theoretical implication is that China, like other states, shapes its strategy in response to the balance of material power. The practical implication is that China's behavior will continue to emphasize defense so long as it is weaker than the United States but will become more assertive if the opportunity arises.

Advantage: How American Innovation Can Overcome the Asian Challenge. BY ADAM SEGAL. Norton, 2011, 294 pp. $26.95.

Segal, a senior fellow at the Council on Foreign Relations, believes that there is no way to stop the forces of globalization from diffusing high technology to rising U.S. competitors such as China and India. But he thinks the United States can maintain its dominance by innovating faster than technology leaks out. Unlike China or India, the United States benefits from low levels of government interference in business, a culture of risk taking, freedom of information, robust intellectual property rights—and the very openness to the world that makes technology so hard to control in the first place. Segal believes the United States should invest more in education and infrastructure, do more to promote innovation, and smooth out counterproductive kinks in the legal system. The analysis aims to be encouraging. But it is hard to take much comfort from such a challenging prescription.

The Making of Northeast Asia. BY KENT CALDER AND MIN YE. Stanford University Press, 2010, 368 pp. $65.00 (paper, $24.95).

Countering the prevailing view of Northeast Asia as constantly in crisis, Calder and Ye document the region's intensifying economic, cultural, and human interactions; its expanding financial and environmental interdependencies; and its growing policy coordination, especially among China, Japan, and South Korea. Cultural conflicts focused on Japan are fading into the background, tensions between Taiwan and mainland China have cooled, multilateral policy dialogues and other transnational institutions are becoming more common, and visionaries have proposed new transportation and energy links. Most analysts focus on how crises involving North Korea, Taiwan, or various territorial disputes could derail regional relations, but these authors focus on integrative forces that they think are quieter but more powerful: the economic pulling power of China, the cross-border interests of businesses, and the ambitions of political leaders to gain more independence from the United States.

Cambodia's Curse: The Modern History of a Troubled Land. BY JOEL BRINKLEY. PublicAffairs, 2011, 416 pp. $27.99.

Brinkley cuts a clear narrative path through the bewildering, cynical politics and violent social life of one of the world's most brutalized and hard-up countries. Years of foreign aid, the well-meaning hectoring of diplomats and nongovernmental organizations, and several rounds of elections have done nothing to reform the lawless scramble for self-interest that permeates Cambodia's government from top to bottom. Brinkley's chief villain is the dictator Hun Sen, who has fixed elections and assassinated challengers since he came to power in 1985. But the author has equal contempt for Hun Sen's rivals—among them, the former king Norodom Sihanouk and the pro-American reformer Sam Rainsy—and for the foreign idealists who have repeatedly accepted Cambodian politicians' promises of improvement in exchange for billions of dollars in largely misused aid. Brinkley finds the roots of the Cambodian tragedy in a historical tradition of abusive dictatorship, the psychological wounds of the Khmer Rouge's genocide, and a geostrategic position that is just important enough to draw Western aid but

not important enough to attract the political capital required to make the aid work.

Weapons of the Wealthy: Predatory Regimes and Elite-Led Protests in Central Asia. BY SCOTT RADNITZ. Cornell University Press, 2010, 216 pp. $35.00.

The Tulip Revolution that overthrew President Askar Akayev's government in Kyrgyzstan in 2005 entered the honor roll of "color revolutions." But Radnitz argues that this was not a case of civil society rising up spontaneously to overthrow an authoritarian elite. Instead, elites on the outs with the ruling group mobilized their clients at the village level in a process he labels "subversive clientelism." They replaced one corrupt regime with what turned out to be another, which, in turn, was upended by new protests in 2010. Ironically, the groundwork for this revolution was laid by the relatively liberal political and economic reforms of the first post-Soviet Kyrgyz regime, which allowed independent elites to strike roots in the villages. In neighboring Uzbekistan under President Islam Karimov, Radnitz writes, a more statist regime left no room for autonomous elites. When popular protests occurred there—most notably in 2005—they remained localized and failed to overthrow the government.

The Perils of Proximity: China-Japan Security Relations. BY RICHARD C. BUSH. Brookings Institution Press, 2010, 421 pp. $32.95.

The scholar-diplomat Bush argues cogently that China will "widen its Eastern strategic buffer"—in the East China Sea and on the islands (Taiwan and the Senkaku Islands) located therein. In doing so, it will alter the status quo and increase the likelihood of a clash between the Chinese military and the Japanese forces already there. Through a close analysis of the institutions that govern each nation's military, he documents an even larger problem: that neither country is well equipped to deal with the consequences. He expects sclerotic collective leadership and multiple debilities in the countries' respective political and military systems to conspire with the security dilemma to turn clash into crisis. Along the way, Bush identifies dangers that have largely escaped notice, such as the capabilities of China's "independent cyber militias," which exist beyond state policy, and the uncoordinated command-and-control systems and "dysfunctional intelligence communities" in both countries. His sobering, but not unduly inflated, analysis ends by mapping Washington's frustrations with both countries. Scholars will find leads for further research, analysts will find insights into the moving parts of East Asia's security community, and policymakers will find evenhanded guidance for how to manage the revival of China as a great power.

RICHARD J. SAMUELS

Africa

NICOLAS VAN DE WALLE

Dancing in the Glory of Monsters: The Collapse of the Congo and the Great War of Africa. BY JASON STEARNS. PublicAffairs, 2011, 400 pp. $28.99.

Stearns' readable account of the ongoing war in the Democratic Republic of the Congo lacks the sweeping historical detail of Gérard Prunier's *Africa's World War* or the careful examination of the underlying

ethnocultural sources of the conflict of René Lemarchand's *The Dynamics of Violence in Central Africa*. Stearns is more concerned with the perceptions, motivations, and actions of an eclectic mix of actors in the conflict—from a Tutsi warlord who engaged in massive human rights violations to a Hutu activist turned refugee living in the camps and forests of eastern Congo. He tells their stories with a judicious mix of empathy and distance, linking them to a broader narrative of a two-decade-long conflict that has involved a dozen countries and claimed six million victims. Although everyone agrees that the war was initiated by Rwandan President Paul Kagame's regime in the wake of the 1994 Rwandan genocide, observers tend to disagree about how much blame should be placed on Rwanda for the crimes against humanity that have characterized the conflict that continues to fester in northeastern Congo. Stearns is among those who believe that violence against civilians has been a consistent policy on the part of the Rwandan regime and its agents.

The Fear: Robert Mugabe and the Martyrdom of Zimbabwe. BY PETER GODWIN. Little, Brown, 2011, 384 pp. $26.99.

Making History in Mugabe's Zimbabwe: Politics, Intellectuals, and the Media. BY BLESSING-MILES TENDI. Peter Lang, 2010, 304 pp. $63.95.

Zimbabwe's Land Reform: Myths and Realities. BY IAN SCOONES, NELSON MARONGWE, BLASIO MAVEDZENGE, JACOB MAHENEHENE, FELIX MURIMBARIMBA, AND CHRISPEN SUKUME. James Currey, 2010, 272 pp. $29.95.

Reading these three fine books on Zimbabwe under Robert Mugabe produces something of a Rashomon effect, so different are the elements they emphasize and the information they put forward. Godwin's harrowing account of events at the peak of the political violence in 2008 fits most neatly within the dominant narrative of events. A somewhat less autobiographical sequel to his 2006 memoir, *When a Crocodile Eats the Sun*, his new book examines the violent crackdown Mugabe engaged in after his ruling party, the Zimbabwe African National Union–Patriotic Front (ZANU-PF), lost the elections to the Movement for Democratic Change (MDC) in March 2008. Godwin recounts gruesome stories of MDC stalwarts being beaten, tortured, and killed by the regime's goons, in the context of a country that has collapsed both economically and morally. Although Zimbabwe's small white minority features prominently in the book, it is less about race than about the horrors of arbitrary and cruel authoritarian rule and the attempts by courageous men and women to promote democracy and the rule of law.

The other two books represent critiques of this dominant narrative. Neither ignores the violence, but both portray the current standoff between the Mugabe-led ZANU-PF government and the pro-democracy opposition in Zimbabwe as the inevitable denouement of a long tale of colonial exploitation and inequality. The Lancaster House Agreement of 1979, which resulted in Zimbabwe's independence, left 42 percent of the country's arable land in the hands of 6,000 mostly white commercial farmers. Economic expedience led Mugabe to largely neglect land reform until the late 1990s, when the government made the relatively popular decision to forcefully expropriate white-owned farms, a move

that set in motion the current crisis. Whatever the outcome, the books by Tendi and Scoones and his colleagues suggest that no future government will restore the white commercial farm sector to anything like its past prominence.

As Tendi explains in his absorbing discussion of the debates within Zimbabwe's intellectual and media elites, colonialism had generated a powerful set of nationalist grievances focused on race and land, which gave ZANU-PF's hardline positions legitimacy. The book is forthrightly critical of Mugabe's repression, but its main purpose is to argue that ideas have mattered in Mugabe's hold on power. Mugabe's intellectuals advanced a "patriotic history" that put the MDC on the defensive and weakened the claims of white settlers, who were viewed as having stolen the land they now farmed. Tendi is surely right that Western outrage has been too focused on the fate of the white farmers and that Westerners are too indulgent of the historical injustices that continue to simmer in the national imagination. The book helps readers understand why Mugabe still enjoys significant support, even if, in the end, political ideas have less to do with his regime's longevity than does brute force.

According to Scoones and his colleagues, although much of the land reform process has been violent, chaotic, and illegal, it has been relatively effective in redistributing land to previously landless peasants. With a careful ground-level analysis of land reform in the southern province of Masvingo, the book shows that a large number of previously landless peasants are now making productive investments and have bettered their prospects for long-term food security. Some political cronies have benefited from the program, but the authors contend that this phenomenon has been grossly exaggerated by the media. They do not, however, analyze the land reform's opportunity costs, which arguably include a decade of political violence, the decline of GNP by a third, and a 50 percent increase in the poverty level.

Sudan: Darfur and the Failure of an African State. BY RICHARD COCKETT. Yale University Press, 2011, 320 pp. $22.00.

The great merit of this history of Sudan since independence is Cockett's skill at integrating the crises in southern Sudan and Darfur with the politics of Khartoum. Each of the rebellions against central rule, he explains, is a product of growing resentment over the centralization of political power in a narrow part of the country around the capital. Much of the book is devoted to the crisis in Darfur, and Cockett discusses both the complex web of racial and ethnic aspects and the elite personal conflicts that shaped the collapse of the province. Examining the international dimensions of the conflict, he finds that the Sudanese government's cooperation with American and British intelligence after 9/11 led the U.S. and British governments to "go soft" on Khartoum regarding the deteriorating situation in Darfur. It was only once the massive ethnic cleansing started that U.S. and British policy changed.

Letters to the Editor

Peter Hakim on Latin American culture; Tim Ferguson, Charles Heck, and Mitchell Hedstrom on U.S. financial health; and Andrew Jacovides on Turkey

PROGRESS AND THE PAST

To the Editor:

Former Costa Rican President Oscar Arias ("Culture Matters," January/February 2011) accurately pinpoints the most vexing questions about Latin America: Why has the region not progressed more steadily and quickly over the years, and what has held it back? But the president's answers are a generation out of date.

His notion that Latin Americans resist change because they "glorify their past" has not applied to Brazil for half a century. Nor is it true for Chile, Colombia, or Mexico—or even for Cuba or Venezuela. Sure, Mexico honors its Aztec ancestors. But China, Israel, and the United States also exalt their pasts. Venerating history is not the same as preserving the status quo.

Although he offers no causal connection, Arias could be right in fingering "absence of confidence" as an impediment to progress. Surveys suggest that personal trust is in short supply in Latin America. But although many in the region are deeply unhappy with their governments, that hardly justifies Arias' assertion that Latin Americans are "disillusioned with politics." Brazilian President Luiz Inácio Lula da Silva left office this January with an approval rating above 85 percent. He was able to handpick his successor precisely because Brazilians trusted him. Similarly, the presidents of Chile and Colombia left office last year with 70 percent support. Arias himself ended his presidency in 2010 with an approval rating of almost 60 percent.

And a lack of "commitment to democracy"? "A soft spot for authoritarianism"? Latin America's political deficits are huge, but no other developing region is more democratic. Virtually all of the region's 50 presidential elections since 2000 were free and fair, and most were highly competitive. Yes, Cuba remains a dictatorship, fraud tainted Haiti's recent election, Honduras suffered a military coup, democracy is nearly extinguished in Venezuela, and the rule of law is withering in Bolivia, Ecuador, and Nicaragua. However, these are mostly small, desperately poor countries, long governed incompetently. Democracy is hardly robust in the region, but it has made enormous strides in most places. A centrist pragmatism has now become the ideological norm. More and more Latin Americans are rejecting the populist temptation and voting for what they think works.

Arias is right that the region's mounting military outlays are not good news. But Latin America's expenditures today are modest compared to those of other regions

and those of its own past. Two of the biggest spenders—Brazil and Chile—are universally applauded for their notable economic and social advances and are reliable democracies. Although Arias acknowledges that Latin America is a region largely at peace, he goes on, incongruously, to censure its culture of militarism. I am not sure what he would say about the bloody battles against organized crime in so many Latin American nations, since he hardly mentions crime, despite the fact that many think organized crime is the area's most intractable problem.

Latin Americans are mostly following Arias' good advice—to recognize that their problems lie in themselves. Two decades of progress in most of the region and its rising prospects for the future attest to that.

PETER HAKIM
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THE IMPENDING SQUEEZE

To the Editor:

Roger Altman and Richard Haass ("American Profligacy and American Power," November/December 2010) persuasively argue that continued American profligacy promises to undermine American power. But the situation is even more urgent than they suggest.

Although Altman and Haass expect markets to remain calm "possibly for two or three years," the rising price of gold suggests otherwise. Gold has risen from $460 per ounce to $1,400 per ounce in the last five years—representing a 67 percent devaluation of the U.S. dollar per unit of gold. As former U.S. Federal Reserve Chair Alan Greenspan has said, gold is "the ultimate means of payment."

Moreover, on top of new government debt over the next several years, maturing existing debt will need to be refinanced. At 4.6 years, the average maturity of the U.S. federal debt held by the public (debt that now totals $9.1 trillion) is tight relative to, for instance, the average maturity of 13.5 years for British government debt. According to the International Monetary Fund, the maturing debt of the U.S. government will equal 18.1 percent of U.S. GDP during 2011 alone.

Altman and Haass rightly note that the U.S. government's annual interest expense will rise dramatically as its stock of debt increases and interest rates inevitably rise. Further debt increases would substantially darken the fiscal outlook for the federal government. And even a relatively small rise in interest rates would have a significant impact.

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TURKEY'S CYPRUS PROBLEM

To the Editor:

Hugh Pope ("Pax Ottomana?" November/December 2010) observes that Turkey succeeded in being elected to a rotating seat of the UN Security Council for 2009–10. It might then be assumed that Turkey's policies have been guided by the principles of the UN Charter. But Turkey continues its 40,000-strong troop occupation of a large part of the Republic of Cyprus—an EU and UN member state—despite numerous Security Council resolutions since its initial 1974 invasion

calling for its immediate withdrawal. Turkey does not comply with its legal obligations to Cyprus or to the EU and forcibly interferes with Cyprus' rights in its exclusive economic zone of maritime jurisdiction.

Pope writes that "in 2003, the [ruling party in Turkey] reversed traditional Turkish policy by agreeing to endorse a UN plan to reunify" Cyprus. What he does not say, however, is that the latest version of the plan wholly incorporated Ankara's demands. In addition, Pope makes an unfounded assertion in stating that "since joining the EU in 2004, Cyprus has pulled all available levers to block Turkey's own accession to the union." If this were the case, Turkey would not have been endorsed as a candidate for EU membership in 2005, since such a decision requires unanimity, and so Cyprus could have exercised its veto.

Like Pope, many welcomed Turkish Foreign Minister Ahmet Davutoglu's declared goal of the "settlement of disputes" that "directly or indirectly concern Turkey" and Turkey's "zero problem" policy toward its neighbors. Other than paying lip service to supporting the UN-sponsored intercommunal talks on Cyprus, however, Turkey has not conceded an inch toward achieving a solution within the agreed framework.

If the Cyprus problem were solved through a viable compromise settlement with Turkey's help, Turkey will have removed a major obstacle to its EU accession. Moreover, a reunited and peaceful Cyprus, free of foreign troops, would be transformed into a bridge of peace from a bone of contention and would cooperate with Turkey and Greece on an array of issues. This outcome can be achieved through good neighborly relations on the basis of the principles of the UN Charter, not through occupation, domination, and a Pax Ottomana.

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The Muslim Brotherhood After Mubarak

By Carrie Rosefsky Wickham

Portraying the Muslim Brotherhood as eager and able to seize power and impose its version of sharia on an unwilling citizenry is a caricature that exaggerates certain features of the Brotherhood and underestimates the extent to which the group has changed over time.

www.foreignaffairs.com/the-muslim-brotherhood-after-mubarak

Libya's Terra Incognita

By Frederic Wehrey

For decades, the outsized personality of Muammar al-Qaddafi has obscured the many rivalries among Libya's domestic groups, from the tribes to the military. With the Qaddafi era coming to a likely end, how will these actors now vie for supremacy?

www.foreignaffairs.com/libyas-terra-incognita

Bahrain's Shia Question

By Kristin Smith Diwan

The democratic uprising taking place in Bahrain has been accompanied by concerns of Shia insurrection and resurgent Iranian influence. The United States should not buy into this fear.

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Overcoming Fear and Anxiety in Tel Aviv

By Aluf Benn

The popular revolt against Hosni Mubarak in Egypt has made many Israelis uneasy. But could the Egyptian crisis in fact offer the Israeli government a new opportunity for regional diplomacy?

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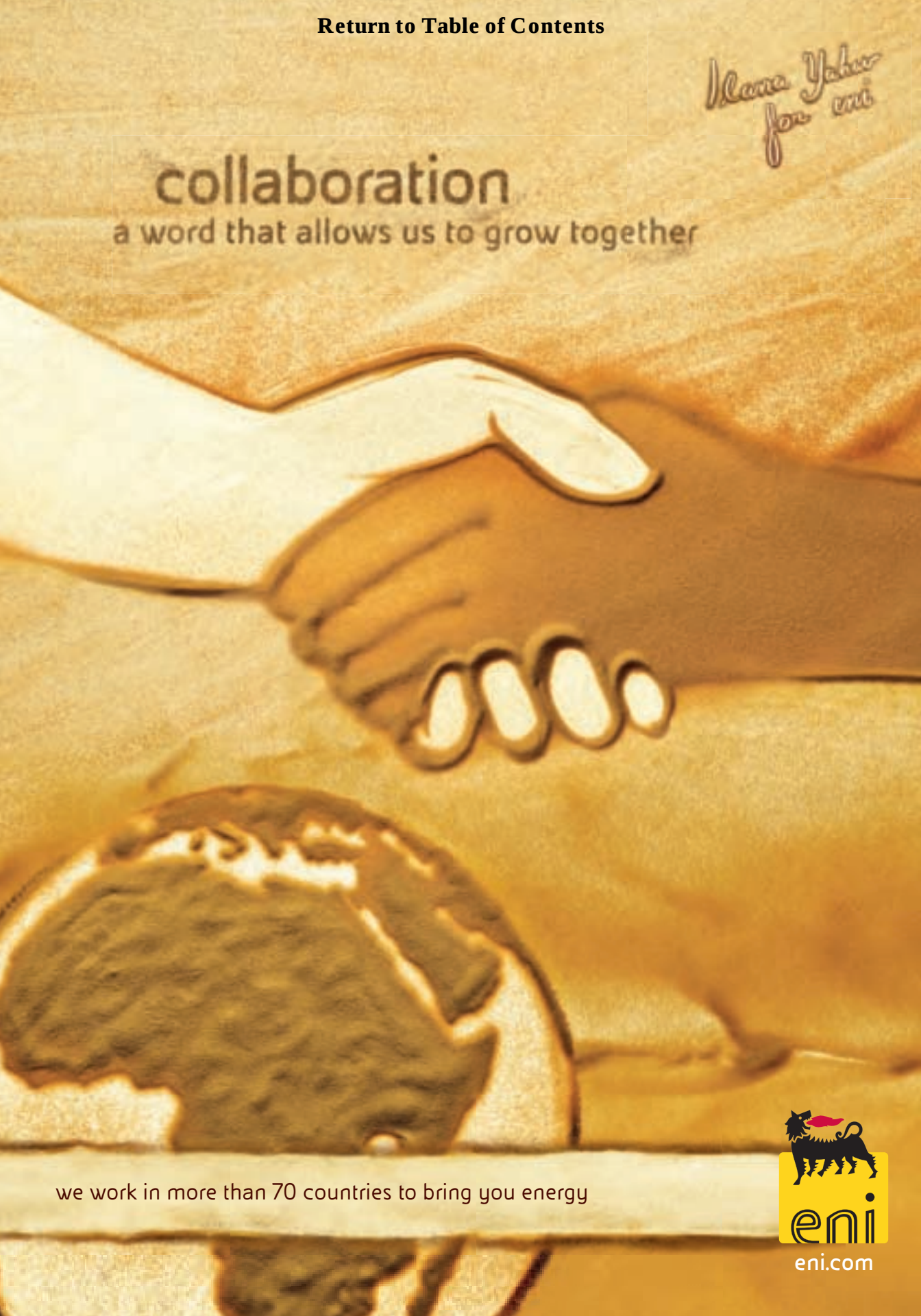
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