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NOVEMBER / DECEMBER 2009

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The Next Financial Challenge

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C. Fred Bergsten

Nuclear Deterrence for the 21st Century

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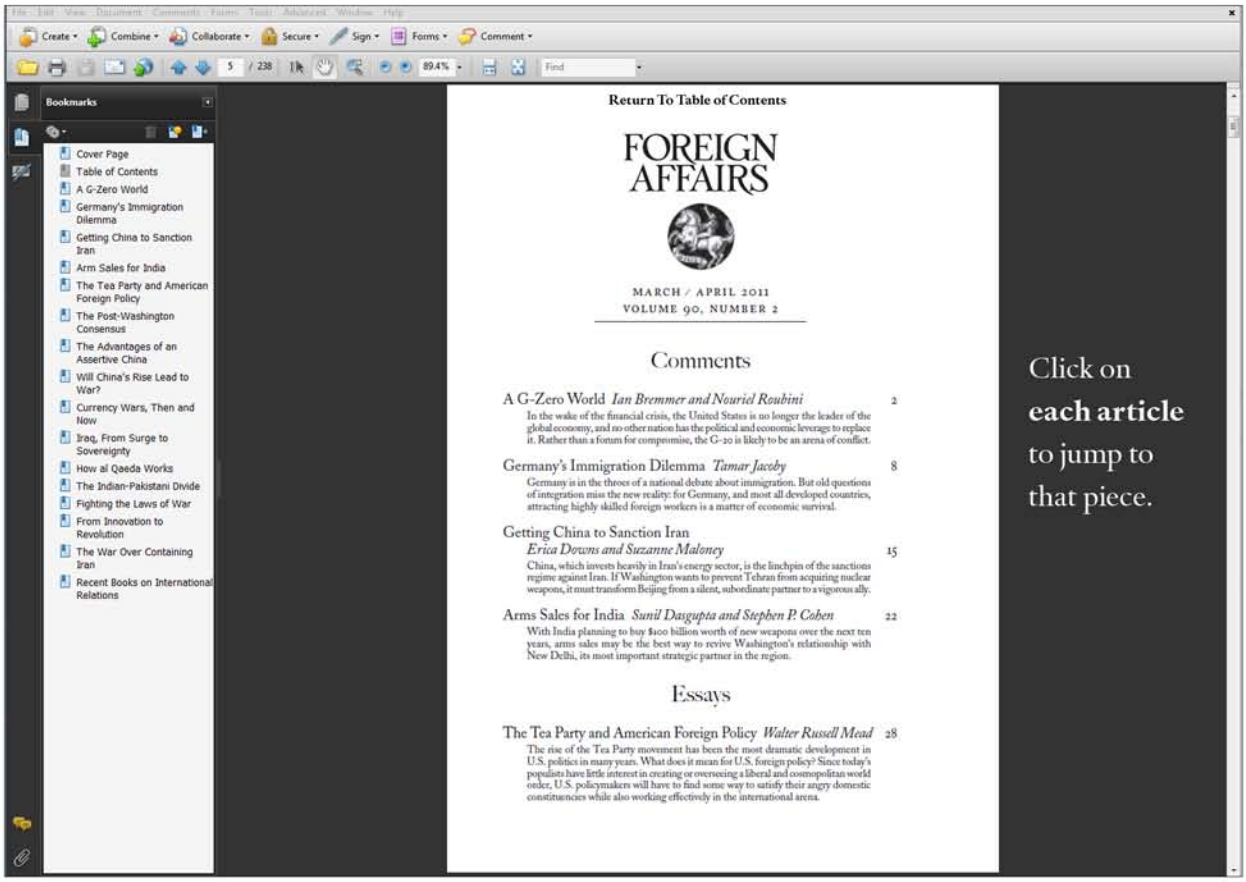

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Printed in the United States. Visit our Web site at www.foreignaffairs.com.

GST number 127686483RT.
Canada Post Customer #4015177 Publication #40035310.
Return mail in Canada should be sent to IMEX, PO Box 4332, Station Rd., Toronto, Ont. M5W 3J4

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For electronically advanced adversaries, the United States' information technology infrastructure is an easy target.

Securing the Information Highway

How to Enhance the United States' Electronic Defenses

Wesley K. Clark and Peter L. Levin

During the July 4 holiday weekend, the latest in a series of cyberattacks was launched against popular government Web sites in the United States and South Korea, effectively shutting them down for several hours. It is unlikely that the real culprits will ever be identified or caught. Most disturbing, their limited success may embolden future hackers to attack critical infrastructure, such as power generators or air-traffic-control systems, with devastating consequences for the U.S. economy and national security.

As Defense Secretary Robert Gates wrote earlier this year in these pages, "The United States cannot kill or capture its way to victory" in the conflicts of the future. When it comes to cybersecurity, Washington faces an uphill battle. And as a recent Center for Strategic and International Studies report put it, "It is a battle we are losing."

There is no form of military combat more irregular than an electronic attack: it is extremely cheap, is very fast, can be carried out anonymously, and can disrupt or deny critical services precisely at the moment of maximum peril. Everything about the subtlety, complexity, and effectiveness of the assaults already inflicted on the United States' electronic defenses indicates that other nations have thought carefully about this form of combat. Disturbingly, they seem to understand the vulnerabilities of the United States' network infrastructure better than many Americans do.

It is tempting for policymakers to view cyberwarfare as an abstract future threat. After all, the national security establishment understands traditional military threats much better than it does virtual enemies. The problem is that an electronic attack can be large, widespread, and

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Wesley K. Clark, a retired four-star General, was Supreme Commander of NATO from 1997 to 2000, led the alliance of military forces in the 1999 Kosovo War, and is a Senior Fellow at the Ron Burkle Center for International Relations at UCLA. Peter L. Levin was the founding CEO of the cybersecurity company DAFCA and is now Chief Technology Officer and Senior Adviser to the Secretary at the Department of Veterans Affairs. The views expressed in this article do not necessarily represent the views of the U.S. government.

sudden—far beyond the capabilities of conventional predictive models to anticipate. The United States is already engaged in low-intensity cyberconflicts, characterized by aggressive enemy efforts to collect intelligence on the country's weapons, electrical grid, traffic-control system, and even its financial markets. Fortunately, the Obama administration recognizes that the United States is utterly dependent on Internet-based systems and that its information assets are therefore precariously exposed. Accordingly, it has made electronic network security a crucial defense priority.

But networks are only the tip of the iceberg. Not only does Washington have a limited ability to detect when data has been pilfered, but the physical hardware components that undergird the United States' information highway are becoming increasingly insecure.

INTO THE BREACH

In 2007, there were almost 44,000 reported incidents of malicious cyberactivity—one-third more than the previous year and more than ten times as many as in 2001. Every day, millions of automated scans originating from foreign sources search U.S. computers for unprotected communications ports—the built-in channels found in even the most inexpensive personal computers. For electronically advanced adversaries, the United States' information technology (IT) infrastructure is an easy target.

In 2004, for example, the design of NASA's Mars Reconnaissance Orbiter, including details of its propulsion and guidance systems, was discovered on inadequately protected "zombie" computer servers in South Korea. Mimicking the tactics of money launderers, hackers had downloaded them there in order to pilfer the data from a seemingly legitimate source. Breaches of cybersecurity and data theft have plagued other U.S. agencies as well: in 2006, between 10 and 20 terabytes of data—equivalent to the contents of approximately 100 laptop hard drives—were illegally downloaded from the Pentagon's nonclassified network, and the State Department suffered similarly large losses the same year.

Russia has already perpetrated denial-of-service attacks against entire countries, including Estonia, in the spring of 2007—an attack that blocked the Web sites of several banks and the prime minister's Web site—and Georgia, during the war of August 2008. In fact, shortly before the violence erupted, Georgia's government claimed that a number of state computers had been commandeered by Russian hackers and that the Georgian Ministry of Foreign Affairs had been forced to relocate its Web site to Blogger, a free service run by Google.

The emergence of so-called peer-to-peer (P2P) networks poses yet another threat. These networks are temporary on-demand connections that are terminated once the data service has been provided or the requested content delivered, much like a telephone call. Some popular P2P services, such as Napster and BitTorrent, have raised a host of piracy and copyright infringement issues, mostly because of recreational abuse. From a security perspective, P2P networks offer an easy way to disguise illegitimate payloads (the content carried in digital packets); through the use of sophisticated protocols, they can divert network traffic to arbitrary ports. Data containing everything from music to financial transactions or weapons

designs can be diverted to lanes that are created for a few milliseconds and then disappear without a trace, posing a crippling challenge to Washington's ability to monitor Internet traffic. Estimates vary, but P2P may consume as much as 60 percent of the Internet's bandwidth; no one knows how much of this traffic is legitimate, how much violates copyright laws, and how much is a threat to national security.

The commercially available systems that carry nearly all international data traffic are high quality: they are structurally reliable, globally available, and highly automated. However, the networking standards that enable cross-border electronic exchange were designed in stages over the last four decades to ensure compatibility, not security, and network designers have been playing catch-up for years. To the extent that they paid any attention to security, it was largely to prevent unauthorized, inauthentic, or parasitic access, not a widespread paroxysm of national or even international networks—the IT equivalent of a seizure that strikes suddenly and without warning.

The price of perpetrating a cyberattack is just a fraction of the cost of the economic and physical damage such an attack can produce. Because they are inexpensive to plan and execute, and because there is no immediate physical danger to the perpetrators, cyberattacks are inherently attractive to adversaries large and small. Indeed, for the most isolated (and therefore resource-deprived) actors, remote, network-borne disruptions of critical national infrastructure—terrestrial and airborne traffic, energy generation and distribution, water- and wastewater-treatment facilities, all manner of electronic communication, and, of course, the highly automated U.S. financial system—may be their primary means of aggression.

From isolated intrusions to coordinated attacks, the number of network-based threats is growing. Dan Geer, the chief information security officer at In-Q-Tel, the nonprofit private investment arm of the CIA, points out that the perpetrators are no longer teenagers motivated by lunchroom bragging rights but highly paid professionals. He also believes that after spending billions of dollars on commercial research and development, the United States will still have less, and perhaps much less, than 90 percent protection against network attacks—an unacceptably bad result. And this pessimistic estimate only considers software; it does not take into account the pernicious threat to hardware.

HARDWARE'S SOFT SPOT

In 1982, a three-kiloton explosion tore apart a natural gas pipeline in Siberia; the detonation was so large it was visible from outer space. Two decades later, the *New York Times* columnist William Safire reported that the blast was caused by a cyber-operation planned and executed by the CIA. Safire's insider sources claimed that the United States carefully placed faulty chips and tainted software into the Soviet supply chain, causing the chips to fail in the field. More recently, unconfirmed reports in *IEEE Spectrum*, a mainstream technical magazine, attributed the success of Israel's September 2007 bombing raid on a suspected Syrian nuclear facility to a carefully planted "kill switch" that remotely turned off Syrian surveillance radar.

Although networks and software attract most of the media's attention when it comes to cybersecurity, chip-level hardware is similarly vulnerable: deliberate design

deficiencies or malicious tampering can easily creep in during the 400-step process required to produce a microchip.

Integrated circuits are etched onto silicon wafers in a process that simultaneously produces tens, or even hundreds, of identical chips. In fact, each chip may contain as many as a billion transistors. At the rate of one transistor per second, it would take one person 75 years to inspect the transistors on just two devices; even a typical cell phone has a couple of chips with a hundred million transistors each. Finding a few tainted transistors among so many is an exceedingly tedious, difficult, and error-prone task, and in principle an entire electronic system of many chips can be undermined by just a few rogue transistors. This is why chip-level attacks are so attractive to adversaries, so difficult to detect, and so dangerous to the nation.

Modern automated equipment can test certain kinds of manufacturing fidelity within integrated circuits at the rate of millions of transistors per second. The problem is that such equipment is designed to detect deviations from a narrow set of specifications; it cannot detect unknown unknowns. An apparently perfect device can provide a safe harbor for numerous threats—in the form of old and vulnerable chip designs, embedded Trojan horses, or kill switches—that are difficult or impossible to detect. The theoretical number of potential misbehaviors and possible hardware alterations is simply too large, and no mathematical formulas to constrain the problem have yet been invented.

Moreover, the timeline of a hardware attack is altogether different from that of a software or network attack. With the important exception of infection by symbiotic malware (unauthorized software that depends on the host to survive), pervasive network infections are generally detectable, are mostly curable, and, until now, have been largely containable through the use of software patches, which are now ubiquitous. In contrast, compromised hardware is almost literally a time bomb, because the corruption occurs well before the attack—during design implementation or manufacturing—and is detonated sometime in the future, most likely from a faraway location. Sabotaged circuits cannot be patched; they are the ultimate sleeper cell.

MODEL AIRPLANES

Sadly, research in hardware security has been anemic, with relatively few institutions allocating very few dollars. But one researcher, the Stanford University aeronautics professor Per Enge, has looked to the civilian aviation industry as a model for enhancing hardware security. Aircraft companies have historically focused intensely on systemic weakness and potential vectors of attack on the airframe of airplanes, its many components, and the flight-control infrastructure. It takes months or even years to assess danger in hardware-bound systems, which are common in the transportation industry. Therefore, the aviation sector has always preferred deliberate and quiet responses to vulnerabilities as they are revealed, in part to make sure that the vulnerabilities are not exploited and in part to maintain public trust in an otherwise excellent system. In contrast, the cryptography and software-development communities believe that full disclosure is the path to safety and security. In their view, a threat that is subject to the full scrutiny of academic, industrial, and governmental experts will be neutralized more quickly and mitigated more fully.

For many years, aviation companies believed they could not fully rely on such collaborative failure detection because the equipment they produced was not easily replaced, reused, or repaired. The cost of doing so was so prohibitive to those outside the industry that few even bothered to try. Today, however, with the advent of publicly available GPS technology, even the aviation community is beginning to absorb the lessons of open security standards.

Most computer hardware engineers have traditionally approached the problem in a similar manner: test, stress, and break, but keep discoveries low key so as to avoid exposing a weak flank to the public or to competitors. The long cycles of detection and remediation that characterize hardware, as opposed to software, are the fundamental reason why practically all large mainframe computer systems—from those on airplanes to those in hospitals—still require human intervention to detect and cope with failures.

The difference between a chip and an airplane is that an engineer's ability to absorb knowledge and reconfigure hardware in order to make it more secure is much greater in silicon than in aluminum, especially if the internal response is both adaptive and intelligent.

The need to endow U.S. networks, software, and even hardware with a digital immune system—one that is openly described and freely discussed—is one of the most important lessons to be learned from the open-source community, and it could help hardware engineers make their products more secure.

IMMUNIZATION DRIVES

Comparing cyberthreats to biological diseases helps illustrate the potency of electronic attacks and point the way toward possible cures. As Stephanie Forrest and her colleagues at the University of New Mexico have shown, bodily immune systems work best when they are autonomous, adaptable, distributed, and diversified; so, too, with electronic security. Perhaps the biggest reason to focus on hardware assurance is that it provides a resilient form of immunoprotection and dramatically extends the range of potential responses to an attack. As with their biological analogues, healthy electronic systems will focus protection at the gateways to the outside world (such as a computer's ports), rapidly implement sequential reactions to invading agents, learn from new assaults, remember previous victories, and perhaps even learn to tolerate and coexist with foreign intruders. In other words, healthy hardware can adapt to infection, but sick hardware is an incurable liability—a remote-controlled malignancy that can strike at any time.

Natural science also provides a framework to understand the dangerous implications of static thinking. The aphorism "nature abhors a vacuum" applies strikingly well to cybersecurity: if there is a weak point, whether it is there intentionally or unintentionally, a cybercriminal will find it. Because of its inherent complexity, modern electronic infrastructure is exposed to foreign intrusion. Eventually, the temptation to deliberately build in deficiencies—to leave the door unlocked, so to speak—will likely prove irresistible to professional saboteurs. And even when doors are not left unlocked, an adversary can still deliberately design all the locks to be fundamentally similar, making intrusion easier at some point in the future.

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A hardware breach is more difficult to detect and much more difficult to defend against than a network or software intrusion. There are two primary challenges when it comes to enhancing security in chips: ensuring their authenticity (because designs can be copied) and detecting malevolent function inside the device (because designs can be changed). One could easily imagine a kill switch disabling the fire-control logic inside a missile once it had been armed or its guidance system had been activated, effectively disabling the tactical attack capability of a fighter jet. Inauthentic parts are also a threat. In January 2008, for example, the FBI reported that 3,600 counterfeit Cisco network components were discovered inside U.S. defense and power systems. As many as five percent of all commercially available chips are not genuine—having been made with inferior materials that do not stand up under extreme conditions, such as high temperatures or high speeds.

Even well-intentioned security efforts cannot provide ironclad safety. With only $10,000 worth of off-the-shelf parts, a research group led by Christof Paar at Ruhr-Universität Bochum, in Germany, built a code-breaking machine that was able to exploit a hardware vulnerability and, within ten seconds, crack the encryption scheme of the electronic passport chip in European Union passports. This breach could have exposed sensitive personal information to financial criminals and passport counterfeiters. The original design of the passport chip was not fundamentally flawed, but it was inadequately hardened, and no software upgrade could solve the problem.

Adversaries planning cyberattacks on the United States enjoy two other advantages. The first, and most dangerous, is Americans' false sense of security: the self-delusion that since nothing terrible has happened to the country's IT infrastructure, nothing will. Such thinking, and the fact that so few scientists are focused on the problem, undercuts the United States' ability to respond to this threat. Overcoming a complacent mentality will be as difficult a challenge as actually allocating the resources for genuine hardware assurance. Second, the passage of time will allow adversaries and cybercriminals to optimize the stealth and destructiveness of their weapons; the longer the U.S. government waits, the more devastating the eventual assault is likely to be.

THE TECHNOLOGICAL RAIN FOREST

Seeking to completely obliterate the threats of electronic infiltration, data theft, and hardware sabotage is neither cost-effective nor technically feasible; the best the United States can achieve is sensible risk management. Washington must develop an integrated strategy that addresses everything from the sprawling communications network to the individual chips inside computers.

The U.S. government must begin by diversifying the country's digital infrastructure; in the virtual world, just as in a natural habitat, a diversity of species offers the best chance for an ecosystem's survival in the event of an outside invasion. In the early years of the Internet, practically all institutions mandated an electronically monocultural forest of computers, storage devices, and networks in order to keep maintenance

costs down. The resulting predominance of two or three operating systems and just a few basic hardware architectures has left the United States' electronic infrastructure vulnerable. As a result, simple viruses injected into the network with specific targets—such as an apparently normal and well-trusted Web site that has actually been infiltrated—have caused billions of dollars in lost productivity and economic activity.

Recently, national intelligence authorities mandated a reduction in the number of government Internet access points in order to better control and monitor them. This sounds attractive in principle. The problem, of course, is that bundling the channels in order to better inspect them limits the range of possible responses to future crises and therefore increases the likelihood of a catastrophic breakdown. Such "stiff" systems are not resilient because they are not diverse. By contrast, the core design principle of any multifaceted system is that diversity fortifies defenses. By imposing homogeneity onto the United States' computing infrastructure, generations of public- and private-sector systems operators have—in an attempt to keep costs down and increase control—exposed the country to a potential catastrophe. Rethinking Washington's approach to cybersecurity will require rebalancing fixed systems with dynamic, responsive infrastructure.

In addition to building diverse, resilient IT infrastructure, it is crucial to secure the supply chain for hardware. This is a politically delicate issue that pits pro-trade politicians against national security hawks. Since most of the billions of chips that comprise the global information infrastructure are produced in unsecured facilities outside the United States, national security authorities are especially sensitive about the possibility of sabotage.

Some observers have pointed to the Clinton-era Information Technology Management Reform Act as a leaky crack in the levee of secure hardware infrastructure because it explicitly encouraged the acquisition of foreign-made parts. They are wrong. In fact, streamlining procurement of IT components is in no way related to the integrity of the components themselves; how the government purchases components is unrelated to what is actually delivered, tested, and deployed.

Moreover, the enormous cost of maintaining a parallel domestic production capability to match the tremendous manufacturing advances of the private sector abroad would never pass muster in even the most hawkish appropriations review; such dedicated production facilities would also make an easy target for sabotage or direct attacks. A disruption in the supply chain would exact an incalculable price, not least in terms of the United States' defensive readiness, and would violate the principle of having a layered, diversified response. It makes sense now—just as it made sense during the Clinton years—to purchase components, even those made offshore. The problem is not foreign sourcing; it is ensuring that foreign-made products are authentic and secure.

None of this will require a fundamental change in the way computer networks are currently configured and deployed. Because hardware itself can now be reconfigured—and is therefore adaptable—electronic defenses within actual devices can be augmented without domestic chip designers'

revealing more than they already do to the foreign manufacturers who actually produce the chips.

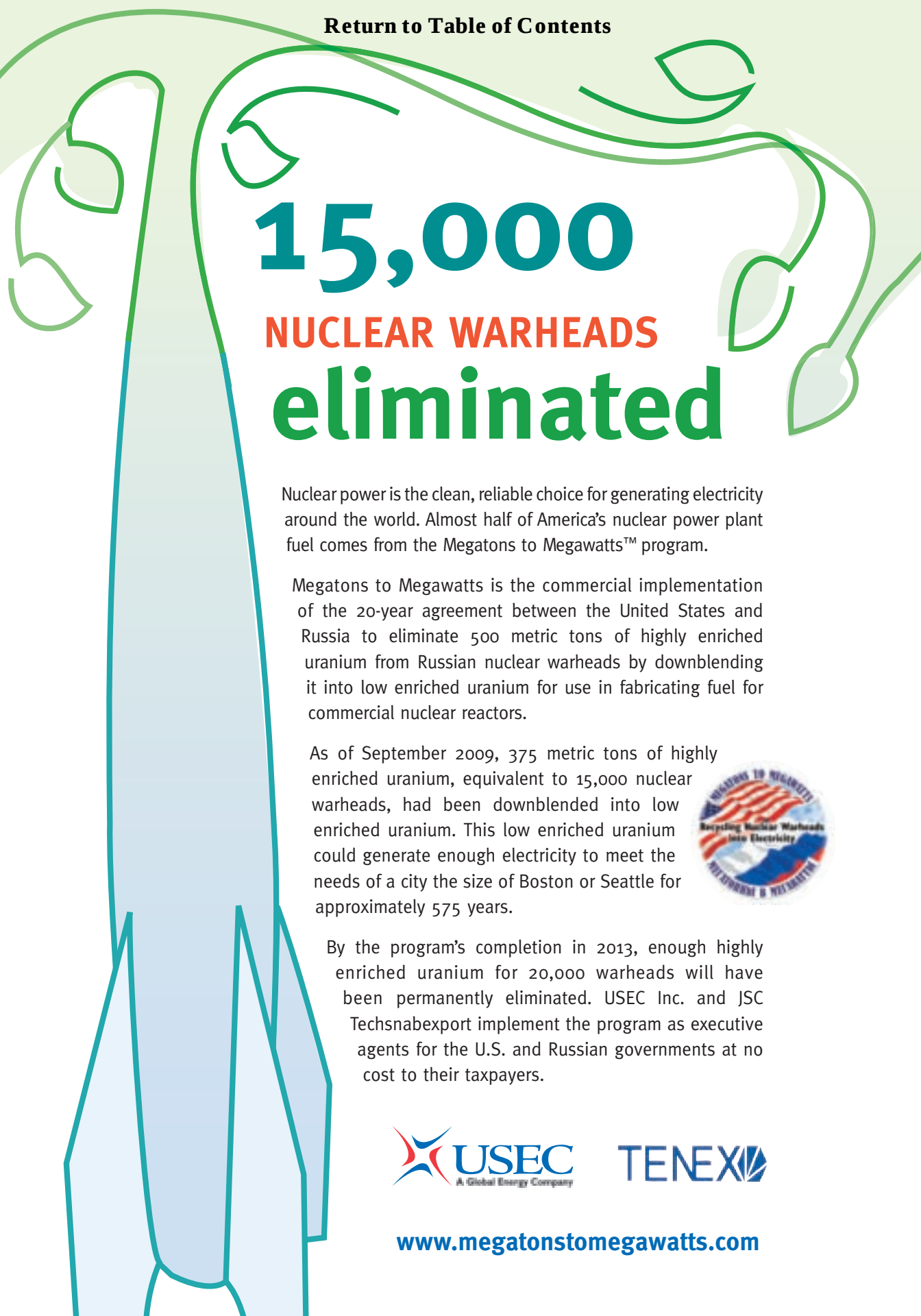
Of course, adversaries could build in hardware deficiencies during production that could hurt the United States later. But there are some very elegant ways to detect those deficiencies without the adversaries' knowing that Washington is watching. Promising strategies in the near term, such as embedding compact authentication codes directly into devices and configuring anti-tamper safeguards after the devices are produced, will enhance protection by tightening control of the supply chain and making the hardware more "self-aware."

The Bush administration's classified Comprehensive National Cyber Security Initiative, which led to a reported commitment of $30 billion by 2015 to bolster electronic defenses and which the Obama administration is expected to support, is a solid first step toward managing the risk.

Unfortunately, much of the relevant information—such as the Defense Advanced Research Projects Agency's TRUST in Integrated Circuits program—is classified. Confidentiality will not necessarily help ensure that the nation's information assets are well protected or that its cyberdefense resources are well deployed. In fact, because many of the best-trained and most creative experts work in the private sector, blanket secrecy will limit the government's ability to attract new innovations that could serve the public interest. Washington would be better off following a more "open-source" approach to information sharing.

The cybersecurity threat is real. Adversaries can target networks, application software, operating systems, and even the ubiquitous silicon chips inside computers, which are the bedrock of the United States' public and private infrastructure.

All evidence indicates that the country's defenses are already being pounded, and the need to extend protection from computer networks and software to computer hardware is urgent. The U.S. government can no longer afford to ignore the threat from computer-savvy rivals or technologically advanced terrorist groups, because the consequences of a major breach would be catastrophic.



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Losing Controls

How U.S. Export Restrictions Jeopardize National Security and Harm Competitiveness

Mitchel B. Wallerstein

Since the early days of the Cold War, the United States has restricted the export of certain advanced technologies and the sharing of sensitive scientific and technical information with foreign nationals. Initially, these restrictions were justified on the grounds that the Soviet Union and its Warsaw Pact allies were engaged—through fronts, third parties, and outright espionage—in a systematic effort to buy or steal information, technology, and equipment developed in the West that they could then use in their own military systems. Because Soviet industry could not design or produce certain high-tech products, such as personal computers or sophisticated machine tools, the Soviets were forced to obtain them by other means. By successfully denying technology to the Soviet Union, the United States enabled NATO to maintain a strategic and tactical advantage without having to match the Warsaw Pact nations' troop strength in the field. Yet 20 years after the fall of the Berlin Wall and long after the Soviet Union ceased to exist, the same system of export controls remains in place. It has only become more arcane and ineffective with time.

U.S. export controls have survived largely because of outdated "fortress America" thinking—the view that the United States is the primary source of most militarily useful scientific ideas and products and that it can continue to deny technology to potential adversaries without seriously damaging the global competitiveness of U.S. companies or, in the end, jeopardizing national security. In an earlier era, when the United States was far more economically and technologically dominant, the costs associated with a technology-denial strategy were easier to absorb. But in today's highly competitive world, the business lost due to export controls poses a threat to the well-being of key U.S. industries; estimated losses range as high as $9 billion per year.

MITCHEL B. WALLERSTEIN is Dean of the Maxwell School of Syracuse University. He was U.S. Deputy Assistant Secretary of Defense for Counterproliferation Policy and Senior Defense Representative for Trade Security Policy from 1993 to 1997.

Mitchel B. Wallerstein

OUT OF CONTROL

In the early 1990s, after the breakup of the Soviet Union, it became increasingly clear that the United States, its NATO allies, and Japan no longer saw eye to eye when it came to sustaining a far-reaching system of export restrictions. Having lost this consensus, it became inevitable that the informal Cold War–era organization known as the Coordinating Committee on Multilateral Export Controls (CoCom) would be dissolved. With the former CoCom countries threatening to go their separate ways, the United States, which had long served as the principal driver of multilateral export controls, launched a diplomatic initiative in 1994 to negotiate a successor regime that would also include Russia, Ukraine, and other key eastern European states as members.

It soon became apparent, however, that there was little possibility of establishing a new regime similar to CoCom. Washington settled for a far less comprehensive agreement, the Wassenaar Arrangement, which was concluded in the Netherlands in 1996. It neither requires member states to consult with one another prior to approving an export nor permits one member state to block an export by another on security grounds, as was the case under CoCom. Predictably, the Wassenaar Arrangement has achieved only minimal success as a technology-denial regime.

Most technologically advanced countries saw the end of the Cold War as an opportunity to end restrictions on the export of all but the most highly sensitive technology and information, such as nuclear technology and designs, biological agents and equipment, or long-range missiles. In their view, export controls could no longer be effective in a world where information moves electronically and computers and other dual-use technologies—products or parts that are developed and manufactured by the private sector for both military and commercial applications—have become commodities. Indeed, the very notion of "militarily significant technology" has in some respects lost its meaning, given that the computational power needed to perform many military applications is now far below the standard performance levels of widely available personal computers, most of which are manufactured outside the United States.

Because the European states are inclined to view technology denial as a largely outdated policy instrument, they have not been motivated to establish a coherent EU-wide policy on export controls. Instead, they continue to maintain a loose system of nationally based controls on dual-use technologies. And arms exports remain entirely subject to national discretion, guided only by a nonbinding EU "code of conduct."

The loss of multilateral consensus on the need for controls has been coupled with more than a decade of policy paralysis and political stalemate within the United States. During the George W. Bush administration—and especially after 9/11, the invasion of Iraq, and North Korea's nuclear and missile tests—conservative forces in the White House and the Pentagon actively resisted most ideas circulated within the administration for modifying U.S. export control policy: changes that might have aligned the United States more closely with the positions of other technologically advanced states. Although the Bush administration's refusal to address export control reform was driven primarily

by ideology, it also reflected an understandable desire not to send the wrong signal to terrorist groups or potential proliferators.

As in the executive branch, gridlock has reigned in Congress when it comes to export control policy, pitting those who remain invested in "fortress America" thinking against those pressing for a more rational system based on the economic and technological realities of the twenty-first century. The Export Administration Act, which is the principal law governing dual-use exports, lapsed in 2001 after 12 unsuccessful attempts since 1990 to modify and reauthorize it. As a result, successive presidents have been forced to invoke the authority granted under the International Economic Emergency Powers Act of 1977 to maintain export regulations.

There have recently been some hopeful signs from both the White House and Congress that the policy logjam might finally be breaking. President Barack Obama has announced a full-scale interagency review of U.S. export control policy. And Congressman Howard Berman (D-Calif.), chair of the House Foreign Affairs Committee, has indicated that he intends to introduce new legislation during this session of Congress to modify and renew the Export Administration Act. Until such changes are implemented, the country's security and economic competitiveness will remain threatened.

LESS COMPETITIVE, LESS SECURE

Export controls undermine national security in at least four ways. First, the majority of the most important technologies incorporated into U.S. military systems are today inherently dual-use. But some U.S. high-tech firms believe—often erroneously—that they can avoid the financial costs and legal restrictions associated with export controls by choosing to invest in technologies with no apparent military applications. This has the effect of depriving the Defense Department of cutting-edge products, as well as access to the fruits of some of the most innovative technology developers in the United States. Small start-up firms are particularly unable and unwilling to tolerate the risk and expense associated with long export-licensing delays.

Second, foreign manufacturers who may in some cases possess more advanced technology than rival U.S. companies often choose not to compete for U.S. defense contracts out of a similar fear of becoming entangled in U.S. export controls. In the case of the multinational Joint Strike Fighter program, in which some of the most innovative subsystems were engineered by non-U.S. companies, the U.S. export control system has created so many difficulties that the British government actually threatened to cancel its participation in the program.

Third, the U.S. military is sometimes unable to outsource the repair and maintenance of its equipment to foreign companies in allied countries—which are often much closer to the battlefield—because doing so would require individual export licenses for each piece of equipment serviced.

Finally, export restrictions can degrade the ability of U.S. defense attachés and intelligence officials to obtain important knowledge of foreign military capabilities and scientific and technological developments. When U.S. companies are involved in foreign sales or cooperative production agreements, there is typically some sharing of technical data and information that can help them learn about the capabilities of foreign militaries. When they are not,

the U.S. government cannot obtain this valuable military and technical intelligence.

Concerns about the impact of export controls extend well beyond the realm of national security; business leaders have spoken out for decades about the economic price of these outmoded laws and regulations. Senior executives from companies in sectors as diverse as computers (Hewlett-Packard and IBM), communications satellites (Hughes, now Boeing), aerospace (United Technologies), and machine tools (MAG Industrial Automation Systems) have voiced concerns about the uneven playing field created by overreaching U.S. controls, which impose licensing requirements that foreign competitors do not face. Hardliners both within and outside the U.S. government have generally dismissed such concerns, arguing that they merely represent self-interested behavior on the part of U.S. firms. Yet as the Cold War has faded into history and as the global economic position of U.S. companies has declined relative to foreign competition, these industry concerns have become increasingly compelling.

In today's highly integrated global markets, where research and development (R & D) and production capabilities are far more widely distributed, the continuation of a comprehensive system of export controls harms U.S. competitiveness in a number of ways. First, controls impose compliance requirements on U.S. firms that increase their costs of doing business relative to the costs of their foreign competitors.

Second, U.S. components are, in some cases, being intentionally designed out of systems manufactured abroad so that the manufacturing companies avoid having to subject specific components to U.S. export control laws. There is also evidence that the constraining effect of U.S. regulations has created a market niche for foreign competitors in the areas of aerospace (the European Aeronautic Defence and Space Company), satellites (Thales Alenia Space), composite carbon manufacturing equipment (the Spanish firm M. Torres), and Night Vision equipment (which is produced by numerous firms in France, Israel, South Africa, and even China and Russia). In some situations, foreign competitors have stepped in to meet the demand—often with the active support of their governments. Certain foreign companies, such as the satellite manufacturer Thales Alenia Space and the rocket motor manufacturer Swiss Propulsion Laboratory, actually advertise that their products are totally free of U.S. content. The European space industry now explicitly claims to be an "ITAR-free zone," meaning that its companies and products do not utilize U.S. content that would be subject to the International Traffic in Arms Regulations implemented under the U.S. Arms Export Control Act.

Third, U.S. firms that maintain R & D facilities in foreign countries, as many now do, are forced to compartmentalize access to information so that employees who are not U.S. citizens do not have access to technical data and other information that is subject to U.S. export controls. (Similar procedures are also imposed at domestic R & D facilities where foreign nationals are employed.) The net effect of these restrictions has been to deprive U.S. companies of some of the best and brightest scientists and engineers in the world—people who could spearhead the next generation of technological advances.

This same phenomenon also lessens the ability of U.S. universities—many of which conduct defense research on contract for major corporations or the U.S.

government—to recruit and retain foreign scientists and engineers. The U.S. university R & D infrastructure has long been the envy of the world, and it is today highly reliant on noncitizens (in large part because the United States is not producing sufficient numbers of scientists and engineers).

After 9/11, many foreign experts decided that they did not wish to be subjected to visa interview requirements, special scrutiny and biometric scans at the U.S. border, visa controls that limited where they could travel in the United States or how long they could stay, or rules that prevented them from seeing or discussing certain categories of technical information (because under U.S. regulations, the disclosure of such information to foreigners is deemed tantamount to exporting it). Many are instead taking advantage of the growing number of attractive opportunities at European, Asian, and Australian universities. Here, as well, "fortress America" thinking is depriving the United States of the very people it needs to remain at the cutting edge of science and technology.

The United States has been a magnet for foreign scientific talent since at least the 1930s, when a number of eminent Jewish scientists and those married to Jews were forced to emigrate from Europe in large numbers. Many of these individuals—most famously, Albert Einstein and Enrico Fermi—made enormous contributions to the U.S. war effort during World War II. Turning away foreign talent today is self-defeating, and such policies threaten the future viability of the country's high-tech economy and, ultimately, its national security.

DISMANTLING THE FORTRESS

Several scenarios are often identified by those favoring the continuation of export restrictions: the military resurgence of Russia; the rise of China as a military power; an increase in threats from "rogue states," such as Iran and North Korea; and the possibility that a terrorist group might acquire the know-how, weapons designs, and components needed to construct one or more mass-casualty weapons. Each of these cases is unique, and each demands a tailored policy response.

Few experts believe that Russia has either the resources or the inclination to reconstitute a serious military threat to Europe, even though it has recently demonstrated its capacity to threaten its smaller southern neighbors. As President Obama reiterated during his June visit to Moscow, Russia is no longer an enemy, and part of the effort to "reset" the U.S.-Russian relationship depends on encouraging a two-way flow of people, ideas, and technology. A continued technology-denial approach in this case not only would be inimical to the effort to improve U.S.-Russian relations but also would be largely pointless given that Russia has equal mastery of nuclear and biological weapons and now has largely unfettered access to computers and most other militarily applicable dual-use technologies.

In the case of China, the argument for retaining export restrictions on certain types of information and sensitive technology is somewhat more persuasive given that China appears to be a rising military competitor with unclear regional ambitions. At the same time, in view of the economic interdependency between China and the United States and China's increasing investment in domestic R & D and advanced manufacturing operations, Washington may soon lose its ability to deny certain technologies to Beijing anyway.

It may be smarter in the long run to encourage U.S. high-tech firms to engage more deeply in China, with the exception of providing direct support to the Chinese military industry or the People's Liberation Army. Given that it is often difficult to monitor scientific and technological developments in the traditionally closed Chinese society, such expanded engagement is likely to increase transparency and lead to even greater interdependence, a situation that would likely benefit the United States more than China.

The United States has done this before. Washington deepened its engagement with Beijing during the 1990s, albeit somewhat inadvertently, when the Clinton administration permitted the launch of some U.S. commercial satellites on Chinese rockets. After a series of launch failures, engineers from the U.S. satellite manufacturers were invited to consult with their Chinese counterparts in order to fix the problem. But this consultation did not sit well with some in the U.S. government, who feared that such technical assistance might help the Chinese improve the reliability of their intercontinental ballistic missile systems. Congress established an investigative body (known as the Cox Commission) to review the matter and ultimately mandated that all satellites should be reclassified as munitions—henceforth to be regulated by the State Department under the Arms Export Control Act. This effectively ended U.S.-Chinese technical cooperation on commercial satellite launches. Although Congress was right that there is little distinction, from a technological standpoint, between commercial and military space launch vehicles, Washington's decision to end cooperation with Beijing had the unfortunate side effect of shutting down an important channel that could have enabled the United States to gain knowledge of Chinese missile designs and launch capabilities.

Carefully targeted export controls unquestionably remain necessary with respect to states that are known to be or are suspected of seeking mass-casualty weapons or new and expanded military capabilities that could threaten neighboring countries. It is established, for example, that both Iran and North Korea have actively and successfully shopped world markets for specific technologies—such as high-speed centrifuges—and both reportedly were clients of the Pakistani scientist A. Q. Khan's now-defunct nuclear proliferation network. There are also allegations that technical experts from North Korea helped Syria build the secret nuclear facility that was destroyed by Israel in 2007. Given the UN Security Council's sanctions against both Iran and North Korea, the prospects for continued multilateral cooperation on denying sensitive technology to these countries appear reasonably good, at least in the near term. In the longer term, however, like-minded states will need to support UN sanctions and apply nationally based controls in a more effective and coordinated fashion as one way of encouraging proliferators to abandon their nuclear and biological weapons programs.

The effort to deny terrorists access to technology and sensitive information about mass-casualty weapons remains the most difficult challenge of all. It is worth bearing in mind, however, that terrorist organizations do not currently have enough money or technical know-how to operate their own weapons research

or manufacturing facilities. Rather, they are focused on trying to buy or steal weapons or the fissile material, biological agents, and other key components needed to construct one. Sweeping export controls—even those that are enforced multilaterally—may simply be too imprecise a policy instrument to be effective against determined terrorist groups. Much more important are efforts to deprive terrorists of the technical know-how they need to assemble, transport, and detonate a mass-casualty weapon. Successful technology denial in this case requires, among other things, close cooperation among intelligence services in vigilantly monitoring scientists—and, when necessary, intervening—to stop future A. Q. Khans when there is evidence that they are providing or seeking to provide weapons information or material support to terrorists.

CONTROLS THAT WORK

"Fortress America" thinking is dangerously out of touch with today's global economic and technological realities. The United States' indiscriminate use of export controls means that government resources are wasted on compliance efforts that do not make the country any safer. This, in turn, makes it difficult to focus on the limited number of controls—such as restricting transfers of nuclear components—that actually can enhance national security.

Much has changed in the two decades since the end of the Cold War. The United States has not declined economically or technologically, but other countries have caught up. They are now producing advanced technology that is in many cases equal to or better than that designed and manufactured in the United States. Most militarily applicable technology is now

dual-use in nature, and the majority of it is not subject to control by any nation other than the United States. This means that unilateral U.S. control efforts will only work in a limited number of situations—namely, those in which the United States either is the sole supplier or enjoys overwhelming market dominance. Stealth technology, very high-resolution satellites, and encryption software are among the few remaining areas in which the United States still enjoys such an advantage.

As a recent study by the National Research Council's Committee on Science, Security, and Prosperity concluded, U.S. policy should impose restrictions only in those cases in which the United States and its allies possess technology that provides an identifiable military advantage that is likely to persist for a significant period of time, the United States and its allies control the technology and can prevent its transfer to potential adversaries, and the restrictions will not impose costs and inefficiencies that are disproportionate to the security benefits achieved. In addition, the viability of any restrictions imposed should be reconsidered on a regular basis as technologies age and market conditions change.

The current approach of the U.S. government to the administration of export controls fails to adhere to these criteria. Still mired in the risk-averse thinking of the Cold War, policymakers in multiple government agencies continue to maintain long lists of obsolescent technologies that are still subject to controls and continue to support barring the export of products that are often widely available outside the United States. Indeed, in many cases, those responsible for making the technical judgments about which technologies and scientific information should be subject to control lack the necessary advanced training and state-of-the-art knowledge—expertise that can only be derived from direct involvement in the R & D process in the universities and industries in which these technologies are being developed.

Under specific circumstances, export controls remain a necessary and useful instrument of U.S. policy. But policymakers must abandon the notion that the United States can still be a fortress and that it can engage in technology denial without suffering significant costs to its prosperity and national security. Unless export controls are more narrowly defined and carefully targeted, they will increasingly do more harm than good.

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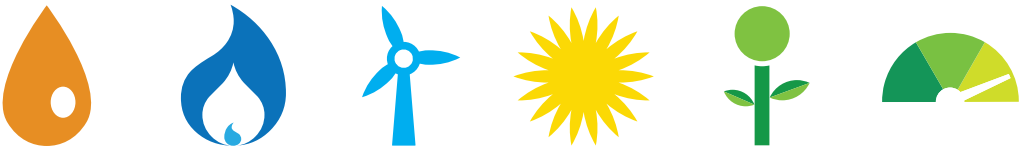

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Essays

AP/WIDE WORLD PHOTOS

It's all about the Benjamins: dollar bills on display, Cali, Colombia, July 2008

Large external deficits, the dominance of the dollar, and the large capital inflows that accompany these factors are no longer in the United States' national interest.

The Dollar and the Deficits

How Washington Can Prevent the Next Crisis

C. Fred Bergsten

Even as efforts to recover from the current crisis go forward, the United States should launch new policies to avoid large external deficits, balance the budget, and adapt to a global currency system less centered on the dollar. Although it will take a number of years to fully implement these measures, they should be initiated promptly both to bolster confidence in the recovery and to build the foundation for a sustainable U.S. economy over the long haul. This is not just an economic imperative but a foreign policy and national security one as well.

A first step is to recognize the dangers of standing pat. For example, the United States' trade and current account deficits have declined sharply over the last three years, but absent new policy action, they are likely to start climbing again, rising to record levels and far beyond. Or take the dollar. Its role as the dominant international currency has made it much easier for the United States to finance, and thus run up, large trade and current account deficits with the rest of the world over the past 30 years. These huge inflows of foreign capital, however, turned out to be an important cause of the current economic crisis, because they contributed to the low interest rates, excessive liquidity, and loose monetary policies that—in combination with lax financial supervision—brought on the overleveraging and underpricing of risk that produced the meltdown.

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The Dollar and the Deficits

It has long been known that large external deficits pose substantial risks to the U.S. economy because foreign investors might at some point refuse to finance these deficits on terms compatible with U.S. prosperity. Any sudden stop in lending to the United States would drive the dollar down, push inflation and interest rates up, and perhaps bring on a hard landing for the United States—and the world economy at large. But it is now evident that it can be equally or even more damaging if foreign investors do finance large U.S. deficits for prolonged periods.

U.S. policymakers, therefore, must recognize that large external deficits, the dominance of the dollar, and the large capital inflows that necessarily accompany deficits and currency dominance are no longer in the United States' national interest. Washington should welcome initiatives put forward over the past year by China and others to begin a serious discussion of reforming the international monetary system.

To a large extent, the U.S. external deficit has an internal counterpart: the budget deficit. Higher budget deficits generally increase domestic demand for foreign goods and foreign capital and thus promote larger current account deficits. But the two deficits are not "twin" in any mechanistic sense, and they have moved in opposite directions at times, including at present. The latest projections by the Obama administration and the Congressional Budget Office (CBO) suggest that both in the short run, as a result of the crisis, and over the next decade or so, as baby boomers age, the U.S. budget deficit will exceed all previous records by considerable margins. The Peterson Institute for International Economics projects that the international economic position of the United States is likely to deteriorate enormously as a result, with the current account deficit rising from a previous record of six percent of GDP to over 15 percent (more than $5 trillion annually) by 2030 and net debt climbing from $3.5 trillion today to $50 trillion (the equivalent of 140 percent of GDP and more than 700 percent of exports) by 2030. The United States would then be transferring a full seven percent ($2.5 trillion) of its entire economic output to foreigners every year in order to service its external debt.

This untenable scenario highlights a grave triple threat for the United States. If the rest of the world again finances the United States' large external deficits, the conditions that brought on the current crisis will be replicated and the risk of calamity renewed.

At the same time, increasing U.S. demands on foreign investors would probably become unsustainable and produce a severe drop in the value of the dollar well before 2030, possibly bringing on a hard landing. And even if the United States were lucky enough to avoid future crises, the steadily rising transfer of U.S. income to the rest of the world to service foreign debt would seriously erode Americans' standards of living.

If the rest of the world again finances the United States' large external deficits, the conditions that brought on the current crisis will be replicated.

Hence, new record levels of trade and current account deficits would likely levy very heavy costs on the United States whether or not the rest of the world was willing to finance these deficits at prices compatible with U.S. prosperity. Washington should seek to sharply limit these external deficits in the future—and it is encouraging that the Obama administration has indicated its intention to move in that direction, opting for future U.S. growth that is export-oriented, rather than consumption-oriented, and rejecting the role of the United States as the world's consumer of last resort.

Balancing the budget is the only reliable policy instrument for preventing such a buildup of foreign deficits and debt for the United States. As soon as the U.S. economy recovers from the current crisis, it is imperative that U.S. policymakers restore a budget that is balanced over the economic cycle and, in fact, runs surpluses during boom years. Measures that could be adopted now and phased in as growth is restored include containing the cost of medical care, reforming Social Security, and enacting new taxes on consumption.

The U.S. government's continued failure to responsibly address the fiscal future of the United States will imperil its global position as well as its future prosperity. The country's fate is already largely in the hands of its foreign creditors, starting with China but also including Japan, Russia, and a number of oil-exporting countries. Unless the United States quickly achieves and maintains a sustainable economic position, its ability to pursue autonomous economic and foreign policies will become increasingly compromised.

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THE DOLLAR'S LONG SHADOW

INSIDE THE United States, the international prominence of the dollar is widely seen as serving the country's national interests. Because of this global role and the foreign money it attracts to the United States, the dollar allows Americans to live beyond their means, as exemplified by the cheap Chinese goods at Wal-Mart, affordable vacations on the French Riviera, and U.S. budget deficits financed by Middle Eastern countries.

Many foreigners share the view expressed by French officials in the 1960s that the dominance of the dollar confers an "exorbitant privilege" on the United States. They argue that this automatic financing of U.S. external deficits—since most international transactions are financed in dollars—means that the United States has little need to take global considerations into account in formulating its economic policies. These foreign voices note the financial instability caused by wide fluctuations in the value of the dollar, such as its seesawing by 30–50 percent against the euro over the past decade. Periodic sizable declines in its exchange rate have reduced—sometimes sharply—the value of the dollar holdings of both private investors and monetary authorities around the world. Hence, many international voices believe that the dollar-based monetary system is not in their interest, and they are increasingly calling for reform.

Both sides are wrong. Other countries gain from the convenience of a worldwide currency (as they do from having English as a worldwide language) and the subsequent reduction in transaction costs. Whatever their complaints, most governments are happy with the trade surpluses and the jobs created by the U.S. deficits that their dollar financing allows. In fact, if the United States stopped running large trade deficits and acting as the consumer of last resort, many countries would be forced to rebalance their growth strategies to expand domestic demand instead of relying on exports. Other countries should be careful what they wish for when they propose dethroning the dollar.

That said, the United States itself would benefit from a reduction in the international role of the dollar. The deficits enabled by the dollar's prominence are indeed attractive in the short run—as are credit cards that allow deferred payments. U.S. politicians looking toward reelection

are thus understandably reluctant to jeopardize the dollar's status, not to mention afraid of being called "un-American" for not defending the national currency. After all, the deficits were not very damaging while they remained modest, as they did throughout the postwar period until the 1980s, during which time there were no plausible international alternatives to the dollar anyway.

The current crisis, however, starkly reveals the folly of blithely funding increasing U.S. deficits. To be sure, China and other large foreign investors in the dollar did not force U.S. financial institutions to make stupid subprime loans and ignore traditional credit standards. Nor did they force the U.S. government and U.S. financial regulators to conduct policies that were lax to the point of indifference. But the huge inflows of foreign capital to the United States—which rose steadily from the mid-1990s and reached record levels for several consecutive years until 2006—depressed interest rates by at least 100 and perhaps by as many as 200 basis points. They facilitated, if not overtly induced, the overleveraging and underpricing of risk. Meanwhile, U.S. regulatory authorities were lulled into complacency. Even when the U.S. Federal Reserve raised short-term interest rates in 2005, the influx of foreign funds kept long-term rates down and prevented the intended tightening of the money supply.

The United States itself would benefit from a reduction in the international role of the dollar.

Moreover, the international role of the dollar makes it difficult, if not impossible, for the United States to keep its currency at the exchange rate that would support prosperity and stability in the U.S. economy. This is because the exchange rate of the U.S. dollar is, in large measure, the residual outcome of other countries using dollars to intervene in currency markets to meet their own exchange-rate targets: by weakening their own currencies to enhance trade competitiveness, they push the dollar toward overvaluation. This problem became so acute under the postwar regime of globally fixed exchange rates that the Nixon administration had to destroy the entire system in order to obtain needed dollar devaluations in 1971 and 1973.

Under the present mixed system, some major currencies (for example, the euro and the yen) are flexible, whereas others (notably, the renminbi)

remain largely fixed, and many others (such as the ruble) function under managed floats, that is, they are freely traded, but their value is influenced by central-bank interventions in the market. In such a system, the exchange rate of the dollar can lie far away from its equilibrium value as a result of aggressive intervention by some foreign actors (such as China and, more recently, Switzerland) and market forces that emphasize financial, rather than trade, considerations. Yet U.S. treasury secretaries feel required to repeat the "strong dollar" mantra to try to maintain confidence in the dollar, even when doing so may prevent an orderly and healthy adjustment in its value.

DOWNSIZING THE DOLLAR

It is therefore time to reconsider the international role of the dollar. The dollar has been the dominant global currency for about a century for a simple reason: it has had no serious competition. The United States fell into currency hegemony mainly by default, as the status of the incumbent, the pound sterling, eroded with the long-term economic decline of the United Kingdom. Since then, no other currency has rested on an economy anywhere near the size of the United States' or been backed by financial markets that were at all comparable. The United States' long history of political stability and its adherence to the rule of law have further added to the dollar's appeal. In the past half century, every other country whose currency has been a candidate for major global status—from Switzerland and West Germany in the early postwar period to Japan later in the twentieth century and the members of the eurozone today—has overtly rejected the opportunity or adopted a studiously neutral stance toward it.

Both the United States and the rest of the world have an interest in continued globalization and efficient international financial markets, and so neither has any interest in entirely eliminating the international role of the dollar. In any case, inertia is such a powerful force in financial matters that a sweeping step of this kind is technically impossible. Instead, the United States should encourage two eminently feasible changes in the current international monetary order. The first is the further evolution of a multiple-currency system in which other monies increasingly share the international position of the dollar in private

markets. The euro, based on a collective European economy as large as the United States' and with capital markets as extensive in most respects, is the most obvious candidate. The euro already rivals the dollar in some domains, such as currency holdings and private bond placements, and will become a full competitor whenever the eurozone countries adopt a more common fiscal policy. The Chinese renminbi is likely to acquire a significant international role once China allows it to be converted for financial as well as current account transactions and eases capital controls.

Some observers fear that a system of multiple currencies is inherently unstable. However, such a regime functioned smoothly for several decades before World War I, and a pound-dollar duopoly existed throughout the 1920s. A dollar-euro duopoly has already begun to emerge over the last decade. Competition between national currencies is likely to improve economic policies and performance by forcing market discipline on the governments and central banks behind these alternative currencies.

As their presence in private markets expands, these other currencies will also play a larger role in the reserve holdings of national monetary authorities. Currently, the dollar represents 65 percent of national reserves, and the euro, 25 percent. Those figures are likely to become much more balanced. The United States should not only accept a more varied currency regime as an inevitable reality but actively encourage such a development as part of its effort to recalibrate its own international economic position.

Second, in order to increasingly supplement national currencies in official monetary reserves, the International Monetary Fund can issue Special Drawing Rights (SDRs), the accounting unit used by the IMF in transactions with its members, currently composed of a basket of four currencies (the dollar, the euro, the yen, and the pound). This will enable countries to build up their reserves without having to run large trade and current account surpluses, thereby reducing pressure on the global trading system. It would be hopeless and unnecessary to try to rigidly order the expansion of global reserves, as some ambitious schemes for reform have tried and failed to do in the past. But a more balanced composition of global reserve assets is quite feasible and very much in the interests of both the United States and the rest of the world.

The G-20 (comprising 19 of the world's largest national economies and a representative of the European Union) took a major step in

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this direction by agreeing in April 2009 to create $250 billion in SDRs, which were then allocated by the IMF in August. This took SDRs' share of global reserves from a previous level of under one percent to about five percent. The G-20 and the IMF should now go beyond this step—which was an emergency response to the crisis—to start a process of distributing SDRs annually, perhaps totaling $1 trillion over the next five years.

In addition, the IMF should create a substitution account into which monetary authorities could exchange unwanted dollars (and other currencies) in return for SDRs without affecting global markets. This would both reduce the risk of future market disruptions and contribute to an increased role for SDRs—an important step because any significant diversification of China's, Japan's, Middle Eastern countries', or Russia's dollar holdings, or even rumors of such diversification, could adversely impact both the United States (by driving down its currency precipitously) and the eurozone countries and other countries whose currencies were bought up (by pushing their exchange rates up to uncompetitive levels). Just as it took the lead in creating SDRs in the late 1960s and early 1970s—and supported the idea of a substitution account in the late 1970s—the United States should now support an expanded role for this international currency.

As the global economy recovers, both private market actors and official monetary authorities will seek steady and sizable increases in their foreign exchange holdings. As long as the dollar remains the dominant international currency, this demand will generate capital inflows to the United States and push up the dollar's exchange rate, hurting U.S. competitiveness and creating even larger U.S. external deficits. For the United States to avoid the resulting trade imbalances and debt buildup, some of this incremental demand should be channeled into euros, renminbi, and SDRs. Both international monetary reform and a lesser role for the dollar are very much in the interest of the United States.

ONE DEFICIT LEADS TO ANOTHER

THE PROBLEMS described above become acute only if the trade and current account deficits of the United States return to high levels in the future. One of the few pieces of good news that has come out of the current crisis has been the sharp reduction in those imbalances. After

rising to a record level of $800 billion and more than six percent of GDP in 2005, the U.S. current account deficit seems poised to shrink by about 50 percent in 2009. About one-quarter of this improvement stems from lower oil prices—despite their temporary surge in 2008—and another portion derives from the fact that the U.S. recession has had a bigger impact on imports than the decline in foreign demand has had on exports. Another important explanation is the improvement in U.S. competitiveness due to the gradual and orderly fall in the value of the dollar: about 25 percent from 2002 through early 2008. This gain in the "real" trade balance kept U.S. output growing through the first half of 2008 despite the downturn in domestic demand that began in late 2007, and it limited the extent of the recession in early 2009.

Even with this relatively good news, however, the United States' position as an international debtor has continued to rise, mainly as a result of its ongoing current account deficit. The United States' net external debt climbed by more than $1.3 trillion in 2008 alone, to reach almost $3.5 trillion by the end of the year. Moreover, it appears that the recent improvement in the United States' external position is temporary and is likely to be reversed in the near future. The chief reason is the outsized budget deficit that the CBO and all other credible analysts project will last for at least the next decade and probably beyond. After nearing $1.5 trillion in the current fiscal year—more than three times the previous record—the internal deficit is likely to remain close to $1 trillion annually until 2020 or later. It could get even higher, depending on the future course of the economy (which will probably experience lower productivity growth) and government policies (which may fail to cut the costs of health care and other entitlement programs or to generate the additional revenues needed to pay for them).

These higher budget deficits promote higher trade and current account deficits for two reasons. First, on the "real" side of the economy, they push up domestic demand to a level that, when combined with natural levels of private consumption and investment, exceeds potential domestic output. This shortfall is met with the import of goods and services, which enables the United States to live beyond its means as long as the financing is available. Second, budget deficits stimulate inflows of foreign capital. Domestic saving is inadequate to meet the demand on the world's credit markets created by U.S.

government borrowing and to fund a healthy level of private investment. This shortfall is met with capital from abroad.

The chief mechanism through which higher internal deficits lead to higher external deficits is the exchange rate of the dollar. The additional debt that the government takes on to finance the budget imbalance increases U.S. interest rates, which is undesirable in purely domestic terms because higher interest rates crowd out private investment and choke growth. High interest rates also attract large inflows of foreign capital, which, although they offset the crowding-out effect, work to push up the value of the dollar. This has an adverse effect on the competitiveness of U.S. companies that export goods or compete with imports on the U.S. market, and it expands the United States' trade and current account deficits.

One possible "remedy" is depressed investment—such as in the current recession—which lessens the demand for both foreign goods and foreign money. Another, more desirable alternative is a rise in private saving, which reduces both consumer spending, including on imports, and the need for foreign money. Washington does not want to rely on the first option, of course, because it would mean a continuously depressed economy and low productivity growth. But history suggests it cannot count on the second option. Hence, U.S. policymakers must assume that any increases in the government's budget deficit—such as those that exist now and are expected over the foreseeable future—will generate increases in the United States' external imbalances and raise risk to unprecedented levels.

Using the CBO data and assumptions of future growth, William Cline of the Peterson Institute has projected U.S. trade and current account deficits through 2030. The results are sobering: the U.S. trade deficit in goods and services will exceed $3 trillion, about four times as much as the previous record, from 2006, in dollar terms and about eight percent of GDP. Although such a percentage is only modestly higher than the six percent level of 2006, it is worth remembering that 2006 was the year in which foreign capital inflows peaked, bringing the financial bubble to a head and setting the final stage for the current crisis. According to Cline's study, the greatest projected change is the rise in annual payments to foreign dollar holders needed to service the United States' external debt. Although the United States is already

the world's largest debtor country in dollar terms, it makes no net payments now because U.S. investments abroad earn much more than do foreign investments here.

Even if such favorable returns persist, Cline's projections show, the level of U.S. debt will climb from under $5 trillion now to more than $50 trillion, and the annual cost of servicing that debt will soar to $2.5 trillion. By 2030, the United States will be transferring seven percent of its entire annual output to the rest of the world. In order to pay for its previous profligacy, the United States will have to forego $2.5 trillion—equal to the nation's current total annual spending on health care—of domestic consumption, investment, and government expenditures each year. At a minimum, this will lead to a long-term erosion of living standards in the United States.

These projections suggest that the United States' annual current account deficit will thus climb to almost $6 trillion by 2030, more than seven times its previous high. Such a sum would account for more than 15 percent of GDP, or two and a half times the peak rate of 2006, and would be at least triple the accepted international norm for sustainable current account deficits, which is four or, at most, five percent of GDP.

Under this scenario, the net international investment position, or net foreign debt, of the United States would exceed $50 trillion, or 140 percent of GDP—more than triple the accepted international norm of about 40 percent. Some observers believe that the United States has a longer leash than most states in this respect thanks to the importance of the dollar. But this role is likely to decline over the coming years. Moreover, it is not even clear whether the dollar's global prominence strengthens or weakens the ability of the United States to finance large deficits. Gross foreign dollar holdings—projected to exceed $80 trillion by 2030, compared with about $20 trillion today—provide ample scope for conversions out of the dollar, and these would make it even harder for the United States to fund deficits on the scale that Cline projects is necessary. Any such run on the dollar could also be triggered by capital flight from within the United States, as U.S. investors become aware of the increasing inviability of the U.S. economic position.

By 2030, Cline projects that outsized budget deficits will push U.S. long-term interest rates up by two and a half percentage points.

The value of the dollar would correspondingly rise by more than 20 percent, undermining U.S. trade competitiveness and severely weakening one of the most critical parts of the U.S. economy. Even if these numbers are substantially overstated, they are so far above any historical norms that a dollar crisis could hit long before they were reached. Paul Volcker, a former chair of the Federal Reserve, and I have suggested the possibility of such a crisis and the resultant hard landing since the 1980s. Voicing such concerns is more than simply crying wolf. The United States has indeed experienced close calls before: first, in the late 1970s, when it was still a creditor country, and then, to a lesser extent, in the mid-1980s.

The United States will be forced to undergo a major economic adjustment before the endpoint of these projections could possibly be reached. This could take the form of a gradual, if sizable, decline in the value of the dollar—especially if the Federal Reserve can retreat from its current expansionary strategy while maintaining credibility in its ability to control inflation. But even such a correction would require slashing both domestic consumption and domestic investment. If somehow such a correction were staved off until 2030, the required cutback in the domestic absorption of consumption and investment would amount to a stunning 13 percent of GDP—almost four times as large as the retraction likely to result from the current crisis.

The United States should maintain a current account deficit averaging no more than three percent of GDP.

It is not essential for the United States to fully eliminate its external imbalances. Theory and history suggest that a deficit of around three percent of GDP would be sustainable because U.S. foreign debt would then grow no faster than the domestic economy on which it rests—especially if foreign capital were used for productive investment (as during the 1990s) rather than for private consumption and government spending (as during this decade). Maintenance of the deficit at this level would permit the U.S. net foreign debt to stabilize at about 50 percent of GDP—uncomfortably high but probably manageable. A central policy goal for the United States should be to maintain a current account deficit averaging no more than three percent of GDP.

Since the increases in the external deficit will probably be fairly modest over the next several years—and economic policy will continue to focus on recovery—there will be a strong temptation to defer attention to this problem and its underlying cause, the budget deficit. Foreign investors might well enable the United States to resume running deficits for a number of years. This course of action, however, could both replicate the scenario that brought on the current crisis and risk a sudden stop that could then trigger a hard landing. An infusion of foreign capital could again contribute to excessively easy monetary conditions and sow the seeds for more bubbles and crises.

Some renewed increase in the U.S. external deficit is probably inevitable. Oil prices may rise from their 2009 average. The United States may recover from the crisis more rapidly than some of its main trading partners, particularly in Europe. The upward bounce of the dollar during the height of the crisis wiped out almost half the gains in U.S. competitiveness of the previous six years. And the exchange rate could strengthen temporarily if the U.S. Federal Reserve is able to start normalizing monetary policy before the European Central Bank and other monetary authorities.

Nonetheless, the United States should seek to limit or reverse these increases as soon as domestic and global economic conditions permit. The goal should be to promptly bring the external imbalances as close as possible to three percent of GDP, or even lower, and to hold them there for the foreseeable future. Without specifying any numbers, the Obama administration has signaled its desire to move in this direction. It has called for a U.S. recovery that is "export-driven rather than consumption-oriented." It has rejected the restoration of the U.S. role as "world consumer of last resort" and has counseled other countries to pursue their own recoveries by expanding domestic demand rather than relying on export-led growth. The final question is how to achieve these goals.

SAVING FOR SUCCESS

The only healthy way to reduce the United States' external deficits to a sustainable level is to raise the rate of national saving by several percentage points. Such an increase could be achieved with a combi-

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nation of increased private saving and a reduced federal budget deficit. Prior to the crisis, household saving in the United States was essentially zero; it has recently rebounded to the 5–7 percent range. This is presumably a reaction to the sharp decline in household wealth created by the fall in housing and equity prices during the crisis.

If these sources of wealth recover significantly—as equity prices have since March 2009—the trend of higher saving could easily reverse; thus, it would be risky to count on higher private saving alone to curb the appetite for foreign financing. In addition, because the very factors that produce a rise in household saving simultaneously tend to depress corporate profits and thus corporate saving, a sustained rise in household saving may not automatically equal a substantial increase in total private saving.

Unfortunately, there are no proven policies to reliably promote private saving. Previous U.S. administrations have tried but failed by both raising and lowering tax rates on saving itself and on other components of income. Adjusting interest rates does not seem to encourage private saving, either.

This would seem to leave two plausible policy tools. The first is to shift the focus of U.S. taxation from income to consumption; this might not only generate sizable budget revenues but also create incentives for private saving. The second option is to create a mandatory savings scheme, a measure that has proved effective in countries such as Australia and Singapore and is now being launched in the United Kingdom. Under such a system, all Americans would be required to set aside a small share of their income—probably one or two percent at the start—beyond what they now contribute to Social Security. Alternatively, under a voluntary version, employers could withhold a modest part of employees' wages for additional savings plans unless the employees opted out of them. The money could be managed either by individuals or by a specially created government entity. The problem with this scheme is what economists call "additionality": any individual who was already planning to save a certain amount could instead deposit those funds in his mandatory account, thereby making no incremental contribution to the national saving pool.

Hence, budget policy is the only reliable policy tool for increasing U.S. national saving. There are, of course, a number of purely domestic

reasons to avoid large budget deficits, from inflationary pressures to concerns over intergenerational equity to the relative inefficiency of government spending. However, the impact of large budget deficits on the international economic position of the United States—and by extension on its foreign policy and national security—has been systematically underestimated. It now must be given heavy weight in determining the future course of fiscal policy.

The goal of such a policy should be to balance the U.S. federal budget over the average economic, or business, cycle. This would require running surpluses during boom years, which the United States should have done during the recent economic expansion of 2003–6. Modest deficits would be appropriate during downturns, as a result of automatic stabilizers—such as reduced tax receipts and higher government transfer payments—and countercyclical expansionary initiatives, such as this year's stimulus package. The objectives of such a policy would be to avoid adding to the national debt and to be sure that the buildup of net foreign debt does not exceed the growth rate of the U.S. economy (which is at about three percent at present). This would allow that debt to be supported over time—and would hold down interest rates and the exchange rate of the dollar, helping limit future current account deficits.

Budget rectitude is the only reliable instrument for preserving a viable level of external deficit.

Even a balanced budget would not guarantee a targeted level of external imbalance at all times. Periods of rapid U.S. economic growth—especially when fueled by increases in productivity, as happened in the late 1990s—may require high levels of investment and increased borrowing from abroad and even higher imports to check inflationary pressures. And a decline in economic growth in the rest of the world could dampen U.S. exports sufficiently to expand the U.S. trade deficit no matter what occurs at home. Conversely, when domestic growth and private investment plunge, as has happened during the crisis, improvements in the U.S. external balance can coincide with sharp rises in the budget deficit. Over time, however, budget rectitude is the only reliable instrument for preserving a viable level of external deficit. An additional benefit is that embarking on a

credible path toward achieving such a goal will reassure foreign and domestic investors that there will be no precipitous decline in their current dollar holdings.

MONEY GAMES

A CENTRAL GOAL of U.S. foreign economic policy must be to prevent and counter deliberate currency undervaluations by other major countries, which keep the dollar overvalued and harm U.S. competitiveness. China has been the glaring culprit in recent years: it has run current account surpluses exceeding ten percent of its GDP and has intervened massively in the currency markets to keep the value of the renminbi from rising. China's currency has risen a good deal anyway, and its trade surplus is now coming down, but its external imbalance is still very large, and the renminbi remains priced at 20–40 percent below equilibrium. Switzerland, a small country that is an important player in world trade, is another case in point: its aggressive, although admirably transparent, intervention in the currency markets has served to weaken the exchange rate of the Swiss franc despite the country's huge current account surpluses. Over the next few years, as more countries seek to export their way out of the current crisis and build larger war chests of foreign exchange to self-insure against future exigencies, there could be more, and more serious, examples of such neomercantilism. Such a development would greatly complicate U.S. efforts to avoid renewed increases in its own external deficits.

Any serious U.S. effort to curb the United States' international imbalance will thus have to counter the beggar-thy-neighbor policies of other countries. The most desirable route would be multilateral surveillance and "name and shame" efforts by the IMF to identify currency misalignments and induce the perpetrators to make prompt adjustments. However, the IMF has no effective leverage over creditor countries; in fact, it has recently abandoned any serious effort to bring China's and other countries' currency imbalances under control. An alternative would be to enforce the provisions of the World Trade Organization that prohibit competitive currency action and authorize trade sanctions against violators.

The Bretton Woods system was erected at the end of World War II to avoid a repetition of the trade protectionism and competitive currency

devaluations of the 1930s, which intensified the Great Depression and sowed the seeds of war. The system is now undergoing its first real stress test, and so far, it has not demonstrated its ability to fulfill its fundamental mission. Without effective multilateral action—or, in fact, to prod such action—the United States might have to take unilateral trade steps against violating countries, much as it did in 1971, when Nixon imposed an import surcharge, and, to a lesser extent, in the mid-1990s, when Bill Clinton applied trade pressure to get Japan to allow the yen to appreciate.

Any serious effort to rein in the United States' external deficits would pose a challenge for other countries, including China, Japan, and Germany—the next three largest economies in the world. These countries have relied on rising exports and trade surpluses in order to generate much of their economic growth, and they will have to expand domestic demand much more rapidly if the United States successfully rejects its traditional role as the consumer of last resort. Such a switch would not only make global growth more sustainable; it would also make growth more reliable for the individual countries themselves. A shift in focus from exports to domestic consumption should be feasible—especially for countries with sizable populations—but it will require substantial adjustments abroad. Officials in the Obama administration, as well as officials in the G-20, the G-8 (the group of highly industrialized states), and other international bodies, are already calling for such policy realignments.

Reforming the world's monetary arrangements would reinforce this global rebalancing strategy. By reducing the systemic role of the dollar and building up the international position of other currencies and SDRs, the United States would increase its own incentives to limit its deficits and enable other countries to add to their reserves without running surpluses. The cumulative effect would be greater prospects for international monetary stability and a reduced likelihood of future crises.

PAYING TO PLAY

The root of the United States' problem is domestic, however. As soon as recovery from the current crisis permits, the United States must implement a responsible fiscal policy. It should adopt new

measures in the near future—while the economy is still recovering—that can be implemented over the medium and long terms, as growth resumes and the country can accommodate fiscal tightening without risking another recession. Enacting such measures now would work to generate confidence as the United States continues to emphasize recovery and thus minimize the risk that both U.S. Treasury securities and the dollar will come under suspicion in the markets—something that could, if it happened, jeopardize the recovery itself.

Such a policy must include a meaningful down payment in addressing the structural problems at the heart of the United States' perilous financial outlook. There are at least three reforms that fall under the category of "decide now and implement later." The most important is containing long-term medical costs, an integral component of overall health-care reform that could save several percentage points' worth of GDP. The second is comprehensive Social Security reform, including gradual increases in the retirement age and an alteration of the benefits formula to reflect increases in prices rather than in wages. When fully phased in over a couple of decades, such changes could take another one to two percent of GDP off the deficit. The third measure is raising taxes on consumption, which would both generate needed revenue and provide new incentives for private saving. Consumption could be taxed with a retail sales tax or a value-added tax, or with a gasoline or broader carbon tax that would limit energy usage and have the additional benefit of helping control global warming.

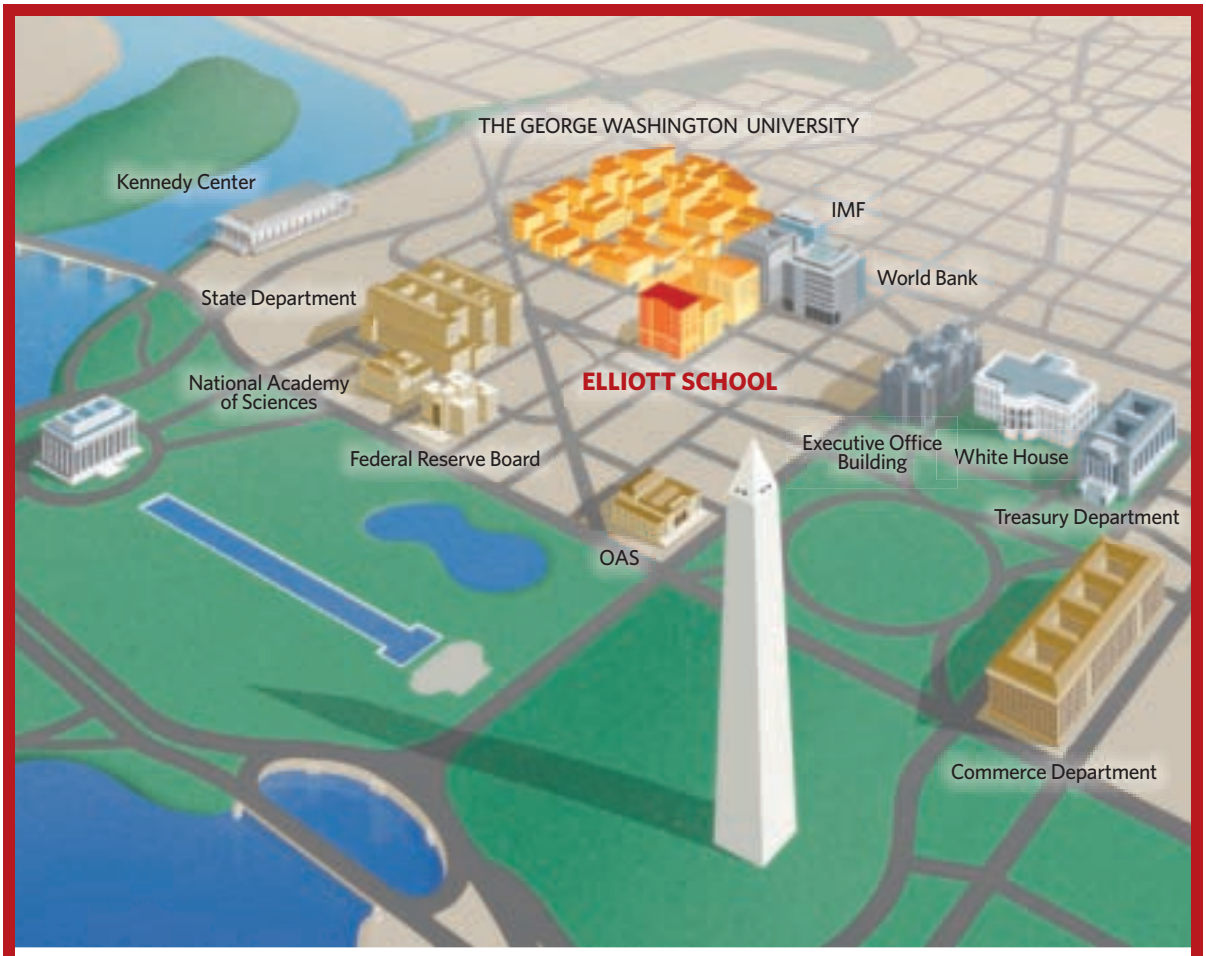
Major procedural reforms will be needed as well. One essential step is the implementation of "pay-as-you-go" rules, which require that all increases in spending or tax cuts be financed by savings elsewhere in the budget. The statutory creation of a "fiscal future commission"—modeled on the Defense Base Closure and Realignment Commission, a federal body whose recommendations are subject to an up-or-down vote in Congress—could represent a major breakthrough. It might even be time to reconsider passing a balanced-budget amendment to the U.S. Constitution, a provision that exists in nearly all U.S. states and is now being pursued in a somewhat analogous form by the European Union. Whatever the specific policy approach, the underlying objective should be to create a system that will achieve a balanced budget over the course of the economic cycle.

C. Fred Bergsten

A responsible fiscal policy would permit the Federal Reserve to run a relatively easy monetary policy, which would hold down interest rates and prevent overvaluation of the dollar. If the Obama administration is looking for a historical model, it should aim to replicate the Clinton-Greenspan policy of the late 1990s (a mix of budget surpluses and low interest rates) rather than the Reagan-Volcker policy of the early 1980s (a mix of large deficits and high interest rates).

In addition to fiscal consolidation, the United States will need to adopt a series of measures to enhance its international competitiveness and thus sustain current account equilibrium. Such efforts should focus on increasing productivity, as well as on energy and environmental policies designed to limit oil imports. In trade negotiations, the United States should seek to reduce foreign barriers to its exports, especially in its highly competitive service sector. U.S. tax policy must create incentives for both U.S. and foreign firms to locate their production in the United States by cutting corporate tax rates and treating offshore income no less favorably than do many other major countries.

President Barack Obama has called on all U.S. citizens to face up to many of the realities that the country has ignored for too long: a financial regulatory system that contributed to the current economic crisis, a wasteful and unequal health-care system, an excessive reliance on fossil fuels and the unstable countries that produce them, and the potentially cataclysmic harm to the planet due to global warming. The administration has advanced specific proposals on each of these issues. Now it must add to that agenda the goal of achieving sustainable equilibrium in the international economic position of the United States. If it does not, the United States risks replicating the conditions that brought on the current crisis or perhaps precipitating a crisis of even greater magnitude by building up its external deficits and its debt. So far, the Obama administration's rhetorical calls for long-term fiscal stability have not been coupled with substantive proposals to move significantly in that direction. The United States' success—or failure—in achieving economic equilibrium will go far toward determining the prospects for its global role, as well its prosperity, in the coming decades.



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The Nukes We Need

Preserving the American Deterrent

Keir A. Lieber and Daryl G. Press

The success of nuclear deterrence may turn out to be its own undoing. Nuclear weapons helped keep the peace in Europe throughout the Cold War, preventing the bitter dispute from engulfing the continent in another catastrophic conflict. But after nearly 65 years without a major war or a nuclear attack, many prominent statesmen, scholars, and analysts have begun to take deterrence for granted. They are now calling for a major drawdown of the U.S. nuclear arsenal and a new commitment to pursue a world without these weapons.

Unfortunately, deterrence in the twenty-first century may be far more difficult for the United States than it was in the past, and having the right mix of nuclear capabilities to deal with the new challenges will be crucial. The United States leads a global network of alliances, a position that commits Washington to protecting countries all over the world. Many of its potential adversaries have acquired, or appear to be seeking, nuclear weapons. Unless the world's major disputes are resolved—for example, on the Korean Peninsula, across the Taiwan Strait, and around the Persian Gulf—or the U.S. military pulls back from these regions, the United States will sooner or later find itself embroiled in conventional wars with nuclear-armed adversaries.

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Preventing escalation in those circumstances will be far more difficult than peacetime deterrence during the Cold War. In a conventional war, U.S. adversaries would have powerful incentives to brandish or use nuclear weapons because their lives, their families, and the survival of their regimes would be at stake. Therefore, as the United States considers the future of its nuclear arsenal, it should judge its force not against the relatively easy mission of peacetime deterrence but against the demanding mission of deterring escalation during a conventional conflict, when U.S. enemies are fighting for their lives.

Debating the future of the U.S. nuclear arsenal is critical now because the Obama administration has pledged to pursue steep cuts in the force and has launched a major review of U.S. nuclear policy. (The results will be reported to Congress in February 2010.) The administration's desire to shrink the U.S. arsenal is understandable. Although the force is only one-fourth the size it was when the Cold War ended, it still includes roughly 2,200 operational strategic warheads—more than enough to retaliate against any conceivable nuclear attack. Furthermore, as we previously argued in these pages ("The Rise of U.S. Nuclear Primacy," March/April 2006), the current U.S. arsenal is vastly more capable than its Cold War predecessor, particularly in the area of "counterforce"—the ability to destroy an adversary's nuclear weapons before they can be used.

Simply counting U.S. warheads or measuring Washington's counterforce capabilities will not, however, reveal what type of arsenal is needed for deterrence in the twenty-first century. The only way to determine that is to work through the grim logic of deterrence: to consider what actions will need to be deterred, what threats will need to be issued, and what capabilities will be needed to back up those threats.

The Obama administration is right that the United States can safely cut its nuclear arsenal, but it must pay careful attention to the capabilities it retains. During a war, if a desperate adversary were to use its nuclear force to try to coerce the United States—for example, by threatening a U.S. ally or even by launching nuclear strikes against U.S. overseas bases—an arsenal comprised solely of high-yield weapons would leave U.S. leaders with terrible retaliatory options. Destroying Pyongyang or Tehran in response to a limited strike would be vastly

disproportionate, and doing so might trigger further nuclear attacks in return. A deterrent posture based on such a dubious threat would lack credibility.

Instead, a credible deterrent should give U.S. leaders a range of retaliatory options, including the ability to respond to nuclear attacks with either conventional or nuclear strikes, to retaliate with strikes against an enemy's nuclear forces rather than its cities, and to minimize casualties. The foundation for this flexible deterrent exists. The current U.S. arsenal includes a mix of accurate high- and low-yield warheads, offering a wide range of retaliatory options—including the ability to launch precise, very low-casualty nuclear counterforce strikes. The United States must preserve that mix of capabilities—especially the low-yield weapons—as it cuts the size of its nuclear force.

DETERRENCE IN DARK TIMES

THE PRIMARY purpose of U.S. nuclear forces is to deter nuclear attacks on the United States and its allies. During peacetime, this is not a demanding mission. The chance that leaders in Beijing, Moscow, or even Pyongyang will launch a surprise nuclear attack tomorrow is vanishingly small. But peacetime deterrence is not the proper yardstick for measuring the adequacy of U.S. nuclear forces. Rather, the United States' arsenal should be designed to provide robust deterrence in the most difficult of plausible circumstances: during a conventional war against a nuclear-armed adversary.

In the coming decades, the United States may find itself facing nuclear-armed states on the battlefield. U.S. alliances span the globe, and the United States is frequently drawn into regional conflicts. Washington has launched six major military operations since the fall of the Berlin Wall: in Panama, Somalia, Kosovo, Afghanistan, and twice in Iraq. Furthermore, most of the United States' potential adversaries have developed—or seem to be developing—nuclear weapons. Aside from terrorism, the threats that dominate U.S. military planning come from China, North Korea, and Iran: two members of the nuclear club, and one intent on joining it.

The central problem for U.S. deterrence in the future is that even rational adversaries will have powerful incentives to introduce nuclear

weapons—that is, threaten to use them, put them on alert, test them, or even use them—during a conventional war against the United States. If U.S. military forces begin to prevail on the battlefield, U.S. adversaries may use nuclear threats to compel a cease-fire or deny the United States access to allied military bases. Such threats might succeed in pressuring the United States to settle the conflict short of a decisive victory.

Such escalatory strategies are rational. Losing a conventional war to the United States would be a disastrous outcome for any leader, and it would be worth taking great risks to force a cease-fire and avert total defeat. The fate of recent U.S. adversaries is revealing. The ex-dictator of Panama, Manuel Noriega, remains in a Miami prison. The former Bosnian Serb leader, Radovan Karadzic, awaits trial in The Hague, where Yugoslav President Slobodan Milosevic died in detention three years ago. Saddam Hussein's punishment for losing the 2003 war was total: his government was toppled, his sons were killed, and he was hanged on a dimly lit gallows, surrounded by enemies. Even those leaders who have eluded the United States—such as the Somali warlord Muhammad Farah Aidid and Osama bin Laden—have done so despite intense U.S. efforts to capture or kill them. The United States' overseas conflicts are limited wars only from the U.S. perspective; to adversaries, they are existential. It should not be surprising if they use every weapon at their disposal to stave off total defeat.

The United States' overseas conflicts are limited wars only from the U.S. perspective; to adversaries, they are existential.

Coercive nuclear escalation may sound like a far-fetched strategy, but it was NATO's policy during much of the Cold War. The Western allies felt that they were hopelessly outgunned in Europe at the conventional level by the Warsaw Pact. Even though NATO harbored little hope of prevailing in a nuclear war, it planned to initiate a series of escalating nuclear operations at the outbreak of war—alerts, tactical nuclear strikes, and wider nuclear attacks—to force the Soviets to accept a cease-fire. The United States' future adversaries face the same basic problem today: vast conventional military inferiority. They may adopt the same solution. Leaders in Beijing may choose gradual,

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coercive escalation if they face imminent military defeat in the Taiwan Strait—a loss that could weaken the Chinese Communist Party's grip on power. And if U.S. military forces were advancing toward Pyongyang, there is no reason to expect that North Korean leaders would keep their nuclear weapons on the sidelines.

Layered on top of these challenges are two additional ones. First, U.S. conventional military doctrine is inherently escalatory. The new American way of war involves launching simultaneous air and ground attacks throughout the theater to blind, confuse, and overwhelm the enemy. Even if the United States decided to leave the adversary's leaders in power (stopping short of regime change so as to prevent the confrontation from escalating), how would Washington credibly convey the assurance that it was not seeking regime change once its adversary was blinded by attacks on its radar and communication systems and command bunkers? A central strategic puzzle of modern war is that the tactics best suited to dominating the conventional battlefield are the same ones most likely to trigger nuclear escalation.

Furthermore, managing complex military operations to prevent escalation is always difficult. In 1991, in the lead-up to the Persian Gulf War, U.S. Secretary of State James Baker assured Iraq's foreign minister, Tariq Aziz, that the United States would leave Saddam's regime in power as long as Iraq did not use its chemical or biological weapons. But despite Baker's assurance, the U.S. military unleashed a major bombing campaign targeting Iraq's leaders, which on at least one occasion nearly killed Saddam. The political intent to control escalation was not reflected in the military operations, which nearly achieved a regime change.

In future confrontations with nuclear-armed adversaries, the United States will undoubtedly want to prevent nuclear escalation. But the leaders of U.S. adversaries will face life-and-death incentives to use their nuclear arsenals to force a cease-fire and remain in power.

THE CASE FOR COUNTERFORCE

If the United States hopes to deter nuclear attacks during conventional wars, it must figure out how it might respond to such attacks, and it must retain the nuclear forces to do so. The most horrific

retaliatory threat that the United States might issue—to destroy cities if enemy leaders brandish or use nuclear weapons—is a poor foundation for deterrence. First, this threat lacks credibility. Destroying cities would be a vastly disproportionate response if an enemy used nuclear weapons against a purely military target, such as a U.S. carrier group at sea or even a U.S. base located away from a major city (such as the U.S. airfields on Guam or Okinawa). During recent wars, the United States has labored to minimize enemy civilian casualties. It is hard to believe that Washington would reverse course and intentionally slaughter hundreds of thousands of civilians, especially if no U.S. or allied city has been destroyed.

Moreover, a retaliatory strike on an enemy city would not even achieve critical military objectives, so the horrendous consequences would be inflicted for little purpose. If an enemy used nuclear weapons, the most pressing U.S. objective would be to prevent further nuclear attacks. Destroying one of the enemy's cities—even its capital—would neither eliminate its nuclear forces nor even necessarily kill its leaders. Nor could the United States respond to an enemy's limited nuclear strike simply by marching to its capital city to capture and hang its leaders; that would leave time for more strikes on allies' cities. In such a crisis, the United States would need to stop the enemy's nuclear attacks immediately.

If not backed by the capability and the credibility to execute threats, deterrence is a dangerous bluff.

Of course, no one knows how a U.S. president would respond in such dark circumstances. It is possible that the United States would retaliate by attacking enemy cities—fear or anger might prevail over reason. But that mere possibility is a perilous foundation for deterrence. A credible deterrent must give U.S. leaders acceptable options in the event an enemy were to use nuclear weapons. An arsenal that can only destroy cities fails that test.

The least bad option in the face of explicit nuclear threats or after a limited nuclear strike may be a counterforce attack to prevent further nuclear use. A counterforce strike could be conducted with either conventional or nuclear weapons, or a mix of the two. The

attack could be limited to the enemy's nuclear delivery systems—for example, its bombers and missile silos—or a wider range of sites related to its nuclear program. Ideally, a U.S. counterforce strike would completely destroy the enemy's nuclear forces. But if an adversary had already launched a nuclear attack against the United States or its allies, a response that greatly reduced the adversary's nuclear force could save countless lives, and it could open the door to decisive military actions (such as conquest and regime change) to punish the enemy's leadership for using nuclear weapons.

During the last decades of the Cold War, the nuclear arsenals of the United States and the Soviet Union were too big to be completely destroyed in a disarming strike, and, in any case, their nuclear delivery systems were not accurate enough to destroy large numbers of hardened targets. But the world has changed. Washington's potential adversaries field much smaller arsenals. Meanwhile, U.S. delivery systems have grown vastly more accurate.

MODELING THE UNTHINKABLE

To illustrate the growth in U.S. counterforce capabilities, we applied a set of simple formulas that analysts have used for decades to estimate the effectiveness of counterforce attacks. We modeled a U.S. strike on a small target set: 20 intercontinental ballistic missiles (ICBMs) in hardened silos, the approximate size of China's current long-range, silo-based missile force. The analysis compared the capabilities of a 1985 Minuteman ICBM to those of a modern Trident II submarine-launched ballistic missile.[1]

In 1985, a single U.S. ICBM warhead had less than a 60 percent chance of destroying a typical silo. Even if four or five additional warheads were used, the cumulative odds of destroying the silo would never exceed 90 percent because of the problem of "fratricide," whereby incoming warheads destroy each other. Beyond five warheads, adding more does no good. A probability of 90 percent might sound high, but it falls far short if the goal is to completely disarm an enemy: with

[1]The technical details of the analysis presented in this essay are available online at www.dartmouth.edu/~dpress.

a 90 percent chance of destroying each target, the odds of destroying all 20 are roughly 12 percent. In 1985, then, a U.S. ICBM attack had little chance of destroying even a small enemy nuclear arsenal.

Today, a multiple-warhead attack on a single silo using a Trident II missile would have a roughly 99 percent chance of destroying it, and the probability that a barrage would destroy all 20 targets is well above 95 percent. Given the accuracy of the U.S. military's current delivery systems, the only question is target identification: silos that can be found can be destroyed. During the Cold War, the United States worked hard to pinpoint Soviet nuclear forces, with great success. Locating potential adversaries' small nuclear arsenals is undoubtedly a top priority for U.S. intelligence today.

The revolution in accuracy is producing an even more momentous change: it is becoming possible for the United States to conduct low-yield nuclear counterforce strikes that inflict relatively few casualties. A U.S. Department of Defense computer model, called the Hazard Prediction and Assessment Capability (HPAC), estimates the dispersion of deadly radioactive fallout in a given region after a nuclear detonation. The software uses the warhead's explosive power, the height of the burst, and data about local weather and demographics to estimate how much fallout would be generated, where it would blow, and how many people it would injure or kill.

It is becoming possible for the United States to conduct nuclear strikes that inflict relatively few casualties.

HPAC results can be chilling. In 2006, a team of nuclear weapons analysts from the Federation of American Scientists (FAS) and the Natural Resources Defense Council (NRDC) used HPAC to estimate the consequences of a U.S. nuclear attack using high-yield warheads against China's ICBM field. Even though China's silos are located in the countryside, the model predicted that the fallout would blow over a large area, killing 3–4 million people. U.S. counterforce capabilities were useless, the study implied, because even a limited strike would kill an unconscionable number of civilians.

But the United States can already conduct nuclear counterforce strikes at a tiny fraction of the human devastation that the FAS/NRDC study predicted, and small additional improvements to the U.S. force

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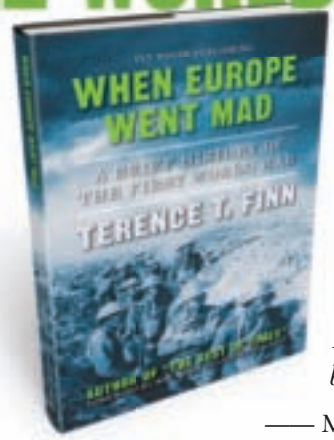
WHEN EUROPE WENT MAD

THE WHOLE WORLD FOLLOWED



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could dramatically reduce the potential collateral damage even further. The United States' nuclear weapons are now so accurate that it can conduct successful counterforce attacks using the smallest-yield warheads in the arsenal, rather than the huge warheads that the FAS/NRDC simulation modeled. And to further reduce the fallout, the weapons can be set to detonate as airbursts, which would allow most of the radiation to dissipate in the upper atmosphere. We ran multiple HPAC scenarios against the identical target set used in the FAS/NRDC study but modeled low-yield airbursts rather than high-yield groundbursts. The fatality estimates plunged from 3–4 million to less than 700—a figure comparable to the number of civilians reportedly killed since 2006 in Pakistan by U.S. drone strikes.

One should be skeptical about the results of any model that depends on unpredictable factors, such as wind speed and direction. But in the scenarios we modeled, the area of lethal fallout was so small that very few civilians would have become ill or died, regardless of which way the wind blew.

Critics may cringe at this analysis. Many of them, understandably, say that nuclear weapons are—and should remain—unusable. But if the United States is to retain these weapons for the purpose of deterring nuclear attacks, it needs a force that gives U.S. leaders retaliatory options they might actually employ. If the only retaliatory option entails killing millions of civilians, then the U.S. deterrent will lack credibility. Giving U.S. leaders alternatives that do not target civilians is both wise and just.

A counterforce attack—whether using conventional munitions or low- or high-yield nuclear weapons—would be fraught with peril. Even a small possibility of a single enemy warhead's surviving such a strike would undoubtedly give any U.S. leader great pause. But in the midst of a conventional war, if an enemy were using nuclear threats or limited nuclear attacks to try to coerce the United States or its allies, these would be the capabilities that would give a U.S. president real options.

GOOD THINGS IN SMALL PACKAGES

As THE United States restructures its nuclear arsenal and overall strategic posture, it should ensure that it has three distinct capabilities. First, it still needs some high-yield nuclear weapons (such as those

deployed on land-based missiles and in submarines), although fewer than it currently possesses. If the U.S. military had to destroy an enemy's nuclear force in circumstances so dire that collateral damage was not a major concern, these weapons would provide the best odds of success. They maximize the odds of getting the target, albeit at the cost of enormous collateral damage.

The United States also needs conventional counterforce weapons. The U.S. military already fields precision nonnuclear weapons that can destroy nuclear targets, and the Pentagon has wisely made conventional capabilities a key element of its "global strike" mission, which seeks the capacity to hit any target anywhere in the world in less than an hour. Conventional weapons permit the United States to conduct a counterforce strike without crossing the nuclear threshold, and without killing millions.

Without working through the macabre realities of deterrence, the United States risks creating a nuclear force that gives a president no acceptable choices.

To illustrate the promise of conventional counterforce, we modeled an attack on 20 land-based silos using B-2 bombers and bombs guided by GPS. If GPS signals were not jammed, an attack would destroy most of the silos and have about a 50–50 chance of destroying them all. The problem with conventional counterforce weapons is that, lacking the destructive power of nuclear weapons, they depend on pinpoint accuracy. If an enemy can jam GPS signals near the target, the odds of destroying all 20 silos with current bombs are essentially nil. In short, conventional weapons offer the ability to destroy an enemy's nuclear forces with minimal collateral damage, although with only a fair chance of success.

For the third leg of the U.S. strategic force, the United States should retain the lowest-yield warheads in its nuclear arsenal and (if it has not already done so) enhance their accuracy. If the low-yield nuclear bombs and cruise missiles, which reportedly use inertial guidance systems, were even half as accurate as their conventional, GPS-guided cousins, they could match the effectiveness of high-yield nuclear weapons while inflicting casualties more akin to those caused by conventional bombs.

Improving the accuracy of the United States' low-yield nuclear bombs and cruise missiles may not be as simple as attaching GPS

guidance systems. The Pentagon has been reluctant to use GPS on nuclear weapons because adversaries might conduct intense GPS jamming near their high-value targets or disrupt GPS transmissions with high-altitude nuclear detonations. But GPS may still have a role. The United States has overcome local GPS jamming in the past. More important, the enhanced accuracy gained by having GPS guidance during even half of a weapon's flight time—before the signal is lost—would be enough in many circumstances to permit a highly effective, low-casualty counterforce strike. Whether the slight accuracy improvements come from GPS, next-generation inertial guidance, or other technologies, high-accuracy delivery systems with low-yield weapons should form the backbone of the U.S. nuclear deterrent.

CONFRONTING NUCLEAR REALITIES

CRITICS MAY object to such calculations on the grounds that this approach evaluates the U.S. nuclear arsenal by measuring its capability to carry out nuclear strikes when the real purpose of the arsenal should be to deter wars, not fight them. According to this criticism, whether U.S. nuclear forces can destroy Chinese, North Korean, or (in the future) Iranian nuclear targets during a war is irrelevant, and planning for such contingencies is macabre.

But this criticism is incoherent. Deterrence depends on the capacity to carry out threats. Retaining that capacity is not a sign that the United States has moved beyond deterrence to a war-fighting posture for its nuclear arsenal; rather, the capacity to execute threats is the very foundation of deterrence.

Of course, a deterrent threat also needs to be credible—that is, an adversary needs to be convinced that a retaliatory threat will actually be executed. If not backed by the capability and the credibility to execute threats, deterrence is merely a dangerous bluff. A deterrent force should therefore provide decision-makers with options they would conceivably execute if their redlines were crossed. Otherwise, allies will question U.S. assurances, adversaries will doubt U.S. threats, and a U.S. president may confront an escalating crisis without any acceptable options.

More broadly, any analyst or policymaker who proposes a nuclear posture for the United States must answer four fundamental questions:

What enemy actions are to be deterred? Under what circumstances might those actions be taken? What threats would a U.S. president wish to issue? And does the proposed arsenal give the president the ability to carry out those threats? Without working through the grim realities of deterrence, the United States risks creating a force that gives the president no acceptable choices and therefore will not reliably deter U.S. enemies.

A second criticism of the argument for retaining and improving certain counterforce capabilities is that the cure could be worse than the disease. Counterforce capabilities may mitigate escalation during a conflict—for example, by dissuading adversaries from nuclear saber rattling, by reassuring allies that the United States can defend them, and, if necessary, by giving the United States the ability to pursue regime change if adversaries brandish or use nuclear weapons. But they may also exacerbate the problem of controlling escalation if an adversary feels so threatened that it adopts a hair-trigger nuclear doctrine. Specifically, the United States' ability to launch a disarming strike without killing millions of civilians might increase the escalatory pressures that already exist because of the nature of the U.S. military's standard wartime strategy. Conventional air strikes on radar systems, communication links, and leadership bunkers may look even more like the precursors of a preemptive disarming strike if adversaries know that the United States possesses a well-honed nuclear counterforce capability.

This second criticism has merit. Nevertheless, the benefits of maintaining effective counterforce capabilities trump the costs. Strong counterforce capabilities should make adversaries expect that escalating a conventional war will lead to a disarming attack, not a cease-fire. Beyond deterrence, these capabilities will provide a more humane means of protecting allies who are threatened by nuclear attack and give U.S. leaders the ability to pursue regime change if an adversary acts in a truly egregious fashion. Moreover, some danger of escalation is unavoidable because the style of U.S. conventional operations will inevitably blind, rattle, and confuse U.S. adversaries. If the United States has powerful counterforce tools, these may dissuade its enemies from escalating in desperate times, and U.S. leaders would have a much more acceptable option if deterrence fails.

The Nukes We Need

The nuclear forces the United States builds today must be able to act as a reliable deterrent, even in much darker times. Many of those who recommend a much smaller U.S. nuclear arsenal—and assign little importance to a nuclear counterforce option—fail to consider the great difficulties of maintaining deterrence during conventional wars. The U.S. nuclear arsenal should retain sufficient counterforce capabilities to make adversaries think very carefully before threatening to use, putting on alert, or actually using a nuclear weapon. Any nuclear arsenal should also give U.S. leaders options they can stomach employing in these high-risk crises. Without credible and effective options for responding to attacks on allies or U.S. forces, the United States will have difficulty deterring such attacks. Unless the United States maintains potent counterforce capabilities, U.S. adversaries may conclude—perhaps correctly—that the United States' strategic position abroad rests largely on a bluff.

The Forgotten Front

Winning Hearts and Minds in Southeast Asia

Christopher S. Bond and Lewis M. Simons

Barack Obama's planned visit to Indonesia this November is not only a sentimental journey to his childhood home. It also represents a long-overdue recognition that to recapture the admiration and respect of the world's Muslims, Washington should focus neither on the stalemated chessboard of the Middle East nor on the chaotic Afghan-Pakistani frontier. Rather, it should concentrate its efforts in Southeast Asia, an increasingly democratic and peaceful region that is also beginning to face the threat of Islamic fundamentalism.

The last time Americans took a sober look at Southeast Asia, military helicopters were snatching the last U.S. officials off Saigon rooftops as Vietcong soldiers marched on the panicked capital. Soon after the fall of Saigon, in 1975, Cambodia and Laos were toppled by their own domestic communist movements. Thailand trembled with the fear of North Vietnamese tanks churning across the Mekong River, and the other so-called dominoes shook, too. But the dreaded threat failed to materialize.

More than three decades later, Americans no longer concern themselves with this corner of the world. One day, the United States' future seemed inextricably bound to Southeast Asia's; the next, Southeast Asia was forgotten. This is an all-too-familiar pattern: Washington

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Christopher S. Bond is a Republican Senator from Missouri. Lewis M. Simons is a Pulitzer Prize–winning journalist. They are the co-authors of *The Next Front: Southeast Asia and the Road to Global Peace With Islam*.

ignores a country or region until it blows up; then, it belatedly discovers such nations and obsesses clumsily over them; and finally, it relapses into a self-imposed torpor, allowing new threats to emerge. This was the case in Afghanistan during the 1990s after it ceased to be useful as a bulwark against Soviet expansion, and it may also prove true of Southeast Asia today if Washington does not awaken to the region's growing importance.

Southeast Asia is home to 250 million Muslims, concentrated in Indonesia, Malaysia, the Philippines, Singapore, and Thailand—the supposed dominoes of the Vietnam era. Indonesia has the world's single largest Muslim population: 220 million—three times as large as that of Egypt, the most populous Arab nation. Yet Indonesia remains truly unknown to most Americans.

For half a century, Indonesia was one of the world's most repressive military dictatorships. In July, the country pulled off a startling exercise in democracy, when an estimated 119 million voters, Muslim and non-Muslim, peacefully reelected President Susilo Bambang Yudhoyono to a second five-year term. Indonesian and international observers on the ground reported that the campaign and the balloting were largely free and fair. Considering Indonesia's recent history, this was a remarkable achievement. But events in Jakarta received little attention in the United States until a week later, when suicide bombers struck two American-owned luxury hotels, killing nine people and injuring more than 50.

With the fight against communism now a distant memory, all that Americans seem to care about is fighting Islamic terrorism, not the poverty and corruption that nurture it. But to the people of Southeast Asia, terrorism is a secondary issue, a side effect of rising religious fundamentalism among impoverished, uneducated young Muslims. The U.S. Congress remains largely uninterested in the battle between democratic reformers and religious extremists. The same is true about the savage ethnic fighting between Muslims and Christians in the southern Philippines and between Muslims and Buddhists in southern Thailand.

So long as the United States remains in an open-ended struggle against radical Islam, Southeast Asia will be a critical linchpin of that fight, and ignoring the region is a grave error. Washington needs to

understand not simply the politics and economies of the region's governments but also the passions, hatreds, needs, and desires of its people.

THE GREEN TIDE

Although Southeast Asia's Muslims have for centuries stood apart from their Arab coreligionists, the differences are diminishing. In parts of Indonesia and Malaysia, fundamentalists are stepping up pressure for sharia to replace constitutional law. Thirty years ago, while the United States was busy fighting Vietnam's Communists, the Muslims of Southeast Asia were almost universally moderate. Back then, sharia was limited to family life, and constitutional law controlled the life of the nation. Men seldom grew beards, many drank and dined with non-Muslim friends, and some did not pray at all. Women tended to cover their hair, but none masked their faces. People greeted one another in indigenous languages, rather than using the Arabic *salaam alaikum*. They thought and spoke of themselves primarily as Indonesians and Malays and only parenthetically as Muslims.

All of that, and much more, is shifting dramatically as the Muslims of Southeast Asia turn to the Middle East to reaffirm their religious identity. Moderation is losing the moral high ground and is instead disparaged as a tool of Western manipulation. Increasingly, people are demanding that religion play a greater role in governance—a trend that Singapore's ambassador at large, Tommy Koh, and foreign minister, George Yeo, call a "green tide" of Wahhabi extremism.

For the last few decades, Saudi Arabia has taken the lead in educating and indoctrinating young Southeast Asian Muslims, thereby shrinking the distance between two of the centers of Islam. In Indonesia and Malaysia, the Saudis pour an unending stream of cash into building and operating Wahhabi-oriented madrasahs and mosques. Such institutions appeal to Southeast Asian Muslims, who have historically considered themselves the Arabs' inferiors and most of whom are unable to pay for secular or mainstream religious education.

In late 2007, we spent three months traveling through Southeast Asia while researching our book on Islam in the region. In approximately two dozen of Indonesia's poorest and most underserved districts,

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Duncan McCargo is Professor of Southeast Asian Politics at the University of Leeds.

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radical clerics, police, and local military officers have imposed religious law, eclipsing the secular legal system. In Bulukumba, on the orchid-shaped island of Sulawesi, the process is far advanced. All women are now required to wear headscarves, all wage earners are required to contribute 2.5 percent of their incomes as alms to the poor, and by age seven, children must be able to read the Koran in Arabic in order to enter elementary school. Street signs in the Roman alphabet, common in the rest of Indonesia, have been replaced by ones with an Arabic-based script. And beer, which had long been available at a few guesthouses and eateries catering to foreign visitors, is now banned. The central government, fearing a massive backlash, has looked the other way.

DRAINING THE SWAMP

MILITARY FORCE directed at terrorist groups will not win over Southeast Asia's Muslims; instead, the U.S. government will have to address the poverty and lack of education that make the region fertile ground for terrorist recruiters and religious extremists. Those U.S. policymakers, academics, and journalists who are more wedded to missile defense systems than building new schools and are fearful of being labeled soft on terrorism may dismiss such thinking as pie in the sky. But these ideas are not our own; they were urged on us, frequently and forcefully, by presidents and prime ministers, soldiers and clergy, students and farmers, and even a few retired terrorists.

"I know that the idea of low-profile, high-performance help is very difficult for Americans to accept," Indonesia's defense minister, Juwono Sudarsono, told us in Jakarta prior to Obama's election. "But over time, by helping us without making us look like you're paying us off for doing America's bidding, you will help us and help yourselves." What poor, young Muslims in Southeast Asia need, according to Sudarsono, is jobs. "Jobs will help them regain their identity and dignity. . . . Work will enhance their sense of individual self-worth."

Among Indonesia's terrorists, that self-worth is based on a certainty that they are fighting a just war to rejuvenate an enfeebled Islam and that the United States is their enemy. It is up to the Obama administration to alter this mindset, a regrettable legacy of the Bush administration. The most effective means of doing so is to help

educate those whom Singapore's first prime minister, Lee Kuan Yew, called "no hopers"—the poor, the young, and the unschooled—who are most susceptible to extremists' entreaties.

"President [George W.] Bush declared a crusade against Islam," a disarmed jihadist named Farihin Ibnu Ahmad told us at an outdoor café a few miles from Sudarsono's office. "That means the United States considers all Muslims to be terrorists and intends to kill us all." Farihin, who is 41, said that he studied jihad for three years in the 1990s at a military training academy on the Afghan-Pakistani border funded by Osama bin Laden. In 2000, Farihin and several other members of Jemaah Islamiyah, an Indonesian franchise of al Qaeda, set off a car bomb outside the Philippine embassy in Jakarta. The blast killed two people and severely injured some 20 others, among them the Philippine ambassador. Farihin's involvement went undiscovered until two years later, when he was captured while taking part in an anti-Christian pogrom. Released from prison in 2004, he is under police surveillance, but he still struggles against "U.S. hegemony," he said, through "propaganda and persuasion" rather than with bombs or guns.

Indonesian police officials say that monitoring activists such as Farihin is more effective than keeping them in prison indefinitely, where they are able to spread their views to other inmates. Singapore has developed a similar program, introducing mainstream Muslim clergy to jailed terrorists. A lengthy study by Singapore's Ministry of Home Affairs indicates that the approach is producing some positive results.

BEYOND FRONTIER JUSTICE

Danilo Bucoy, a Roman Catholic judge serving in the heart of the southern Philippines' Islamist insurrection, urged the U.S. government to pay more attention to alleviating poverty and ignorance than to crushing the relatively small number of terrorists in his midst. Coming from Bucoy—whose no-nonsense record from the bench includes sentencing 17 members of the Philippines-based terror organization Abu Sayyaf to death—it was a particularly remarkable proposal.

"This place is something like your Wild West," he said, slipping his Colt .45 out of view as we spoke in the front yard of his home. "But things are much better now, since the Americans were here

and helped build roads and development projects," he said, referring to the several hundred U.S. Special Forces troops who, alongside Filipino soldiers and marines, had recently completed a civic-action program aimed at eroding the appeal of radical Islamists. "That shows that you can't defeat these people just by military operations."

Many U.S. analysts, among them the Princeton economist Alan Krueger, the University of Minnesota anthropologist William Beeman, and the Stanford political scientist David Laitin, challenge the thesis that poverty engenders radicalism and are inclined to argue that, for real or imagined reasons, terrorists act out of hatred of the United States. They point out that none of the 19 suicide hijackers in the 9/11 attacks grew up in poverty. But in our discussions, indigenous and expatriate military and police officials, government leaders, and regular citizens who live among the terrorists of Southeast Asia countered that those analysts are missing an essential point: in their experience, a clear distinction separates the committed terrorist leaders from those who blindly follow them.

Although a few leaders of Abu Sayyaf and other Philippine Islamic fundamentalist groups are educated and middle class, their foot soldiers are for the most part illiterate, jobless, and drawn to violence by a desperate attempt to ease their wrenching poverty. "Very few are indoctrinated with an ideology, and it's rare that they know anything about Islam," said Bucoy. Even though he has sentenced those found guilty of heinous crimes to the full extent of the law, he believes that economic opportunity can direct many more away from terrorism. Bucoy's experience suggests that poverty and ignorance, rather than deeply held ideological beliefs, account for much of the steady rise of Islamic fundamentalism and most of the periodic outbursts of terror.

To find where the cause lies, an outsider need only walk the dirt lanes of Southeast Asia's Muslim villages and the fetid back streets of its big cities. There, far away from the tinted-glass towers that the financial and political elites delight in showing the world, is a dark

and discouraging picture: young men loitering in doorways and on corners with nothing more to occupy them than sharing cigarettes and staring into the distance. It is these futureless young men that Washington must win over before fundamentalist imams do.

There are other factors behind the rise of fundamentalism in the region. With the exception of Malaysia—where many Muslims have benefited from the country's rapid economic growth—Muslims in the region feel humiliated over being left behind as the rest of the world presses on into the twenty-first century. They remain unable to speak out against the betrayal of their corrupt and despotic political leaders. And there is their anger at the United States in general, and the Bush administration in particular, for what they consider a double standard when dealing with Israel.

Fortunately, there is evidence that genuine displays of goodwill and attempts to alleviate poverty can go a long way. The massive outpouring of help for victims of the 2004 Indian Ocean tsunami, even though it came from the Bush administration less than two years after the invasion of Iraq, won universal praise. But because the immediate humanitarian relief was not linked to more permanent assistance, its positive effect was short-lived.

A more promising initiative began five months after 9/11, when the Defense Department, under Donald Rumsfeld, launched an innovative military and civic operation on the Philippine island of Basilan, where Judge Bucoy lives. Since the Islamist insurgency began there in the early 1970s, an estimated 120,000 people have been killed throughout the southern Philippines, some 300,000 have been dislocated, and the property damage is estimated to be approximately $3 billion. The Pentagon's objective was to undermine the Islamists by meeting the basic needs of the island's Muslim minority, which sees itself as exploited and threatened by the Philippines' Christian majority. Similar plans, stressing secular education, basic medical care, infrastructure improvements, access to clean water, and investment in small-business ventures that create jobs could be applied throughout the southern Philippines, across Southeast and South Asia, and even in the Middle East.

By helping deliver palpable results that al Qaeda and the Taliban cannot, such an approach could go a long way toward diminishing

the attraction of terrorists and other religious extremists. In a broad sense, some of the "clear, hold, and build" tactics that General David Petraeus, then the top U.S. commander in Iraq, employed to capitalize on the 2007 "surge" of U.S. troops there and begin rebuilding the country were derived from the model developed on Basilan. Petraeus is an admirer of Greg Mortenson, a co-author of *Three Cups of Tea*, an account of Mortenson's firsthand assistance to impoverished Afghans and Pakistanis since 1993.

Regrettably, Basilan once again is threatened by extremists. Soon after the Americans shifted their attention to other, nearby islands, believing their achievements would stand the test of time, Abu Sayyaf returned. This relapse demonstrates that fleeting U.S. investment in the "build" phase will not help; the commitment must be open-ended.

THE INVISIBLE INSURRECTION

Indonesia and the Philippines are not the only Southeast Asian nations threatened by Islamist insurgencies. Across the South China Sea, a strikingly similar situation is developing in the Muslim-majority Pattani section of Thailand. There, along Thailand's southern border with Muslim-dominated Malaysia, more than 3,500 Thai Muslims and Buddhists have slaughtered each other over the last five years.

Many stories of postcolonial ethnic conflict—such as the bloodshed during the partition of India and Pakistan—are well known. But the plight of the six million Thai Muslims, who have fought for independence for a century, has never received much attention in the West. While they watch their friends and relatives prosper on the Malaysian side of the border, the Muslims in Thailand live amid poverty and violence. Hardly a day passes without shootings, stabbings, and beheadings perpetrated by both sides. Schools, temples, and mosques are regularly bombed or burned down. It is, by any definition, a full-blown insurgency.

Christopher S. Bond and Lewis M. Simons

Although the Thai Muslim rebellion can be traced to 1909, when Pattani was incorporated into Thailand, the most recent tensions emerged on April 7, 2001. Shortly after the inauguration of then Thai Prime Minister Thaksin Shinawatra, three deadly coordinated bomb attacks struck a railway station, a hotel, and a gas plant in the south. Thaksin demanded an immediate end to the violence. As a former senior Royal Thai Police official and a multibillionaire businessman, Thaksin was accustomed to getting results with a snap of his fingers. He believed that he could similarly snuff out unrest in the south with a burst of brute force. But he was mistaken.

In January 2004, a group of insurgents overran a military camp in Narathiwat and seized a large cache of weapons, dramatically shifting the equation. Then, on October 25, in the sleepy border town of Tak Bai, some 2,000 residents, most of them young Muslim men, gathered outside the local police station for what was supposed to be a peaceful protest. Without warning, Thai troops shot seven demonstrators dead at point-blank range. The soldiers subsequently seized 1,300 men, stripped them to the waist, bound their hands behind their backs, and heaped them face down, five and six deep, in open army trucks. Then, for six hours, they casually drove the convoy around in circles in the harsh sun. By the end of the day, 78 of the bound men had died of asphyxiation.

Thaksin ordered the crackdown at Tak Bai. Like many Thai Buddhists, he had little interest in understanding the source of the tensions in the Muslim south. And Thaksin only made a volatile situation worse by claiming on television that the Muslims in the trucks had died because they were weak from Ramadan fasting. The Tak Bai massacre, as it has become known, reignited the long-smoldering ethnic time bomb. Since then, revenge killings of Buddhists by Muslims and further retaliations by Buddhists on Muslims have become daily events. Thai governments have come and gone through a virtual revolving door since the army—which was then under the command of a Muslim general—overthrew Thaksin in September 2006. Even so, the killing continues unabated.

WASHINGTON'S AWAKENING

Far to the north of Tak Bai, in Bangkok, Surin Pitsuwan—secretary-general of the ten-member Association of Southeast Asian

Nations (ASEAN) and an authority on the politics of the southern upheaval—told us that it was up to the United States to help his country find a way out.

Surin is uniquely qualified to explain to Americans the circumstances of Thailand's Muslims. A member of an observant Muslim family that operated a *pondok*, a traditional Islamic boarding school, he set his sights on an American education. After earning a Ph.D. from Harvard in 1982, Surin worked for two years on the staff of the New York Democratic congresswoman Geraldine Ferraro. Following Ferraro's unsuccessful run for vice president in 1984, he returned to teach in Thailand. After being elected to parliament in 1985 and being appointed Thailand's foreign minister in 1997, he became secretary-general of ASEAN in 2008.

The first step the United States must take to understand what it faces, Surin said, is to recognize that Muslims in the region view themselves as "standing up in an active and dynamic realization that they have to defend and promote their interests against the fast pace of change that they can neither control nor stop." Like other small, weak communities, these Muslims consider the external forces of globalization unfriendly and threatening. Americans need to understand, said Surin, that their cultural exports and their presumption that the rest of the world wants U.S.-style liberal democracy give Muslims everywhere the clear impression that the United States is invading their space.

The next step concerns the Israeli-Palestinian conflict. Washington, said Surin, will have to convince Muslims that the United States is striving to establish greater balance in its Middle East policies. Without exception, the Muslims we spoke with throughout Southeast Asia bitterly criticized what they perceived as the unremittingly pro-Israel bias of a decades-long succession of U.S. leaders. Yet remarkably few demanded or expected a dramatic turnaround. Most felt that the new administration could dampen passions simply by creating a perception

of greater fairness. They view the application of U.S. pressure on Israeli Prime Minister Benjamin Netanyahu to freeze the spread of Jewish settlements as a first test.

The election of a U.S. president with the name Barack Hussein Obama surprised and delighted Southeast Asian Muslims. It raised hopes of warmer relations with the U.S. government and greater understanding from the American people. It is now time for the Obama administration to heed the advice of Indonesian, Filipino, and Thai experts such as Sudarsono, Bucoy, and Surin.

The early signs from Washington are encouraging. Secretary of State Hillary Clinton made two official visits to the region within her first six months in office. In Jakarta, she announced that after 34 years of absence, Peace Corps volunteers would return to Indonesia. In Thailand, she signed the Treaty of Amity and Cooperation in Southeast Asia, a loose code of conduct drafted by the founding members of ASEAN in 1976. Under the Bush administration, the United States rejected the treaty, largely because ASEAN has been unwilling to apply meaningful sanctions against the military dictatorship of Myanmar (also called Burma). A meeting between the Myanmar junta's leader, General Than Shwe, and Senator James Webb (D-Va.) in August, shortly after former U.S. President Bill Clinton's rescue mission to North Korea, seemed to herald a new era of greater U.S. engagement with Asia's most closed, authoritarian regimes.

The principal element of a new U.S. policy in the region should be "smart power"—leaning less heavily on the use or threat of arms while melding military strength with the tools of persuasion and inspiration: diplomacy, private investment, free trade, financial aid, and, above all, education. Since 1997, the number of Indonesian students in the United States has dropped precipitously, from 13,000 to 7,700— mainly due to tightened visa restrictions. At a time when the United States is seeking to win the favor of young Muslims, barring them from studying in the United States sends the wrong message.

In addition to helping provide young Muslims with a quality, secular education, the United States should be expanding the Peace Corps and other U.S. civilian organizations operating in Muslim areas throughout Southeast Asia. Smart power would best be delivered by volunteers in sandals and sneakers who live, work, and teach among the

people of the region, rather than by diplomats in wingtips or soldiers in combat boots. The State Department would do well to reduce the footprint of fortress-style embassies in capital cities and instead create more intimate consulates staffed by Americans fluent in local languages in smaller district towns. Although this would likely create new security risks, human contact at this level would go a long way toward draining the swamp that nourishes tomorrow's terrorists.

Surin rejected any suggestion that what is unfolding in southern Thailand and among Muslims elsewhere in the region is part of a global terrorist campaign. Rather, he argued, Muslims are simply experiencing the fear that the weak typically feel when facing the strong. In fact, the current Islamic backlash is one that Surin presciently anticipated in his doctoral dissertation in the 1980s. He wrote:

> In many parts of the world today, civil strife, political violence and, indeed, international crises have risen out of [the] strong but conflicting ties of traditional symbols and modern institutions that are themselves going through a process of transformation. . . . Forming the largest part in terms of population, the Muslims in Southeast Asia will certainly draw attention from the Middle East to the issue of their "unredeemed brethren" in southern Thailand and thus accentuate the level of violence even more.

Today, said Surin, "it is incumbent on the United States most of all to defuse the boiling situation." After all, he added, "since 9/11 . . . the East's problem is the West's."

Russia Reborn

Reimagining Moscow's Foreign Policy

Dmitri Trenin

Two decades after the withdrawal of Soviet troops from Afghanistan and the fall of the Berlin Wall, and nearly 20 years after the breakup of the Soviet Union, Russia has shed communism and lost its historical empire. But it has not yet found a new role. Instead, it sits uncomfortably on the periphery of both Europe and Asia while apprehensively rubbing shoulders with the Muslim world.

Throughout the 1990s, Moscow attempted to integrate into, and then with, the West. These efforts failed, both because the West lacked the will to adopt Russia as one of its own and because Russian elites chose to embrace a corporatist and conservative policy agenda at home and abroad.

As a result, in the second presidential term of Vladimir Putin, Russia abandoned its goal of joining the West and returned to its default option of behaving as an independent great power. It redefined its objectives: soft dominance in its immediate neighborhood; equality with the world's principal power centers, China, the European Union, and the United States; and membership in a global multipolar order.

Half a decade later, this policy course has revealed its failures and flaws. Most are rooted in the Russian government's inability and unwillingness to reform the country's energy-dependent economy, the noncompetitive nature of Russian politics, and a trend toward nationalism and isolationism. In terms of foreign policy, Russia's leaders have failed to close the book on the lost Soviet empire. It is as if they

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exited the twentieth century through two doors at the same time: one leading to the globalized market of the twenty-first century and the other opening onto the Great Game of the nineteenth century.

As the current global economic crisis has demonstrated, the model that Russia's contemporary leaders have chosen—growth without development, capitalism without democracy, and great-power policies without international appeal—cannot hold forever. Not only will Russia fail to achieve its principal foreign policy objectives, it will fall further behind in a world increasingly defined by instant communication and open borders, leading to dangers not merely to its status but also to its existence. Russia's foreign policy needs more than a reset: it requires a new strategy and new policy instruments and mechanisms to implement it.

THE HIBERNATION ENDS

When Russia abandoned its aspirations to join the West, it set about working on what could be called Project CIS. This effort attempted to turn the Commonwealth of Independent States—a loose association of ex-Soviet republics minus the three Baltic countries—into a Russian power center. Russia aimed not to restore the Soviet Union but to ensure the political loyalty of these new states to Moscow, a privileged position in these states for Russian business interests, and the predominant influence of Russian culture. After the 2008 war in Georgia, Russian President Dmitry Medvedev called the region "a zone of privileged interests" for the Russian Federation.

Russia's victory in last year's war seemed to strengthen its claim that it wields such power. Moscow defended South Ossetia from the advances of the Georgian military and sent troops to allow the breakaway republic of Abkhazia to evict Georgian forces from the strategic Kodori Gorge. In a departure from its long-standing adherence to the post-Soviet borders, Moscow recognized the independence of Abkhazia and South Ossetia, two enclaves that seceded from Georgia in the early 1990s.

In contrast, the war made the United States appear irrelevant. First, the Bush administration failed to restrain Georgian President Mikheil Saakashvili from taking reckless action against South Ossetia, provoking

Russia's darkest suspicions about Washington's motives. It then failed to come to Tbilisi's rescue once the war began, raising questions among U.S. allies along Russia's borders about the United States' credibility as a guarantor of security. Europe's reaction seemed equally disjointed. In a largely symbolic move, NATO cut off all formal contact with Russia because of Moscow's disproportionate use of force, while also putting accession plans for Georgia and Ukraine on the back burner, essentially fulfilling a longtime Russian wish. There was brief discussion of Western countries' sanctioning Russia, but such measures were never under serious consideration.

A year later, the picture looks less rosy for Russia. No other country in the Collective Security Treaty Organization (CSTO), the mutual-security pact of six CIS states, has recognized the independence of Abkhazia and South Ossetia. Russia has tried to cast this in a positive light: Prime Minister Putin says that such de jure recognition is unnecessary and that what really matters is Russia's protection and support for the two regions; for his part, Medvedev reports that several foreign leaders have privately said that they would recognize Abkhazia and South Ossetia if not for the diplomatic sensitivity or their own ethnic disputes. Although both Putin and Medvedev may be right, it is clear that not a single Russian ally wants—or can afford—to be seen as Moscow's satellite.

Russia's plans for a regional political system centered on Moscow are not shaping up.

Other indicators suggest that Russia's plans for a regional political system centered on Moscow are not shaping up. In 2005, there was glee in Moscow when Uzbek President Islam Karimov closed the U.S. military bases in his country and rejoined the CSTO and later the Russia-led Eurasian Economic Community. That same year, Karimov brutally suppressed a revolt in the city of Andijon, making him a pariah in the West and something of a prodigal son in Moscow. The mood has changed since then, however. Uzbekistan is unhappy with the terms of its economic cooperation with Russia, angry about Russia's plan to establish a second military base in neighboring Kyrgyzstan, and warming to the presence of the U.S. military.

Even smaller countries in Central Asia are feeling similarly emboldened to contradict Moscow's preferences. For years, Russia had publicly expressed its desire to see a U.S. air base in Kyrgyzstan closed, and in early 2009, Kyrgyzstan obliged: it was seeking a large economic assistance package from Russia and hoped to please Moscow by expelling the U.S. military. But some months later, the seemingly disorganized and cash-strapped Kyrgyz government managed a double act: it allowed the United States to stay and raised the rent on the use of the base while also securing an aid package from Russian worth about $2 billion. Moscow was surprised by Bishkek's volte-face and had to be content with a promise that it would get its own base in Kyrgyzstan.

After the war in Georgia, Russia was keen to demonstrate that drawing new borders around Abkhazia and South Ossetia was a special case and that it was serious about its responsibility as a peacekeeper in the contested enclaves of Nagorno-Karabakh and Transnistria. Medvedev held a series of joint meetings with the presidents of Armenia and Azerbaijan, and he conferred with the president of Moldova. Yet there has been no breakthrough in any of these conflicts, and it has become clear that Moscow is unable to single-handedly broker any peace settlement.

MOSCOW'S DREAMS

BEFORE THE global economic crisis struck in the fall of 2008, the Kremlin was confident that Russia was on the rise as an economic and geopolitical powerhouse. In June 2008, Medvedev hailed the Russian ruble as the future reserve currency of Eurasia. Since then, Russia's foreign exchange reserves have shrunk, and the ruble has lost much of its value and potential appeal as an international currency. Last January, when Russia offered Belarus a loan of $500 million in rubles instead of dollars, as had been agreed, the Belarusians felt short-changed and insulted.

The crisis has hit Russia harder than any other major country. The Russian economy has only grown more dependent on oil and gas since its financial crisis in 1998. As global commodity prices dropped, so did Russia's GDP, which fell by more than ten percent between mid-2008 and mid-2009. Other CIS countries have been affected even

more severely: in Ukraine, GDP has fallen by nearly 20 percent. Conscious of this, Moscow is attempting to use the crisis as an opportunity, offering cash to its neighbors in the hope that economic assistance will buy a measure of political influence. But Kyrgyzstan played this game to its benefit. Ukraine never claimed the $5 billion that Russia offered it to help with its energy needs, instead choosing to bypass Russia altogether and secure a much smaller sum from the EU to modernize its gas transportation network. As for Belarus, Minsk collected most of an earlier $2 billion package offered by Moscow, but then the two countries quickly got embroiled in a dispute over issues ranging from the two countries' trade in dairy products to conditions for the privatization of industry in Belarus.

At the same time, Moscow suspended its 16-year quest to join the World Trade Organization. Russia certainly was frustrated with the protracted negotiations, but more than anything, Moscow's decision showed its ambition and desire to reorder its foreign policy priorities. It started championing the creation of a customs union comprising Belarus, Kazakhstan, and Russia, which would build on the Union State of Russia and Belarus, a vaguely defined political entity linking the two countries that has existed since the 1990s. But Moscow's spat with Minsk exposed this union state as a sham and suggested that any expansion of the model is unrealistic. It is ironic that just as Moscow abandoned the WTO, its hopes for an alternative were falling apart.

The use of energy as a weapon has proved to be a disaster.

Since 2003—when the United States invaded Iraq, the Russian government moved to seize the Yukos oil company, and oil prices began a five-year rise—Moscow has championed its new position as an energy power. It compares its oil and gas resources today to the nuclear arsenal that gave the Soviet Union superpower status during the Cold War. But as the state oil giant Gazprom's clumsy gas cutoffs to Ukraine in 2006 and 2009 made clear, the use of energy as a weapon has proved to be a disaster. Over the past several years, Gazprom has been scrambling to buy the gas produced by other CIS countries and to maintain control over its export routes. In 2003, the company acquired the rights to the entire gas production of Turkmenistan for the next

25 years; and in 2007, the Russian government agreed with Kazakhstan, Turkmenistan, and Uzbekistan to build a new pipeline from the Caspian Sea.

By 2009, however, many of Moscow's plans for energy dominance had unraveled. Gazprom's relations with Turkmenistan have soured: in the spring of 2009, the newly price-conscious Russian government refused to buy any gas from Turkmenistan, leading the Turkmen government to look west for new customers. At the same time, China neared the completion of a gas pipeline running from Turkmenistan eastward; it will be the Caspian region's first pipeline that does not traverse Russian territory.

Thus, the fear that Russia might create a gas caliphate in Central Asia has been revealed to be unfounded. In its gas crises with Ukraine, Russia did the wrong thing (shutting off supplies to Ukraine and thereby to Europe) for the right reason (claiming a fair price for its product). As a result, its reputation as a reliable gas exporter was left in tatters, and Europe finally decided it needed to find alternative energy sources. As a result, the Nabucco pipeline, which is planned to terminate in Austria, started to look more realistic. Europe has imagined the pipeline as an alternative supply route for natural gas, whereas Russia has long derided the proposal as unfeasible. In the hopes of maintaining its regional energy hegemony, Russia has signed a deal with Turkey to build the Blue Stream 2 pipeline, which could bring Russian gas as far as Israel. Russia is also pursuing the South Stream pipeline, which would run under the Black Sea. The upshot is that Europe, even after it gains some diversity in its gas supplies, will remain heavily dependent on Russia and that Russia will have to tolerate multiple pipelines from the Caspian going in several directions.

Finally, last year's demonstration of Russian military power in Georgia has done nothing to forestall the deterioration of the security situation in Russia's own North Caucasus region. The republics of Dagestan and Ingushetia are flashpoints, and Chechnya, newly pacified after years of war, is again experiencing a spate of terrorist attacks. Moscow's strategy of buying off corrupt local elites in the region has not purchased stability. Islamist radicals thrive on official corruption, interclan warfare, and the heavy-handedness of the police and security services. As a result, Russia's grip on the North Caucasus is loosening,

with the danger that extremists could turn the mountainous region into a base of operations similar to Pakistan's Northwest Frontier Province.

South of the mountains, the challenges are different. Abkhazia and South Ossetia may be the only places in the former Soviet space that firmly fall into Moscow's sphere of influence. But each poses a problem. Regarding Abkhazia, Putin has said that Russian recognition was enough. But in the long term, Abkhazia wants to become a genuinely independent state and not a protectorate on Russia's Black Sea coast. South Ossetia, meanwhile, cannot become a viable state, despite Russian hopes, but its accession to neighboring North Ossetia, in Russia, would be seen by Russia's neighbors as evidence of Moscow's territorial aggrandizement.

Russia may have many interests and some sway in its neighborhood, but it does not have—and is unlikely to have—anything it can call a zone of influence. And it is hampered by its territorial thinking, its view that the world is set up as a handful of imperial poles battling for influence in smaller countries, which ignores the real nature of contemporary global politics.

NEIGHBORLY RELATIONS

At the same time that Russia aspires to primacy in the former Soviet space, it craves equality with the United States and the EU in the Euro-Atlantic area. In a speech at the 2007 Munich Security Conference, Putin made clear that Russia no longer accepted the rules of the game set up after the collapse of the Soviet Union, when Russia was weak. Putin's revisionism was backed up by Russia's suspension of its responsibilities under the Treaty on Conventional Armed Forces in Europe, which limit the Russian military presence in Georgia and Moldova. Last year, as tensions over Georgia were rising, Moscow resumed air patrols off the coasts of Europe and North America and sent bombers and navy ships on missions to Venezuela. The message was clear: ignoring Russian security interests could be hazardous.

Although the Kremlin did succeed in proving its strategic independence from Europe and the United States, there can be no talk of Russia's overall equality with either of the two. This leaves Moscow with a paradox: it is unwilling to become a junior partner to Brussels

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Globalizing Religions: Conflict or Conflict Resolution?

The Institute on Culture, Religion & World Affairs (CURA) at Boston University conducts an annual summer seminar. It is organized by the well-known sociologist of religion Peter L. Berger, co-sponsored with the School of Theology at Boston University, under the guidance of Dean John Berthrong. The seminar is generously funded by the Henry Luce Foundation's Henry R. Luce Initiative on Religion and International Affairs.

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and Washington, but they will not accept it as an equal. Likewise, as Medvedev has pointed out, Russia is excluded from any meaningful security structure in Europe, but the notion of a new treaty that would formally block further NATO enlargement has been rejected. It is wholly unrealistic to think that Europe's security will be jointly managed by a troika of United States and NATO, the EU, and Russia and the CSTO. Similarly, the idea of a grand bargain—in which Washington would allow Moscow to dominate the former Soviet states on its borders in exchange for its support for U.S. and Western policies in the Middle East and elsewhere—is a chimera. Unlike during the Great Game of the nineteenth century, the political futures of countries such as Georgia, Moldova, and Ukraine will be decided not by strategists in Moscow or Washington but by people on the ground.

In the twenty-first century, the power of attraction trumps that of coercion. But this runs contrary to the view of many inside the Russian leadership that the world is composed of sovereign empires competing over zones of influence. Russia, a nuclear superpower, is fighting a losing battle for influence in Ukraine, Moldova (where the post-Soviet generation looks to the EU), and even Belarus (where younger urbanites consider themselves European). Georgia is overwhelmingly pro-Western, largely because Moscow's policies over the last two decades have made the population vehemently anti-Russian. Azerbaijan has managed to do business with Western oil companies while staying on friendly terms with Moscow and avoiding being dominated by it. Armenia notionally depends on Russian security guarantees, but as a result of the continued confrontation between Georgia and Russia, it is more physically isolated. Recently, Armenia started a dialogue with Turkey that could lift the 16-year-old economic blockade imposed by Ankara at the height of the conflict over Nagorno-Karabakh.

This suggests that a binary Europe—made up of the NATO/EU community in the west and the center and a Russian-led bloc in the east—is less imaginable now than at any moment since the end of the Cold War. Even if the CSTO becomes more competent and Moscow's proposed customs union comes into being, these bodies' effectiveness will be limited by Moscow's desire to turn them into its own policy instruments—and this will clash with the interests of even Russia's closest partners, Belarus and Kazakhstan.

Dmitri Trenin

The Kremlin leadership consciously ignores the relative modesty of Russia's economic potential, its dependency on raw materials, and its technological backwardness. Russia has slightly over 140 million people, produces around two percent of global GDP, has a level of economic productivity about one-fourth that of the United States, and is dependent on fluctuations in the price of oil. Such a country may wield a measure of power and influence with near neighbors and distant partners, but it will need to make a monumental effort to upgrade its economic clout, technological prowess, and societal appeal before it can claim the status of a world-class power.

In the tsarist and Soviet pasts, Russia compensated for its weakness and backwardness with superior manpower, political centralism, and industry heavily focused on military production. Today, it is unable to do the same. The country is in the midst of a demographic crisis that threatens to cut its population by more than 15 percent by the middle of this century. Its raw military power is also declining. The Russian defense industry is no longer capable of producing a full range of conventional weapons systems, and it has been forced to buy arms from abroad, such as drones from Israel and ships from France. The continuing failure of the Bulava ballistic missile suggests that even Russia's nuclear weapons sector is plagued with deficiencies.

Three hundred years ago, the newly reformed Russian army defeated Swedish forces at the Battle of Poltava, heralding Russia's emergence as a European power. The long era of Russian military dominance in Europe that followed has now come to an end. Russia is the EU's largest and most important neighbor, but emphasizing power relationships is not to Russia's advantage. The currency of world politics has changed, and Russia will have to work hard to acquire it. Unfortunately, Russia's leadership is looking not so much to build a new power base at home but more to find ways to borrow power from others.

ANOTHER BRIC IN THE WALL

This summer, the Russian city of Yekaterinburg hosted three international summits at nearly the same time: of the CSTO, the Shanghai Cooperation Organization (SCO), and BRIC, a group whose

name comes from a 2003 Goldman Sachs report that lumped together the world's four largest emerging markets, Brazil, Russia, India, and China. The BRIC summit was an unprecedented gathering, marking the first formal meeting of the leaders of the four countries.

Moscow has been keen to promote closer links among the leading non-Western powers, in order to expedite the withering away of U.S. global hegemony and replace it with a multipolar world order. In his 2007 speech in Munich, Putin sounded not only like the leader of Russia but also like the spokesperson for the non-West. He was the only major world figure willing—and who thought he could afford—to openly challenge U.S. power.

But the BRIC summit provided little more than a photo opportunity. The effects of the economic crisis made many analysts talk about BIC—rather than BRIC—because Russia's resource-based economy has been much harder hit than the economies of Brazil, India, or China. Russia's approach to foreign policy bears little resemblance to that of the other BRIC countries. Brazil, India, and China are all WTO members and have been active in the Doha Round of international trade negotiations, whereas Russia has essentially given up on its accession process to the WTO. China is cautious, and India is insular, but Russia is assertive and openly revisionist. Russia's plans to use BRIC to propel the country into a higher international orbit are unlikely to do the trick. The Chinese and the Indians often act alone and now tend to look down on the Russians. Brazil, meanwhile, is just getting on its feet.

> Russia needs to focus on overcoming its economic, social, and political backwardness.

Although Russian-Chinese collaboration is growing—as within the SCO—China is emerging as the state driving the bilateral agenda. For the first time in 300 years, China is more powerful and dynamic than Russia—and it can back up its economic and security interests with hefty infusions of cash. In recent months, Beijing has offered a $10 billion loan to countries in Central Asia; provided a currency swap to Belarus, which was haggling with Russia over the terms of its dollar credit; and found a billion dollars of aid for faraway Moldova, double Moscow's promised sum. It is worth remembering that China refused to recognize the independence of Abkhazia and South Ossetia

in August 2008, setting an example for the SCO's Central Asian members, which then followed its lead, not Russia's.

MOSCOW'S ATTITUDE ADJUSTMENT

THE CONCLUSION is not that Russia has no useful role to play in its own neighborhood, in the Euro-Atlantic area, or on the global stage. Rather, it is that Russia's foreign policy priorities and objectives must change. Seeking political status and economic rents will end in failure and, in the process, waste precious resources and breed more disappointment and resentment among Russian elites and the Russian public. Russia must develop a new foreign policy commensurate with its needs, size, and capacity—one that is shaped by the realities of the twenty-first century's globalized environment. In short, Russia needs to focus on overcoming its economic, social, and political backwardness—and use foreign policy as a resource to meet this supreme national interest.

Moscow's first priority should be strengthening Russia's own economic, intellectual, and social potential. Attempts to restore a "soft" equivalent of an empire will not add to Russia, only take away from it. This does not mean that Russia should ignore its immediate neighbors (which would be impossible) or shy away from close cooperation with them (which would be foolish). Russia's looming demographic crisis requires that it learn to win over people rather than collect their lands and seek to integrate them as full citizens.

Soft power should be central to Russia's foreign policy. Russia possesses precious and virtually unused elements of this kind of power across the post-Soviet world: the Russian language is used from Riga to Almaty, and Russian culture, from Pushkin to pop music, is still in big demand. If Russia rebuilt its infrastructure, its neighbors would be increasingly attracted to opportunities for higher education—especially in science—and research and development in the country. And if Russia manages to enact fundamental changes in how its political system and economy are run, the benefits could be dramatic: Russian businesspeople would no longer be perceived as agents of the Kremlin and would be more welcome abroad, a Russian-language television channel could become a sort of al Jazeera for Russophones, and the

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Dr. Michael A. Roberto is the Trustee Professor of Management at Bryant University. He earned his M.B.A. with High Distinction and his D.B.A from Harvard Business school, where he also taught for six years. Professor Roberto received Harvard University's Allyn A. Young Prize for Teaching in Economics.

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Russian Orthodox Church, if it were seen as a transnational institution and not an extension of the state, could gain authority outside Russia. But such an outcome would require transcending the view that Russia is defined by its leader—whether Yeltsin, Putin, or Medvedev—and envisaging instead a Russia of multiple actors in which the nation, and not the authority, is sovereign.

In such an approach, Russia's policy toward Ukraine could become a useful standard. Rather than pressuring its neighbor not to defect to the West, Russia must reach out to the Ukrainian people directly, to attract new business opportunities, new workers, and new students. The Caucasus are another important test: solving the conundrum of Russia's relationship with Georgia and the final status of Abkhazia and South Ossetia is a sine qua non of Russia's goal of assuming the role of a benevolent regional leader. Meanwhile, settling the conflicts in Nagorno-Karabakh and Transnistria will require Russia to work alongside the EU, the United States, Turkey, and Ukraine, not to mention the parties to the conflicts themselves.

Russia needs hard power, too, but the kind that addresses the challenges of the present, not the past. It needs a well-trained and well-equipped mobile army to deal with crises along its vast border, as well as a modern air force and a modern navy. In many cases, Russia will not be acting alone. It will need to master the mechanisms of military and security cooperation in Eurasia with its allies in the CSTO, its NATO partners, and its Asian neighbors, such as China, India, and Japan.

MAKING RUSSIA MODERN

RATHER THAN focusing on where it stands in the international pecking order, Russia now must overcome the deficiencies of its institutions compared to those of the West. Accordingly, Russia needs to identify modernization—not only technological or economic but sociopolitical as well—as its top priority. Consistent with this view, the principal task of Russian foreign policy—along with protecting national security—must be to tap external resources for domestic transformation, to modernize both Russia's people and its institutions.

Such a vision prioritizes relations with developed countries that can provide technology, expertise, and investment. Luckily, the EU,

Japan, and the United States are Russia's neighbors, a fact that Russia can use to further development in those areas near these shared borders, from the Kola Peninsula to Kamchatka and the Kuril Islands. Due to its proximity and Russia's European roots, the EU is Russia's most important partner for modernization. A 2005 EU-Russian agreement defined four areas for cooperation—economics, justice and internal security, cultural and human contacts, and external relations—precisely the areas in which closer ties with the EU would contribute to Russia's transformation.

Russia's goal should be not to join the EU but to create a common European economic space with it. When Russia finally joins the WTO, a free-trade area between the EU and Russia—with Belarus, Kazakhstan, Ukraine, and others joining—will become possible. Energy could form the underlying basis for this common space, but for that to happen, energy trade between the EU and Russia must be less contentious. Visa-free travel would also be a central human element of this new arrangement. The statement by the European Commission's former president, Romano Prodi, that the EU and Russia "share everything but the institutions" remains sound and valid.

If Peter the Great were alive today, he would decamp from Moscow again—only this time to the Sea of Japan, not the Baltic.

As Europe's own experience shows, such a common economic space can only exist in an atmosphere of trust and confidence. Therefore, Russia must seek to create a Euro-Atlantic security order that would finally demilitarize relations from Vancouver to Vladivostok. To this end, Russia must be convinced to give up its lingering suspicion of U.S. power and intentions. Similarly, countries in central and eastern Europe must be induced to let go of their fear of Russia. On the U.S. side, this means moving away from the institutionalized hostility enshrined in the nuclear deterrence strategy of mutually assured destruction, by pursuing a policy centered on collaboration on strategic defenses rather than on regulating strategic arsenals.

Russia, meanwhile, should stop being obsessed with NATO and instead pursue joint projects with the alliance that could help Russia modernize its own defenses. (In order both to keep its strategic

independence and to maintain relations with China on an even keel, it should not seek to join NATO.) Also, Russia's reconciliation with its central and eastern European neighbors is indispensable: for Moscow, Europe no longer starts at the Elbe but at the Narva and the Neman. Within Europe, multilateralism has taken over from multipolarity, and it is time for Moscow to start paying attention.

China is one of Russia's leading trading partners and is a fast-growing market that could also become a major source of capital investment for Russia. In addition, Beijing is an indispensable partner in assuring security and stability in Russia's "near abroad," from Central and Northeast Asia to the greater Middle East. Thus, Moscow has no alternative but to seek friendly and cooperative relations with Beijing. A key challenge for Russia's foreign policy will be to learn to live alongside a China that is strong, dynamic, assertive, and increasingly advanced.

Russia's territory extends all the way to the Pacific, making it more of a Euro-Pacific power than a Eurasian one. The United States is its neighbor to the east, right across the Bering Strait. In fact, there are far fewer points of contention between Moscow and Washington in the Pacific than there are in the Atlantic or the Caspian Sea. Russia's twenty-first-century frontier lies to the east, where it has both a need and a chance to catch up with its immediate Pacific neighbors: China, Japan, and South Korea. The global power shift toward the Pacific necessitates a new focus in Russia's foreign policy. If Peter the Great were alive today, he would decamp from Moscow again—only this time to the Sea of Japan, not the Baltic.

As such, Russia would do well to think of Vladivostok as its twenty-first-century capital. It is a seaport, breathing openness. Its location within easy reach of East Asia's most important cities—Beijing, Hong Kong, Seoul, Shanghai, and Tokyo—puts Russia in immediate contact with the world's most dynamic peoples. In addition, Vladivostok's location on Russia's border would serve as an ultimate guarantee of peace and territorial integrity.

A new emphasis on the Pacific Rim would not only develop the Russian Far East but also the many time zones that lie between Vladivostok and St. Petersburg. Such a focus would help develop all of Siberia. It would also push Russia to pursue economic and

geostrategic opportunities in the Arctic Ocean, which is emerging as a resource-rich and potentially productive area. The Arctic—which brings together Europe, North America, and Russia—is a region whose very harshness requires cooperation.

NEEDS, NOT NOSTALGIA

RUSSIA WOULD better serve its interests by strengthening its ties to the world's most relevant and influential actors, rather than by focusing on power balances and exclusive zones. And instead of favoring diplomacy at the United Nations merely because it wields a veto in the Security Council, Russia needs to engage in producing global public goods. Thus, it should focus on conflict resolution closer to home, in places such as the Caucasus and Moldova; in Asia and the Middle East, it should concentrate on reducing religious extremism and building political stability. With an indigenous Muslim population that has grown by 40 percent since 1989, Russia has a role to play in the Christian-Muslim dialogue. Finally, Russia can make significant contributions to the world's environmental well-being—devising a new international energy charter together with the EU, reducing its own vastly inefficient use of energy, and protecting the clean water and forest resources of Siberia.

Adopting a new role after 500 years as an empire, 70 years as an ideological warrior, and over 40 years during the Cold War as a military superpower will be difficult. Russia's post-Soviet comeback disproved forecasts that Russia was going to descend into irrelevance. Russia will certainly survive the present economic crisis. But it does have a long way to go before it becomes a modern state capable of pursuing a foreign policy that serves its needs, not its nostalgia. Russia will not formally join the West as its former satellites have done and as its erstwhile borderlands may do. But as it becomes more modern as a result of its domestic transformation—and adapts its foreign policy accordingly—it will emerge as a serious, desirable, and indispensable partner, as well as a significant global actor.

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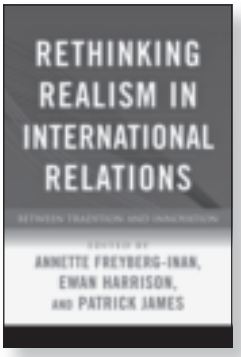

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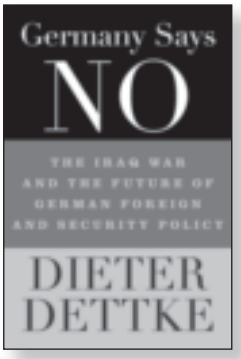

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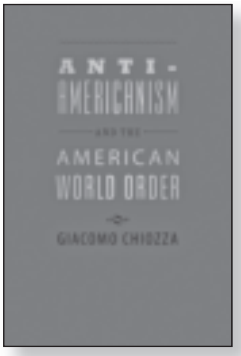

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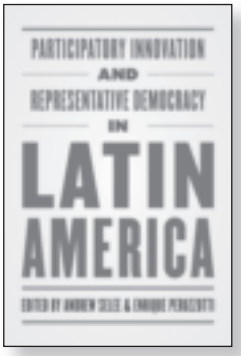

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In the Quicksands of Somalia

Where Doing Less Helps More

Bronwyn Bruton

The U.S. government needs to change its Somalia policy—and fast. For the better part of two decades, instability and violence have confounded U.S. and international efforts to bring peace to Somalia. The international community's repeated attempts to create a government have failed, even backfired. The United States' efforts since 9/11 to prevent Somalia from becoming a safe haven for al Qaeda have alienated large parts of the Somali population, polarized the country's diverse Islamist reform movement into moderate and extremist camps, and propelled indigenous Salafi jihadist groups to power. One of these groups, a radical youth militia known as al Shabab, now controls most of Somalia's southern half and has established links with al Qaeda. The brutal occupation of Somalia by its historical rival Ethiopia from late 2006 to early 2009, which Washington openly supported, only fueled the insurgency and infuriated Somalis across the globe.

One of Washington's concerns today is that al Qaeda may be trying to develop a base somewhere in Somalia from which to launch attacks outside the country. Another is that more and more alienated members of the Somali diaspora might embrace terrorism, too. Somali nationals were arrested in Minnesota in early 2009 after returning from fighting alongside al Shabab, and in August 2009, two Somalis were arrested in Melbourne for planning a major suicide attack on an Australian army installation. The first American ever to carry out a suicide bombing

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Bronwyn Bruton is an International Affairs Fellow at the Council on Foreign Relations.

did so in Somalia in October 2008. These isolated incidents have generated more hype than they deserve, but they have nonetheless put the Obama administration in a tough position. If only to avoid seeming weak in combating terrorism, it must prevent these threats from escalating, but it is entering the fray at a time when almost any international action in Somalia is likely to reinforce the Somalis' anti-Western posture.

Alarmingly, the State Department seems not to realize this or the failures of past policy. Secretary of State Hillary Clinton is clinging to the bankrupt strategy of supporting the Transitional Federal Government, Somalia's notional government but really a dysfunctional institution that has failed to garner much support from the population. Barricaded in a small corner of Mogadishu behind a wall of international peacekeepers, the TFG is incapable of advancing the United States' primary interests: stopping the expansion of extremist forces throughout Somalia and preventing the formation of al Qaeda cells, other radical strongholds, and training camps in the country. If anything, the TFG's presence in Somalia hurts U.S. goals. Resistance to the so-called government has united various radical groups that would otherwise be competing with one another. These groups and the TFG are now locked in a violent stalemate that is further battering the population, making it more likely that certain corners of Somalia will eventually become hospitable environments for al Qaeda. With 3.8 million people urgently in need of relief, Somalia has once again become the site of one of the world's worst humanitarian crises.

This error stems from Washington's mistaken belief that state building is the best response to terrorism. Because Washington has lacked both the political will and the resources to launch a large enough state-building program, U.S. efforts in Somalia have been inadequate. Neither Clinton nor the U.S. ambassador to the United Nations, Susan Rice, appears ready to support the deployment of a UN peacekeeping force in Somalia. Even if enough resources were available, the conditions on the ground mean the approach would be unlikely to work anyway. Somalis may have grown weary of war, but they remain highly suspicious of centralized government. And they disagree about questions as fundamental as whether a Somali state should be unitary, federal, or confederal; whether the judicial system should

be wholly Islamic or a hybrid of sharia and secular law; and whether the northern territory of Somaliland should be granted its long-sought independence. Efforts to create a central government under such conditions are a recipe for prolonging conflict.

Another major problem with Washington's Somalia policy is that it has not kept pace with important shifts in U.S. thinking about how to confront terrorism. In Afghanistan and Iraq, for example, General David Petraeus, former U.S. commander in Iraq; General David McKiernan, former U.S. commander in Afghanistan; and David Kilcullen, a counterinsurgency expert, among others, have successfully steered U.S. counterterrorism strategies away from militarized tactics focused on killing the enemy. They have promoted more integrated, population-centric approaches that engage traditional local political authorities, civil society, and a wide range of religious actors—strategies that stand a better chance of reducing the tensions between the United States' counterterrorism, humanitarian, and stabilization goals. John Brennan, the president's assistant for homeland security and counterterrorism, has said that efforts are under way to develop a new Somalia policy along these lines, but they seem to have been hampered by the lack of an intelligence infrastructure and reliable partners on the ground.

Both to protect its interests in Somalia and to help the country, Washington must abandon its hope of building a viable state there and explore new counterterrorism strategies. Perhaps even more important, it needs to better understand the exact nature of the threat that Somalia poses to U.S. national security. For example,

piracy has flourished not in the country's anarchic south but in the weakly governed northern regions. And it is a problem of organized crime, not terrorism. Any links between the pirates and al Shabab are profit-motivated, which suggests that even for al Shabab, ideology can yield to pragmatism. The emergence of yet another indigenous jihadist movement in a faraway corner of the world does not merit a militarized response from the United States or its allies, especially when the absence of reliable intelligence on the ground means that even discrete attacks on terrorist suspects could do more harm than good.

The presence of al Qaeda operatives in Somalia is alarming, of course, but it does not mean that transnational terrorism will necessarily spread. In its previous inroads into Somalia, al Qaeda bumped up against Somalia's xenophobia and its pragmatic, clannish political culture. In the midst of the UN's invasive state-reconstruction effort in the 1990s, much of the country fell under the control of al Itihaad al Islamiya, a radical movement with links to al Qaeda. But the al Qaeda operatives in the country soon conflicted with recalcitrant nationalist leaders (they considered the locals cowardly for refusing to subscribe to jihad) and were frustrated by the fractious local Islamists and the harsh living conditions, according to a West Point study based on intercepted correspondence. By the mid-1990s, al Itihaad al Islamiya was essentially defunct. Since then, U.S. intelligence analysts have argued that Somalia is fundamentally inhospitable to foreign jihadist groups. Al Qaeda is now a more sophisticated and dangerous creature, but its current foothold in Somalia appears to be largely the product of the West's latest interference. In fact, the terrorist threat posed by Somalia has grown in proportion to the intrusiveness of international policies toward the country. Al Shabab metamorphosed from a fringe movement opposed to the foreign-backed TFG into a full-blown political insurgency only after the U.S.-supported Ethiopian invasion.

Continuing efforts to create a central government in Somalia will only prolong the conflict there.

It is time for the United States to adopt a policy of constructive disengagement toward Somalia. Giving up on a bad strategy is not

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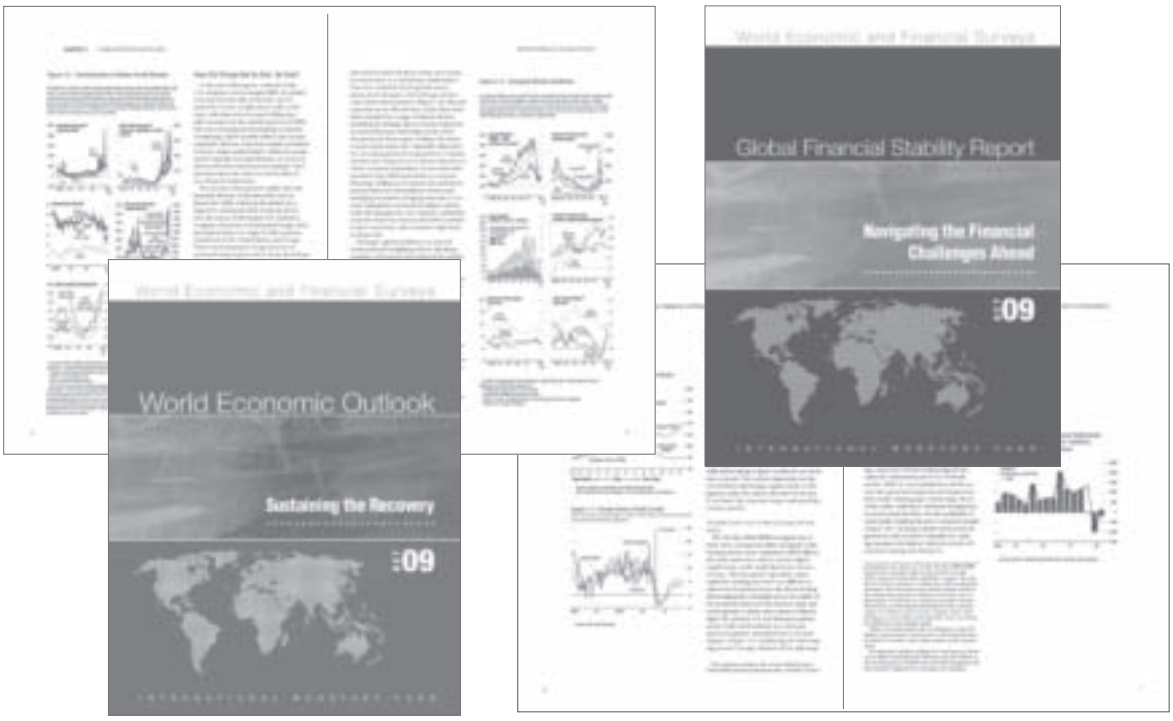

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admitting defeat. It is simply the wise, if counterintuitive, response to the realization that sometimes, as in Somalia, doing less is better.

THE GRIP OF TERROR

For decades, Somalia was little more to Americans than a pawn in the Cold War. Then, in 1992, U.S. televisions were flooded with images of dying Somali children, the victims of brutal warlords and their civil war. With Operation Restore Hope, the U.S. government set out to respond not only to the humanitarian emergency but also to the clarion call of a new era of peacemaking and multilateral cooperation. Initially intended as a relief effort, the mission soon got mired in Somalia's violent internal politics. On July 12, 1993, U.S. forces mistakenly attacked a peaceful meeting of clan elders, killing 73 civilians. The mission had derailed, and a few months later it hit bottom when a Somali mob desecrated the corpses of U.S. soldiers. The incident, known as "Black Hawk down," was a bewildering assault on the American public's self-image, not to mention a low-water mark of the Clinton administration, and it left the Americans and the Somalis distrustful of each other. For close to a decade afterward, the U.S. government effectively let Somalia be.

Even so, it remained concerned. After the bombings of the U.S. embassies in Kenya and Tanzania in 1998 and then 9/11, what had once seemed like a humanitarian imperative to intervene in Somalia receded. The growing concern that the country's lawless territories could become a safe haven for al Qaeda quickly drove the Bush administration's Somalia policy, producing a series of failed political interventions designed to create a central government in Somalia. In 2002, the UN bankrolled efforts by regional actors to set up a transitional government. Negotiations with warlords and clan and civil-society leaders sputtered for a couple of years and then bred the TFG. The TFG's purpose was to balance the interests of all of Somalia's clans, but in practice, it was dominated by the Darod clan, from the north. This left the Hawiye, Somalia's majority clan, feeling like it had been shortchanged, and it responded by striking an anti-TFG alliance of convenience with the business community and a group of sharia courts in Mogadishu. The alliance's goal was to restore enough order

in the capital, a Hawiye stronghold, to undermine the Darod's efforts to locate the seat of government elsewhere. Meanwhile, a group of militant youths formed al Shabab, and although it, too, was associated with the coalition, it belonged to its more radical and violent fringe and started assassinating members of the TFG.

Had it not been for the United States' counterterrorism efforts, the sharia courts and al Shabab might have remained marginal. By early 2006, the TFG's inability to govern was evident; the group no longer posed a meaningful threat to the Hawiye. The defensive alliance it had struck with the Islamists and the business community quickly fizzled out. Al Shabab remained isolated, but some businesspeople and criminals were still compelled to form the Alliance for the Restoration of Peace and Counterterrorism, a pro-government group intent on capturing and deporting suspected terrorists. Public outrage over the United States' support of the group, which included several despised warlords, sparked a vicious four-month battle for the control of Mogadishu that eventually brought the Islamic Courts Union, the Hawiye-backed sharia courts, to power. The ICU's rise was the result more of happenstance than strategy, but by quickly bringing an unprecedented degree of order to Mogadishu, the movement generated nationwide enthusiasm, and the sharia-court model was soon replicated across the country. At first, Washington encouraged the TFG to negotiate with the ICU, but it stopped as soon as it understood that al Shabab was effectively operating as the ICU's military arm and was intent on enforcing a harsh version of sharia law. The ICU's policies quickly became unpopular with the public, but Ethiopia nonetheless grew nervous about having a hostile jihadist army that close and so sold to the U.S. government the notion that al Qaeda was controlling the ICU. It was a small step from there to Ethiopia's invasion of Somalia.

The move, which occurred in December 2006, with U.S. support, was a catastrophe. By then, the ICU had exhausted the Somalis' patience, and it dissolved overnight, its leaders scattering into the bush in southern Somalia or fleeing to Eritrea. Ethiopia was forced to occupy Mogadishu to prop up the unpopular TFG, and its presence ignited a complex insurgency. Rampant human rights abuses by the Ethiopian army and the TFG's forces, including the firing of mortar on hospitals

and the indiscriminate shelling of civilians, turned the population against the government and its patron, the United States. Washington aggravated the outrage by dropping bombs on terrorist targets and thereby allegedly killing scores of civilians. Jihadists from the Middle East, sensing an unprecedented opportunity to find a foothold in the shifting sands of Somalia's conflict, poured resources into the hands of al Shabab. It recruited a host of angry, desperate young fighters. Experienced terrorists arrived from Yemen, Saudi Arabia, Afghanistan—even Malaysia—and brought with them suicide bombings and sophisticated tactics such as remote-controlled detonations. By the time the Ethiopian forces withdrew in early 2009, al Shabab's influence had spread throughout southern Somalia.

Under the Bush administration, Somalia became a front in the war on terrorism. A messy decades-long conflict was recast as an ideological battle between secular democracy and Islam, between "moderates" and "extremists"—blunt categories that blurred important differences in ideologies and tactics. This oversimplification has both severely undermined the capacity of U.S. and other international representatives to relate to the Somali public and allowed al Shabab to unify an otherwise diverse array of actors into a motivated armed opposition.

NEITHER NOR

There are now two dominant camps in Somalia, the vocally pro-Western TFG and the vocally radical al Shabab. Although they seem diametrically opposed, both are alliances of fortune, and the line between them is thinner than is often believed. Both are mostly driven by clannish and economic interests that often trump ideology in determining allegiances. Yet many experts and diplomats, including Secretary of State Clinton, make much of the groups' differences and argue that the TFG is Somalia's "best chance" for peace, a label that has been attached to every Somali government since 2000. The current optimism centers on the designation of a new president, Sheik Sharif Sheik Ahmed, a Muslim cleric who had been vilified by the State Department when he chaired the ICU but was conveniently resurrected as a peacemaker in late 2008, in the run-up to Ethiopia's withdrawal from Somalia. Sheik Sharif has attempted to position the revamped

TFG as a moderate Islamist government, primarily by promising to implement sharia law. But his willingness to engage with Ethiopia and the West has hampered his efforts. The TFG has been categorically rejected as a proxy of the West by the bulk of Somalia's armed political opposition, and although it has won some hearts and minds, it has failed to generate much grass-roots support. The TFG's paramilitary forces—a ragtag cluster of groups beholden to various warlords with posts in the government—are a shambles. Even though the United States and its allies have tried to prop up these underpaid forces with ammunition and training, they, as well as members of the TFG and foreign peacekeepers, have been accused of selling munitions to al Shabab for profit—a claim that seems to be substantiated by the precipitous drop in munitions prices on Mogadishu's black market. Except among hard-liners in al Shabab, loyalty is in short supply.

Al Shabab is a brutal local political movement, but not a transnational terrorist group that threatens U.S. national security.

Even if the TFG were able to control more territory, this would serve little good: the government is simply incapable of governing. The parliament has swollen to an unwieldy 550 members. Most of its members reside safely outside the country, and the remainder are paralyzed by factionalism and infighting; just getting a parliamentary quorum in Mogadishu requires Herculean support from the UN. The ad hoc addition of Sheik Sharif's Islamist faction to the TFG's clan-based structure, and the parliament's promise to implement some still unspecified form of sharia law, has turned the TFG into a muddle of Islamist and democratic ideologies. The government's only real value is to provide a legitimating façade for the international community's opposition to al Shabab.

This opposition largely takes the form of the African Union's mission to Somalia, known as AMISOM. But so far, this effort has been as ineffective as previous international interventions in Somalia. With support from Washington and the United Nations, the AU is desperately trying to increase AMISOM's contingent from 5,000 troops to 8,000 and is arguing that these forces should be free to launch preemptive attacks on al Shabab. In August, Secretary of State Clinton

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New Independent Task Force Report

"The stakes are too high to fail."
—Introduction

U.S. Immigration Policy

Jeb Bush and Thomas F. McLarty III, *Chairs*
Edward Alden, *Project Director*

Few issues on the U.S. political agenda are more complex or divisive than immigration. While America has reaped tremendous benefits from opening its doors to immigrants—as well as students, skilled employees, and others living in the country for shorter periods of time—the United States' inability to develop and enforce a workable system of immigration laws threatens to undermine those achievments. This Independent Task Force report, chaired by former Florida governor Jeb Bush and former chief of staff during the Clinton administration Thomas F. "Mack" McLarty III, makes concrete, realistic recommendations for reforms that better serve America's national interests.

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promised to help the AU increase its supplies of munitions to the TFG forces. Like the Ethiopian forces that came before it, AMISOM is widely viewed as a combatant in the conflict and has been accused by the local press and some clan leaders of firing indiscriminately on civilians. Both al Shabab and legitimate authorities among the clans and Mogadishu's local clerics council have called for ousting the troops. Under these circumstances, bolstering the AMISOM contingent is a fool's errand. At the height of its occupation of Mogadishu in 2008, the 15,000 forces led by the Ethiopian army made no headway against the al Shabab–led insurgency. A decisive military response against today's more powerful and better-organized radical camp would require far more troops than AMISOM or the TFG could ever muster.

That said, the radical camp is in no better shape than the TFG. Based in the port city of Kismaayo, it is an awkward coalition of opportunistic clan factions, fundamentalist nationalists, and a few vocal al Qaeda supporters who are committed to the Salafi strand of Islam, control substantial resources sent from the Middle East, and have capitalized on the international hysteria surrounding terrorism. Al Shabab's hold on power, especially its purported control over territory, is weak. Although it holds sway over much of the country's southern half (except for the central districts of Galgaduud and Hiiraan), it does not govern so much as occupy territory through a mixture of public relations, manipulation of local clan conflicts, and outright intimidation. At the approach of a hostile militia, al Shabab often melts into the bush and keeps away until reinforcements arrive. Its blunt efforts to impose sharia law have irritated clans across the country, as have its attempts to ignite local conflicts. Its meddling in Galgaduud, for example, prompted warring Hawiye subclans there to form a counterforce of local clans and business factions. This alliance is often described as a moderate Islamist movement because it has adopted the banner of Ahlu Sunnah Wal Jama (ASWJ), an apolitical, nonmilitary organization that represents the practice of Sufi mysticism. Thanks to the group's heavy reliance on financial and logistic support from the Ethiopian army, al Shabab has already managed to depict it as another proxy of the West.

As al Shabab has gained ground, it has attracted opportunists and consequently has fractured along both ideological and clan lines. The

inclusion of more pragmatic, nationalist factions, such as Hizbul Islam, itself an alliance of convenience, led by Sheik Hassan Dahir Aweys, has challenged the dominance of the radical leaders. Sheik Aweys is a wanted terrorist suspect, but he is distinctly less radical than his counterparts in Kismaayo. He has periodically appeared open to negotiation with the TFG. Al Shabab may be a brutal local political movement, in other words, but it is not a transnational terrorist organization that might one day pose a serious threat to U.S. national security. It has stirred only a few hundred true fanatics—not thousands—and attracted many more thugs, mostly teenage boys. The disturbing acts of violence that have dominated media reports, including beheadings and amputations and the pulling of gold fillings from the teeth of ordinary Somalis, are often committed by illiterate children rather than radical leaders. There has been little reporting in the West of the fact that a wide majority of al Shabab factions have actively cooperated with international humanitarian relief efforts—if only for a fee—and that many of them have publicly condemned terrorist activities and banditry.

The presence of al Qaeda operatives in al Shabab's ranks is indeed alarming, but it is as much a tactical arrangement as an ideological alignment. And the utility for al Shabab of having foreign jihadists fighting by its side will decrease as doing so begins to impede the group's hopes of governing Somalia: many Somalis condemn the presence of foreign fighters in the country on the grounds that they are bound to promote non-Somali values or act like brutal colonizers. Unless the outsiders learn to adopt nonviolent Sufi Islamic practices, their involvement will not last. Sheik Muktar Robow, the former spokesperson of al Shabab and once a backer of al Qaeda, has publicly argued this point. And in fact, differences of opinion have developed between the radicals in Kismaayo and their Hizbul Islam hosts.

The tenuous nature of these alliances means there is no clear horse on which the U.S. government can bet. Both the TFG and al Shabab have backers among Somalis, but neither can count on a critical mass. The ostensibly moderate ASWJ has local supporters, but its factionalism and its dependence on Ethiopia are likely to undermine its capacity to generate a national constituency. No doubt this is a problem for the advocates of state building, who were counting on the TFG to be

the solution to anarchy. But the weakness of all the parties is also something of a blessing: it means that al Shabab is less powerful than is often feared. The implications of this are clear. With no side capable of keeping the peace if it wins the war, the U.S. government, as well as the rest of the international community, should not focus its efforts on backing any one group. It should also forget about grand political projects to create a central government authority, which are likely to be futile.

PARSING THE PLAYERS

BACKING OFF this way entails risks, including the possibility that al Shabab will cement, if only temporarily, its hold on southern Somalia. But this is the only way to ensure that the growing tensions within al Shabab and the latent tensions between al Shabab and al Qaeda will play out. Exploiting these tensions is the most reliable and cost-effective means of fighting terrorism in Somalia.

It will be impossible to isolate the truly dangerous elements from the nationalist, the pragmatic, and the merely thuggish factions of al Shabab until the United States stops supporting one group over another and disconnects local conflicts in Somalia from broader counterterrorism efforts. Washington's first step, after abandoning what has been its policy for years now, should be to learn to coexist with al Shabab: since the movement is a coalition of fortune, it is susceptible to realignment under the right conditions, and the quickest method of creating those conditions is to open the door to coexistence with the West. Removing al Shabab from the U.S. government's list of terrorist organizations may be too controversial politically in the United States, but it might be possible to delist specific individuals. For example, Sheik Aweys, whose ambitions of becoming a mainstream national leader have been undermined by his status as a terrorist, has reportedly expressed a keen desire to be taken off the list. Granting his wish could induce him to condemn the imposition of a foreign Salafi agenda on Somalia and to delink the Hizbul Islam movement from al Shabab. The same may be true of the many other opportunistic actors who have aligned with the al Shabab leadership in order to resist Western influence in Somalia or simply to survive.

It is in the United States' interest to learn to distinguish these actors from its real enemies. But that would mean not taking all pro–al Shabab rhetoric at face value and tolerating uncertainty while the local struggle for influence plays out, town by town. Being patient now would not foreclose the possibility of a military intervention later, but it would reduce the likelihood that such an effort would be needed.

Isolating the truly dangerous factions of al Shabab would also require addressing legitimate local grievances. A plurality of important Somali actors—al Shabab, Hizbul Islam, Mogadishu's local clerics council, and the Hawiye leadership—want the foreign troops to leave and foreign governments to interfere less in Somalia's political affairs. This may be too much for the United States and its allies to concede: they want to keep AMISOM in Mogadishu to monitor the situation there, prevent the TFG's collapse, and support international humanitarian relief efforts. But a compromise may be possible. Washington could urge the AU and the UN to either disband the TFG or—perhaps a more palatable option—relocate it outside Somalia. The AU could then negotiate for AMISOM to remain on the condition that it only deliver humanitarian relief. If AMISOM's mandate is so redefined, its presence should no longer be as controversial. And as long as the force stays in Mogadishu—and retains its control over the airport and the port—the TFG's removal would not seem like an admission of defeat: the international community could still defend itself against the charge that al Shabab overtook the capital. Such a decisive shift from Washington's current interventionist strategy could help undo the harm caused by past U.S. policy and set the stage for more constructive engagement down the line.

GRASS ROOTS VERSUS ASTROTURF

AT SOME later point, when the anti-U.S. sentiment has subsided, it will indeed be desirable for Washington to try to address the deeper causes of anarchy in Somalia. But it will have to be extremely mindful not to revive past prescriptions, including the idea of finding and supporting national political figures in Somalia. Somalia's leaders, including Sheik Sharif and Sheik Aweys, have limited constituencies

and lack credibility across clan and regional lines. The U.S. government should maintain a neutral posture toward clan leaders and warlords alike while also being careful not to empower them and trigger rivalries. It should refrain from trying to achieve an equitable balance of power among Somalia's fractious clans. So far, that approach has succeeded only in creating a very large and very paralyzed government.

Given the shortage of viable national leaders, bottom-up governance strategies might appear to be a solution to Somalia's messy, perpetually shifting decentralized politics. For instance, the experience of the ICU, which brought unparalleled stability to an unruly Mogadishu almost overnight in 2006, is instructive. Its ideology may have been distasteful, but its tenure did amount to a kind of inclusive and homegrown rule-of-law project: administered by religious leaders, supervised by the clans, underwritten by Mogadishu's business community, and ardently embraced by the public. The ICU's rise was the result of an exceptional confluence of trends that would be difficult to replicate: the growing influence of local sharia courts as a source of law and order, the business community's willingness to invest in promoting public security, a clan-based backlash against international efforts to back the TFG and then the Alliance for the Restoration of Peace and Counterterrorism, and the population's readiness for peace. And its tenure was short; proving too inclusive for its own good, the ICU was quickly co-opted by al Shabab. Nonetheless, the ICU's stint in power is proof that effective governance can emerge rapidly in Somalia when the conditions are right. Such arrangements, although admittedly fragile, have emerged in the northern regions of Somaliland and Puntland. The best of them depend on local, rather than international, resources to deliver economic growth and other concrete benefits to the public and respect relations among clan and religious leaders, business groups, and civil society.

These arrangements stand in marked contrast to another kind of bottom-up approach, the so-called building blocks strategy favored by the UN during the 1990s. In theory, that approach is intended to empower local actors, but in practice, its focus on appointing officials and building professionalized institutions tends to make it so prescriptive as to leave little room for local innovations. It is a bottom-up approach with all the drawbacks of a top-down approach: it breeds

conflicts over representation, diverts resources into futile capacity-building projects, and creates clunky administrative structures that local tax revenues cannot support.

Rather than endorsing this pseudo-grass-roots approach or formally promoting models of governance, the U.S. government should support cooperative, community-based development efforts. Development can, and ultimately will, lay the foundation for equitable, sustainable political reform in Somalia. Local reconciliation efforts driven by the practical need to manage various clans' access to water and grazing land have been very successful, most spectacularly in the conflict-ridden town of Gaalkacyo. The need to renegotiate and enforce arrangements over water and land has provided regular opportunities for dialogue and compromise. The Hawiye and Darod clans of Gaalkacyo have also leveraged these negotiations into broader cooperation, for example, creating a joint security force and primary schools attended by both clans. Before the Ethiopian invasion in late 2006, such deals had significantly reduced instability across Somalia. Likewise, local nongovernmental organizations, notably the women's group SAACID, have been experimenting with cross-community development projects—ranging from food relief to citywide garbage collection—with outstanding results. The programs are designed and organized in open meetings, and the distribution of benefits is conditional on active cross-clan cooperation.

The United States should promote development in Somalia without regard to governance.

Somali actors are generally responsive to economic incentives. Most combatants are freelancers who have been forced to join militias out of economic need; in fact, they are often stigmatized as bandits for making such a move. In order to give them options other than employment with militias, the United States should promote targeted local development initiatives, such as a decentralized microcredit scheme that would engage both the Somali diaspora worldwide and existing local authorities. So long as these projects steer clear of governance reform, they might encourage the public to pressure local Islamists into distancing themselves from radical anti-Western actors.

Somali communities already rely on indigenous trust-based credit-sharing mechanisms, known as *hagbed*, and Somalia receives approximately $1 billion in remittances each year, mostly from the United States and the Middle East. Most of these funds are spent to meet individual needs, such as food and health care, but if even a fraction were harnessed for use in broader community-development projects, the money could stimulate local enterprise. That, in turn, would support efforts by community leaders to provide Somali youths with alternatives to employment with the militias. Washington should engage its international partners to create a microcredit and community-development fund that would raise contributions from the Somali diaspora and match them one to one. For example, a member of the diaspora could be convinced to contribute $5 of every $200 he would normally send to his family back home to a community-development fund instead, and that amount would then be matched, dollar for dollar, by the international community.

The Somali diaspora is widely dispersed, living in large concentrations in the United States (especially in Minnesota and Washington, D.C.), Canada, Norway, and Yemen. It is generally fractured along clan lines,

which has made it difficult to mobilize in support of governance and development efforts in Somalia. Moreover, Somalis will not allow their contributions to disappear into a national fund. These problems could be overcome by soliciting and tracking contributions through the use of Web 2.0 technologies, such as blogs and networking sites, which are already extremely popular among diaspora communities, and by ensuring that contributions go to specific villages or neighborhoods. Communities in Somalia could set up local development councils to solicit contributions and oversee their distribution. All transactions could be tracked on a Web site. To further ensure transparency, the selection of council members should be announced online and orally, at regular community meetings, and be subjected to vetting by the public. The selection of credit recipients should also be transparent, and it should be organized on a first-come, first-served basis and be monitored by local nongovernmental organizations or professional contractors. Dispersing the funds through the *hawala* system, the informal and trust-based means by which Somalis traditionally transfer money, would allow the accounts to be administered remotely from a single location in the United States or Europe. This practice, which has often been unjustly hampered by the West's investigation into the funding of terrorist networks, would send an important political message of reconciliation to the Somalis. These local development councils might eventually be linked and federalized to promote trade across Somalia and thus promote the development of infrastructure and a regulatory framework. This, in turn, could make a viable basis for the creation of formal national governance mechanisms in Somalia.

But first things first. For now, the United States should commit itself to a strategy that promotes development without regard to governance. At the same time, it will have to continue its counterterrorism efforts, although preferably in the form of monitoring and deradicalization strategies pursued in cooperation with the local population rather than air strikes. And it must learn to understand the value of relationships that local rivals build in pursuit of common economic goals. Encouraging development without promoting governance may not yield political outcomes that are palatable to Washington—or even ensure stability in Somalia. But given the near certainty that more assertive efforts will backfire, as they have in the past, it is the only safe way to proceed.

Changing North Korea

An Information Campaign Can Beat the Regime

Andrei Lankov

North Korea, a small country with no economic potential to speak of, has for two decades been a major irritant to the international community. Its nuclear weapons program puts the international nonproliferation regime at risk and threatens to provide assorted rogue states and terrorist groups with the nuclear technology they have long sought. In April, Pyongyang conducted a missile test, and a nuclear test followed in May. In July, however, Kim Jong Il signaled a readiness to talk by inviting former U.S. President Bill Clinton to visit Pyongyang and retrieve two American journalists detained in North Korea since March. Still, this dramatic event was no indication that North Korea is planning to give up its nuclear program.

In considering the North Korean nuclear question, U.S. policymakers and experts typically fall into two camps. The optimists believe that negotiating with Pyongyang will set North Korea on the path of Chinese-style political and economic reforms, help it become a "normal state," and convince it to abandon its nuclear ambitions. The pessimists insist that only relentless pressure will cause Pyongyang to denuclearize. The optimists (such as Christopher Hill, who once led U.S. negotiations with North Korea and is now ambassador to Iraq) favor talks and compromise. The pessimists (such as John Bolton, former U.S. ambassador to the United Nations) prefer coercive sanctions. Pyongyang's recent

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provocations seem to confirm the pessimists' view for now, but at other times the optimists have seemed vindicated, and the pendulum has swung back and forth frequently over the years. In any event, neither camp's approach is likely to work.

The optimists' position rests on two false hopes: that Pyongyang, like Beijing in the late 1970s, might oversee a process of economic reform and that, with patience and goodwill, the international community can convince it to abandon its nuclear program. But Kim and his entourage believe that Chinese-style reforms are not a viable option—and they are probably correct. Market reforms in North Korea would require relaxing domestic surveillance and would spread information about South Korea's prosperity. Because North Koreans would be exposed to the much higher standard of living enjoyed by their neighbors, a kindred people who speak the same language, they would start to question Pyongyang's legitimacy. So major reforms would more likely push North Korea the way of East Germany in the 1980s—namely, toward collapse—than the way of China's economic boom. It is neither paranoid nor irrational, then, for Pyongyang to resist change and maintain its Stalinist institutions and policies.

Pyongyang cannot do away with its weapons programs. It would lose a powerful military deterrent and a time-tested tool of extortion.

Because the economic system it strives to preserve is inherently inefficient, Pyongyang is dependent on aid from the outside world. But in order to retain his lock on power, Kim prefers that aid to come with as few conditions as possible—hence, his nuclear and missile programs, which make North Korea an international threat that great powers seek to mollify with billions in aid.

Pyongyang cannot do away with these programs. That would mean losing both a powerful military deterrent and a time-tested tool of extortion. It would also relegate North Korea to being a third-rate country, on a par with Mozambique or Uganda. This is the reason that Pyongyang has rejected South Korea's "Vision 3000" plan, which proposed raising North Korea's per capita GDP (currently estimated at between $500 and $1,700) to $3,000 through a generous aid and investment program—on the condition that Pyongyang denuclearize.

That condition—along with the various connections to the South that such investment would inevitably create—seemed to Pyongyang more threatening than enabling. For 15 years, North Korea's leaders have deftly stuck to a single strategy: start negotiations, squeeze aid out of the international community by making incremental concessions (while trying to cheat), and then walk away from the talks and stage a provocation or two—only to return in exchange for more payoffs.

The pessimists correctly recognize this pattern, but they, too, hold an unrealistic belief: that external coercion can be effective. The idea of a military invasion is a nonstarter except perhaps in the very unlikely event that North Korea is shown to have transferred fissile material to terrorists. Sanctions, meanwhile, can be effective only if they are supported and enforced by all major states—especially China and Russia, with which North Korea conducts slightly more than half of its external trade. This is not going to happen, however, if only because Beijing and Moscow are far more worried about North Korea's potential instability than its acquisition of nuclear weapons. The Chinese and the Russians do not believe that Pyongyang would attack them. To them, North Korea's nuclear program is merely an indirect threat. To be sure, the approach of Chinese and Russian diplomats might elicit anger from their more concerned U.S. and Japanese counterparts. But this seems to them far less troublesome than the prospect of a North Korean collapse, which would send refugees, arms, and perhaps even fissile material into neighboring states.

Notwithstanding China and Russia, some have argued for shrinking Kim's coffers by imposing financial sanctions on foreign banks that do business with his regime. But even severe financial pressure would be unlikely to create serious political stress. A shortage of luxury goods would not lead North Korean elites to challenge Kim, for they understand that to generate any instability is to risk toppling the whole system and therefore losing their own status and comforts. Such elites would be willing to accept a less luxurious lifestyle for a while. The main victims of financial sanctions would be ordinary North Koreans, whose suffering has not hurt the regime historically. Even after three to five percent of the population starved to death in the late 1990s, there were no signs of political unrest. Terrified and isolated, the North Koreans did not rebel; they died quietly.

Andrei Lankov

When it comes to dealing with North Korea, in other words, the United States and its allies have no efficient methods of coercion at their disposal. The regime is remarkably immune to outside pressure. Its leaders cannot afford change, so they will make sure their state continues to be an international threat, using nuclear blackmail as a survival tactic while their unlucky subjects endure more poverty and terror. The North Korean nuclear issue cannot be resolved in isolation; it is a part of the broader North Korean issue. And that can only be resolved with a radical transformation of the regime. Since outside pressure is ineffective, change will have to come from the North Koreans themselves. The United States and its allies can best help them by exposing them to the very attractive alternatives to their current way of life.

KIM'S WEAKENING INFORMATION MONOPOLY

This is a well-tested approach: it is, essentially, the one that allowed liberal democracies to win the Cold War. Americans sometimes credit containment with cracking the Soviet Union, but it was the West's economic prosperity and political freedom that irrevocably undermined popular support for communism. This approach might be even more efficient in the case of North Korea.

The income gap between North Korea and South Korea is much larger than the disparity that existed between the Soviet Union and the developed West in the 1960s or 1970s. Whereas North Korea's per capita income is estimated (generously) to be between $500 and $1,700, South Korea's is about $20,000. This disparity makes Pyongyang especially vulnerable because the regime bases its legitimacy not on religious grounds, as do some rogue states, but on its ability to ensure the material well-being of its subjects.

Long aware of this vulnerability, North Korean leaders have taken information control to extremes unprecedented even among communist dictatorships. Since the late 1950s, it has been a crime for a North Korean to possess a tunable radio, and all radios sold legally are set only to official broadcasts. In libraries, all nontechnical foreign publications, such as novels and books on politics and history, are placed in special sections accessible only to users with proper security clearance. Private trips overseas are exceptional, even for government officials.

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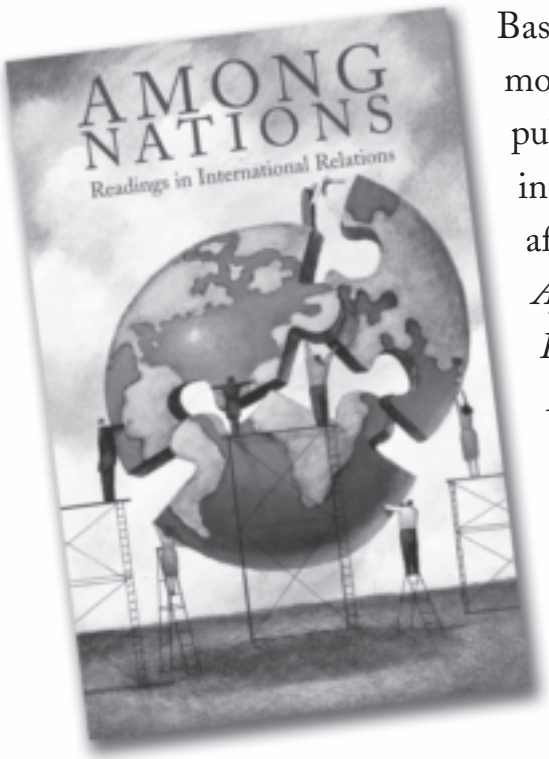

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North Korea is the world's only country without Internet access for the general public (although there is a small, growing intranet system maintained by the government). These measures seek to ensure that the public believes the official portrayal of North Korea as an island of happiness and prosperity in an ocean of suffering. (South Korea suffers "under the yoke of U.S. domination and subjugation, its sovereignty wantonly violated," reports the official North Korean news agency.) On top of this information blockade are various levels of daily surveillance. Travel beyond one's hometown requires police approval, and overnight visitors need to register with the authorities ahead of time. Changing jobs is possible only by government mandate.

But conditions have slightly improved in recent years, and North Korea is no longer the perfect Stalinist state it was under Kim Jong Il's father, Kim Il Sung, who died in 1994. Since Kim Jong Il took over in the mid-1990s and famine killed approximately two million people, the country has been more vulnerable to domestic dissent and open to outside influences. The devastation and chaos of the famine undermined the state surveillance system. Today, badly paid officials overlook prohibited activities—such as travel, smuggling, or migrant work—in exchange for bribes. There is also a booming black market for all kinds of consumer goods, as state industry became paralyzed in the 1990s following the sudden loss of Soviet economic aid. Today, 70–80 percent of the average North Korean family's income is generated through private economic activities. (The rest is still allocated by the state through elaborate rationing systems.)

Further weakening the regime's monopoly on information in recent years has been the continued influence of South Korea. A tiny but growing proportion of North Koreans have learned of South Korean prosperity thanks to smuggled South Korean consumer goods, including tunable radios and DVDs of movies and television shows. And those North Koreans who have spent time in China as illegal refugees—an estimated 500,000 since the mid-1990s—have both witnessed the impressive results of the Chinese reforms and heard of South Korean prosperity from the ethnic Koreans who populate the Chinese borderlands and from the South Koreans who travel there. Thus, rumors about foreign affluence are spreading, undermining Pyongyang's control over its population. The system is disintegrating from below, albeit slowly.

Andrei Lankov

THE POWER OF EXCHANGE

Truth is subversive in regimes built on lies and isolation. So to crack Pyongyang's control over information and bring about pressure for change from within, truth and information should be introduced into North Korean society. The U.S. government and its allies can do this through two seemingly contradictory strategies: engagement and subversion.

As the Cold War demonstrated, cultural exchanges can be effective in transferring forbidden knowledge and fostering critical thinking. The citizens of the communist bloc learned of the West's quality of life through various sources, including foreign broadcasts and smuggled dissident literature but also, crucially, from government-approved interactions. For example, when Soviet censors allowed theaters in the late 1970s to screen *White Line Fever*, an American movie about trade union activism, Soviet audiences—including myself, then a teenager—could not fail to notice that "oppressed" workers in the United States lived better than midranking party apparatchiks in the Soviet Union. Occasional encounters with Western tourists and students became topics of endless conversation. So did the stories of the select few Soviet citizens allowed to visit the West or even "fraternal countries" in the Soviet bloc where knowledge of Western life could be more easily obtained. Thus informed, the Soviet people came to conclusions that varied greatly from the official propaganda. Exchanges of this type would have the same effect on North Koreans today. Indeed, they might be even more powerful because North Koreans' major point of reference is South Korea, once a poorer part of the same country. The U.S. government should therefore spearhead initiatives that bring foreigners to North Korea and take North Koreans abroad.

Academic and student exchanges can bring young members of the North Korean intelligentsia into contact with the outside world. Away from police surveillance (and close to Internet-equipped computers), they would learn much about the true workings of the world. If dozens or hundreds of North Koreans studied subjects such as water treatment, finance, or rice agriculture in, for example, New Zealand, Poland, or Vietnam, they would inevitably be exposed to truthful information

about the world. (The United States should be careful, of course, not to expose North Koreans to technology that might be militarily valuable to their regime. Exchanges that teach about agriculture, light industry, foreign languages, economics, and medicine would be the most mutually advantageous.)

It is possible that only the scions of the North Korean elite would be allowed to participate in such programs, since the leadership seeks to benefit itself and its friends. But this would still be worth encouraging, as those involved might develop a more independent mindset and share some of their newly acquired knowledge with the less privileged back home. Because the North Korean government is reluctant to send students to the United States, Washington should encourage—and even provide financial support for—such programs in other countries. As I know from personal experience, however, diplomats in such countries are afraid of angering their U.S. ally by appearing to be soft on North Korea. Hence, a clear sign of approval from Washington is necessary.

Of course, the North Korean regime might be disinclined to support any initiative with subversive potential. But since the immediate-term beneficiaries of such initiatives

would be self-interested members, relatives, and clients of the ruling class, they would likely support opportunities for exchange and professional training even if they posed longer-term risks to the system.

The importance of encouraging North Korean rulers to support exchanges is one reason why talks with the regime are important, whether through the six-party structure or not. Although talks will not solve the nuclear issue, they can reduce the likelihood of confrontations and support an environment conducive to exchange and interaction.

Hard-liners in the United States would likely criticize exchanges as a form of "appeasement," but they would be missing the point. Although compromises may be unpalatable at times, exchanges with North Korea would ultimately weaken the regime's physical and ideological grip on the population. Engagement is necessary, but its goals should be realistic. The objective would not be to disarm North Korea's leaders or persuade them to become enlightened autocrats—no such miraculous transformation will happen in the near term. Rather, the goal would be to spread knowledge about the modern world to North Korea's common people and lower-level elites, those without a vested interest in perpetuating the brutality of the current system.

Instead of banning Pentium-class personal computers, the United States should support their spread inside North Korea.

Engagement would require making some controversial tradeoffs. Consider the Kaesong Industrial Complex, a fenced-off industrial compound outside of North Korea's second-largest city, Kaesong, several miles from the border with South Korea, where some 40,000 North Koreans work for South Korean companies, supervised by South Korean managers. This project has been criticized by some in the United States; Jay Lefkowitz, the George W. Bush administration's special envoy on human rights in North Korea, wrote that "there is ample cause for concern about worker exploitation" at Kaesong. But although the jobs there may pay meagerly according to South Korean standards, they are by far the best-paying regular employment in North Korea. And although they provide Kim's regime with some

money, they also bring a large number of North Koreans into direct contact with their cousins from the South. As these North Korean workers get to observe the South Koreans' dress and possessions and hear their conversations, they become more likely to realize the dishonesty of Pyongyang's propaganda.

DEFECTORS AND DIGITAL TOOLS

THERE ARE other ways besides open engagement to weaken the North Korean regime through the spread of information. Some were employed with great success during the Cold War, and others have become available only recently, thanks to advances in technology. As during the Cold War, radio broadcasts remain a reliable method of disseminating information. An increasing number of tunable radios are being smuggled into North Korea, and these are being used by the small fraction of North Koreans who, assured of their basic physical sustenance, are able to take an interest in politics. For this small but important minority, the United States should support radio broadcasts that provide news, history, and opinion.

North Koreans' perceptions of the world are shaped perhaps primarily by foreign videos and DVDs smuggled into the country—especially from South Korea—by profit-seeking Chinese merchants. Although often illegal, videos and DVDs are watched widely. It makes sense, then, to support the production of documentaries specifically tailored to the tastes of the North Korean audience. Such documentaries should inform North Koreans about daily social and economic life in South Korea, North Korean contemporary history (known to North Koreans only through distorted official claims), and political matters such as reunification. In addition, lighter videos and DVDs can educate North Koreans about the real world even if their chief purpose is simply to entertain.

Thanks to the digital revolution, digitized videos and books could easily be sent to and circulated among North Koreans. This represents a great advance since the era of samizdat, the Soviet underground's practice of retyping and carbon-copying banned books for secret distribution. It creates an opportunity to do something that was unthinkable during the Cold War: put entire libraries within the reach of North

Korean intellectuals and introduce them to a world of knowledge the regime has denied them for decades. The necessary environment is developing: despite a U.S. ban on the sale of Pentium-class personal computers to North Korea, more affluent North Koreans are buying such computers used from China.

Instead of continuing the current harmful restrictions, the United States should encourage the spread of computers inside North Korea. The U.S. ban has failed to advance its ostensible goal—namely, to keep computers from North Korean military engineers and government-employed hackers. Yet the ban has unintentionally inhibited the circulation of digital information among the people. This is a shame, for even without access to the Internet, computers remain a powerful tool of emancipation, thanks to flash drives, DVDs, and the like. The United States should allow—and encourage—cheaper personal computers to be sold or donated to North Korea without much hassle. Such low-market computers—which would not be of great harm even if they fell into government hands—would help create an environment in which unauthorized information spread faster and more easily.

Broadly, the U.S. government should be cultivating a political opposition and alternative elite that could one day replace the fallen Kim regime. Due to many factors, including information control and police surveillance, those few North Koreans who are politically aware hardly constitute a community of dissenting intellectuals. An increasing number of North Koreans have doubts about the system, but they remain isolated and terrified. Washington should focus, therefore, on aiding the dissident community in South Korea, where some 16,000 North Korean defectors live. Most of them are farmers from impoverished borderland provinces, but there are some young intellectuals and even a few established academics among them. The younger generation could be given internships and scholarships, including for postgraduate studies at South Korean and other universities. This would make them the first generation of modern North Korean professionals. Meanwhile, older defector-intellectuals could be connected to creative circles, periodicals, radio stations, and publishing houses. Centers promoting such connections could operate overseas but would usually be best placed in South Korea—not least because few North Korean defectors speak a language other than Korean.

Washington might have to lead such efforts because South Korean society is remarkably indifferent to the plight of the refugees. Despite regular rhetoric calling for the reunification of the Korean Peninsula, South Koreans and their leaders are ambivalent about prompting reform in the North. South Koreans fear the political risks and financial burdens associated with North Korea's implosion and seem to prefer the status quo while hoping that the North Korean problem will somehow solve itself.

IN LIEU OF QUICK FIXES

COMBINING ENGAGEMENT, information dissemination, and support for émigrés is the only way to promote change in North Korea. This approach, however, might be a hard sell to most Americans. It is likely to bring about only barely visible, incremental change—at least until the situation reaches a breaking point, which could be many years away. Granting a scholarship to a farmer's son, promoting the concert tour of a North Korean tenor, and donating funds to a small radio station run by defectors are not glamorous diplomatic initiatives. Nor will they yield the sort of demonstrable, quantifiable results sought by bureaucracies that are accountable to the public.

But the American public should recognize that there are no quick fixes to the North Korean problem. For two decades, Washington has searched for those, sometimes by way of concessions to Pyongyang, sometimes by way of threats. Both approaches have failed and—given the goals of the North Korean regime, as well as its hold on power today—would fail again and again. Only low-profile and persistent efforts aimed at promoting change from within will make a difference. North Korea is often described as the last outpost of Cold War politics. So why not seek to change that by using the policies that won the Cold War in the rest of the world?

Tokyo's Trials

Can the DPJ Change Japan?

Yoichi Funabashi

The rise to power of the Democratic Party of Japan (DPJ) after half a century of almost uninterrupted rule by the Liberal Democratic Party (LDP) could bring profound changes to Japan. One change will surely be generational: the new leaders, including Prime Minister Yukio Hatoyama, will be the first with little memory of World War II. Another could be substantive: the DPJ's stated objectives suggest significant shifts in both Japan's domestic policies and its external relations, especially with the United States and the rest of Asia. Since 2007, the DPJ had already been maintaining a majority coalition in the Diet's upper house, the House of Councilors, alongside the People's New Party and the Social Democratic Party; its August victory in the lower house, the House of Representatives, gave it full control over the government. Another win in the next House of Councilors election, which is scheduled for 2010, would further consolidate its power.

Japan now stands a better chance of becoming a two-party system, with real political competition, than at any time since 1890, when it held its first election—the first free contest anywhere in Asia. The economic crisis that has plagued Japan for two decades has allowed the DPJ to grow into a viable alternative to LDP rule; Barack Obama's campaign mantra "Yes, we can!" echoed across the Pacific. The DPJ has real potential to be different. And with its landslide victory, it enjoys the backing of a vast range of constituencies, including traditional supporters of the LDP.

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A more vibrant democracy at home would allow Japan to become a more active ally to the democracies that have constituted the liberal international order since the end of World War II. The DPJ's main vision for Japan's foreign policy, *nyua nyuou* (enter Asia, enter the West), which calls for closer ties with both the United States and Asia, could help stabilize the Asia-Pacific region. The DPJ seems more willing than the LDP to confront Japan's legacy of pre–World War II imperialism, which reassures Asian nations about the country's potential as a future partner. It is in the interest of the United States that Japan, its longtime ally, play a larger role in the Asia-Pacific region, as states in the area become less dependent on trade with the United States and increasingly uneasy about China's growing influence. This will require something of a balancing act: the DPJ wants to reinforce Japan's economic and cultural identity as an Asian nation and follow a European style of governance while maintaining strong political and military ties with the United States.

The road will be long and tortuous. Like the LDP before it, the DPJ will face both structural constraints and internal tensions, which could prove crippling on some issues, such as foreign policy. It remains to be seen if and how the DPJ will implement its declared policies. Broadly, the DPJ wants to limit the bureaucracy's control of state organs and resources. But the LDP had hoped to do the same and failed. The DPJ also proposes to overcome the false choice between favoring the United States and favoring Asia by building trust with both simultaneously. The Japanese government is in a better position than ever before to do this because the United States sees Japan's having closer ties to its neighbors as being in its own strategic interest. Nonetheless, managing good relations with the United States and China at the same time will require skillful diplomacy on the part of Tokyo.

A big test for the DPJ will be whether it can change Japan's current style of governance. Another will be whether the party can satisfy its constituencies' wish that it redistribute income at a time of serious fiscal constraints. One risk is that the DPJ will increase government expenditures without restraint, thereby endangering the country's macroeconomic health and exposing it to severe punishment from the global financial market, particularly the bond market. The DPJ has a historic opportunity to change Japanese politics. Can it live up to it?

Yoichi Funabashi

LOST DECADES

In the 1990s, the asset-inflated economy collapsed, triggering a period, now known as Japan's "lost decade," of bank failures, one percent annual growth rates, and economic stagnation. The LDP government responded with inept economic policies, disappointing the public. Another lost decade ensued. Japan's rank in per capita GDP fell from fourth in the world in 1989 to 19th in 2007. During that time, successive administrations unveiled numerous economic stimulus packages, and a seemingly endless flow of funds poured into public works projects. But this was achieved only by issuing more government bonds. As a result, Japan's outstanding balance of government bonds today amounts to 174 percent of GDP, up from 71 percent in 1989. The cause of this extended crisis was the government's failure to present a new growth strategy for the nation. Since World War II, Japan has simply been hoping that it would catch up to, and eventually overtake, the West. The asset-inflated bubble economy of the late 1980s was both the result of this strategy and a cause of its endurance.

Some features of the LDP's growth model were beneficial. For example, the lifetime employment and pension system provided by the corporate sector, the reliance on women to handle household chores and care for the elderly, and the creation of jobs through public works projects helped hold down economic disparity, foster economic growth, and increase social stability. In 1961, at the height of Japan's period of double-digit growth, the widest income gap between any two prefectures was three to one. (In China today, it is ten to one between provinces.) But with globalization and the lower growth rates of the 1990s, Japanese companies downsized, more women joined the labor market, and the government faced the twin pressures of fiscal and market discipline. Together, these changes had a deflationary impact and shrank the job market. Prime Minister Junichiro Koizumi responded by promoting a kind of structural reform. (His mantra was "Without pain, there would be no gain.") According to Hatoyama, this meant introducing unrestrained market fundamentalism and financial capitalism, which only increased the gap between the rich and the poor.

Today, Japan faces several acute problems, among them a shrinking population, the collapse of agriculture, few prospects for young adults,

and the erosion of the middle class. In 2008, people over 65 years old made up more than 20 percent of the Japanese population. In 2003, Japan's birthrate hit an all-time low of 1.29 children per woman—lower than the marker that defines countries with a "super-low birthrate"—and the number is predicted to decrease further as the women of the so-called second generation of baby boomers, born in the early 1970s, pass the age of childbearing. The percentage of the population engaged in full-time farming is dwindling, as more and more rural dwellers come to rely on the government for employment. The average age of farmers is now over 60, and in more and more villages, at least 50 percent of the population is over the age of 65. The youth are especially hard hit. With few prospects, low wages, and no job benefits, many have lost their homes and taken refuge in Internet cafés. The suicide rate, now 30,000 annually—twice that of the United States and triple that of the United Kingdom—has risen steadily for more than 11 years, and the victims are becoming younger. In virtually all sectors of society, the gaps are growing between the urban and the rural, full-time workers and part-time workers, the highly educated and the poorly educated. Japan's once proud middle-class society is now in peril, and citizens know it. In a poll conducted by the *Asahi Shimbun* newspaper this spring, respondents said that they had a more negative impression of life in Japan over the past two decades than during the prewar era, when the country was militaristic and undemocratic. The three words that best described the current era, they said, were "unrest," "stagnation," and "bleak."

The DPJ's recent rise has coincided with this low point, and the party claims to offer an alternative to the LDP's disappointing record. Although many members of the DPJ were inspired by Obama's "audacity of hope" rhetoric, they believe that a community-based European approach may fit Japan's needs and conditions better than U.S.-style politics. "The Koizumi reform [was] obviously based on the American model," Sakihito Ozawa, a House representative and one of Hatoyama's lieutenants, told me. "The DPJ instead wants to model its inspiration after Scandinavia. The central issues are child rearing, nursing care, education, the environment, and the decentralization of power." Hatoyama has long advocated empowering local governments by transferring some of the central government's authority, specifically

its budgeting power, to them. The idea is that Japan should stop copying the American model and be more autonomous in defining itself. This notion has become all the more compelling since the global economic crisis sparked by the United States' economic troubles last fall.

In order to succeed, however, the DPJ's strategy will have to redistribute income to the needy and the working poor and broaden opportunities for long-term employment and future growth. The DPJ could do this by making the Japanese economy greener and reforming the health industry, for example. Yet so far, it has not mapped out dynamic growth strategies for either move. During the 2009 election for the House of Representatives, the party proposed a support system for commercial farming households through which the government would cover much of the difference between the production costs and market prices for agricultural and livestock products. It has proposed giving families a monthly allowance of about $275 for each child below high-school age. It has advocated revitalizing local economies by eliminating highway tolls and thereby lowering the costs of transporting goods. And it has called for paying allowances to nonregular workers who undergo job training. The DPJ's policy prescriptions are long on how to distribute income and short on how to generate it in the first place.

The DJP has real potential to bring change, but the road will be long and tortuous.

The DPJ hopes to tackle issues that fell through the cracks under the LDP. For example, it has proposed a bill that would allow women to keep their maiden names when they get married, and it has offered to provide more support for nonprofit organizations by expanding tax deductions for donations, simplifying the procedure by which organizations can become eligible for such benefits, and reducing the time it takes to screen applicants. The DPJ's vision seems to be more open, varied, and accommodating to citizen participation than the LDP's.

It also is far more ambitious. For example, the party is proposing to reduce Japan's carbon emissions from 1990 levels by 25 percent by 2020—compared with the LDP's proposed eight percent. This will most certainly prompt a clash between the DPJ and Nippon Keidanren, Japan's conservative big-business lobby, which is determined to oppose

the DPJ's cap-and-trade policy. The test for the DPJ is whether it can translate its grand ideas into actionable policies and develop a solid growth strategy for the country.

PARTY LIKE IT'S 1998

THE DPJ was formed in 1998 after disaffected LDP members joined a small group of Socialists and reformists who had united a few years earlier. Although the party is only a decade old, it has changed presidents on several occasions—evidence of a bumpy start. Prime Minister Hatoyama holds a Ph.D. in engineering from Stanford University and counts as a major influence Aurelio Peccei, the Italian industrialist and founder of the Club of Rome, which in 1972 published a report predicting that economic growth would reach its limits within a century. He is also a political prince, a grandson of former Prime Minister Ichiro Hatoyama, who is best known for normalizing relations with the Soviet Union and winning Japan's admission into the United Nations in 1956. Yukio Hatoyama now leads a troika that includes Foreign Minister Katsuya Okada, formerly an official at the Ministry of International Trade and Industry (now the Ministry of Economy, Trade, and Industry) and a formidable policy wonk, and Naoto Kan, the head of the newly established National Strategy Bureau and an activist in Japan's emerging civil society in the 1970s.

Hatoyama's biggest rival within the DPJ is likely to be Ichiro Ozawa, the party's new general secretary and the main architect of the party's victory. Ozawa, a longtime kingmaker—and king breaker—has the potential to be a "Dick Cheney in the new administration," as one American observer of Japanese politics quipped in late August. While president of the DPJ, in 2006–9, he was known for his old-school pork-barrel politics, and under his leadership, the DPJ attacked the LDP government for the widening income gap caused by Koizumi's reforms. Now, as the DPJ's chief campaign officer, Ozawa can shape the party's direction as it prepares for elections in the upper house in the summer of 2010.

Despite a general consensus within the DPJ, the party's heavyweights hold diverging views on some important matters. The DPJ is deeply divided over Japan's constitution, for example. Hatoyama

firmly believes that it should be revised, and in a 2005 book he called for amending Article 9, which prohibits the country's remilitarization. Although many DPJ members agree with Hatoyama, labor unions and the former socialist group are strong dissenters.

Meanwhile, on issues that garner a consensus within the DPJ, the party's views may be more similar to the LDP's than voters realize. Issues such as support for farmers and for child rearing highlight the similarities between the two parties. Both have agreed to increase funding for those areas, and both realize that given Japan's huge public debt, such funding will require increasing the sales tax. Fearing the unpopularity of such a measure, both were playing a game of fiscal hide-and-seek during the campaign: the LDP said that it would not raise the tax over the next three years, and the DPJ said that it would not raise it over the next four years.

Likewise, the two parties' bases are more similar than it might appear at first. The DPJ is more socially and ideologically diverse than the LDP, being neither class-based nor ideologically or religiously oriented. The DPJ's supporters have typically been city dwellers and labor unions, whereas the LDP's have traditionally been rural groups, the elderly, and big business. (In 2007, for example, Nippon Keidanren contributed over $30 million to the LDP, compared to roughly $850,000 to the DPJ.) But the DPJ also enjoys a number of supporters in the business world, especially in the information technology industries. And recently, the parties' bases have been shifting. The elderly, who have traditionally supported the LDP, largely abandoned the party in the 2007 election for the House of Councilors in retaliation for a series of pension scandals. Even among trade associations, agricultural cooperatives, medical associations, and general contractors, all longtime backers of the LDP, there has been a strong shift toward the DPJ. Some voters have been feeling neglected by the LDP, and others have simply jumped on the DPJ bandwagon; whatever the reason for this, the result is that Japan's conservative base is breaking up. The solidly conservative slice of the electorate now expects two parties to compete for its endorsement.

Some DPJ members continue to stress the party's liberal and pluralistic vision for Japanese society, as expressed in the party's 2005 manifesto. But others think of it as a conservative alternative to the LDP and embrace the more staid tenor of the party's 2009 manifesto.

Although the identity of the DPJ is still unclear, it is fair to expect that as it increasingly tries to reflect the more diversified interests of the Japanese people, it will become a more liberal, center-left party.

SINS OF AMBITION

IN THE meantime, however, the DPJ's ill-defined nature makes its platform, especially regarding foreign policy, vulnerable to confusion. The DPJ's foreign policy program reflects Japan's desire for a new identity in the twenty-first century. But its proposals about how to achieve that vision are vague, and the party is divided over implementation. Many conflicting views within the party, including those of socialist pacifists, were ignored for the sake of the election. Perhaps to present a united front, only five of the 55 sections in the DPJ's election manifesto concerned foreign policy, and most of those contained only vague proposals. The DPJ's vision for how to build an institutional architecture for East Asia is ambiguous. How does the party hope to involve the United States in this community? Will Japan's traditional endorsement of "open regionalism," a call for integration in the Asia-Pacific region enshrined in the principles of the Asia-Pacific Economic Cooperation, hold? The DPJ's manifesto states that "North Korea must not be permitted to possess nuclear weapons" but offers no specific policy for denuclearizing it. Just before the election, a former Bush administration official referred to the foreign policy positions expressed in the DPJ's manifesto as being "all mood music." Having long defined its proposals in opposition to the policies of the ruling party, the DPJ has developed a foreign policy platform that excludes many opinions within the party and yet is difficult to pin down.

Paradoxically, given that vagueness and the DPJ's lack of confidence in its policymaking ability, the party often gets bogged down in constitutional and treaty-related discussions. One example is Ichiro Ozawa's controversial argument that Japan's Self-Defense Forces should engage in combat operations authorized by United Nations resolutions. This would seem to contradict Article 9 of Japan's constitution, which declares that "the Japanese people forever renounce war as a sovereign right of the nation," but Ozawa has justified his position by staunchly opposing Japan's involvement in non-UN operations. Following this

line of reasoning, the DPJ has in recent years opposed helping the U.S.-led coalition forces in Afghanistan refuel in the Indian Ocean. The party has also questioned the wisdom of dispatching Japan's Maritime Self-Defense Forces on antipiracy missions off the coast of Somalia, arguing that any such decision requires prior approval from the Diet. (It preferred to send the Coast Guard, a civilian and therefore arguably pacifist organization.) Yet when the general election was coming to a close in late August, the party started softening its stance. It now claims, for example, that it will accept the Maritime Self-Defense Forces' participation in the Indian Ocean refueling missions—at least until next January, when the law allowing Japanese vessels to assist the ships of countries involved in antiterrorism efforts is due to expire.

The DPJ has also opened itself up to criticism regarding its policies toward the United States. During the campaign, it advocated building a close and equal U.S.-Japanese alliance while developing an autonomous foreign policy strategy for Japan. But it did not define what either would entail. It has called for revising the 1960 U.S.-Japanese status-of-forces agreement but has yet to explain how. Ozawa has said that U.S. military bases in Japan are unnecessary and that the presence of the U.S. Navy's Seventh Fleet is sufficient to protect both the United States' and Japan's interests. He told reporters in February 2009, "We are depending too heavily on the U.S., which is why we are so obedient to the wishes of America. If Japan would make up its mind about itself, there would be no need for the U.S. to have its forces on the front lines in Japan." Hatoyama, for his part, has argued that the presence of the U.S. military is only necessary in times of emergency. But North Korea's nuclear tests earlier this year have tempered such calls for reform. In his first conversation with Obama, on September 3, Hatoyama stated his commitment to "build[ing] constructive, future-oriented relations with the Japan-U.S. alliance as the cornerstone."

Still, the DPJ wants closer relations with other Asian countries. Hatoyama has argued for establishing a regional currency union in East Asia, arguing that it is time to get past the Bretton Woods system. Ozawa has long supported the Chinese-Japanese strategic partnership, and the Chinese leadership has responded well to his overtures: every time Ozawa visits China, he meets with President

Hu Jintao. The DPJ is also interested in tightening relations with South Korea, the first country Hatoyama visited after becoming party president in the spring. South Korean President Lee Myung-bak was the first head of state to congratulate Hatoyama for the DPJ's victory this summer.

To improve Japan's relations with its neighbors, the DPJ believes in being transparent about the legacy of the country's imperialism in the first half of the twentieth century. The party has criticized former Prime Minister Koizumi's visits to the Yasukuni Shrine, which honors Japan's fallen soldiers—including several Class A war criminals—and has proposed the construction of a new, secular memorial. Such moves have drawn praise from other Asian nations.

On many other foreign policy questions, the DPJ is at once ambitious and vague. It supports free trade: it has announced plans to conclude talks on a free-trade agreement with South Korea and has promoted a similar agreement between Japan and the United States. But it is unclear how the party plans to push such agreements through, especially given the considerable resistance of farming groups. The DPJ also claims to be interested in protecting the environment, helping poor nations develop, building peace in failing states, and promoting nuclear disarmament—all issues that were pushed to the side under Koizumi. More than the LDP, the DPJ is looking to increase cooperation with nongovernmental organizations. Japan's new government is likely to pursue, as high priorities, policies to stem climate change and nuclear proliferation and to promote development and peace building in vulnerable states such as Afghanistan. All of this confirms Japan's postwar policy of reengaging with the world in order to become a global civilian power.

The DJP is proposing an especially ambitious agenda in a time of especially meager means.

This is an especially ambitious agenda in a time of especially meager means. Japan has become dangerously marginalized diplomatically. It will soon be replaced by China as the world's second-largest economy. People are afraid that the U.S.-Japanese relationship is becoming less important even as the relationship between the United States and China is growing stronger. Meanwhile, partly because of the threat

posed by North Korea's nuclear program, the Japanese feel increasingly isolated. If the party is serious about overcoming Japan's loss of diplomatic influence, it will have to regain its confidence, revitalize the Japanese economy, and demonstrate to the public that its "enter Asia, enter the West" strategy is viable. But first, it will have to fully engage in an internal debate about how exactly to go about these tasks.

WASTE MANAGEMENT

The DPJ's motto going into the 2009 summer election was "Big cleaning of the government." Since it was founded a decade ago, the party has consistently criticized bureaucratic control of the state. It has called for a Meiji Restoration in reverse, referring to the mid-nineteenth-century movement that destroyed shogunate feudalism through a top-down overhaul of the existing bureaucracy. The DPJ wants to bring about change through grass-roots reform.

To that end, it is calling for three important changes to the current system. First, it wants to reinforce the authority of the prime minister's office. The Japanese constitution designates the cabinet as the supreme executive body responsible for submitting bills and preparing budgets and the Diet as the state's sole lawmaking organ. In reality, however, bureaucrats and powerful members of the Diet make most policies. This is the reason that the DPJ wants to restore decision-making power to the prime minister and the cabinet. It has already created a National Strategy Bureau in the cabinet, and it hopes to place 100 or more Diet members in government posts, which would allow greater coordination between the government and the party. Second, the DPJ is calling for decentralizing national power and giving more authority to local governments—what it calls "regional sovereignty." It therefore recommends greatly increasing the funds under the independent control of local governments. But it has not clearly stated how taxes should be distributed between the central and the local governments. If these decentralization efforts come to fruition—and this is a big if—they could fundamentally transform the structure of the national government's bureaucracy and enormously strengthen the DPJ's clout with local governments. Third, the DPJ wants to increase citizen participation in the government in order to end the bureaucrats' monopoly over

domestic policymaking. By all accounts, the bureaucrats will resist this Meiji Restoration from below. Thus, the DPJ's first big hurdle will be passing its budget bill for fiscal year 2010.

The DPJ will have to avoid various pitfalls. It must resist favoring policies that cater to the public. The DPJ has a reputation for speaking boldly about cutting waste in government to pay for new initiatives. But these savings are unlikely to make up for new expenditures, and the global financial market will severely test Japan's fiscal health in the years ahead. Once in government, the DPJ's leaders might find themselves more ready to accommodate the bureaucrats than they had thought. And before they know it, they could become as beholden to the bureaucracy as the LDP was—and then find themselves unpopular with the voters who elected them on the strength of their reform agenda. Another danger is that the DPJ will embrace a more nationalist stance if the LDP starts doing so, as it might, in order to revitalize itself after its loss in the August election.

Before this summer's watershed vote, the only time since World War II that Japan was not run by the LDP was during the maverick Morihiro Hosokawa's brief tenure as prime minister, from late 1993 to early 1994. Hosokawa's biggest mistake was rising to power by advocating political reform but then, once in office, following traditional policies for fear that voters were not ready for real change. In fact, the Japanese needed and wanted change then. And they do now. The DPJ must not repeat Hosokawa's mistake. It must display strong and innovative leadership and provide a genuine alternative to the LDP's rule.

Turkey's Transformers

The AKP Sees Big

Morton Abramowitz and Henri J. Barkey

In recent years, Turkey has earned kudos from the international community for its economic dynamism, its energetic and confident diplomacy, and its attempts to confront some of its deepest foreign policy problems, such as in northern Iraq and Cyprus. Secretary of State Hillary Clinton has said that Turkey is one of seven rising powers with which the United States will actively collaborate to resolve global problems. But Turkey has not yet become the global, or even regional, player that its government declares it to be. These days, as always, daunting domestic issues are bedeviling Turkey's progress. Increasingly polarized views about the leadership of the ruling Justice and Development Party (known as the AKP) have undermined the government's ability to spearhead profound political change. Even some of the AKP's traditional supporters have begun to question whether the party will follow through on its goals, including that of getting Turkey to join the European Union.

There are two camps. The first, and largest, group, which includes center-right politicians, liberals, and the religious, fully supports the AKP. It sees the party as fighting the dead hand of the past to free Turkish politics from subjugation by the military and the judiciary. To most AKP supporters, the party is genuinely committed to instituting a much greater measure of democracy and tackling Turkey's most difficult issue:

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recognizing the democratic rights of its large Kurdish population. According to them, the party is serious about meeting the difficult requirements for EU accession and about launching fresh and constructive diplomatic initiatives in the Middle East, Central Asia, and the Caucasus. And they interpret the widespread claims that the AKP wants to establish a religious state as both fanciful and retrograde.

The other camp is primarily composed of staunch secularists, the military and civilian bureaucratic elites, and various types of nationalists. And they, remembering the AKP's roots in Islamist movements, claim that the party is increasingly contemptuous of its political opposition, authoritarian, interested in destroying the opposition press, and determined to weaken the Turkish military despite the country's unstable neighborhood. These skeptics argue that the party cares mostly about winning the next election and that the AKP's commitment to the EU's membership requirements is largely a pretext for passing measures that eviscerate the military. To them, as well as to many Turkey watchers, the AKP is making the country more religious, partly in order to consolidate its position in the Muslim world even at the expense of its traditional alliance with the West. The AKP, they charge, has consistently overlooked the appalling behavior of Muslim governments toward their own people even as they have ferociously pointed out other countries' mistreatment of Muslims.

Much can be cited to support either view, but the reality of Turkish politics is more complex. The basic question is whether the AKP, by far the country's dominant party, both in terms of power and in terms of popularity, can avoid being held back by its Islamist past and the culturally conservative inclinations of its core constituents.

PARTY TIME

THE AKP'S success in achieving rapid economic growth since its first electoral victory, in 2002, won the party vast political support and propelled it to a spectacular reelection victory in July 2007. It was the first time since 1954 that an incumbent in Turkey had increased its share of the vote, and the AKP did so by an astonishing 14 percentage points. The global economic crisis, however, stopped growth in its tracks. Prime Minister Recep Tayyip Erdogan downplayed the crisis' impact at first and so was slow in stimulating the economy. By the first quarter of 2009, GDP had declined

by more than 14 percent since the first quarter of 2008 and unemployment had risen to 15 percent. It now seems that Turkey has survived the worst, but the bloom is off the rose of the Turkish "miracle." The AKP has grown cautious about enacting controversial political reforms, most important, passing a badly needed constitution to replace the one imposed by the military in 1982. Real change is on the chopping block.

Turkey has always been a conservative country, and the vast majority of Turks have traditionally voted for center-right parties. The rise of the AKP represents a struggle between the military and civilian bureaucratic elites—which have controlled the state and the economy since independence—and the new, largely provincial and pious middle class. This new bourgeoisie took advantage of the market reforms of the 1980s to build an export-driven industrial base in the backwater of Anatolia. As its wealth grew, it began to challenge the economic elites traditionally favored by the state and its military backers.

And in 2002, the new middle class helped elect the AKP, a party whose piety and relative indifference to the legacy of Kemal Atatürk, the founder of the modern Turkish republic, challenged the ideological underpinnings of the Turkish state: secularism, nationalism, and centralization. Since then, the AKP has allowed for more public manifestations of Islam and expressed its attachment to hot-button issues, for example, by supporting the right of women to wear headscarves in universities, which is currently prohibited. More headscarves can be seen today than ten or 20 years ago, and their visibility disturbs the secularist elites. To them, it indicates that the AKP government is indeed using its influence, locally and nationally, to facilitate religious practices. The AKP's attempt to lift the headscarf ban landed the party leadership in front of the Constitutional Court in 2008, when the state prosecutor attempted to have the party banned for challenging the country's secular constitution. The AKP narrowly won that fight, but secularists are convinced that the party is unlikely to mend its ways, and rumors occasionally circulate about another court case being brought to try to finish off the party.

Since coming to power, the AKP has managed to reduce the political influence of the generals. It has pushed through legal changes that limit the military's power over politics. Erdogan brushed aside the military's effort to prevent Abdullah Gül, a leading AKP member, from assuming the presidency in 2007. Erdogan brought civilians to the National Security Council, which had long been dominated by the military. In July, he

U.S. Postal Service Statement of Ownership, Management & Circulation (Required by 39 USC 3685)

1. Publication Title: FOREIGN AFFAIRS
2. Publication No: 204-580
3. Filing Date: 9/29/09
4. Issue Frequency: Bimonthly
5. No. of issues Published Annually: Six
6. Annual Subscription $44.95
7. Complete Mailing Address of Known Office of Publication (Street, City, Country, State & Zip + 4) (Not Printer):
   FOREIGN AFFAIRS, 58 East 68th Street, New York, NY 10065
8. Complete Mailing Address of Headquarters or General Business Office of the Publisher (Not Printer):
   FOREIGN AFFAIRS, 58 East 68th Street, New York, NY 10065
9. Full Names and Complete Mailing Addresses of the Publisher, Editor & Managing Editor:

Publisher:	Editor:	Managing Editor:
David Kellogg	James F. Hoge, Jr.	Gideon Rose
FOREIGN AFFAIRS	FOREIGN AFFAIRS	FOREIGN AFFAIRS
58 East 68th Street	58 East 68th Street	58 East 68th Street
New York, NY 10065	New York, NY 10065	New York, NY 10065

10. Owner (If owned by a corporation, give the name and address of the corporation immediately followed by the names and addresses of all stockholders owning or holding 1 percent or more of the total amount of stock. If not owned by a corporation, give the names and addresses of the individual owners. If owned by a partnership or other unincorporated firm, give its name and address as well as those of each individual owner. If publication is owned by a nonprofit organization give its name and address):

The Council on Foreign Relations, Inc.
FOREIGN AFFAIRS
58 East 68th Street
New York, NY 10065

11. Known Bondholders, Mortgages, and Other Security Holders OWNING OR Holding 1 percent or more of Total Amount of Bonds, Mortgages, or Other Securities: None.
12. For completion by nonprofit organizations authorized to mail at special rates:
The purpose, function and nonprofit status of this organization and the exempt status for Federal income tax purposes has not changed during the preceding 12 months.
13. Publication Name: FOREIGN AFFAIRS
14. Issue Date for Circulation Data Below: Jul/Aug 2009

15. Extent and Nature of Circulation:

	Average No. Copies Each Issue During Preceding Twelve Months	Actual No.Of. Copies Issue Published Nearest to Filing Date
A. Total Number of Copies (net press run)	214,598	211,650
B. Paid Circulation (By Mail and Outside the Mail)		
1. Mailed Outside-County Paid Subscriptions Stated on PS Form 3541 (Included paid Distribution above nominal rate, advertisers proof copies, and exchange copies)	95,915	95,541
2. Mailed In-county Paid Subscriptions Stated on PS Form 3541 (Included paid Distribution above nominal rate, advertisers proof copies, and exchange copies)	0	0
3. Paid Distribution Outside the Mails Including Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Paid Distribution Outside USPS	36,778	36,743
4. Paid Distribution by Other Classes of Mail Through the USPS (e.g First-Class)	13,584	13,528
C. Total Paid Distribution (Sum of 15b (1), (2), (3), and (4))	146,277	144,812
D. Free or Nominal Rate Distribution (By Mail and Outside the Mail)		
1. Free or Nominal Rate Outside –County Copies Included on PS Form 3541	0	0
2. Free or Nominal Rate In -County Copies Included on PS Form 3541	0	0
3. Free or Nominal Rate Copies Mailed at Other Classes Through the USPS (e.g. First-Class Mail)	0	0
4. Free or Nominal Rate Distribution Outside the Mail (carriers or other means)	22,300	19,773
E. Total Free or Nominal Rate Distribution (Sum of 15d (1), (2), (3) and (4))	22,300	19,773
F. Total Distribution (Sum of 15c. and 15e.)	168,577	164,585
G. Copies not Distributed (See Instructions to Publishers #4 (page 3)	46,021	47,066
H. Total (Sum of 15f and g)	214,598	211,650
I. Percent Paid (15c divided by 15f times 100)	86.8%	88.0%

16. This Statement of Ownership will be printed in the November/December 2009 issue of this publication.
17. I certify that all information on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including civil penalties).

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spearheaded legislation that subjects active-duty soldiers to review by civilian courts for crimes not related to their military duties. The days of military coups are likely over, partly because the country has become far more diverse and complex and power is now more diffuse, and partly because of these AKP-led reforms.

To be sure, much of this development is also the officers' doing. They have intervened four times since 1960 to depose civilian governments but have resisted change themselves. On civil-military relations and the questions of religion and Kurdish identity, the military has refused to countenance any vision other than its own. It has been wedded to a very strict definition of secularism, for example, and until very recently, it completely rejected even the Kurds' most basic demands for cultural rights. A recent investigation into an extensive secret effort by some officers and civilian leaders to destroy the AKP has been a revelation to many Turks. Although the handling of this so-called Ergenekon inquiry has been criticized, it has already landed many officers, academics, and others in jail. Whatever facts are eventually unearthed, the investigation has already tarnished the military's reputation.

The AKP will live or die by its policies toward the Kurds.

The AKP will live or die by its policies toward the Kurds. So far, it has managed, courageously and skillfully, to modify Turkey's long-standing policy toward the Iraqi Kurds. For years, the Turkish government had treated the quasi-independent Kurdistan Regional Government as a danger to Iraq's unity and an instigator of Kurdish separatism in Turkey. But the AKP has now engaged the Kurdistan Regional Government in an attempt to win the confidence and cooperation of the Iraqi Kurds on a slew of issues, ranging from security to economic exchanges.

On the harder question of how to treat the estimated 12–14 million Kurds who live in Turkey, however, the AKP government has promised much and done little. This issue is now the biggest drag on Turkey's political life, undermining the political and administrative reforms, constraining the country's foreign policy choices, and requiring huge military expenditures to combat the decades-old insurgency led by the Kurdistan Workers' Party, the Turkish Kurdish rebel group known as the PKK. After years of promising that it would bring a fresh approach to the Kurdish question, the AKP government sparked a charged debate this summer by calling for a

"democratic opening" (sometimes referred to as a "Kurdish opening") and launching a series of conversations with Kurdish and Turkish political and civil-society groups. The perspectives of both Turkey's Kurds and influential elements in the AKP appear to be changing, but nothing can be taken for granted. The country is too divided. Many Turkish Kurds still take their cue from Abdullah Öcalan, the imprisoned leader of the PKK, whom the Turkish military, most Turks, and most Western governments consider to be a terrorist. Although Erdogan has promised to unveil a new comprehensive policy, as of this writing, no specifics had yet been revealed. Erdogan will probably propose incremental changes allowing the Kurds to express their cultural identity more freely, such as easing the restrictions on the use of the Kurdish language. But this is unlikely to satisfy many Kurds; real reform will require a long-drawn-out process. The most difficult short-term issue is whether to consider granting amnesty to PKK fighters, particularly the group's leaders. How the government handles this question may determine the scope of change possible on the broader Kurdish question. It remains to be seen whether Erdogan has the stamina and the political fortitude to carry out measures to end the PKK's 25-year insurrection that will enable most of the PKK fighters to return home and release the many prisoners associated with the organization without necessarily legitimizing its stance. Nevertheless, Erdogan has opened the door to truly radical change, and this will continue to generate fractious debate and uncertain consequences for Turkey's political stability.

ANKARA'S AMBITIONS

TURKEY HAS never before had a foreign minister with the drive, vigor, and vision of Ahmet Davutoglu. Even before he acceded to the post, last May, Davutoglu had been promoting a forceful vision of Turkey's role in the world. He has gathered an A list of senior officials at the Ministry of Foreign Affairs. He has set forth an ambitious policy advocating "zero problems with neighbors," with the hope of settling long-standing differences through a high degree of engagement with the leaders and the peoples of Turkey's neighbors. The aim is to turn Turkey from a "central," or regional, power into a global one in the new international order. Implicitly, this is also a project to demonstrate to the world that a Muslim country can be a constructive democratic member of the international community.

More explicit is Turkey's ambition to better deal with the Muslim nations of the Middle East and beyond, whether friends or foes of the West. The AKP government has been enormously active—but with mixed results, despite the acclaim it showers on itself. It has been most successful in expanding its trade and investment abroad. It has been far less so in making progress toward satisfying the EU's accession requirements and has failed to come to grips with the question of whether the Ottomans' treatment of the Armenians a century ago constituted a genocide. It is still unclear whether the AKP has the will to break much domestic crockery on matters of foreign policy.

Its major breakthrough so far has been to end Turkey's political isolation of Iraqi Kurdistan. Ankara no longer pretends the region does not exist and that it need only deal with Baghdad. This 180-degree turn was in part prompted by the recent U.S. decision to begin withdrawing its troops from Iraq. Turkey is trying to anticipate the evolution of Iraqi politics in the absence of U.S. combat units in the country. The AKP government wants Iraq to remain whole, but it realizes that if tensions in Iraq devolve into all-out violence and the country breaks apart, Turkey would be better off with a friendly partner in Iraq's energy-rich north. The AKP government managed to convince the Turkish military that an opening to the Iraqi Kurds would not exacerbate existing difficulties with the Turkish Kurds and would increase Turkey's influence in Iraq. The Turks have come to understand that for the Iraqi Kurds, having better relations with Ankara is a strategic choice: Turkey is their door to the West. Yet the Turkish authorities and their Kurdish counterparts in Iraq still have to sort out some explosive issues, such as the contested status of the oil-rich area of Kirkuk. The Turks believe that it is essential to keep the city's control out of the hands of the Kurdistan Regional Government, both to help prevent the breakup of Iraq and to limit the aspirations of the Iraqi Kurds.

The Turkish government also made an impressive move earlier this year when it reversed its long-standing policy of isolating Armenia. In April, despite an apparent promise to U.S. President Barack Obama, Erdogan delayed opening Turkey's border with Armenia after nationalists in Turkey and Azerbaijan protested. But in another surprising about-face, in August, Turkey approved the text of two protocols establishing diplomatic and economic relations between the two countries and an agreement on opening the Turkish-Armenian border. This is a major step forward for diplomacy in

the Caucasus. Turkey also hopes that the initiative will help its case with the EU and reduce the pressure on the U.S. Congress to pass a resolution on the Armenian genocide next year. It remains to be seen whether the AKP will stand up to opposition. Erdogan has promised the government of Azerbaijan that Turkey will not open its border with Armenia until Armenia relinquishes control over the regions it holds surrounding Nagorno-Karabakh, a landlocked province in Azerbaijan. Erdogan seems to be betting that a diplomatic solution to this issue will somehow be found this fall. But it is quite possible that Erdogan's deals with Armenia will fail to pass in the Turkish parliament because of Azeri and Turkish nationalist pressures.

SORES ON THE SIDE

THE ISSUE of Cyprus continues to be the main hurdle to Turkey's accession to the EU. Despite Turkey's renewing negotiations with the two Cypriot parties for the umpteenth time, there is no great hope for settling the island's contested status. The Turkish government will also have to decide soon whether it will open its ports to shipping from the Greek part of Cyprus, as it has pledged it will do to under its agreement with the EU. The European Commission is expected to release a report on Turkey's progress in November, and that could set the stage for recriminations. The fact that in 2003 the Turkish government displayed the courage, at least in domestic political terms, to drop its traditional obstructionist stance in favor of a pro-European one seems to hold little water today. The EU failed to reward the Cypriot Turks for the dramatic change in their patron's policy by providing them with trade opportunities, thereby undermining the AKP government's diplomacy and its credibility on this issue at home. Until its recent Armenian initiative, the Turkish government seemed to have grown mostly inert when it came to enhancing its standing with the EU.

Turkey did score a big win last July by signing an agreement with six other countries to build a pipeline that would bring natural gas from the Caucasus and Central Asia through Turkey to Europe. Whether the Nabucco pipeline will ever be built is uncertain: the costs of construction and whether enough gas will be available to fill the pipeline are issues that still need to be worked out, and the Turkish government will have to maneuver delicately with both the West and Russia. But the pipeline project has already raised Turkey's importance in the eyes of the EU's energy-hungry countries.

Several Turkish foreign policy initiatives have given Western governments pause. One is Turkey's closer relationship with Russia, a rapprochement driven by a vast expansion in Turkish-Russian trade. During a highly publicized visit to Ankara by Russian Prime Minister Vladimir Putin soon after the Nabucco pipeline deal was signed this summer, the Turkish and Russian governments struck a potentially conflicting agreement to develop the South Stream pipeline to bring Russian gas to Europe through Turkish territory. As soon as the Georgian crisis hit in August 2008, Erdogan jumped on a plane and tried to broker negotiations between Moscow and Tbilisi. His intervention, which was notably uncoordinated with Turkey's allies in NATO and the EU, yielded little more than Turkey's call for a Caucasus Stability and Cooperation Pact—an idea that pleased the Russians but appeared to vex Western governments. Whatever suspicions of Russia Turkey may continue to harbor, Erdogan has significantly improved the tenor of the two states' relations. He is also in no hurry to see Georgia's NATO aspirations fulfilled.

Perhaps the AKP government's most ballyhooed effort has been its diplomatic activism in the Middle East. The Turkish government took advantage of the vacuum created by President George W. Bush's unpopular policies in the region to participate in indirect talks between Israel and Syria. It injected itself into the negotiations following the crises in Lebanon in 2006 and Gaza in late 2008 and early 2009. French President Nicolas Sarkozy invited Davutoglu, then a foreign policy adviser, to join the French delegation that traveled to Damascus to discuss the Gaza crisis. Ankara has taken partial credit for the agreement governing the withdrawal of U.S. forces from Iraq; it reportedly deserves some for hosting talks between U.S. representatives and Iraqi insurgents earlier this year. And Foreign Minister Davutoglu jumped at the opportunity to mediate Iraq and Syria's recent dispute (Iraq claims that bombings in Baghdad's Green Zone in August were carried out by insurgents from Syria).

Supporters of the AKP's new foreign policy argue that Turkey is finally finding its voice in international politics, but this may be weakening its ties with the United States and the EU. These traditional partners are now just one pillar in Turkey's new so-called multidimensional foreign policy. On the other hand, Turkey's diplomatic efforts in its immediate neighborhood often appear to be influence-seeking for its own sake. Aside from its successful brokering in Iraq and its ability to secure a seat in the UN Security

Council this year, Ankara's diplomatic efforts have yielded little, especially in the Middle East. Turkey has become adept at transmitting messages, but such symbolic achievements have far exceeded concrete ones.

Some of the AKP's foreign policy initiatives have also been clumsy and irksome. At the Davos meeting early this year, Erdogan reprimanded Israeli President Shimon Peres, who has spent much effort advocating Turkey's cause with Europe, for Israel's recent military campaign in Gaza. Yet Erdogan apparently has had no problem welcoming Sudan's president, who faces an indictment for war crimes, to Ankara several times since early 2008. When asked whether the extensive killings in Darfur constitute genocide, the Turkish government invokes a cliché about the value of closed-door diplomatic undertakings on sensitive matters. Erdogan was one of only a few leaders, along with Venezuelan President Hugo Chávez and representatives of Hamas and Hezbollah, to congratulate Mahmoud Ahmadinejad on winning Iran's contested presidential election in the spring.

And yet, somewhat incredibly, Erdogan has criticized the Chinese government for committing "almost a genocide" in China's western province of Xinjiang. However reprehensible the Chinese authorities' treatment of the Uighur minority in Xinjiang, the fact is that Turkey, which has been fighting off charges that it committed genocide of its own, against the Armenians, should be careful when it uses such a loaded word. In one of its biggest blunders, the AKP government opposed the appointment of former Danish Prime Minister Anders Fogh Rasmussen as chief of NATO because he had defended, on free-speech grounds, a Danish newspaper's decision to publish cartoons that offended Muslims. Turkey thereby alienated many Europeans by seeming to favor Muslim sensibilities over liberal democratic values. The Turkish government eventually settled the matter by accepting the appointment of a Turk to the new post of deputy secretary-general for NATO, but the incident so irked French Foreign Minister Bernard Kouchner that he publicly renounced his support for Turkey's accession to the EU.

Turkey's new activist diplomacy in the Middle East and beyond may be weakening its ties with the United States and the EU.

None of this is to indict Erdogan or the AKP; it is simply to explain why Turkey's strongest allies view its considerable progress with increasing unease. Turkey used to punch below its weight; now, it seems to be punching

above it. This would be an unmitigated advantage for Turkey if the AKP were not so quick to call every one of its foreign policy initiatives a resounding success. Turkish foreign policy officials have even said that by suggesting China had committed genocide against the Uighurs, Erdogan actually increased Ankara's influence with Beijing. The Turkish government has also claimed credit for getting the Syrians out of Lebanon (angering the Americans and the French, who parented a UN Security Council resolution arguing for their exit) and for getting Hamas to accept a cease-fire with Israel (upsetting the Egyptians, who were the primary brokers). The Turkish government now runs the risk of believing its own grandiose rhetoric and of dangerously overreaching. Some also fear that Turkey's leaders might stop being able to divorce the country's foreign policy aims from their own cultural (and perhaps religious) sensibilities. Erdogan and Davutoglu sometimes appear to be conflicted: Do they hope to participate in global politics as practitioners of realpolitik or as representatives of an Islamic culture?

ASPIRING TO GRANDEUR

ERDOGAN DOMINATES Turkish politics today not only because he is a dynamic leader but also because, as the head of a majority party, he can usually run roughshod over the opposition (the military aside). It helps him that the Turkish opposition is incompetent and that Turkish political parties are often essentially fiefdoms, with individual leaders deciding every issue and appointing every party representative in parliament. But even Erdogan must deliver. Many of the policy changes he has spearheaded will endure, but fractious politics could endanger his legacy. If somehow the AKP lost the next election, for instance, progress on the question of the Turkish Kurds' rights would likely be set back for a long time.

Turkey has become a far more complex country than it once was. Washington should not assume it knows it. The endless rhetoric about the "strategic" closeness between Turkey and the United States cannot substitute for concrete policy. Despite Turkey's Armenian initiative, tensions over the Armenian genocide issue could escalate next year. Ankara's position is getting increasingly difficult to maintain, particularly with a U.S. president who has said repeatedly that he thinks the killings of 1915 amounted to genocide. And as Turkey's economy has become more dynamic over the past decade, the AKP has walked in lockstep with the West less and less. Erdogan is his own man.

Morton Abramowitz and Henri J. Barkey

The increasing independence of Turkey's foreign policy is reinforced by the population's nativism. A recent poll by a Turkish university showed the Turks' deep mistrust and dislike of foreigners, especially their country's closest allies, the Americans and the Europeans. By very large majorities, they also indicated that they would not want to have atheists, Jews, or Christians for neighbors. A poll on transatlantic trends by the German Marshall Fund released in September suggests that despite their high regard for Obama, the Turks have a more negative image of the United States than do Europeans. Only 22 percent of the Turks polled said that they were positively disposed toward the United States, compared with 74 percent of the western European respondents. And the Turkish government is not doing much to change its citizens' views.

Turkey has problems with the EU, too, partly because of the distance between the EU's and Turkey's conceptions of liberal democracy. This gap might narrow over time, but that will require conviction and effort on the part of Turkey's leaders. Both the government and the opposition have failed to educate themselves or the public about the rule of law. Recent draconian measures against the press are one indication of the country's underlying illiberal penchant. Conversely, Washington and most other democratic governments have always had a tendency to ignore the long-term issues and focus on the immediate. Turkey's relations with Armenia may be the flavor of the day because Obama needs to manage the Armenian American constituency. Focusing on that without also acknowledging the AKP's Kurdish opening—which offers a chance to transform Turkey in major ways—would be a terrible mistake. The United States should help the AKP's efforts along by staying out of the reform debate in Turkey and encouraging the demobilization of the PKK in northern Iraq.

The AKP has a unique opportunity to change Turkish society, change the country's constitution and its archaic political system, and make peace with both its neighbors and its own people. It seems ready to seize it. But it needs assistance. The West should not act as if Turkey is moving in the right direction in all respects, but it can help keep Turkey on track to becoming a tolerant liberal democracy. Turkey's leaders, for their part, must not think that they can expand the country's influence without first having a firm footing in the West. Without a successful reform effort, Turkey will continue to be just an aspirant to grandeur.

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Reviews & Responses

Can a new breed of Muslim yuppies save the Middle East from a downward spiral of intolerance and political extremism?

Review Essay

The Suicide of the East?

1989 and the Fall of Communism

Philip D. Zelikow

The Red Flag: A History of Communism. BY DAVID PRIESTLAND. Grove Press, 2009, 688 pp. $27.50.
The Fall of the Berlin Wall: The Revolutionary Legacy of 1989. EDITED BY JEFFREY A. ENGEL. Oxford University Press, 2009, 208 pp. $27.95.
There Is No Freedom Without Bread! 1989 and the Civil War That Brought Down Communism. BY CONSTANTINE PLESHAKOV. Farrar, Straus & Giroux, 2009, 304 pp. $26.00.
Uncivil Society: 1989 and the Implosion of the Communist Establishment. BY STEPHEN KOTKIN WITH A CONTRIBUTION BY JAN T. GROSS. Modern Library, 2009, 240 pp. $24.00.
The Rise and Fall of Communism. BY ARCHIE BROWN. HarperCollins, 2009, 736 pp. $35.99.
Revolution 1989: The Fall of the Soviet Empire. BY VICTOR SEBESTYEN. Pantheon Books, 2009, 480 pp. $30.00.
The Year That Changed the World: The Untold Story Behind the Fall of the Berlin Wall. BY MICHAEL MEYER. Scribner, 2009, 272 pp. $26.00.
1989: The Struggle to Create Post–Cold War Europe. BY MARY ELISE SAROTTE. Princeton University Press, 2009, 344 pp. $29.95.
Mitterrand, the End of the Cold War, and German Unification. BY FRÉDÉRIC BOZO. TRANSLATED BY SUSAN EMANUEL. Berghahn Books, 2009, 417 pp. $110.00.

There was no World War III. A fictional one, depicted in the 1978 international bestseller *The Third World War*, was imagined by one of the most remarkable soldier-scholars of his generation, a retired British general named John Hackett. His war begins when a 1985 crackup in Yugoslavia lights the great-power fuse, 1914 style. Analogies to World War I,

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of decaying empires and military machines primed to attack, were very much in the air when the book was published. It was the late 1970s, and Soviet interventionism had reached a high point, while the Soviet Union combined a sprawling, ill-governed military with an aging, insecure political class.

But by the time the real Yugoslav war did come, in 1991, another kind of chain reaction had already transformed Europe. In the late 1980s, Moscow was experimenting vigorously with economic and then political reform. The Soviet Union and Poland held limited elections in early 1989 that, in different ways, shook the foundations of their communist establishments. Soon, Poland had a noncommunist government. Hungary effectively defected to the West, attracting a flow of refugees from East Germany, thus undermining the bastion of Stalinism they left behind. The cascade quickened. Czechoslovakia's government was toppled by a "velvet revolution," and the Berlin Wall was breached when a bureaucratic snafu inadvertently opened the floodgates. Bulgarians overthrew their leaders, and as the year ended, Romania's brutal dictator died before a firing squad. As the Germans created a new unity for their divided nation, national movements splintered the Soviet Union itself. By the end of 1991, the Soviet empire had disintegrated.

Although there had been some bloodshed in China and Romania, there had been no great war. Hundreds of millions of people now led new ways of life in new states with new borders. The world was rearranged as in a great postwar settlement—but without a war. So profound were the changes that when Yugoslavia started to break apart and the outside actors—conditioned by habit to play leading roles in the drama—stumbled onto the stage, the players seemed bewildered and scriptless.

Seen two decades later, it seems like a blur. As this episode passes into historical memory, 1989 has become the totemic year when the people rose up, and the November collapse of the Berlin Wall is its exemplary moment. A fresh crop of books now attempts to unpack this epic story. Was it really a revolt from below, or was it more from above, a civil war within the Communist elite? Both is the obvious answer, but these books put more weight on the struggles within the Communist elite. Some focus on the revolutions of 1989. Others emphasize the settlements that shaped the world of today. Two of them take in the full narrative arc of the communist experiment in organizing modern society. Hardly any discuss the challenge of fashioning a tempting alternative to it. That is unfortunate, because so many of communism's initial adherents were men and women disillusioned by the apparent failings of liberalism.

SEEING RED

Once upon a time, the "ten days that shook the world," in Russia's 1917 revolution, had a comparable grip on the public's historical imagination. Once upon a time, the future of the world seemed to belong to the states descended from that older bolt of revolutionary lightning.

These were total states. They encompassed the unprecedented forces of creation and destruction that humanity had so recently discovered, and they were driven by Nietzschean supermen with a will to power. Or so it seemed to the disillusioned Trotskyite James Burnham by the end of the 1930s. In his influential 1941 book,

The Managerial Revolution, Burnham argued that ideologies such as socialism or fascism were just masks worn by new kinds of "managerial states," their resources mobilized and industries led by a technocratic elite. The states that would triumph were those that could carry their principles to their logical limits and use power ruthlessly. Capitalism, he predicted, was "not going to continue much longer." Shortly after World War II, Burnham returned to his theme of governing power elites, "the Machiavellians," who might adopt democratic forms to perpetuate their rule. If U.S. leaders hoped to survive, they would have to acquire their own will to power and use their fleeting nuclear advantage, in a preventive war if necessary.

Especially in light of Burnham's former prominence on the American left, his arguments intrigued George Orwell, a self-described "democratic socialist." Writing from the United Kingdom, Orwell noticed the fascination with power and force that so imbued what Burnham called his "realism." In early 1947, Orwell wrote that for Burnham, "Communism may be wicked, but at any rate it is *big*: it is a terrible, all-devouring monster which one fights against but which one cannot help admiring." Against Burnham's visions of monsters and cataclysms, Orwell hoped that "the Russian regime may become more liberal and less dangerous a generation hence, if war has not broken out in the meantime." Or perhaps the great powers would "be simply too frightened of the effects of atomic weapons ever to make use of them." Yet Orwell acknowledged that such a nuclear standoff was a dreadful prospect, as it would mean the lasting "division of the world among two or three vast super-states," run by Burnham's technocratic dictators—the Machiavellian managerial elite.

For Orwell, the only way of avoiding that outcome was "to present somewhere or other, on a large scale, the spectacle of a community where people are relatively free and happy and where the main motive in life is not the pursuit of money or power. In other words, democratic Socialism must be made to work throughout some large area." He thought that this would have to be in Europe, a Europe unified to serve this ideal. So for Orwell in 1947, the prescription was to avoid war long enough for communist governments to become less dangerous and, meanwhile, to build an appealing alternative to communism.

Not a bad throw at the dartboard for the man who was about to write a novel, *1984*, warning of a Burnhamite dystopia. If Orwell had lived to witness the real 1984, he would have been relieved to see that global war had been avoided. There had been a few serious scares and several regional wars, helped along by the triumph of an especially radical set of Communist enthusiasts in China. But by the early 1980s, their revolutionary dynamism spent, the Communist rulers had turned into a paternalistic managerial elite.

CAPITALISM IN CRISIS

David Priestland's *The Red Flag* is a far-reaching, vividly written account of that evolution, both the best and the most accessible one-volume history of communism now available. Priestland charts the rise of "romantic" Marxism, which once in power morphed into either a "modernist" or a "radical" variant. The first espoused an authoritarian high modernism to reshape society according to the visionary master

plans of the guiding party. The second added the killing fervor of continuing revolution, with its militarized mobilization of every element of society and unceasing struggle against the revolution's enemies. By the early 1980s, the somewhat more benign modernist variant was dominant.

But the other half of Orwell's prescription is the relative success of the other side, a factor easily neglected in books that concentrate on communism's failings. Wars are not just lost; they have to be won. Traditional accounts of the Cold War understandably focus on the United States and the Soviet Union. But that contest was a kind of global election, and the swing states were in Europe and East Asia. From this perspective, the turning point of the late Cold War is less a story about 1989 and more a story about the period between 1978 and 1982.

In the late 1970s and early 1980s, capitalism was in obvious crisis. "Can Capitalism Survive?" cried a *Time* magazine cover from 1975. "Is Capitalism Working?" asked another in 1980. Yet divided after Mao's death among competing visions of national development, the Chinese made a pivotal choice in 1978. They rejected the Soviet model, opting instead for market-oriented economic reform, but without political reform. (At about the same time, Hungary's Communist leader, János Kádár, with his similar market-opening program of "goulash communism," showed how such a model could work in Eastern Europe, too.)

The Chinese were probably influenced less by the example of the United States itself than by U.S.-backed examples closer to home, such as Japan, South Korea, and—although they would not admit it—Taiwan. Not only had Moscow lost its power of attraction, but its political-military posture—not least its backing of the increasingly powerful government in Vietnam—also unsettled the Chinese.

In Europe, the model of social democracy achieved much in the late 1940s and 1950s. Its ideal of a big welfare state umpiring among big companies and big unions was at the core of the new European community. But by the 1970s, that model was sputtering on both sides of the Atlantic. The Bretton Woods system, which put national economic autonomy ahead of the free movement of global capital, had collapsed. Galloping inflation was combined with high unemployment, labor strife seemed endemic, protests and terrorism wracked much of Western Europe.

But capitalism broke out of its slump during the 1970s and into the early 1980s. At different moments, leaders in various states threw their weight behind a liberal economic orthodoxy of hard money and the unregulated movement of capital, limiting national economic autonomy but facilitating unprecedented flows of global investment. The globalized economy of today was shaped during these years, and the Americans played an important part. With his work to liberalize capital markets and coordinate monetary strategies, George Shultz may actually have influenced the course of world history more in his two years as treasury secretary for Richard Nixon than he did in his six-plus years as secretary of state for Ronald Reagan.

The Europeans also played a critical role in this reinvention of capitalism, while winning voters who wanted public order restored. West Germany became an anchor for this new vision of the world economy, especially the Free Democratic Party,

which was the indispensable coalition partner of every West German government from the 1970s to the 1990s. The West Germans, in turn, found common cause with the French technocrats who saw in this shared vision of Europe's political economy the basis, first, for a European monetary system, then, for a true European single market, and, finally, for a common currency.

The story can be mapped as a tale of two U-turns: In 1972, there was the U-turn of a conservative British prime minister, Sir Edward Heath, who was broken by the unions and then scorned for it by his successor as party leader, Margaret ("the lady's not for turning") Thatcher. The other U-turn was in 1982–83, when French President François Mitterrand—the first Socialist to take office in France since World War II—abandoned his agenda of state-owned finance and industry to make common cause with Jacques Delors (his economics minister and later the president of the European Commission) and the West Germans. European integration had trumped the independent socialist path.

This rebooting of capitalism and reinvigoration of the European idea came at a critical time. The left was contesting the future not only of France but also of Italy and Spain. In West Germany, the Free Democrats brought down the Social Democratic government of Helmut Schmidt and made Helmut Kohl chancellor rather than compromise their preferred vision for Europe's political economy. Thatcher, elected in the United Kingdom in 1979, survived thanks in part to the tonic of a victorious small war against an Argentine dictatorship that had recklessly occupied some sparsely inhabited British-owned rocks in the South Atlantic. By the end of 1982, the swing states of Europe were making their choices.

THE ALTERNATIVE APPEAL

The rebooting was about ideas, too. Again, Europe was a fulcrum. Self-described "realists" on both the right and the left wanted to stay clear of alignment with either Washington or Moscow. But many others, including Schmidt, Kohl, and Mitterrand, disagreed. Reagan's condemnation of the Soviet Union as an "evil empire" was a rallying point for both those he inspired and those he frightened. The European contest was decided less by outsiders than by the Europeans' own battle of ideas, with the victory of what Germans called the *Tendenzwende* (change of course), which revived a spirit of "militant democracy" amid the turmoil of the 1970s. Leaders of this movement spoke, as the historian Jeffrey Herf once put it, "in the language of [Konrad] Adenauer and Clausewitz, but also in an international discourse of [Alexis de] Tocqueville and Karl Popper, Raymond Aron and Leszek Kolakowski, Montesquieu and President Jimmy Carter." A colossal political fight over NATO's deployment of U.S. nuclear missiles to offset new Soviet deployments, an initiative pioneered by Schmidt, became the central battle. The issue was effectively decided in West Germany, with the formation of a conservative-liberal governing coalition in 1982.

Most of the writers chronicling the demise of communism give short shrift to these crucial developments in Western Europe, and especially in West Germany. The outstanding exception is a perceptive essay by James Sheehan in *The Fall of the Berlin Wall*, a collection edited by Jeffrey

Engel that compiles several national perspectives on these events. Sheehan's subject is less how Europe changed in 1989 and more "how the transformation of Europe after 1945 affected the timing and character of the Cold War's end." Sheehan thus stresses the way war became discredited in European politics and how European politicians subsequently constructed an appealing new European vision for functional modern societies. He shows how these successes created magnetic forces that, standing adjacent to the Soviet empire in Europe, slowly and surely pulled apart the decaying assumptions underlying communist rule. The European ideal of democracy and pluralism became a kind of lodestar for Mikhail Gorbachev himself—as it did for Italian and Spanish Communists and Socialists.

Against this background, contrast two landmark choices of the communist world in 1979 and 1980. At the end of 1979, the Soviet Union invaded Afghanistan. Its reason—that Afghanistan might fall under the influence of Chinese or Western rivals—was nominally defensive, but even this rationale revealed a monumental insecurity. Although their political purposes were also defensive, Soviet forces were configured to invade Western Europe, molded by a military-industrial complex that had first claim on resources and operated with little constraint. (The political weight and consequences of this complex are neglected in most of these books, save some discussion by Archie Brown in *The Rise and Fall of Communism*. But interested readers will find it handled well in William Odom's 1998 work, *The Collapse of the Soviet Military*.)

And at the end of 1980, the Polish government declared martial law and imprisoned leaders of a movement, Solidarity, that had been inspired by a workers' union and a Polish pope. Constantine Pleshakov's *There Is No Freedom Without Bread!* puts the Polish story at the center of his account. Pleshakov, a Russian émigré now teaching at Mount Holyoke College, writes with great verve. He concentrates on major characters, such as Pope John Paul II, and tries to recover the way they saw their world. Pleshakov gives his characters human scale and fallibility, explaining, for instance, the strange Marian mysticism that was so important to Pope John Paul II and many other Polish Catholics. He has a keen eye for the factional contests among Communist barons, Catholic prelates, and Solidarity intellectuals. His is a story of the intellectual bankruptcy of the elite, out of fresh ideas even before it ran out of money. This was the impoverishment that the West German Free Democratic leader Hans-Dietrich Genscher grasped when he told a party gathering in 1981 that "like the U.S.A., we are a part of the West. One must say to those whose talk arouses another impression: American troops are in West Germany in order that free trade unions exist, and Soviet troops are in Poland to see to it that free trade unions there do not exist. That is the difference."

The choices of all the communist governments in Europe were made under the shadow of financial debt—its scale a carefully guarded secret. In the 1970s, the Communist managers started borrowing the hard currency they needed to buy the goods that kept their populations happy. By the 1980s, these governments faced some hard choices. Other less developed countries were entering a series of debt crises that accompanied global capitalism's

deflationary transition to hard money. Instead of curbing their debt, the communist countries borrowed even more. They found creditors, mainly in Western Europe, willing to extend new loans.

One of the great strengths of Stephen Kotkin's contribution to this group of books, *Uncivil Society*, is his emphasis on issues of political economy. Kotkin (with help from Jan Gross) shares with Pleshakov the view that the real story of 1989 is less one of a bottom-up revolution than one of a fatal split within the ruling elite, the "uncivil society" of his title. Gorbachev opened the mismanagement up to public inspection. "What Gorbachev did," Kotkin writes, "was to lay bare how socialism in the bloc had been crushed by competition with capitalism and by loans that could be repaid only by ever-new loans, Ponzi-scheme style."

By the mid-1980s, socialism had clearly lost its appeal in both Asia and Europe as an ideology for the future. But there were still many possibilities for how communist governments might evolve, some of them quite violent. Dissent was being managed. China and Hungary were both developing creative ways to use the market. Martial law in Poland had effectively contained the opposition. Then came Gorbachev.

GORBACHEV'S NEW THINKING

Archie Brown, one of the greatest living Kremlinologists and the author of *The Rise and Fall of Communism*, was paying attention to Gorbachev long before ordinary people had heard of him. Gorbachev was a model young Communist, carefully prepared for high office. He had been handpicked for the leadership by Yuri Andropov, then the head of the KGB. Andropov liked creative moves such as those by Kádár in Hungary, but he was also, as Brown writes, "an implacable opponent of overt dissent and of any development in the direction of political pluralism." Andropov had led the way in the choice to invade Afghanistan. Looking to Gorbachev, he wanted a first-rate modernizing Marxist to sustain the momentum against Politburo colleagues so senescent that, nostalgic for Stalin, they were still complaining about Nikita Khruschev even in the 1980s.

Some historians are brilliant interpreters who offer provocative new syntheses of the record. Others, perhaps not so flashy, build up the bedrock of knowledge with thorough, careful scholarship. If Priestland, with his book, is an example of the first category, Brown illustrates the second one. (Fortunately, the profession has room for both.) Brown has carefully assembled his facts when he importantly observes, of the 1985 selection of Gorbachev to lead the Soviet Union:

> The views of every member of the Politburo at the time of [Konstantin] Chernenko's death are known. It is, accordingly, safe to say that if anyone from their ranks other than Gorbachev had been chosen as general secretary, the Soviet Union would have neither liberalized nor democratized. . . . If Andropov had enjoyed better health, minor reform, stopping far short of what occurred under Gorbachev, might well have proceeded. If Chernenko had lived longer, nothing much would have changed while he was general secretary.

The Soviet empire did not end up crumbling from the outside in. It changed from the inside out, starting at the top. Gorbachev's initial reforms failed and even made matters worse, exposing problems

and causing panicked hoarding as goods disappeared from shelves. Especially in 1987 and 1988, Gorbachev redoubled reform instead of backing away. What is more, instead of following the Chinese and Hungarian model of trying economic reform without democratization, he went for some political reform, too. The decision to seek legitimizing elections came simultaneously in the Soviet Union and in Poland. It was a deeply un-Marxist initiative. Marx and Engels had never had much use for democratic processes. Historical materialism was a doctrine of science, not political marketing.

THE SOVIET CENTRIFUGE

The words "Soviet" and "union" are worth a moment's reflection. They were extremely meaningful, and they were originally devised to replace two other words: "Russian" and "empire." If the republics were no longer bound together by their supposed Marxist-Leninist ideological fraternity, what would happen to a "Soviet Union"?

As the Soviet Union entered 1989, Gorbachev was increasingly preoccupied with domestic dilemmas. Separatism had already become a major internal challenge, including from the Russian republic and its new leader, Boris Yeltsin. Priestland covers this in the style of a landscape artist; Brown handles it in fine detail; Pleshakov paints a series of impressionistic portraits.

Beset at home, Gorbachev needed peace and support from the United States. Reagan provided it. As Melvyn Leffler argues in a recent book, *For the Soul of Mankind*, the conciliatory Reagan made a major contribution to ending the Cold War. So did Reagan's successor, George H. W. Bush, after he and his advisers took several months to judge whether Gorbachev was still Andropov's protégé or really was qualitatively different. (Some of Gorbachev's own advisers, especially on the military side, were struggling with the same question. They did not become convinced that he was different, which for them meant becoming disillusioned with him, until 1990.)

By August 1989, communism was mutating. Along with the Soviet Union, Poland and Hungary led the way in Europe. Poland installed a non-Communist prime minister, and Hungary's leaders, already reform-minded, shrugged their shoulders and readily tacked to pick up the westerly winds.

China, however, chose quite a different path: it crushed political reform. Then, in 1992, its leaders devised a strategy to offset political oppression with a redoubled commitment to economic reform. Chen Jian has a superb and up-to-date summary of these choices in his contribution to Engel's *The Fall of the Berlin Wall*. Some Eastern European leaders were attracted to a "Chinese solution" of dealing firmly with dissent. But such a strategy would have done little to reaffirm communism's vitality.

The revolutions of 1989 cascaded into East Germany, Czechoslovakia, Bulgaria, and—bloodily—Stalinist Romania. It is a stirring story. Anyone wanting to recapture the passion and tumult of that year will enjoy Victor Sebestyen's journalistic narrative, *Revolution 1989*. Sebestyen, a Hungarian émigré living in the United Kingdom, has done an excellent job. He has touched all the bases, knows the terrain, and has skillfully woven in material from interviews and primary sources. Another journalistic account is Michael Meyer's *The Year That Changed the World*, in which Meyer revisits his work for

Newsweek in 1989 and provides some eyewitness snapshots. Meyer is concerned with knocking down the notion that the Cold War was just won by Reagan, but today this is something of a straw man. A more substantive contribution from Meyer is the significance he gives to the discussions between Hungary and West Germany that set in motion the events leading to the fall of the Berlin Wall. His evidence strengthens the case that Kohl was trying to shape events, not just reacting to them.

In starting the chain reaction that brought down the Berlin Wall and led to Germany's unification, Hungary was more important than Poland. In August and September 1989, the internal upheavals of the communist world uncorked the long-bottled German question and, with it, much wider questions about the future of Europe. As the Cold War began to unwind, a whole new set of issues arose about the character of a postwar settlement. This is the point at which the coverage of the "1989 books" by Pleshakov, Kotkin, Sebestyen, and Meyer falls off.

AFTER THE FALL

Although they start earlier, Mary Elise Sarotte's *1989* and Frédéric Bozo's *Mitterrand, the End of the Cold War, and German Unification* are really "1990 books." They are mainly about the settlement that shaped the new Europe. When historical scholarship works as it should, historians build on prior work to extend and improve it. That is what Sarotte and Bozo have done.

Sarotte's book is compact and highly interpretive. Yet Sarotte has thoroughly mastered the original source material in all the key countries. She distills it with great skill, constantly enlivening her account with a sensibility for what these changes meant in life and culture. Hers is now the best one-volume work on Germany's unification available. It contains the clearest understanding to date of the extraordinary juggling performance of Kohl. After describing several possible models for a postwar settlement, Sarotte documents the triumph of what she calls the "prefab" approach, which extended the proven institutions of German democracy, European integration, and the security umbrella provided by NATO and the United States. Perhaps the book's only weakness—shared with all the books under review—is a lack of attention to the military settlement codified in the Treaty on Conventional Armed Forces in Europe (CFE), which addressed the unglamorous but vital balance of armies and air forces across the continent. Military imbalances had been the most costly and potentially destabilizing aspect of Europe's security environment for the previous 40 years—and the 400 years before that.

Bozo's more detailed book seeks to reappraise Mitterrand's achievement, especially in coupling German unification with greater European integration—a monetary union and a political union, which later produced the European Union. But Bozo is too modest when he claims to concentrate on Mitterrand's role. He provides a general account of the diplomacy of German unification that, although it stresses the French perspective, is informed by sources in other countries, too. Paris was close to the action, but on most issues not at the very center. Thus, telling the story primarily from the French perspective provides a more detached yet highly informed account of the diplomacy.

In some ways, Mitterrand's vision for Europe was the closest to Gorbachev's own notion of a "common European home." But, Bozo writes, "instead of a rebalancing that favored a Western Europe called to become a strategic actor itself, there followed an unexpected reaffirmation of the established Atlantic order. . . . It was in the pan-European dimension that the balance sheet of French policy was most unfavorable in 1991." Yet Bozo also notes that now, 20 years later, the United States, preoccupied with other global concerns, is retreating more from Europe, putting questions about European leadership into the foreground once again.

Sarotte and Bozo both give good marks to U.S. diplomacy in late 1989 and 1990. Sarotte, in particular, does a good job of judging old disputes about how to assign credit and blame at some critical moments. She also clarifies how both money and NATO reform were building blocks in getting to a final agreement.

Sarotte qualifies her praise by wondering, quoting former British Foreign Secretary Douglas Hurd, whether the Americans, had they been geniuses on the order of Franklin Roosevelt and Winston Churchill, could have said, "The whole game is coming into our hands," and updated all the institutions, including the United Nations. As a former diplomat who served in the George H. W. Bush administration, I am biased. But consider the architecture that was being put in place by the end of 1990: a unified Germany, a transformed EU, the most significant arms control arrangement (the CFE) in European military history, a preserved and extended Atlantic alliance, a revitalized UN that mobilized a coalition to reverse Iraq's conquest of Kuwait, a Euro-Atlantic agreement on principles of political and economic life (the Paris agreement of the Conference on Security and Cooperation in Europe), the Brady Plan to clean up international debt crises, a revived global trade round that would produce the World Trade Organization, and a new framework for diplomacy in Asia (the Asia-Pacific Economic Cooperation forum).

Sarotte makes a good argument that Russia was left resenting the outcome. Yet consider this passage from her book: "Gorbachev would complain to [U.S. Secretary of State James] Baker in 1991 that the money from Kohl had already vanished: 'Things disappear around here. We got a lot of money for German unification, and when I called our people, I was told they didn't know where it was. [Aleksandr] Yakovlev told me to call around, and the answer is no one knows.'" "Clearly," Sarotte goes on, "Moscow needed more than just credits to ease its transition to being a modern market economy, but (other than from Bonn) it got little. Western advisers would descend on Russia later en masse, of course. But they arrived after fatal resentments had already piled up." After rereading that passage a few times, it seems that devising a happier outcome would have indeed required the application of some rare form of genius.

Given the collapse of communist rule in Eastern Europe, the backwash that accelerated the collapse of the Soviet Union itself, and the return of Russia's borders to approximately those it had had in the eighteenth century, what may instead seem amazing is that the diplomacy muted Moscow's resentment as much as it did. This again is a tribute to Gorbachev and

several members of his team. The cordial relations between Washington and Moscow in August 1990 were invaluable as the endgame of German unification converged with another crisis, the need for diplomacy to rally the world—and the UN—against Iraq, a country that, as it overran Kuwait, was also hosting 10,000 Soviet military advisers.

A FUTURE OF FREEDOM

When, in 1947, Orwell articulated his scenario to save the world, with his vision of a humane example of progress led by a more united Europe, he identified four formidable obstacles: Russian hostility, American hostility, imperialism, and the Catholic Church. The future seemed bleak. "The actual outlook, so far as I can calculate the probabilities, is very dark," he wrote, "and any serious thought should start out from that fact." These four fears still deserve serious thought, although now, aided by books like these, one can reflect instead on Russians who fell for the European ideal, Americans who nurtured a positive vision, the decline of the imperialism Orwell knew, and a Catholic Church that inspired fights for freedom.

In 1964, Burnham, the author of the nightmare vision that so provoked Orwell, was helping William F. Buckley edit the *National Review*. (Reagan would later award Burnham the Medal of Freedom.) At the time, Burnham's latest book had administered another powerful dose of pessimism. Titled *Suicide of the West*, in it Burnham argued that modern liberalism had lost the fervor of classical liberalism. The modern variant treated peace and security as equal to or greater than the commitment to preserving freedom. Since the focus on peace denigrated the use of power against a ruthless foe, Burnham predicted that the West was slowly committing suicide.

History dealt Burnham's argument a strange hand. He would be pleased to see that a belief in defending the West was a factor in the American and European revival. But the positive, dynamic ideal offered in Western European countries and Japan was so magnetic precisely because those countries seemed to be discarding their traditional reliance on force and hard power.

At supreme moments of crisis in 1989 and 1990, critical choices were indeed made in favor of peace, in favor of nonviolent change. But those choices were made by men groomed from adolescence to be model Communist leaders. The suicide was in the East, not the West. And the suicide was not an act of self-destruction. Theirs was an act of creation.

Review Essay

Free Markets, Free Muslims

Can a New Middle Class Make a New Middle East?

Jon B. Alterman

Forces of Fortune: The Rise of the New Muslim Middle Class and What It Will Mean for Our World. BY VALI NASR. Free Press, 2009, 256 pp. $26.00.

It was not long ago that word of "the Dubai miracle" was on everyone's lips. Driven by little more than a grand idea of itself, this sparsely populated, sun-baked strip on the Persian Gulf had become a gleaming multiethnic metropolis overnight. Dubai was bursting with financial assets, boasting the world's most luxurious hotels, and attracting more than six million visitors every year—no small feat for an emirate of a mere 100,000 citizens. But in the last year, the speculative bubble that had driven much of Dubai's growth popped: cranes fell still, and ambitious projects lay languishing on the drawing board. Behind the scenes, it took tens of billions of dollars in financial guarantees from Abu Dhabi to keep the whole enterprise afloat.

Vali Nasr's new book, *Forces of Fortune*, was written largely in the exuberant phase of Dubai's story, but it is being published in a more sober time. It reflects some of the old enthusiasm for the notion that "the Dubai model"—a multiethnic, capitalist society insulated from violence and ideology—could save the Middle East from a downward spiral of intolerance and political extremism. Nasr's overall conclusion—that the triumph of free markets in the Middle East "will pave the way to the decisive defeat of extremism and to social liberalization"—is sympathetic to the Dubai experience. "If that battle is won by private-sector business leaders and the rising middle class tied to them," Nasr argues, "then progress with political rights will follow."

This is not merely a book about Dubai, however. It is a book about the enduring promise of Dubai, the struggles of Iran,

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and the success of Turkey. Bolstering these cases with brief studies on Egypt and Pakistan, Nasr suggests that where capitalism flourishes, so, too, do tolerance and moderation. He also thinks that the resurgence of Islam is promising rather than threatening. Judging that the tide has turned against extremism, he views middle-class religiosity as a path through which Muslim communities can integrate with the rest of the world. In Nasr's words, "This upwardly mobile class consumes Islam as much as practicing it," seeking to embrace modernity on Muslim terms rather than rejecting it as a form of corruption. The old populist dogmas that focused on injustice and encouraged resistance are waning. Consequently, resources poured into bolstering liberal ideals in Muslim communities merely feed the culture wars, Nasr cautions. Instead, "The key struggle that will pave the way to the decisive defeat of extremism and to social liberalization will be the battle to free the markets."

DUBAI OR NOT DUBAI

Of the three models of social and political change presented in the book, Dubai is clearly the headliner. Its remarkable wealth and its embrace of immigrants stand out against the anticolonial sentiment and xenophobia found in much of the rest of the Middle East. Its efficient business environment and high quality of life make the emirate a more attractive base for Western expatriates than any other place in the Middle East, and its can-do business culture makes it a place where even Arab businesspeople often go to broker deals. Iranians flock in, too, to trade and to party; by some estimates, there are four times as many Iranians in Dubai as native Dubaians. The city has become a safe harbor from the battles that rage throughout the Middle East over money, politics, and religion. Dubai is not about a clash of civilizations. It is about modernity, comfort, and profit.

Yet for all of its success, Dubai is an inadequate model for the future of the Middle East. Its small native population has had to learn, by necessity, to live as a minority on its home turf. The tiny native work force is easy to employ fully; the needs of customs and law enforcement alone absorb much of it. Equally important, Dubai owes at least part of its success to its wealthy neighbor Abu Dhabi, whose petrodollars act as insurance against Dubai's collapse. The Dubai model works well for Dubai, but it has limited relevance for the rest of the Middle East.

Iran's circumstances are more relevant to most countries in the region, and they present a far more cautionary tale. With its strong imperial history, vast oil and gas wealth, and population of almost 70 million, Iran is a natural powerhouse in the Middle East. Yet Nasr argues that Iran's combination of religion, politics, and economics, which mixes "theocratic Shia fundamentalism with a strong dose of class warfare and hatred for capitalism," has dragged the country down. As he explains, Iran's clerical leadership has often used Iran's isolation from the world to consolidate its economic and political grip on the country. Immediately following the 1979 revolution, private businesses were nationalized or sold, the state payroll was tripled, and the economy was crippled by international sanctions and a bloody war with Iraq. With all other options exhausted by the early 1990s, Nasr writes, President Ali Akbar Hashemi Rafsanjani cautiously sought to revive the private sector; after President Muhammad

Khatami was elected in 1997, those efforts accelerated and foreign capital began to flow in. Alongside the economic reform came gradual political openness. Civil-society groups became increasingly active, the rule of law began to return, and public debate surged.

But all of this proved too much for Iran's leadership, and it reversed course. Nasr lays much of the blame for this at the feet of Iran's supreme leader, Ayatollah Ali Khamenei, who called out Iran's Revolutionary Guard Corps to curb social reform and preserve the unholy alliance between religious clerics and political cronies that the revolution had spawned. The election of the populist president Mahmoud Ahmadinejad in 2005 consolidated the counterreform effort and dealt a harsh blow to those hoping for more economic openness. What was opened, instead, was the Treasury, which poured tens of billions of dollars into subsidies, handed out wads of cash, and embarked on a state-supported building spree. Many in Iran's lower class appreciated the relief, but the middle class was devastated. Over the past few years, the value of Iran's currency has plummeted and inflation has soared, straining pensioners and government workers. The political consequences were made clear last June, when the government cracked down on the opposition for claiming that the government had stolen the presidential elections. Many close observers believed the episode was a putsch by Khamenei and the Revolutionary Guards to keep themselves in power, against the wishes of tens of millions of Iranian voters. Less attention has been paid to the economic component of Iranian authoritarianism and the creation of what Nasr calls "Islamic Republic, Inc." The government's economic and political monopolies go hand in hand.

To Nasr, Turkey represents a happier balance between the state and the public. Under the logic of Kemal Atatürk, the founder of the Turkish republic, the government pushed economic and social development from the top down throughout the middle years of the twentieth century. The state planned the economy, built industries, and managed trade. The state also enforced strict secularism as a necessary component of modernization. But in recent decades, a more bottom-up, free-market, and religious logic has emerged in the country, tied to the rising fortunes of the Justice and Development Party (AKP). This story's hero is Turkey's prime minister in the 1980s, Turgut Özal. He breathed life into Turkey's Anatolian heartland by helping create networks of entrepreneurs untethered to the state-led capitalist system that Atatürk had built. The proprietors of these thriving small and medium-sized enterprises were typically conservative and pious—Nasr compares them to Midwestern Republicans—and they helped lead to a fusion of religion and politics that had previously been inconceivable in Turkey.

The Turkish General Staff, the keeper of the Kemalist flame, still regards the AKP warily, and Turkish politics is rife with accusations that the AKP is little more than a gang of fundamentalists in suits who seek to overthrow the Turkish republic. For his part, Nasr is satisfied with the state of competition in Turkey. As he sees it, "commerce has both shackled state power and softened Islam's hard edges." The rise of the AKP has coincided with the rise of a capitalist middle class and a turn away from state control over the

economy. Nasr also suggests that the demands of middle-class voters have forced the AKP to become a relatively tolerant technocratic force in Turkish politics. The challenge of electoral competition has helped forge a more moderate form of political Islam.

MIDDLE-CLASS HEROES

So what went right in Turkey, and what went wrong in Iran? As Nasr tells it, the two countries rose from the ashes of the failed modernization process that characterized the Middle East in the middle of the twentieth century—secular, state-led efforts that produced little wealth and even less freedom. In 1963, the Middle East scholar Manfred Halpern predicted that as independent states in the region became stronger, the growing petite bourgeoisie of schoolteachers, army officers, and bureaucrats would constitute a "new middle class" and a modernizing force. But, Nasr writes, because this group was "a product of the state . . . it forfeited its role as the vehicle of liberalization, opting instead for state patronage."

Yet it was a broad swath of this group that grew frustrated by continued poverty and felt alienated by rulers who seemed more comfortable in the salons of Europe than in their own capitals. Islam provided both a space to organize against the status quo and a rationale for doing so. In Iran, the shah's repressive form of secular nationalism gave birth to the opposition movements that created the Islamic Republic, and in Egypt and elsewhere, secular nationalism created violent groups that have employed Islamic slogans and symbols in their efforts to overthrow existing governments. These movements, in turn, have given many observers the impression that more Islamically oriented governments would be intolerant of women and minorities, distrustful of the majority's will, and hostile to Western interests.

Nasr disagrees, arguing that a more Islamic form of nationalism throughout the region would sit more easily with the middle class, liberalize politics, and lead to new moderation throughout the Middle East. He contends that a sustained effort to promote secularist principles is a losing fight because "the current battle line in many Muslim societies lies not between Islam and secularism but rather between types of Islam." The continued defense of unalloyed secularism, he argues, only gives Muslims a feeling that they are being besieged, feeding a culture war that the West cannot win. Nasr suggests that it is far better to promote greater economic openness to empower the middle class and then to rely on these people's good sense to curb the more extreme manifestations of Islamist politics. After all, Muslims in the Middle East "have generally not thrown their support behind fundamentalist parties in elections—at least not until those parties have abandoned the fundamentalist component of their stated goals." The new breed of Muslim yuppies have no hatred in their hearts; their Islam is one that "celebrates piety while rejecting violence and extremism."

A WAY OUT

But Nasr's view is by no means universally held. Many Christians and secularists in the Middle East would quarrel with it, and their exodus from the region is a sign that they distrust the Islamist forces.

Another flaw is that Nasr does not put forward a plan for opening the region economically, religiously, and politically

or suggest how such an evolution might be managed. At points, *Forces of Fortune* feels as if it is guided more by sentiment than argument. Nasr points consistently to the Turkish model, but he does not dwell on its nuances and particularities—for example, the way in which prospective membership in the European Union has both restrained Turkey's generals and inspired the AKP to pursue orthodox economic policies. Nor does Nasr dwell on the fact that in some instances wealth has been no barrier to extremism in the region (although he does mention this). After all, Osama bin Laden grew up in a very wealthy Saudi family, and his Egyptian deputy, Ayman al-Zawahiri, was raised by an upper-middle-class family in Cairo and trained as a physician. Moreover, some countries, such as Tunisia, have nurtured a middle class at the same time as they have stifled political openness, and in Dubai, elections play a vanishingly small role in governance.

But the most puzzling omission is Saudi Arabia, which barely appears in this book about religion, economics, and politics in the Middle East, despite having an abundance of all three. Saudi Arabia is the most prominent voice defining orthodox Islam, and it supports a range of nongovernmental groups in Muslim communities around the world. No government spends more money indoctrinating its own people and spreading its understanding of Islam beyond its borders. The Saudi royals and those close to them own virtually all the pan-Arab media, and the Saudi government trains thousands of clerics and prints millions of religious books every year. The country is a major economic force, too, with a GDP almost twice as large as that of the United Arab Emirates, three times as large as that of Kuwait, and four times as large as that of Qatar. Nasr describes Iran as "the only state ever created from scratch by fundamentalists," but Saudi Arabia is certainly another, and it is one that matters.

In Nasr's defense, one might argue that Saudi Arabia's oil-based economy has eviscerated the middle class and has led to precisely the sort of state-centered authoritarian system that Nasr hopes will be undermined. Nevertheless, Saudi influence—in terms of both money and ideas—is ubiquitous in Muslim circles. If the future of Islam lies in the marketplace, omitting Saudi Arabia from a discussion of how that is to happen is a religious, economic, and political distortion.

Even so, Nasr has written a rewarding and impressive book. He is a lively guide to a maze of issues that rarely get discussed, and he uses the fruits of his wide travels in the Middle East with great skill. *Forces of Fortune* is full of knowing insights, telling jokes, and subtle personal portraits, and it is an easy—although not breezy—read.

Judging by this book, it is no mystery that Nasr has risen to such prominence in U.S. government circles as a preeminent explainer of the complex phenomena that define the modern Middle East. Since writing it, he has become a senior adviser to Richard Holbrooke, the State Department's special representative for Afghanistan and Pakistan. Nasr's new responsibilities include figuring out how to tip these countries toward greater stability and moderation—a process, Nasr suggests, that will take decades of sustained effort.

Responses

The Future of U.S. Military Power

Debating How to Address China, Iran, and Others

"Transformation" Is a Luxury Washington Can't Afford

THOMAS DONNELLY

Andrew Krepinevich's essay "The Pentagon's Wasting Assets" (July/August 2009) highlights a number of critical questions facing the Pentagon as it prepares its Quadrennial Defense Review. But his astute observations about operations and technology are no substitute for a larger appreciation of the requirements of U.S. strategy. What might seem "wasting" in the longer term may actually be quite useful or even necessary at the moment. And given what futurism has done to military affairs—most notably yielding the school of "transformation" as propounded by former Defense Secretary Donald Rumsfeld—perhaps the United States ought to hold on to a more traditional approach.

Krepinevich's strong suit is his focus on emerging operational challenges, in particular the problems with retaining overseas access to strategic regions. Indeed, Krepinevich was among the first to call attention to these issues years ago, for example, in his 1996 report *Air Force of 2016*, published by the Center for Strategic and Budgetary Assessments. But designing operations—an area in which strategy and policy intersect with tactics and technology—is a very slippery art.

Consider Krepinevich's reference to the military's war simulation Millennium Challenge 2002 and the difficulties of projecting U.S. power in the Strait of Hormuz. Thanks to closer analysis, better tactics, and new investments, a conventional scenario in the Strait of Hormuz would be less dire today than it appeared to be in 2002. Moreover, the possibility of using land-based forces—whether located in Afghanistan, Iraq, or elsewhere in the region—is now considerably greater. To be sure, the capabilities of U.S. forces have not changed much, but Washington's ability to use them has. The United States has learned to employ traditional systems in novel ways, allowing supposedly "wasting" assets to have broader applications than originally thought. This is true of

the F-16, for example, which began in the 1980s as a daylight dogfighting aircraft but has since been adapted for use in a variety of bombing, close-air-support, electronic-combat, and other missions.

The United States indeed faces a challenge in East Asia, where the Chinese military has invested heavily in the kind of systems that Krepinevich rightly worries about, such as ballistic missiles and attack submarines. But in addition to investing in the new, less vulnerable forces that Krepinevich anticipates, such as long-range stealthy unmanned bombers—which, in any case, will take a long time to develop and field—the United States must discover, as it has in Iraq, how to maximize the value of today's forces. It is a strategic requirement to do so in East Asia. Disturbingly, a recent white paper by the Australian Department of Defense spoke of a need to "hedge" against the retreat of the United States' presence in the Pacific. When a longtime ally speaks such a plain truth, Washington should pay attention.

Krepinevich and other advocates of transformation overemphasize revolutions in military affairs and discount continuities. As the guarantor of the international system, the United States cannot afford to substantially scale back its current responsibilities, whether in Europe, where Vladimir Putin's Russia casts a pall on the general peace; in East Asia, where China is rising and North Korean provocations are almost regularly scheduled events; or, of course, in the greater Middle East. Krepinevich admits that the United States must remain the guarantor of the international system, defining its strategic aim as the preservation of the current liberal world order. But this imposes requirements that make Krepinevich's proposal of divesting from "wasting assets" problematic. It would be both difficult and imprudent for the sole superpower—the one nation with the ability to stabilize the international system—to walk away from its commitments.

The United States must adapt to changing circumstances, such as China's rise, while preserving sufficient day-to-day strength to win the wars it is fighting now, provide the backbone for old and new coalitions, and otherwise manage risks to its security. Washington faces an ever-changing threat environment; it does not have, nor will it ever have, the luxury of moving wholly from one clearly defined regimen of warfare to another.

After the experience of the Bush years, Americans ought to be deeply skeptical of transformation. At least Krepinevich has dropped his idea of a 20-year "strategic pause," which he developed in 1997 while on the National Defense Panel, a body created by Congress to assess the first formal Quadrennial Defense Review. The central proposition of this idea was that after the collapse of the Soviet Union, the U.S. military should concentrate on deterring a future great-power competitor, primarily by means other than manpower—including high-tech weaponry, special operations forces, and relationships with allied foreign forces. (Large U.S. land forces, on the scale that the wars in Afghanistan and Iraq have required, were already considered "wasting assets.") But for all that has changed since the 1990s, Krepinevich's prescriptions remain the same: invest in technology (especially for long-range precision strikes), avoid land-force commitments (especially in long-running irregular conflicts), and reshape strategy in light of limited means

(rather than increase spending). This approach has been tried, and it has failed. Krepinevich confuses what is more or less constant—U.S. strategic behavior—with what varies: the particular military means Washington is able to employ at any given moment to achieve its strategic goals.

Krepinevich also makes unfortunate use of the term "wasting assets." The Eisenhower administration developed a "wasting assets" framework and then launched the disastrous "New Look" strategy, which drastically reduced defense spending and relied so heavily on nuclear weapons that even small Cold War confrontations threatened to quickly become Armageddon-inducing crises. Today, although Krepinevich and many Obama administration officials have positively cited Dwight Eisenhower's example, and Defense Secretary Robert Gates is promoting a new-look vision of his own, this is no model for American defense strategy.

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The Navy Is Vital for Power Projection

PHILIP DUR

Andrew Krepinevich's essay is a reasonable call for revising U.S. strategic doctrine. Although Krepinevich overstates his case by implying that this strategic moment is as poignant as that which produced NSC-68, his call is especially welcome at a time when public support for preemptive wars and adventurous nation-building exercises is waning.

Krepinevich is correct to insist that the United States begin reckoning seriously with emerging powers—especially China and Iran—that are developing capabilities to limit or block access to areas of vital U.S. interest, such as the Taiwan Strait and the Persian Gulf. Whether powers with anti-access capabilities would ever actually undertake to deny passage to U.S. forces is not the point. Those very capabilities may, in a time of crisis, deter Washington from deploying forces to defend its interests and meet its commitments to key allies.

Unfortunately, Krepinevich's argument reinforces a long-standing intellectual campaign against those naval forces that have played an important role in projecting U.S. influence around the globe since World War II. In 1993, I argued with Krepinevich before the Senate Armed Services Committee about what type of presence the U.S. military should have in and around the world's key waterways. Then, as now, Krepinevich failed to appreciate the combat and deterrent capabilities of mobile platforms equipped for power projection from the sea.

Krepinevich's article argues that the Millennium Challenge exercise proved that current U.S. naval forces were "wasting." But his account of the exercise is selective and ignores the detailed criticisms of numerous participants. "Swarms of Iranian suicide vessels" could not prevail in the real world—as they did in the exercise—against a properly dispersed, alerted, and networked U.S. fleet. The only sure outcome in such a scenario would be the attackers' suicides.

Regarding the value of submarines, Krepinevich exaggerates. Some submarines would indeed be essential to fighting an enemy's submarines, but they are otherwise

of limited use. A submarine's initial attack against anything but another submarine may compromise its location (making it a "flaming datum"), quickly rendering it vulnerable to retaliation. And the utility of submarines in missile- and air-defense scenarios is unproven.

When it comes to air power, Krepinevich argues that the short range of U.S. Navy airplanes limits the usefulness of manned aircraft because sea bases must be positioned near enemy territory, in areas vulnerable to enemy attack. His prescription is to field unmanned, longer-range strike vehicles from distant bases. But this ignores the likelihood that high-altitude drones would be relatively easy prey for an adversary's fully alerted air defenses. Further, even as the United States fields new manned and unmanned aircraft, it urgently needs to improve its ability to defend against diverse missile threats, which are at the heart of access denial.

Krepinevich commends Defense Secretary Robert Gates' decision to limit the number of Zumwalt-class destroyers, but his position reveals a lack of understanding of the Zumwalt's bearing on the projection of naval power in the twenty-first century. The Zumwalt is the only surface vessel currently in design or in production with both sufficient technology and sufficient stealth to operate in areas where U.S. interests are threatened by sophisticated adversaries. Only the Zumwalt has the hull, the deckhouse, and the power-generation capacity to accommodate the larger missiles and powerful radars needed to cope with modern missile threats. Gates' decision may mean that the navy will not rely on Zumwalts to counter powers that could deny U.S. access, but future vessels will

need the critical technologies that were developed for that ship.

The naval force needed to assure U.S. access will be defined not by numbers but by the U.S. military's ability to penetrate, and project power credibly in, any ocean area important to Washington and its allies. This means having a force that can provide adequate defense against existing threats and conduct offensive operations to neutralize or destroy any systems employed to limit U.S. access. Building and improving that force is a strategic imperative.

REAR ADMIRAL PHILIP DUR, *a Surface Warfare Officer, commanded the Saratoga Battle Group and the Aegis cruiser U.S.S.* Yorktown *and was Director of the U.S. Navy's Strategy Division. He was President of Northrop Grumman Ship Systems, the lead contractor in the design of the Zumwalt-class destroyer, from 2001 to 2005.*

Krepinevich Replies

Thomas Donnelly and Admiral Philip Dur raise many important questions, even as I take issue with some of their arguments.

Donnelly's history of the Eisenhower years is inaccurate. He asserts, incorrectly, that the Eisenhower administration, having developed a "'wasting assets' framework," instituted "drastically reduced defense spending." In fact, prior to the Korean War, in fiscal year 1950, annual defense spending was $126.6 billion (in today's dollars). Following the postwar drawdown, in fiscal year 1955, annual spending was $221.7 billion. And in fiscal year 1960, at the administration's end, spending stood at $265 billion—hardly a reduced figure. Donnelly also characterizes the Eisenhower administration's New Look strategy as "disastrous." Yet he offers no evidence of any ensuing disasters.

Donnelly is correct that I believe the military should "invest in technology . . ., avoid land-force commitments . . ., and reshape strategy in light of limited means" rather than increase spending. He asserts that "this approach has been tried, and it has failed," but he notes no specifics to support his claim. Donnelly's approach to existing and emerging challenges is to increase spending—to do more of the same, in other words. This is fiscal moonshine. Defense spending has increased by more than 45 percent this decade, and the Office of Management and Budget is projecting deficits in excess of $9 trillion over the coming decade. The best strategies involve thinking smarter than one's enemies, not merely throwing more money at one's problems.

Good strategies also identify, develop, and exploit areas of competitive advantage. For the United States, technology is one such area. Donnelly does not sufficiently recognize this point. For example, he questions my emphasis on long-range aerial strike capabilities, even while acknowledging that the United States will indeed have increased difficulty retaining access to bases in far-flung overseas regions.

Donnelly advocates a larger army, but the United States does not have the advantage of surplus manpower. Rather, the U.S. advantage lies in having relatively small numbers of highly trained commissioned and noncommissioned officers. Therefore, Washington should maintain its commitments but pursue, wherever possible, an "indirect approach" to irregular warfare. U.S. troops, then, would primar-

ily train and advise allied and indigenous forces in such conflicts, rather than seeking to assume the costly lead role.

Admiral Dur and I differ on a narrower set of issues. The principal difference is that Dur discounts how much the character of naval warfare has changed since the United States began losing its near monopoly in precision weaponry. A century ago, developments in submarine and torpedo technology rendered several of the British Royal Navy's strategies obsolete, especially regarding close blockades. Likewise, recent developments in various states' anti-access/area-denial capabilities have increased the costs of projecting power into narrow waters such as the Persian Gulf or beyond the littorals of major powers such as China. This, in turn, demands that Washington make serious changes to its maritime forces.

Regarding the Millennium Challenge exercise, Dur rightly notes that swarms of suicide boats in narrow waters could not severely damage today's U.S. fleet. However, a grave threat would arise from a combination of suicide boats, advanced antiship mines, swarms of high-speed guided antiship cruise missiles, submarines operating in noisy waters, and (in the case of a conflict with China) ballistic missiles. And this problem will become more serious with time.

Dur also criticizes my support for developing long-range unmanned strike aircraft, asserting that "high-altitude drones would be relatively easy prey for an adversary's fully alerted air defenses." This is true—but the navy plans to make its new aircraft stealthy, which would render Dur's concern moot. Moreover, because the range of the unmanned aircraft far exceeds that of current carrier aircraft, carriers would be able to operate further out to sea, reducing their vulnerability.

Lastly, Dur opposes Defense Secretary Robert Gates' decision, which I support, to cancel the Zumwalt-class destroyers, arguing that only the Zumwalt can "cope with modern missile threats." To be sure, the Zumwalt's radar systems are superior to its predecessors'. But the Zumwalt carries far fewer missiles than other ships with missile defense responsibilities. This makes it more vulnerable to enemy saturation tactics, which simply overwhelm the ship's defenses by using large numbers of missiles. And were the Zumwalt to address this weakness by including more interceptor missiles in its limited inventory, it would detract from its ostensible land-attack mission. As Dur rightly notes, the navy can incorporate many of the Zumwalt's technological advances in future ships.

Both Donnelly and Dur prefer to stay the course rather than adjust to shifts in fiscal reality and in the character of military competition. They would do well to heed the warning of Sir Francis Bacon that "he that will not apply new remedies must expect new evils."

Recent Books on International Relations

Political and Legal

G. JOHN IKENBERRY

UN Ideas That Changed the World. BY RICHARD JOLLY, LOUIS EMMERIJ, AND THOMAS G. WEISS. Indiana University Press, 2009, 336 pp. $65.00 (paper, $24.95).

Since 1999, the United Nations Intellectual History Project has produced over a dozen studies that trace the work and impact of the United Nations since its founding. In this impressive volume, the project's directors argue that there are really three United Nations: the formal arenas of interstate diplomacy, the UN staff and operations, and the closely associated nongovernmental organizations, experts, and consultants. It is out of a confluence of power politics, progressive activism, forum sponsorship, and commissioned scholarship that the UN has helped shape the global debate on peace, security, development, and human rights. Drawing on earlier studies, Jolly, Emmerij, and Weiss assess the body's contributions and failures, citing as a success the UN's promotion of development and human rights. The UN has pushed global thinking to embrace social and economic rights and protections for women and children and, beginning in the 1950s, helped build an international economic framework for national development and trade. Failures include its late response to the neoliberal ideas of the Washington consensus and its weak one to the special needs of the poorest countries. As the book makes clear, the UN is important as a site—or as a sort of ecological environment—for not just the exercise of power but also the exercise of imagination.

When China Rules the World: The End of the Western World and the Birth of a New Global Order. BY MARTIN JACQUES. Penguin Press, 2009, 576 pp. $29.95.

With the prospect of China's economy surpassing the United States' in less than 20 years, the great debate today is over whether China will integrate into the existing world order or seek to transform it. Invoking the grand logic of the rise and fall of great powers, Jacques, a journalist, makes the case that China will dominate and reshape the global system. He argues that although China's first steps toward global preeminence are economic, eventually its political and cultural influence will be even greater—and that, overall, "China's impact on the world will be at least as great as that of the United States

over the last century, probably far greater." Jacques also claims that Beijing appears to offer the world an alternative route to modernity—and therefore a different vision of world order. Having adopted the trappings of Western capitalism while embracing a more illiberal conception of social order, China is modernizing, not westernizing. Therefore, Jacques argues, its coming hegemony will reorient politics and society. But the book is better at describing differences between the East and the West—their cities, customs, values—than alternative logics of global order. It does not explore in any depth what it will mean for China to become a global hegemon. Hegemony involves building a system of institutions that other states seek to join, overseeing an extensive system of alliances, and providing public goods. The United States' liberal orientation has facilitated its leadership. It remains to be seen whether China can build a Pax Sinica without an open, rule-based world order.

Empires of Trust: How Rome Built—and America Is Building—a New World. BY THOMAS F. MADDEN. Dutton, 2008, 352 pp. $25.95 (paper, $17.00).

Books about the end of the American era and a "return to multipolarity" should be read alongside this fascinating contrary view. Madden, a scholar of ancient history, argues that the United States shares important similarities with the long-lasting Roman Empire. His thesis is not that the United States is the new Rome. It is that the two polities share a similar culture, self-image, and national character—and that these features have set Rome and the United States along a similar path to dominance. For Madden, the two powers are not empires in the traditional sense, as powers that seek to conquer and control others. Rome during its republican era was and the United States today is an "empire of trust"—that is, a power that exerts control by establishing an understanding of how power is to be restrained and responsibly exercised. Rome, Madden argues, was unusual in its ability to make friends and allies, and it did so because other peoples were convinced that it would use its power responsibly, carefully, even mercifully. The book develops this thesis through lively stories of republican Rome and its imperial relations, finding parallels and lessons for the American experience. The implication is that what separates the United States from would-be global hegemons is its political culture of limited state power and republican rule.

Avoiding Trivia: The Role of Strategic Planning in American Foreign Policy. EDITED BY DANIEL W. DREZNER. Brookings Institution Press, 2009, 230 pp. $24.95.

There is a widespread belief that since the end of the Cold War, the United States has not done strategic planning very well. It is also true that the study of strategic planning itself has been neglected. This small gem of a book brings together academic experts and government veterans to reflect on how the United States, in the words of Secretary of State Dean Acheson, should "look ahead . . . to see the emerging form of things to come and outline what should be done to meet or anticipate them." One set of chapters looks at the shifting international environment in which strategic planners must now operate. David Gordon and Daniel Twining identify increasingly diffuse challenges

that will require new strategic thinking, and Jeffrey Legro sees the United States struggling to sustain an internationalist foreign policy. In chapters about the organization of planning, Bruce Jentleson and others believe that it will increasingly require the integration of ideas and experts from across the government. Aaron Friedberg argues that the White House itself needs to take charge of policy planning, perhaps by creating a cell inside the National Security Council. There are also skeptics who question whether planning can really be perfected. Stephen Krasner makes the useful point that planning is often ignored or disconnected from the actual conduct of foreign policy. But occasionally, "windows" open up, and leaders unexpectedly seek out new policy thinking. These are the moments that planners live for.

The Struggle for Power in Early Modern Europe: Religious Conflict, Dynastic Empires, and International Change. BY DANIEL H. NEXON. Princeton University Press, 2009, 408 pp. $75.00 (paper, $29.95).

Scholars often debate the future of the modern system of nation-states, but rarely do they study its origins. This groundbreaking book provides a sweeping reinterpretation of the religious and geopolitical conflicts of the seventeenth century, culminating in the emergence of the European state system. Nexon focuses on the pivotal role of the Protestant Reformation in precipitating crisis across premodern Europe. What threatened weak leaders was less the religious ideas themselves than the rapid proliferation of social movements and transnational forms of collective action. New religious identities undermined old arrangements of rule, triggering general upheaval, revolts, and the Thirty Years' War, which, in turn, yielded a new European order. Nexon takes issue with traditional accounts that fixate on power politics and the rise and decline of empire or emphasize changing conceptions of sovereignty. In his telling, it is the rapid emergence of transnational religious movements that altered the viability of states and fostered geopolitical competition. Historically minded scholars will enjoy Nexon's detailed studies of the Hapsburg empire and the French wars of religion. Students of contemporary world politics will find relevance in his account of how transnational networks—religious or otherwise—can undermine the authority of states and trigger new forms of collective action.

Economic, Social, and Environmental

RICHARD N. COOPER

The Return of Depression Economics and the Crisis of 2008. BY PAUL KRUGMAN. Norton, 2008, 224 pp. $24.95 (paper, $16.95).

Financial Fiasco: How America's Infatuation With Homeownership and Easy Money Created the Economic Crisis. BY JOHAN NORBERG. CATO Institute, 2009, 186 pp. $21.95.

The economic crisis of 2008–9 will no doubt spawn dozens of books. Here are two good early ones. The Nobel Prize–winning economist Krugman has extensively revised his 1999 book, *The Return of Depression Economics*, which focused on the emerging-market financial crises of the

1990s, to include the recent global crisis and explain it in layman's terms. There are remarkable parallels between the two periods, although the details, of course, differ. Inadequately regulated financial institutions, an extensive moral-hazard problem, and euphoric market expectations played important roles in both.

Norberg, a knowledgeable Swede, provides a much more detailed account of the broader events of 2007–9, from the useful perspective of a non-American. He finds plenty of blame with all the major players in the U.S. financial system: politicians, who thoughtlessly pushed homeownership on thousands who could not afford it; mortgage loan originators, who relaxed credit standards; securitizers, who packaged poor-quality mortgage loans as though these were conventional loans; the Securities and Exchange Commission, which endowed the leading rating agencies with oligopoly powers; the rating agencies, which knowingly overrated securitized mortgages and their derivatives; and investors, who let the ratings substitute for due diligence. Senior management in large parts of the financial community lacked an attribute essential to any well-functioning financial market: integrity. But solutions, Norberg warns, do not lie in greater regulation or public ownership. Politicians and bureaucrats are not immune from the "short-termism" that plagues private firms.

Climate of Extremes: Global Warming Science They Don't Want You to Know. BY PATRICK J. MICHAELS AND ROBERT C. BALLING, JR. CATO Institute, 2009, 267 pp. $21.95.

Having combed the peer-reviewed literature on climate change, Michaels and Balling conclude that much of the current public discussion of this important issue is extremely misleading. Some developments—such as receding glaciers on Mount Kilimanjaro or the eroding coastline of northern Alaska—have been taking place for over a century and cannot possibly be attributed to recent greenhouse gas emissions. Other developments may not pose the problem they are alleged to pose. For example, the reduction of the ice mass covering western Antarctica, which could contribute to a significant rise in the sea level, is partially and perhaps wholly offset by the growth of the ice mass over eastern Antarctica. Indeed, simulations suggest that the continent's total ice mass will increase in the coming decades due to increased precipitation. If the models are correct, the loss of Antarctic ice is not worth worrying about; if they are incorrect, the other, more alarming forecasts should be treated with greater skepticism. Even if the authors have cherry-picked their scientific papers, this book is a useful antidote to the heavy dose of hype to which the public is regularly subjected.

Offshoring of American Jobs: What Response From U.S. Economic Policy? BY JAGDISH BHAGWATI AND ALAN S. BLINDER. EDITED BY BENJAMIN M. FRIEDMAN. MIT Press, 2009, 144 pp. $18.95.

This stimulating collection, like the Harvard symposium that led to it, is built around Blinder's strong and much-debated thesis that within two decades, 30–40 million U.S. jobs, mainly those in the services industries that require no direct contact between the provider and the customer, could be sent offshore—especially to India,

where wages are low and English-speaking university graduates are plenty. Blinder argues that the United States should adapt its educational and labor policies to prepare for this possibility. Bhagwati, for his part, points out that offshoring is just one more dimension of an open trading system, which will produce higher living standards for Americans—and Indians. The contributors observe that this possibility will be similar in proportion to the adjustments that the U.S. economy has already made in past decades, particularly to the decline in manufacturing employment; that for a variety of reasons, not nearly so many jobs will move offshore; and that other countries will offshore some of their jobs to the United States.

Global Warming and the World Trading System. BY GARY CLYDE HUFBAUER, STEVE CHARNOVITZ, AND JISUN KIM. Peterson Institute for International Economics, 2009, 166 pp. $23.95.

Many calls for legislation to reduce greenhouse gas emissions conflict with the existing world trading system. In particular, proposals to cap emissions and issue tradable emissions permits invite concerns about competitiveness and calls for protection against imports from countries with less stringent emissions standards. This specialized but important book examines, and questions, the compatibility of many cap-and-trade proposals with existing World Trade Organization rules. (It also provides a useful summary of the major scientific and economic uncertainties involved in confronting climate change.) The book sketches the main features of a proposed internationally negotiated code that would clarify current ambiguities and permit the world to confront climate change while still preserving an open trading system.

Money, Markets, and Sovereignty. BY BENN STEIL AND MANUEL HINDS. Yale University Press, 2009, 304 pp. $29.95.

Steil and Hinds argue that many laws have arisen out of centuries of commercial practice. The idea that laws are under the effective control of legislatures, as well as the related concept of national sovereignty, is a relatively modern notion. In this light, national currencies endowed by rulers with legal status are historically anomalous. Money—much of the book covers the history of money—has traditionally taken the form of a durable and convenient physical product, such as silver, gold, or cowrie shells. Today's nationally managed currencies stand in sharp contrast to the globalization of trade and investment. The authors argue that there are far too many currencies and that the world needs an internationally accepted currency. (As its minister of finance, Hinds encouraged El Salvador to give up its currency for the U.S. dollar.) The U.S. dollar plays this role in practice, but its dominance is at risk because U.S. monetary policy, which ultimately determines the value of the dollar, is governed entirely by domestic considerations. Neither the euro nor gold (which the authors extol) is suitable for an official global role. The authors suggest that the U.S. Federal Reserve's statute should be amended to officially acknowledge the global role of the dollar and the importance of maintaining the rest of the world's confidence in it.

Military, Scientific, and Technological

LAWRENCE D. FREEDMAN

A Fiery Peace in a Cold War: Bernard Schriever and the Ultimate Weapon. BY NEIL SHEEHAN. Random House, 2009, 560 pp. $32.00.

Bernard Schriever, who died in 2005 at the age of 94, was instrumental in bringing the United States into the missile age. He had the right qualifications: a background as an engineer with an aptitude for bureaucratic politics, a respect for scientists, and some enviable patrons early in his career. He also now turns out to have been fortunate with his biographer. Sheehan last chose a formidable individual to illuminate a big story when he used Lieutenant Colonel John Paul Vann to criticize the conduct of the Vietnam War. Although his descriptions of the developing Cold War have a decidedly revisionist tinge, Sheehan has been drawn into Schriever's world, and he effectively cheers him on in his determination to construct operational long-range missiles before the Soviet Union does. Schriever hacked away at arcane review procedures and regulations before they added years to the project and led it to collapse, cajoled disparate groups into working together, and circumvented the obstacles put in his way by the acerbic and myopic General Curtis LeMay, who saw value only in long-range bombers. The book's rich cast of characters includes the hard-drinking official Trevor Gardner, the technological entrepreneur Stephen Ramo, and the brilliant scientist John von Neumann. It is a welcome and compelling portrayal not only of Schriever but also of the bureaucratic tussles and engineering challenges behind the missile and space programs of the 1950s and 1960s.

D-Day: The Battle for Normandy. BY ANTONY BEEVOR. Viking, 2009, 608 pp. $32.95.

Normandy: The Landings to the Liberation of Paris. BY OLIVIER WIEVIORKA. TRANSLATED BY M. B. DEBEVOISE. Belknap Press, 2009, 464 pp. $29.95.

One might think that there would be little new for historians in the big events of World War II, but the books keep on coming. Perhaps this is because of the war's extraordinary scale, the enduring respect for those who fought, or the belief that, despite all the revisionism and the Allies' faults, this was a good war, fought for a just cause. Or maybe it is because the conflict occurred within living memory yet sufficiently long ago to be assessed dispassionately and with the benefit of better records from more countries. Historical fashions have also changed: there is now an expectation that war will be described not solely from the viewpoint of the politician and the general but from that of the soldier, too.

Beevor, who last cast a fresh eye on the Battle of Stalingrad, in *Stalingrad: The Fateful Siege, 1942–1943,* now does the same with D-day, the Normandy landings of June 1944. He can deplore General Bernard Montgomery's egotism and give due marks to General Dwight Eisenhower's diplomatic skills; he can acknowledge the tenacity of the German troops, keep the chaos of Omaha Beach in perspective, record the routine murder of burdensome prisoners on both sides, and worry about

the suffering of French civilians, especially in the name of questionable strategic necessity, as with the bombing of Caen. But where the book really scores is in its eye for the operational detail and in its vivid reconstructions of the experience of battle, as unavoidable courage mixes with arbitrary tragedy.

Beevor's book concludes with the dramatic and successful rush by the French Second Armored Division to be the first to liberate Paris. Wieviorka's account, originally published in French, naturally explores the French dimension: the activism of the Resistance, the civilian casualties, and, most of all, the determination of Charles de Gaulle to speak for France and be heard, however much he irritated his allies. All this is part of a full, somewhat more traditional top-down account of the preparations for the landing and their aftermath.

Red Cloud at Dawn: Truman, Stalin, and the End of the Atomic Monopoly. BY MICHAEL D. GORDIN. Farrar, Straus & Giroux, 2009, 416 pp. $28.00.

Pointing to the way the Soviet nuclear program was structured, Gordin questions whether Soviet spies and captured German scientists made as much of a difference to the timing of the Soviet atomic bomb project as is often assumed. He focuses on the background to the first Soviet nuclear test, in August 1949, and how it was that the Americans were able to detect the test and then announce it before Moscow did. But Gordin undermines his research with a basic error on the second page, when he suggests that Winston Churchill was present at the Potsdam Conference in only an advisory capacity because he was no longer prime minister. In fact, he was prime minister—until the results of the general election were announced, at which point he left the conference and his successor, Clement Attlee, took over. Fortunately, Gordin shows a surer touch with the material more central to his thesis, and his book is an interesting contribution to the literature on the origins of the nuclear arms race.

The United States

WALTER RUSSELL MEAD

Transforming America's Israel Lobby: The Limits of Its Power and the Potential for Change. BY DAN FLESHLER. Potomac Books, 2009, 272 pp. $24.95.

Many polls show that the generally hardline positions of a number of mainstream U.S. Jewish organizations, such the American Israel Public Affairs Committee, do not reflect the views of a large proportion of American Jews on Middle East issues. Fleshler wants to change this situation, and *Transforming America's Israel Lobby* is an effort to analyze the current situation and to show how and why it should change. Fleshler provides a moderate and nuanced view of the centrist and center-right organizations that dominate Jewish advocacy on Middle East issues, and his descriptions of their smaller but scrappy rivals on the left are useful, too. As for building an effective center-left Jewish lobby, Fleshler is better at explaining why this would be useful than at showing how it can be done. The complexities of the Middle East; the presence of real anti-Semitism in some (although not all) of the pro-Palestinian, conspiracy-minded grouplets; and the

declining salience of Jewish issues among the increasingly assimilated and secular young American Jews whose political views most resemble Fleshler's, combined with the always delicate relations between Israel and the largest Jewish community in the global diaspora, make this task one of the hardest in U.S. politics.

Union, Nation, or Empire: The American Debate Over International Relations, 1789–1941. BY DAVID C. HENDRICKSON. University Press of Kansas, 2009, 480 pp. $34.95.

This well-researched and stimulating book makes an important addition to the growing literature that interprets U.S. foreign policy from a historical perspective. Although his account ends with the United States' entry into World War II, Hendrickson seeks to demonstrate the relevance of what came before the war to what came next—in the Cold War and beyond. He argues, convincingly, that the ideas Americans used to understand the twentieth-century world had a long history in domestic political debate. Hendrickson's greatest contribution is to use the recurring debates over the nature of the union to examine American ideas about the broader international system. It was the depth and sophistication of Americans' understanding of relations between the American states, Hendrickson argues, that prepared the United States for its global role post-1945. There are problems with the argument, and not everyone will agree that the facts fit his framework as tightly as he maintains; overall, however, Hendrickson has written a book that no serious student of the United States' political tradition can afford to ignore.

After the War: Nation-Building From FDR to George W. Bush. BY JAMES DOBBINS, MICHELE A. POOLE, AUSTIN LONG, AND BENJAMIN RUNKLE. RAND Corporation, 2008, 188 pp. $25.00.

When asked about his plans for postwar Germany, Winston Churchill frequently cited an old recipe for jugged hare: "First, catch your hare." Winning the war was the most important task; once caught, the hare could be cooked at leisure. This study of U.S. nation-building efforts in Germany, Japan, Somalia, Haiti, Bosnia, Kosovo, Afghanistan, and Iraq both challenges and confirms Churchill's approach. On the one hand, it seems clear from these experiences that postwar planning is best begun well before the end of hostilities and that, in an ideal world, war fighting would take more account of the post-conflict stage. At the same time, the most important lesson of history seems to be that the only thing more vital than catching your hare thoroughly is catching the right one. The reconstruction of Germany and Japan, the authors note, was successful not only because both countries had been thoroughly defeated but also because they had strong economic and social foundations on which to rebuild. More recent efforts at nation building have been challenged either because the hares were not completely caught (Somalia, Afghanistan, Iraq) or because, caught or not, the hares were not suitable for jugging (Somalia, Haiti, Bosnia, Afghanistan). The astonishingly poor quality of the planning processes for Afghanistan and, even less excusably, Iraq exacerbated the difficulties of what would have been difficult missions anyway.

American Passage: The History of Ellis Island. BY VINCENT J. CANNATO. HarperCollins, 2009, 496 pp. $27.99.

This brisk and accessible book summarizes the policies and controversies over U.S. immigration between 1892 and 1954, when Ellis Island was used to process immigrants to the United States and/or hold those scheduled for deportation. As Cannato explains, the island was not just part of the story of immigration; it was also part of the story of the expansion of the federal government and the development of the progressive, bureaucratic state. After 1891, when the federal government replaced the states as the regulators of immigration, federal inspectors, faced with thousands of new arrivals each week, had to translate vague congressional mandates into concrete policies and then defend the consequences of their decisions in a contentious political environment. Cannato is particularly successful at showing the influence of the progressive movement on both the creation and the implementation of changing immigration law. Not all of *American Passage* is equally useful; most readers will be more interested in Ellis Island in its heyday than after 1924, when much more restrictive immigration laws came into force, and Cannato's accounts of the squabbles among Ellis Island bureaucrats are perhaps a little more comprehensive than most readers need. Still, the subject is important enough and Cannato's treatment fresh enough that anyone with an interest in immigration or progressive politics will want to consult it.

Golden Dreams: California in an Age of Abundance, 1950–1963. BY KEVIN STARR. Oxford University Press, 2009, 576 pp. $34.95.

The latest volume of Starr's magisterial history of California covers the post–World War II era, when California's prosperity and cultural exuberance astonished the world—and when many of the seeds of the state's current travails were sown. The diversity and complexity of mid-century California make this a difficult story to tell; Starr's technique of focusing sequentially on different cities and different topics helps readers see the state whole. His mastery of the history of the state allows Starr to write with equal authority about the rise of the freeway and the rise of Eastern spirituality, about the influence of the jazz pianist Dave Brubeck and the role of the Beach Boys. In particular, war played an enormous role in the shaping of modern California: World War II accelerated California's growth, as the federal government created a manufacturing base there for the defense industry that led to a massive migration of African Americans to the West Coast, and Cold War defense expenditures not only fueled California's economy but also financed the University of California system. Although Starr sometimes struggles to balance the many subjects and narrative strands that make up his story, *Golden Dreams* remains a landmark study of the greatest U.S. state.

Western Europe

ANDREW MORAVCSIK

1989: The Struggle to Create Post–Cold War Europe. BY MARY ELISE SAROTTE. Princeton University Press, 2009, 344 pp. $29.95.

Beginning exactly 20 years ago, the diplomacy surrounding the reunification of Germany in 1989–90 transformed world

politics. Sarotte's readable and reliable diplomatic history will no doubt take its place as the classic overview of this period. It is sensible, balanced, and well documented, drawing on what is now an extensive international body of primary and secondary sources. In her view, 1989 was a unique opportunity brought about by two men: the Soviet Union's Mikhail Gorbachev and West Germany's Helmut Kohl. She thereby downplays the contributions of Washington and Paris, both of which played positive, but less decisive, roles than American and French accounts suggest. Yet the final settlement—a reunified Germany in NATO, rather than some sort of confederation—was decided not by statesmen as much as by people on the streets of East Germany, who forced the pace and the form of reunification. Thereafter, Gorbachev's irresolute bargaining stance, along with the West's shortsightedness, led Moscow to settle for weak assurances about the future expansion of NATO. The resulting resentments rankle Russians to this day.

Europe and the End of the Cold War: A Reappraisal. EDITED BY FRÉDÉRIC BOZO, MARIE-PIERRE REY, N. PIERS LUDLOW, AND LEOPOLDO NUTI. Routledge, 2008, 256 pp. $160.00 (paper, $39.95).

This volume exemplifies the new "international history" of 1989—more multilingual and more attentive to social and cultural underpinnings than traditional diplomatic history. Nineteen historians, many of them young, analyze the policies of different countries, drawing on sources in local languages and archives. The overwhelming impression of the period is one of leaders struggling unsuccessfully to

maintain control, first by attempting to retard the process of German reunification and then by seeking to synchronize a German settlement with a deal on some overarching structure, perhaps a "common European home." Instead, the outcome came quickly; those who had the most influence were those who improvised best. This perspective demolishes some conventional myths. The volume's contributors show that there was no quid pro quo, as many still believe, between Germany's demand for reunification and France's demand for a single EU currency. They portray the British foreign policy bureaucracy, contrary to its reputation, as actively supportive of German reunification—with the sole exception of Margaret Thatcher. And they offer new insights into why Mikhail Gorbachev unconditionally assented to a reunited Germany within NATO. In the end, the contributors hint that the existing NATO and German structures won out, above all, simply because there was no legitimate alternative to them.

Deutschland einig Vaterland: Die Geschichte der Wiedervereinigung. BY ANDREAS RÖDDER. Verlag C. H. Beck, 2009, 490 pp. €24.90.

This book is the leading German-language history of the events of 1989. In addition to summarizing the diplomatic history, it explains the reasoning behind West German Chancellor Helmut Kohl's activist diplomacy. In Rödder's view, Kohl was driven most by domestic electoral calculations. A cautious man in most things, the chancellor's first instinct was to follow the advice of his Foreign Ministry: he refused to press publicly for reunification. With the prospect of the opposition Social Democrats (who were already ahead in the polls) stealing the issue, however, Kohl reversed himself in November 1989. He sprang a unity initiative, keeping even his coalition partners, the Free Democrats, in the dark. At a stroke, Kohl gained the political advantage at home and abroad. Despite his conservative credentials, he became Germany's most popular politician, especially in the East. Soon, France followed along with an EU deal, and Gorbachev proved willing to permit not only Germany's reunification but also its membership in NATO. Kohl had gambled and won.

How World Politics Is Made: France and the Reunification of Germany. BY TILO SCHABERT. TRANSLATED BY JOHN TYLER TUTTLE. EDITED AND ABRIDGED BY BARRY COOPER. University of Missouri Press, 2009, 424 pp. $54.95.

Of the statesmen involved in the epochal events of 1989, French President François Mitterrand is perhaps the most enigmatic. His distinctive political genius lay in the manipulation of ambiguity: he always kept multiple options open until the last instant, disguising underlying contradictions with presidential pomp and grand ideals. He launched a socialist experiment, nationalizing one-third of France's economy, then embraced free markets and hard money. He ignored Franco-German relations and European integration for years, then championed both. He advocated a European confederation to block U.S. hegemony, then tenaciously defended NATO. Schabert, a German professor with exceptional access to French sources, offers a uniquely well-documented treatment of

Mitterrand's German diplomacy. He explodes the myth that Mitterrand opposed German reunification, but his portrayal of the French president as a European idealist is less persuasive. Instead, two other factors best explain Mitterrand's behavior: concern for his own political survival, which always came first, and events on the ground in Germany, which he grasped sooner than most and which meant that reunification was inevitable. Having played a weak hand, Mitterrand had to make the best of it, and, as usual, he did.

Party Competition Between Unequals: Strategies and Electoral Fortunes in Western Europe. BY BONNIE M. MEGUID. Cambridge University Press, 2008, 334 pp. $95.00.

One reason that established political parties are in decline across Europe is the rise of small, single-issue parties devoted to radical right-wing, green, or ethno-territorial causes. Some of these niche parties succeed; others fail. What explains their diverging fortunes? Meguid's core insight is that their success is due less to their intrinsic appeal than to the strategic choices made by big mainstream parties in their competition with one other. Following the logic of "the enemy of my enemy is my friend," mainstream parties permit small parties to rise so that these draw voters away from their main competitors. This insight allows Meguid to explain both why parties fail in hospitable contexts (think of the unsuccessful Swedish Green Party) and why they succeed in seemingly inauspicious circumstances (the Front National in France). Her conclusions are confirmed by data spanning three decades and by case studies of the French right, the British Green Party, and the Scottish National Party.

Western Hemisphere

RICHARD FEINBERG

Brazil as an Economic Superpower? Understanding Brazil's Changing Role in the Global Economy. EDITED BY LAEL BRAINARD AND LEONARDO MARTINEZ-DIAZ. Brookings Institution Press, 2009, 256 pp. $52.95 (paper, $24.95).

In this timely volume, Brainard (recently appointed to the senior international position at the U.S. Treasury) and Martinez-Diaz (a scholar at the Brookings Institution) concede that the Brazilian state's past fostering of national enterprises laid the foundation for the success of the country's global firms today—in petrochemicals, aerospace, biofuels, and export-oriented agriculture. Rather than posit statism and capitalism as exclusionary opposites, the Brazilian experience suggests a logical and gradual sequencing between the two models of development. The book also identifies two main challenges for Brazil: the need to transfer its natural-resource wealth into investments in infrastructure, education, and technology, and the need to overcome its deep-seated fear of exposure to international markets. In a particularly strong chapter, the Brazilian trade expert Pedro da Motta Veiga sharply criticizes President Luiz Inácio Lula da Silva for reviving an ideologically driven policy seeking trade with less developed markets—which has yielded scant economic results—and for

his government's distaste for negotiating high-quality international business standards. This defensive, ambiguous posture toward trade has, so far, inhibited Brazil from leveraging its growing economic weight to set agendas in global economic forums.

China in Latin America: The Whats and Wherefores. BY R. EVAN ELLIS. Lynne Rienner, 2009, 326 pp. $68.00 (paper, $24.50).

Through exhaustive field research and interviews, Ellis inventories, country by country, China's rapidly expanding commercial and diplomatic presence in Latin America and the Caribbean. The irresistible allure of trade with the Chinese is a mixed blessing for the region: to transport raw materials and agricultural goods, a new East–West infrastructure is expanding Pacific coast ports from Mexico to Chile, once again leaving Latin America overly dependent on the export of low-value-added commodities. And although China's motives may be primarily commercial, the implications of its incursions are geopolitical: visiting Chinese leaders have declared Argentina, Brazil, Mexico, and Venezuela to be "strategic partners." As Ellis documents, China is investing heavily in Venezuelan crude oil, despite worries over Hugo Chávez's volatility and fears of embroiling itself in disputes between Caracas and Washington. China—together with illiberal petrostates—is a vital backstop for Chávez's authoritarian populist project and unrelenting drive to undercut U.S. interests and influence in the region. Inexplicably, Foggy Bottom has seemed largely oblivious to this concerted geopolitical challenge so close to home.

The Leasing of Guantanamo Bay. BY MICHAEL J. STRAUSS. Praeger, 2009, 296 pp. $75.00.

Strauss brings international law to life with this technical yet accessible exploration of the U.S. naval station in southern Cuba. For over a century, Guantánamo Bay has raised fascinating questions about rights of sovereignty as amended by state-to-state leases of territory. It is a rare case in which one country forcibly maintains a military installation within a hostile state, and some scholars hold that the 1959 Cuban Revolution invalidated the earlier treaties that provided for the arrangement. (Paradoxically, the hard-line Helms-Burton Act of 1996 requires the United States to negotiate the return of the territory upon Cuba's transition to democracy.) Strauss argues persuasively that Fidel Castro's Cuba has evinced ambiguous, even contradictory views, often denouncing the base as illegal and immoral, yet on occasion seeming to recognize the legality of the lease—as when it accepts, but does not cash, the nominal annual rent checks or when it allows for low-key military-to-military cooperation. Of most immediate concern, Strauss attacks the Bush administration for seizing on the anomalies and jurisdictional gaps inherent in Guantánamo to circumvent the U.S. legal system in its post-9/11 maneuvers.

Tropical Zion: General Trujillo, FDR, and the Jews of Sosúa. BY ALLEN WELLS. Duke University Press, 2009, 480 pp. $99.95 (paper, $27.95).

Some 700 Jewish refugees from Nazi Europe made it to the resettlement colony of Sosúa, on the northern beaches of the Dominican Republic. After searching the globe for vacant spaces for desperate

Jews, U.S. President Franklin Roosevelt pressured Latin American governments to admit more immigrants. Sensing an opportunity to curry favor with Washington and to balance the influx of black Haitians with white Europeans, the Dominican dictator Rafael Trujillo offered to accept up to 100,000 central European refugees. Only a small fraction made it, in part because anti-Semites in the U.S. State Department blocked transit visas, but those who did established a successful dairy cooperative (with subsidies from American Jewish philanthropists). Today, the remains of the Sosúa settlement are a tourist destination in a much more modernized Dominican Republic. Wells, the son of a Sosúa settler and a historian at Bowdoin College, captures with admirable clarity the historical ironies and personal dramas at this intersection of European tragedy, U.S. diplomacy, and Caribbean caudillos.

Alianzas para el desarrollo: Motor de la responsabilidad social; Casos de organizaciones públicas y privadas en Costa Rica. EDITED BY LAURA SARIEGO KLUGE AND JORGE NOWALSKI ROWINSKI. ALIARSE, 2009, 240 pp. Free online.

As this smart compendium of current case studies reveals, experiments aimed at overcoming the ideological divide between state and market can come from many different sources: public agencies, state-owned firms, multinational corporations, local nongovernmental organizations, or international donors. Costa Rica, with its social democratic political bent, has proved to be a natural leader in spearheading public-private partnerships. There, Intel is transforming technical education in public schools, Chiquita has partnered with donors to protect the environment and improve working conditions on banana plantations, and a public-sector water company is partnering with municipalities and local businesses to clean up beach communities. For each case, the analysts show how the socially responsible programs promote the nation's overall development plans. These inspirational stories should encourage the replication of such pioneering enterprises.

Eastern Europe and Former Soviet Republics

ROBERT LEGVOLD

Soviet Fates and Lost Alternatives: From Stalinism to the New Cold War. BY STEPHEN F. COHEN. Columbia University Press, 2009, 328 pp. $28.50.

Cohen has an advantage over other scholars: he writes very well, and his fluid, unencumbered prose heightens the strong case he is making. Never, he stresses, was the Soviet Union the historically predetermined tragedy that so many in the West have come to assume. At each critical juncture, plausible alternatives existed, and, to the end, the system remained reformable. An early alternative was the liberal Leninism of the Soviet politician Nikolai Bukharin, whose elegant 1980 biography Cohen wrote. The moment of reform, anticipated under Nikita Khrushchev, came

with Mikhail Gorbachev. Cohen's vigorous and careful critique of the many, often contradictory arguments for why the system had to fail is the book's most stimulating part. Its less compelling part arrives with the claim that the United States never stopped prosecuting the Cold War, even after Russia was gutted, and, therefore, bears full responsibility for the bad state of the relationship today. This point stands in curious juxtaposition to the argument in the rest of this book and, indeed, to the distinguishing quality of Cohen's other work on Soviet history and politics—namely, a deep respect for the complexity of political life.

The Patriotism of Despair: Nation, War, and Loss in Russia. BY SERGUEI ALEX. OUSHAKINE. Cornell University Press, 2009, 304 pp. $75.00 (paper, $24.95).

Clichés that attempt to capture the turbulent sentiments of Russians battered by the collapse of the Soviet Union abound. Oushakine, an anthropologist, avoids these, paradoxically, by taking the obvious—a sense of loss, a hunger for stability, a testy national pride—and plumbing it. Drawing on return visits to Barnaul, his boyhood city, near the Chinese and Kazakh borders, he paints a profound psychological tableau of coping. His groupings are diverse: disgruntled leftists, whom he labels "neocoms"; Chechen war veterans; and the mothers of dead soldiers. All, however, find meaning and community in narratives of tragedy fashioned from a "language of trauma," which has created a "patriotism of despair." From Oushakine's keen reading, one gets a sense of how, for a still wider circle of Russians, collapse and disorder led to alienation from the Western values that Russian reformers had tried to sell them, which then for some shaded into anti-Semitism and a crude nationalism.

Master of the House: Stalin and His Inner Circle. BY OLEG V. KHLEVNIUK. Yale University Press, 2008, 344 pp. $38.00.

No one knows the story that the Soviet archives tell of Stalin's rise better than Khlevniuk. He has toiled over these materials longer and more extensively than anyone else. Even after Stalin defeated Leon Trotsky and the "left opposition" (Lev Kamenev and Grigory Zinoviev), and even after he destroyed the leading figures on the right (Nikolai Bukharin and Aleksei Rykov), he moved in carefully calibrated stages to consolidate his power. With an exquisite sense of timing and proportion, Stalin first ensured his primacy within the oligarchy and then slowly freed himself from any shred of the oligarchs' remaining influence, until nothing checked his sway. His power came to fruition with the mass purges of 1936–37, which, as this book stresses, Stalin ordered and guided in every essential respect. The drama in the account is the absence of drama: Khlevniuk finds no evidence that after 1929 political cleavages were decisive in permitting Stalin's rise to power. Nor does he find evidence that Stalin bears the responsibility for the mysterious deaths of two key political personalities—Sergei Kirov and Grigory Ordzhonikidze—a responsibility usually assigned to him.

Russian Foreign Policy: The Return of Great Power Politics. BY JEFFREY MANKOFF. Rowman & Littlefield, 2009, 372 pp. $85.00 (paper, $29.95).

The impulse behind the recent assertiveness of Russia's foreign policy, Mankoff

argues, is nothing new—only its expression and its context are. He traces it back to the Yeltsin era, when Russian leaders abandoned a liberal, pro-Western orientation and committed themselves to reestablishing Russia as a great power, unbeholden to others and ready to compete in a Hobbesian world. High oil prices and the restoration of a firm political hand have produced the impulse's current expression, but even if these pass or evolve, the impulse is here to stay. Within this framework, Mankoff explores in detail the ups and downs in U.S.-Russian relations, Russia's complex interaction with Europe, its relations with Asia, and the course of its dealings with its post-Soviet neighbors. The analysis is balanced and rich. But it may underestimate when and where Russia's behavior with its neighbors ceases to be a function of its fixation on the West and the linkage reverses, and so, too, it may underestimate the degree to which Russia's global aspirations are subordinate to its regional preoccupations.

The Social Construction of Russia's Resurgence: Aspirations, Identity, and Security Interests. BY ANNE L. CLUNAN. Johns Hopkins University Press, 2009, 336 pp. $60.00.

Clunan does something unusual in this book: she both intervenes in an academic debate over international relations theory and produces fresh insight into the wellsprings of contemporary Russian foreign policy. In the constructivist-realist debate, she favors the constructivists, largely because she is more interested in how a national identity comes to be than how a state—in this case, Russia—acts once in place. Borrowing from social psychology, Clunan fashions a subtle but lucid framework for tracing how different schools of thought develop their aspirations for the country and how a single one emerges ascendant. She identifies five current national "self-images" and systematically explains why Vladimir Putin's "statist developmentalism" has triumphed. In the process, she provides an unusually nuanced view of what Russia's current national identity is all about.

Human Rights, Perestroika, and the End of the Cold War. BY ANATOLY ADAMISHIN AND RICHARD SCHIFTER. U.S. Institute of Peace Press, 2009, 356 pp. $24.95.

Few issues during the Cold War were more neuralgic and unproductive in U.S.-Soviet dealings than that of human rights. Yet in the end, when Mikhail Gorbachev and his colleagues moved to transform the relationship, this became one of its most constructive aspects. Adamishin and Schifter were, respectively, the senior Soviet and U.S. negotiators on the issue during the critical years 1987–90. Together, not only did they play instrumental roles in ending Soviet human rights abuses (such as sending political dissidents to psychiatric hospitals, blocking Jewish emigration, repressing political opposition, and denying religious freedom), but in the process they also developed a deep mutual respect. Before they were done, they had moved on to a "new agenda" of humanitarian cooperation between the two countries, including expert exchanges on how to provide housing for the elderly and even "possible U.S. production of prostheses for Soviet soldiers wounded in Afghanistan." As political trends in Russia again cloud the relationship, Adamishin and Schifter show how a civil dialogue can be conducted.

Recent Books

Enemies of the People: My Family's Journey to America. BY KATI MARTON. Simon & Schuster, 2009, 288 pp. $26.00.

Marton, an American author and award-winning journalist, recounts the harrowing experiences of her Hungarian parents under Nazi, and then communist, rule. Endre and Ilona Marton were well-known journalists in Budapest, he for the Associated Press and she for United Press. By the early 1950s, they were the last permanently accredited independent journalists behind the Iron Curtain. They were arrested in 1955 after an informant in the American legation exposed Endre for transmitting a copy of the Hungarian government's 1954 budget, officially a state secret. Imprisoned in 1955 and then pardoned in 1957 by a beleaguered regime, the Martons and their two daughters, Kati and Julia, found refuge in the United States, where Endre resumed his career as a respected Associated Press correspondent, now covering the State Department. From secret police files and numerous interviews, Kati Marton re-creates the "routine terror" under which her parents lived and worked in Hungary. She reveals how her parents were "spied on and betrayed by friends, colleagues, even their children's babysitter." In short, "someone was watching them, or listening to them, during most of their waking hours. Of their private lives, there remained virtually none." Under the stressful life imposed on them, the Martons suffered some professional and personal dents in their otherwise courageous behavior. Kati Marton's gripping account of personal triumph over daunting odds is also a compelling reminder of the evil and destructive force of totalitarianism.

JAMES HOGE

Middle East

L. CARL BROWN

Which Path to Persia? Options for a New American Strategy Toward Iran. BY KENNETH M. POLLACK, DANIEL L. BYMAN, MARTIN S. INDYK, SUZANNE MALONEY, MICHAEL E. O'HANLON, AND BRUCE RIEDEL. Brookings Institution Press, 2009, 220 pp. $22.95.

Which Path to Persia? presents four possible approaches for U.S. policy toward Iran: a diplomatic solution, a military response, regime change, and containment. Diplomacy breaks down into two options, persuasion or engagement. The three military options are an all-out invasion, U.S. air strikes, or allowing an Israeli strike. Regime change also comes in three varieties: supporting a popular uprising, inspiring an insurgency, or backing a military coup. The fourth approach, containment, is described as the United States' customary default position. None, the authors insist, is unambiguously better than the others, and none has a clearly higher chance of success. Having offered nine policy options bundled into four categories, the authors state in their short conclusion that policymakers will (and should) embrace a number of different options. This book is the work of a group of impressive experts on Iran and the Middle East. They know, and probably reflect, the mindset of U.S. policymakers. All the more reason to be disturbed that they place military strikes and regime change on a par with diplomacy and containment.

Recent Books

Arab Economies in the Twenty-first Century. BY PAUL RIVLIN. Cambridge University Press, 2009, 328 pp. $85.00 (paper, $24.99).

Arab Human Development Report 2009: Challenges to Human Security in the Arab Countries. UN Development Program, 2009, 264 pp. Free online.

"Waking From Its Sleep: A Special Report on the Arab World." *Economist*, July 23, 2009, 14 pp. $4.95.

These three readings offer an in-depth study of the 22 countries and 350 million people that make up the Arab world. All implicitly pose the interlinked questions of why the Arab world has not achieved as much progress as comparable areas of the world and what needs to be done if it is to "wake from its sleep." Rivlin's early chapters provide an economist's view of the region that brings in geography, demography, and "the constraints of history." Then come separate chapters treating individual cases.

The 2009 *Arab Human Development Report*, the fifth since the inaugural report in 2002, is, like the previous ones, the work of Arab specialists, not outsiders. Organized around the theme of human security (and thus more focused on the individual than the state), it covers such diverse subjects as health and nutrition, women's rights, military occupation (in Iraq, Palestine, and Somalia), and that hearty perennial, the despotic Arab state. The report is a felicitous combination of text, charts, graphs, and sidebars. "Waking From Its Sleep," for its part, is a fine short statement about the region's prospects for those with no time for more. But perusing all three readings has its rewards.

Last Chance: The Middle East in the Balance. BY DAVID GARDNER. I.B. Tauris, 2009, 288 pp. $27.00.

An associate editor at the *Financial Times* and, from 1995 to 1999, its Middle East editor, Gardner has penned a passionate account of the Middle Eastern despots that U.S. (plus, to some extent, British) actions and inactions have sustained. The usual suspects among states and sects are reviewed, and a final chapter argues for supporting democracy in the Middle East and stresses the imperative of an Israeli-Palestinian settlement. *Last Chance* belongs to what might be dubbed the liberal internationalist take on today's Middle East. Gardner deserves a reading because he makes the argument more forcefully than most, he knows his Middle East (and relies on his interviews with leaders conducted over the last several decades), and he is a compelling writer. Any author who uses scorn and irony to great effect and who can weave into his narrative Koranic citations, the medieval *Chanson de Roland*, and former Iranian President Muhammad Khatami on Alexis de Tocqueville is not to be missed.

Iraq: A Political History From Independence to Occupation. BY ADEED DAWISHA. Princeton University Press, 2009, 408 pp. $29.95.

The Iraqi state has existed for just one decade short of a century. The history of this diverse polity, which for centuries had been three separate provinces of the Ottoman Empire, is divided into the four decades of the British-sponsored Hashemite monarchy, which was abruptly ended by a military coup in 1958, and the half century from 1958 to the present. This latter period can be subdivided into the roughly one decade of rule by generals and

the Baathist era that evolved into the Stalinist despotism of Saddam Hussein. Then, in 2003, came the drastically disruptive U.S. military intervention. Dawisha's political history covers the nine decades with equal attention and offers a severe but fair appraisal of all of Iraq's rulers and regimes. His reliance on the many memoirs, monographs, and histories written by Iraqis themselves, plus his own intimate knowledge of Iraq in its domestic, regional, and international setting, makes for a fine (if disheartening) study of abortive state building.

Inside the Kingdom: Kings, Clerics, Terrorists, Modernists, and the Struggle for Saudi Arabia. BY ROBERT LACEY. Viking, 2009, 432 pp. $27.95.

Kings, clerics, terrorists, and modernists have contended over the fate of Saudi Arabia since 1979, when Islamist radicals stormed the Grand Mosque in Mecca. Having set the scene with that traumatic event, Lacey's book continues chronologically with brisk chapters (most fewer than ten pages) organized around individuals or incidents that captured the country's changing headlines over the past three decades. Kings get the greatest play; the different approaches of King Fahd and his successor, Crown Prince Abdullah, loom large. But hardly less fully portrayed are the Saudi clerical establishment, the jihadists (from Osama bin Laden to lesser-known individuals), the Shiite minority, and those beleaguered modernizers. Lacey weaves into this ongoing account the ups and downs of U.S.-Saudi relations. What emerges is a portrait of a distinctively Saudi political culture coping with the challenge of finding a way to change in a distinctively Saudi manner.

Asia and Pacific

ANDREW J. NATHAN

Dragon Fighter: One Woman's Epic Struggle for Peace With China. BY REBIYA KADEER WITH ALEXANDRA CAVELIUS. Kales Press, 2009, 400 pp. $28.95.

Beijing has developed the Xinjiang Uighur Autonomous Region economically and provides some space for the practice of Islam. But the oppression, corruption, and discrimination associated with government officials and Han immigrants there—along with the emergence of independent states in Central Asia—have strengthened the Uighurs' sense of a separate identity. Kadeer was thrust into the spotlight when the Chinese government implausibly accused her of instigating the July 2009 riots in Xinjiang. Her moving autobiography helps explain why many Uighurs resent Chinese rule. Kadeer and her family suffered horribly under Mao and after, yet she became a successful entrepreneur and then a political leader. After having been imprisoned, tortured, and sent into exile, she became the chief international spokesperson for the Uighur cause. Kadeer expresses a mythic sense of self-confidence and believes she was fated from birth to be the leader, even the savior, of her people. The peace with China that her subtitle says she wants would be that of an independent people in possession of their own state—a tall order considering that Xinjiang makes up one-sixth of China's territory, is strategically located, and holds crucial economic resources.

Pacific Alliance: Reviving U.S.-Japan Relations. BY KENT E. CALDER. Yale University Press, 2009, 312 pp. $40.00.

Calder makes a good case that the U.S.-Japanese alliance is in trouble. Due to changing conditions—among them, the end of the Cold War, the rise of China, and intensified competition for Middle Eastern oil—the alliance is out of balance. Although the defense-cooperation component remains robust, the trade relationship has become less important to both sides, and their political and cultural ties have fallen into disrepair. Reviewing the history of the alliance with the insight of a close observer and sometime participant, Calder acknowledges that this is not the first time the relationship has been troubled. But he shows that the partnership remains crucial to U.S. and Japanese security and to Asian stability. As frustrating to the reader as, one senses, to the author is the fact that although the causes of the problems are strategic, most of the proposed fixes, such as rebuilding cultural-exchange institutions, are Band-Aids.

Criminal Justice in China: A History. BY KLAUS MÜHLHAHN. Harvard University Press, 2009, 376 pp. $29.95.

Since the late nineteenth century, the Chinese state has modernized and remodernized its laws, courts, prisons, and penal camps. But certain criminal justice practices survived each wave of reform, including retroactive laws, punishments that differ depending on the societal status of the offender, the criminalization of political opposition, and the sentencing of convicts to hard labor. The labor-camp (or *laogai*) system became a signature institution of Mao's China and remains important, even though its population has been reduced. Its stated rationales were to reform idlers through work and to provide the state with labor; the reality is arbitrary and indefinite confinement under jailers with unregulated

power. Mühlhahn describes prisoners' struggles to preserve pockets of individual freedom and identity under harsh, often fatal conditions. It is a system that post-Mao reformers, facing opposition from the Ministry of Public Security, have been unable to get rid of.

Exporting Japan: Politics of Emigration to Latin America. BY TOAKE ENDOH. University of Illinois Press, 2009, 280 pp. $50.00.

The career of the Peruvian strongman Alberto Fujimori reminded the world that Latin America, especially Brazil and Peru, is home to a sizable Japanese diaspora. It is lesser known that the influx of Japanese to the region, which took place both before and after World War II, was in large part organized and financed by the Japanese state. Its triple purpose was to get rid of undesirables, build a base outside the Japanese islands to secure commodities and food for the homeland, and create a channel for political influence abroad. Having cast out people it did not want, the government then sent teachers to instill loyalty to the home country and to encourage them to keep speaking Japanese. This previously untold story bespeaks both the profound insecurity of Japan's geostrategic position and the inventiveness of its elites in looking for solutions.

The Power of the Internet in China: Citizen Activism Online. BY GUOBIN YANG. Columbia University Press, 2009, 320 pp. $29.50.

Despite formidable state control, Chinese netizens have used humor, music, videos, games, and nimble wordplay to create new forms of expression and association that are intrinsically democratic. Human rights activists can connect across borders, and communities that are formed online can become actors in the real world, especially when they concern themselves with areas in which the government has been more tolerant of citizen activism, such as public health and the environment. Whether these developments will lead to changes in the regime, provide a safety valve for the pressures besetting authoritarianism, or just create another channel for official propaganda remains up for debate. But Yang believes that they are part of a "long revolution" that is making Chinese society more open, egalitarian, and participatory.

Hard Choices: Security, Democracy, and Regionalism in Southeast Asia. EDITED BY DONALD K. EMMERSON. Walter H. Shorenstein Asia-Pacific Research Center, 2008, 422 pp. $28.95.

Founded in 1967 as a talking shop to reduce conflict, ASEAN (the Association of Southeast Asian Nations) is now the strongest regional institution in Asia. Its mandate has expanded slowly, due to the diversity of interests among its ten members—countries as different as democratic Indonesia, authoritarian Vietnam, cosmopolitan Singapore, and isolated Myanmar. Under pressure from civil-society groups, some member governments, and its own secretariat, the organization recently adopted a new charter, which came into force in December 2008. The contributors to this volume address tensions in the document between the classic ASEAN principles of consensus and nonintervention and newer principles such as democracy, good governance, and human rights. Can ASEAN do anything about curtailing repression in Myanmar? Can it strengthen cooperation to fight piracy, illegal trafficking, disease, and other nontraditional security threats?

The charter marks a possible turning point but not a clear commitment.

Africa

NICOLAS VAN DE WALLE

Bring Me My Machine Gun: The Battle for the Soul of South Africa From Mandela to Zuma. BY ALEC RUSSELL. PublicAffairs, 2009, 336 pp. $26.95.

After the Party: Corruption, the ANC, and South Africa's Uncertain Future. BY ANDREW FEINSTEIN. Verso, 2009, 320 pp. $26.95.

The end of Thabo Mbeki's presidency and the settling in of Jacob Zuma provide an opportunity to assess the 15 years since the fall of apartheid. Russell's and Feinstein's assessments are both excellent and disquieting. A former South Africa correspondent for the *Financial Times*, Russell offers balanced portraits of the three postapartheid presidents, the policy successes and failures of the successive governments, and the emergence of a black elite. Thanks to the visionary leadership of the African National Congress (ANC) under Nelson Mandela, the country wildly outperformed most expectations. As depicted by Russell, the mediocre and paranoid leadership of Mbeki has slowly eaten away at the early optimism, and the country he describes is one of rising crime, corruption, and bitter race relations. Russell leavens his pessimism with inspiring tales of individual courage and virtue, but his is certainly a bleak account.

Feinstein was one of the idealistic young white South African intellectuals who chose to support the ANC in the twilight years of the apartheid regime, and he was a parliamentary backbencher for that party from 1997 to 2001, when he resigned to protest a particularly corrupt arms deal. He has now written a fascinating memoir of his life in the ANC and of the scandal he helped uncover. His account is an absorbing insider's description of the internal culture of the ANC, from the chaotic (but still democratic) early years to its second decade of rule, when it had become a more centralized and expedient dominant party. Compared to Russell, Feinstein is mild in his criticism of Mbeki, but he is withering about the culture of corruption and spinelessness he sees in the ANC. Despite his damning portrait of the party's approach to governance, Feinstein appears sincere in his ultimate faith in its future and that of South Africa. On the other hand, like an increasing number of his white compatriots, he no longer lives there.

U.S. Africa Policy Beyond the Bush Years: Critical Challenges for the Obama Administration. EDITED BY JENNIFER G. COOKE AND J. STEPHEN MORRISON. Center for Strategic and International Studies, 2009, 224 pp. $24.95.

The ten contributions in this collection assess different dimensions of George W. Bush's Africa policy and offer advice to Barack Obama. The contributors give a useful glimpse into discussions about current U.S. foreign policy toward Africa; even though they are Washington insiders, their approach is not particularly partisan. They all agree that the increased attention that Washington has been paying to Africa in the last eight years has netted several significant breakthroughs. Foreign aid has shot up substantially, for instance, and AIDS programs are generally viewed as having worked. But the authors worry that these successes have not helped the United States' flagging prestige and legitimacy in Africa. To arrest this decline and advance U.S. interests, the authors argue for striking

a better balance between the different elements of past policy and using existing resources more strategically. But they remain vague about the specifics.

China Into Africa: Trade, Aid, and Influence. EDITED BY ROBERT I. ROTBERG. Brookings Institution Press, 2008, 360 pp. $29.95.

China's evolving relationship with Africa has generated a great deal of hyperbole. This collection of essays separates the facts from the myths. Several chapters remind the reader that China is nowhere close to supplanting Africa's traditional diplomatic, aid, and trading partners in the West, despite its rapidly growing interests in the region. A sober chapter by Deborah Brautigam, for instance, calculates that total Chinese aid to the region in 2006 was only around half a billion dollars, compared to $30 billion from members of the Organization for Economic Cooperation and Development. Another merit of the book is its attempt to place China's interest in Africa—which goes back at least 50 years—in its historical context. Excellent contributions by David Shinn on the military relationship, by Henry Lee and Dan Shalmon on Chinese energy interests in Africa, and by Martyn Davies on special economic zones in Africa that cater to Chinese investors emphasize how much long-term strategic planning has shaped China's current presence there. In comparison, Western foreign policies toward Africa seem short term in their focus and often improvised in response to specific events rather than strategically conceived.

Africa: Unity, Sovereignty, and Sorrow. BY PIERRE ENGLEBERT. Lynne Rienner, 2009, 310 pp. $65.00 (paper, $26.50).

Africa is home to several states that have either collapsed entirely or become so weak that they are unable to undertake most of the tasks associated with statehood. And yet, rather strikingly, these states endure. This resilience is the puzzle that Englebert tackles with great theoretical verve and erudition. His key insight is that controlling the central state is valuable—and literally, too—to political actors, because they can parlay it into the right to regulate and tax. Moreover, the value and legitimacy of this sovereignty are actually heightened in times of chaos, because people view the state and its institutions as the last rampart holding back a Hobbesian hell. Englebert's arguments are perhaps less relevant to the dozen or so African states that are performing reasonably well, but they provide great insight into the others. His impressive command of the empirical material helps, and the book is enlivened by arresting case studies and original data.

FOR THE RECORD

In "State Capitalism Comes of Age" (May/June 2009), the Russian government official who became chair of Gazprom was misidentified. It was First Deputy Prime Minister Viktor Zubkov, not former Prime Minister Mikhail Fradkov.

Foreign Affairs (ISSN 00157120), November/December 2009, Volume 88, Number 6. Published six times annually (January, March, May, July, September, November) at 58 East 68th Street, New York, NY 10065. Subscriptions: U.S., $44.95; Canada, $56.00; other countries via air, $79.00 per year. Canadian Publication Mail–Mail # 1572121. Periodicals postage paid in New York, NY, and at additional mailing offices. POSTMASTER: Send address changes to *Foreign Affairs,* P.O. Box 420235, Palm Coast, FL 32142-0235. From time to time, we permit certain carefully screened companies to send our subscribers information about products or services that we believe will be of interest. If you prefer not to receive such information, please contact us at the Palm Coast, FL, address indicated above.

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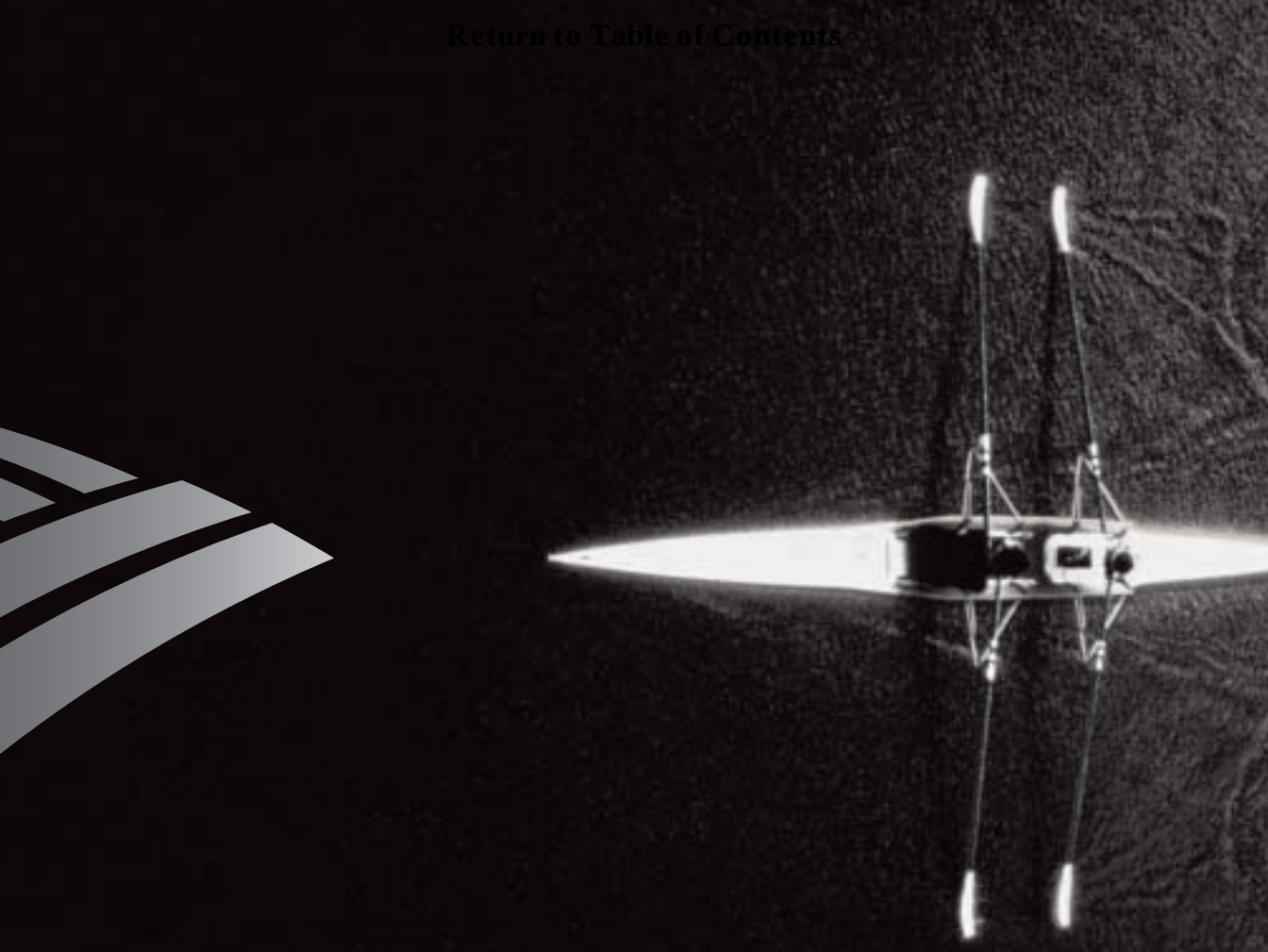

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