

AFRICA'S TURN: A CONVERSATION WITH MACKY SALL

SEPTEMBER/OCTOBER 2013

FOREIGN AFFAIRS

Who Is Khamenei? The Mind of Iran's Supreme Leader

Akbar Ganji

Getting Afghanistan Right

*Karl Eikenberry
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How to Escape the Resource Curse

*Larry Diamond
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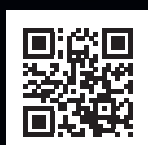
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Although today he is one of Iran's most prominent dissidents, **AKBAR GANJI** used to be a supporter of the regime. But he became disillusioned in the 1990s, speaking out against what he saw as its emerging "fascism and political tyranny." Ganji's fearless reporting led him to be jailed in 2001, after he linked senior government officials to the murder of intellectuals. During his six-year prison term, he waged a 50-day hunger strike and wrote pro-democracy manifestoes, which were smuggled out of prison. In "Who Is Ali Khamenei?" (page 24), he paints an intellectual profile of the Islamic Republic's supreme leader.



After graduating from West Point, **KARL EIKENBERRY** spent 35 years in the U.S. Army, during which time he earned degrees from Harvard, Stanford, and Nanjing University, in China. His military career culminated in Afghanistan, where as a lieutenant general, he served as commander of the American-led coalition forces from 2005 to 2007. He then found himself working the other side of the street, as U.S. ambassador to Afghanistan from 2009 to 2011. His essay "The Limits of Counterinsurgency Doctrine in Afghanistan" (page 59) dissects what he sees as the faulty logic behind the 2009 troop surge.

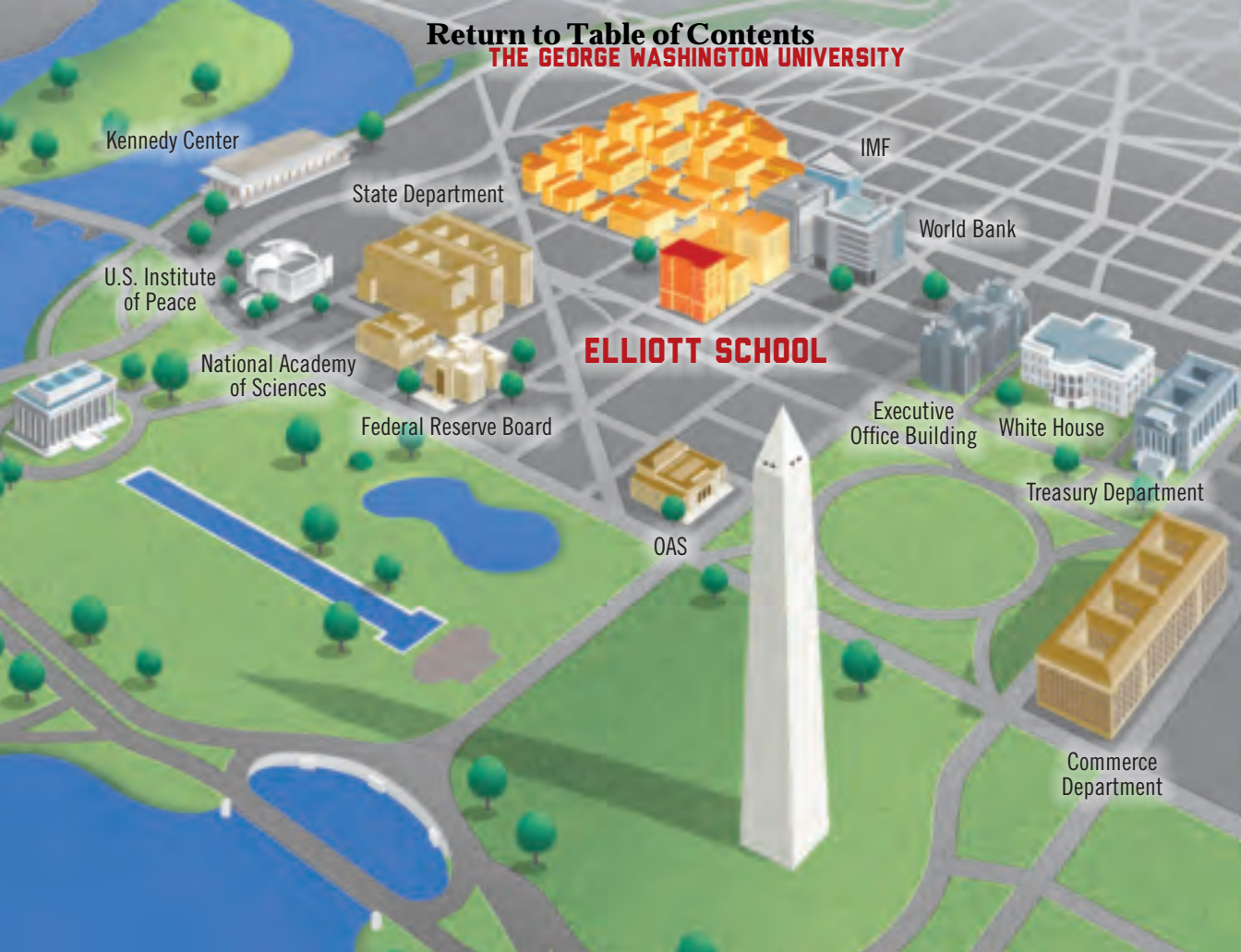


RUCHIR SHARMA spends at least one week each month in an emerging-market country. And with good reason: he's not just a writer but also the director of the emerging-markets team at Morgan Stanley Investment Management. Sharma has argued that the world's most celebrated growth miracles—the so-called BRICS—are slowing down, and fast. But he is not always so bearish, and in "The Rise of the Rest of India" (page 75), he finds cause for optimism in his native country, where once underdeveloped states are booming.



Born in South Korea and having grown up in Malaysia, New York, and Detroit, **TAEKU LEE** has made a career studying the politics of race. He is now a professor at the University of California, Berkeley. In his essay "New Deal, Old South" (page 146), he reviews *Fear Itself*; Ira Katznelson's take on the New Deal, telling how President Franklin Roosevelt's policies helped end the Great Depression while entrenching the racism of the Jim Crow system.





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By caving in to the demands of the Euroskeptics in his party, David Cameron may have set his country inexorably on the road to isolation and irrelevance.

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Africa's Turn

A Conversation With Macky Sall

Since it gained independence from France in 1960, the West African country of Senegal has been a bastion of stability and democracy on a continent that has seen relatively little of either. During the presidency of Abdoulaye Wade (2000–2012), however, the Senegalese exception seemed under threat. The elderly Wade grew increasingly authoritarian and corrupt, and he managed to run for a third term even though the constitution prohibited him from doing so. But in March 2012, Senegalese voters dealt Wade a decisive defeat, electing the reformist candidate Macky Sall instead. Trained in France as a geological engineer, Sall had served in a number of government posts under Wade, including prime minister, before publicly breaking with him in 2007. In opposition, Sall created a new political party; served a second term as mayor of his hometown, Fatick; and organized an anti-Wade coalition. Sall spoke with *Foreign Affairs* senior editor Stuart Reid in Dakar in June, days before U.S. President Barack Obama's arrival in Senegal for a state visit.

Since independence, most African countries have suffered from coups and civil wars. But Senegal has enjoyed over five decades of stability and multiparty competition. What's your secret?

It stems from a long historical process. Senegal's first revolution came at the same time as America's. In 1776, there

was a revolution in the north of Senegal—what we call the Torodbe revolution—that set out new guidelines for governance. There was colonization afterward. But even during the colonial era, beginning in 1848, people could vote for the colonial authorities. In 1914, we elected the first black member of the French National Assembly, Mr. Blaise Diagne, a Senegalese. So before independence, there was already electoral competition.

Another secret can be found in the Senegalese constitution. We have a semi-presidential regime, which means that the government is responsible not only to the president but also to the parliament. There is one chief executive, in contrast with some countries that have two—something that creates tensions that can end in coups. Senegal's flexible and robust constitution has protected us from coups for 53 years since independence.

We also have stable institutions. Only seven days elapsed between the election of March 25, 2012, and my swearing-in. In the meantime, the legal system issued a ruling, and democratic institutions prepared the transfer. The army and the police complied with the results of the election. A country that does not have stable institutions and a clear constitution cannot be successful.

Senegal is also something of a regional exception in that 90 percent of the population is Muslim, yet the state is secular.

Actually, 95 percent are Muslim. In Senegal, the state has the duty to protect people of all religions—Muslim, Christian, animist. People have the freedom to believe in what they want. That is a fundamental element of our



*The president of Senegal
in Paris, July 2012*

constitution. This does not mean that the majority or the minority cannot express themselves; rather, the state is there to respect the freedom of each citizen to believe in what he or she wants to believe in.

Why did voters choose you instead of Wade? What did your victory represent?

My victory certainly meant that the Senegalese people chose change. The country was divided. The partisans of the former regime were committed to a path where the term of office was no longer limited, even though the constitution of 2001 was clear that no one could have more than two five-year terms. Then, the people came together to stand up against a proposed bill that would have allowed a president to be elected with 25 percent of the vote.

A great deal of hope is what put me in power. I'm quite aware of that. So my role is to strengthen this democratic choice. That's what I'm trying to do through the institutional reform commission that I set up, which must work to strengthen democracy and not to bring about a new regime.

You promised to crack down on corruption. What have you done, and what do you have left to do?

It's important that everyone, including those in government now, realize that the era of impunity is over. And we have done a lot in one year. I revived the anticorruption court, which was created by President Abdou Diouf in 1981 but eventually stopped functioning; it was there, but you couldn't nominate the attorneys and magistrates. I nominated magistrates who agreed to work according to the procedure of the court, which

hasn't been changed. I have submitted a bill on budget transparency. From now on, the government has to make its accounts public on a quarterly basis. The law will also require budgetary officials to declare their assets publicly before they take office.

I also created OFNAC, which is an office to combat fraud. When there are allegations of corruption against current officials, that office has the power to conduct an investigation and refer the case directly to the justice system. These are new measures to increase transparency and good governance, which are important for guaranteeing investment.

Isn't it true that all politicians, including you, benefited from corruption under Wade?

As far as I am concerned, we benefited from privileges related to our position—prime minister or president of the national assembly—which is completely normal. It has nothing to do with embezzlement or corruption. When you can prove that your assets are in line with your income, there's no problem. That's not what is being challenged. What is being challenged is the accumulation of resources that has nothing to do with legal and justifiable sources of income, including mine when I was with President Wade.

Senegal's neighbor Mali has had a difficult year, with a coup d'état, the Tuareg rebellion, the Islamist takeover of the north, and French intervention. What can Senegal do to improve the prospects for Malian democracy?

First of all, we would like to recognize the role played by the international community, without which Mali would have lost

its territorial integrity and independence. This is why we have commended the efforts made by the United Nations, which voted for a resolution that permitted France, along with African forces from ECOWAS [the Economic Community of West African States] and Chad, to stop the jihadist terrorists and reclaim Malian territory.

Today, we are in the final stages of consolidating the peace. The agreement that was just signed in Ouagadougou [Burkina Faso] will help organize elections for July 28 across the country—including in Kidal, a Tuareg stronghold. I believe that Senegal's role is to continue to side with Mali, to support it in its reconciliation policy as well as in its development policy. We share a long border, more than 400 kilometers [about 250 miles], which must be watched closely. Our fates are linked. What is happening in Mali could happen in any of our countries.

What role should countries such as Senegal play in regional security compared with outside actors such as the United States and France?

We cooperate with France, which is an ally and a friend. It is of course a former colonial power. But France understands the stakes in and the sociology of our countries. The United States also has a security policy in the region, and it is our partner through AFRICOM [the U.S. Africa Command] and everything that it does in terms of military cooperation with various countries.

It is clear that terrorism is a plague in our countries. It compounds our development problems. We have to ensure the security of our populations,

the inviolability of our borders, and the stability of our states so that we can focus on such issues as development and poverty.

Senegal, like most members of ECOWAS, can be considered a pivotal country, because it has a military that can intervene at home just as it can abroad. Senegal has more than 2,000 soldiers in operations across Africa. We are present in Cote d'Ivoire, Guinea-Bissau, Darfur, the Democratic Republic of the Congo, and other countries. There could be better-thought-out cooperation that would enable Africa, in case of a challenge like the one we experienced recently in Mali, to have special forces capable of reacting first to stop the danger and neutralize the threat and, afterward, to cooperate economically and strategically.

So can Africa take care of its own problems now?

No. Africa cannot handle its own problems, because we are not yet at the point where we have the logistical capabilities to deploy troops in case of emergency. It's simply a matter of means, not a matter of men. Remember, when our troops intervened in Mali, they deployed over land. Today, Senegalese troops are in Gao, which is 2,400 kilometers [almost 1,500 miles] away. They had to travel there in convoys of trucks and four-by-four vehicles. That's a problem. So as long as the logistics are not sorted out, we will always be lagging behind. But we are handling matters with our community organizations, with our respective countries, and particularly with our partners, such as the United States, France, and the European Union, among others.

After much delay under the previous administration, the former dictator of Chad, Hissène Habré, will now be tried for crimes against humanity by a Senegalese court, not by a court in Europe. Does this represent a new model for African justice?

Yes. The world has changed, and in 2013, it's not acceptable for us to still be expelling African leaders to European countries. Africa should have the means to try people who have been accused of crimes. In the case of Mr. Habré, an African Union resolution demanded that Senegal, where he has lived in asylum for the past 20-plus years, organize his trial. Under my predecessor, the Senegalese government accepted this mandate. This mandate must be enforced, and that's what we're in the process of doing.

If Habré is convicted, will you go after his assets?

It is not our duty as a state to make a decision. It's the duty of the justice system to do what it has to do. We cannot interfere with his personal affairs or his assets. The justice system will shed some light on it and decide what must be done.

If Senegal is committed to justice for Habré, then why is your current prime minister Habré's former banker?

I did not appoint my prime minister because of the Habré case. Now, if it comes out that he is truly linked to the Habré case, or if he is charged with anything, then I will make a decision. But for the moment, there's no reason to doubt him or take measures against him so long as a ruling has not been made.

What did the election of Obama mean to Africans?

Africans took a lot of pride in the election of Obama, because it proved wrong those who believed in racist assumptions, that a black man could not live up to a white man. Of course, President Obama is the president of the United States, not the president of Africa, so he stands up for the interests of America. But his election broke down barriers.

Some say that Obama has done less than President George W. Bush and President Bill Clinton in terms of promoting trade with Africa or assisting with public health efforts there.

You cannot ask President Obama to do something that he can't do. He came to power in a time of historic difficulties in the United States. The economy was on the brink, there was a war in Afghanistan and a war in Iraq, there was the subprime mortgage crisis. All these crises led him to take care of his country first, to put an end to the wars in Iraq and Afghanistan.

I think he can be judged at the end of his tenure. None of his predecessors could do anything real during their first terms. It's in the second term that they enjoyed more freedom and could take the initiative. I do hope that he's going to do something that will be important. There's no doubt about it. That's the feeling I have.

Much of the budget of the Senegalese government, 20 percent, still comes from foreign aid. What can African countries do to wean themselves off international assistance?

Aid indeed represents 20 percent of our budget. But there was a time when it

was 60 percent. We need that aid for development, but more than aid, we need investment. We are working today to establish public-private partnerships and attract private investment. That development will trigger productivity that will enable us to have a balanced budget and eventually no longer need aid, which is not easy to raise. African countries also have high levels of debt compared to elsewhere, and we cannot develop infrastructure without getting out of debt. Africa needs help.

Senegal's rate of economic growth is lower than those of its neighbors. Why does it remain so low?

Well, what accounts for Senegal's slow growth—in 2013, it will be 4.3 percent—is that we are handicapped by the energy sector, which is making the economy less competitive. We have initiated bold measures to provide for a sustainable response to the energy crisis. We also have another handicap: our agricultural sector, which should be the engine of growth, remains traditional, with low yields and the inefficient use of land. So we have decided to modernize the agricultural system, while protecting the family nature of some holdings, with seed capital to increase yields and productivity through mechanization.

What about reducing the role of the state in the economy?

I'm a liberal, so I believe the economy is not something that the state creates. It is business, it is competitiveness, it is productivity that does that. But the state has a fundamental role: to secure an environment conducive to business. Thus, it is necessary to have the rule of law and make sure that private

investment is protected. Above all, we have to fight against factors that limit investment—in particular, corruption and red tape. I have launched major initiatives to fight corruption and illegal enrichment, as well as to remove administrative constraints. Very soon, you will see our reforms aimed at speeding up the time it takes to start a business. Our single-window system gathers together in the same place—in APIX, which is the agency to promote investment—all the services that foreign or national investors need, to save time, in terms of procedures.

What about human capital? In Senegal, over 60 percent of women over the age of 15 are illiterate. Many people suffer from malaria or malnutrition. Sixty percent of the population lives on less than \$2 a day. What are you doing about these problems?

Most of Senegal's population is young, as is characteristic of Africa. We have a high population growth rate, around 2.5 percent, so if the economic growth rate is not three times that, it is very difficult to create wealth. As a result of this very fast-growing population, we have youth unemployment. We need to educate young people, ensure their health, and make sure that they are required to attend school at least until they turn 16. There are more than 300,000 youths who enroll in primary school each year, so we need enough classrooms and teachers. Senegal made major progress in education before I even came to power, and we are continuing it, because we are deeply convinced that it is human capital that will make the difference. And then there are our major efforts in higher education, which we are continuing to pursue despite

Africa's Turn

some difficulties. But we have no choice. We have to invest in vocational training in order to ensure the full development of our people through employment. And even if they do not get a job here, they can emigrate with their skills. Many countries need doctors, engineers, and technicians; Senegal can provide them.

Women's rights are correlated with economic growth; what are you doing regarding girls in school?

We have a law on gender parity for elected positions. It's really an extraordinary leap forward made by Senegal. We also have basic incentives so that young girls stay in school as long as possible. We are pleased to see the quality of training for girls in school; more and more, in secondary school and at university, they earn better grades than boys. Increasingly, women are getting trained in all areas. Initially, they studied literature and the law; now, they are in all fields—scientific, medical, everything. But we must persevere. In cities, there isn't a problem. But we want to see the same improvement in a rural areas, where there are still battles to be fought. But given our high rate of universal access to education, this is a fight we have almost won here in Senegal.

China has ramped up its investment in Africa. Some fear this is not good for the prospects of African democracy.

Are they right?

Well, I can't see why the development of Chinese investment would constitute a danger for democracy. The cooperation with China is much more direct and faster than the cooperation we have with Western countries—the United States,

European countries, and other bilateral donors. There are a lot of criteria on governance, on this and that, and a lot of procedures. That's one of the obstacles to effective cooperation: too many procedures. Each partner has its own list of these procedures, and so countries spend a lot of time dealing with procedures. I'm not saying that what China is doing is better, but at least it's faster. And we need speed.

Are you optimistic about the fate of Africa?

I am very optimistic, because I am aware that Africa today has every chance to catch up. Africa has a young population, natural resources, and, now, democracy. Africa is stable, democratic, and secure, and its natural resources are better managed thanks to transparency in the extractive industries. For investors, Africa provides a faster and more exciting return on investment, because everything remains to be done—infrastructure, energy, and development. Development has gone around the world, to Europe, to America, to Asia. It's Africa's turn now. 🌍

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David Cameron's Dangerous Game

The Folly of Flirting With an EU Exit

Matthias Matthijs

Despite his innate caution and usually sound political instincts, British Prime Minister David Cameron is gambling with his country's future. In January, in a long-anticipated speech, he called for a wide-ranging renegotiation of the terms of the United Kingdom's membership in the European Union and promised to put the result up for a straight in-or-out popular referendum by the end of 2017 (assuming his party wins the next election, due in 2015). A British exit from the EU is now more likely than ever—and it would be disastrous not only for the United Kingdom but also for the rest of Europe and the United States.

If London does ultimately cut the rope, it will not be the result of rational political or economic calculations. British Euroskepticism boils down to a visceral dislike of Brussels—the host of a number of European institutions and the EU's de facto capital—on the part of an ill-informed conservative minority that clings to an antiquated notion of national sovereignty. These sentiments are on display every day in the right-wing tabloids, which play on voters' fears

MATTHIAS MATTHIJS is Assistant Professor of International Political Economy at Johns Hopkins University's School of Advanced International Studies.

with vitriolic commentary and sensationalistic headlines, such as “EU Wants to Merge UK With France” and “EU Will Grab Britain's Gas,” both of which recently appeared in the *Daily Express*.

By caving in to the demands of the right wing of his party, Cameron appears to be falling into the same trap that his predecessors fell into. Both Margaret Thatcher and John Major, the previous two Conservative prime ministers, were eventually thrown out of office as their party tore itself apart over the issue of European integration during the late 1980s and mid-1990s. In 1995, these divisions among the Conservatives led a young Labour opposition leader named Tony Blair to ridicule Major on the floor of the House of Commons, scoffing, “I lead my party; he follows his.” Even Cameron himself, back in 2006, less than a year after he took over the Conservative Party, wisely counseled his colleagues to “stop banging on about Europe” if they ever wanted to win elections again.

And yet, seven years later, Cameron faces a simmering rebellion on an issue that most Britons still do not care much about but that has once again turned toxic in his party. In a 2012 survey of the British electorate, only six percent of respondents described Europe as the most salient issue facing the country, compared with 67 percent who prioritized the economy, 35 percent who worried most about unemployment, and just over 20 percent whose main concerns were immigration and race relations.

With his January speech, Cameron had hoped to achieve four short-term objectives. First, he wanted to stop the growing threat on his party's right flank from the anti-EU and anti-immigration UK Independence Party, whose populist



leader, Nigel Farage, positions himself as a champion of British common sense and defender of British sovereignty against Brussels' encroachment. Second, Cameron aimed to neutralize his own party's increasingly restless Euroskeptic backbenchers, many of whom also advocate a British exit from the EU. Third, he hoped to put the losing political issue of Europe to rest until the next parliament. Fourth, he tried to portray the country's economic woes as a result of the eurozone crisis rather than of his own government's biting austerity measures.

On all four fronts, however, it appears that Cameron miscalculated. The UK Independence Party wildly outperformed expectations in the local

elections in May, earning close to a quarter of the overall vote. The Euro-skeptics in the Conservative Party are still insisting on a referendum during the current parliament, underscoring once again that they cannot be appeased on the European question and do not trust the prime minister to deliver on it. Cameron's leadership is more tenuous than ever, especially after he pushed through a contentious bill in support of gay marriage, a stance that many party activists find hard to swallow. (The fact that one of Cameron's close advisers referred to these activists as "mad, swivel-eyed loons" has not helped.) And finally, a slew of recent scholarly studies, including one published by the International Monetary Fund, have blown a giant hole

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in the intellectual case for austerity, undercutting the government's economic strategy. But far more is at stake than one prime minister's political career. If the United Kingdom ends up abandoning Europe, it will feel the negative economic and political effects for decades to come.

A MARRIAGE OF CONVENIENCE

The United Kingdom's relationship with Europe has never been warm, much less passionate; it is more like a loveless arranged marriage. Based on cost-benefit analysis rather than lofty rhetoric about a common European destiny, the country's European affair has been fraught with abysmal timing and shattered hopes. When the country first knocked on Brussels' door in the 1960s, it found its applications unceremoniously rejected by France's Charles de Gaulle. In 1973, when Edward Heath, a Conservative prime minister, successfully steered the United Kingdom toward membership in the European Economic Community, the Western world was about to slip into its first deep postwar recession. The subsequent Labour government, facing opposition to European integration from its left-wing backbenchers, felt the need to put Heath's decision to a national referendum, which eventually passed in 1975 by a two-to-one margin.

During the 1980s, Thatcher told her European partners that the United Kingdom wanted "a very large amount of [its] own money back" and warned them that she had not successfully rolled back the frontiers of government at home only to see them reintroduced through the backdoor by Brussels. At the beginning of the next decade, against her better judgment, she let her country

join Europe's Exchange Rate Mechanism, a precursor to the monetary union. Major, then chancellor of the exchequer, had convinced her that this was the best way to tame inflation, which had been creeping up again at the end of the 1980s. But joining the ERM meant dancing to the tune of Germany's monetary policy, and soaring German interest rates to fight inflation and finance German reunification meant that the Bank of England had to follow the Bundesbank's lead in hiking up interest rates. Doing so at the onset of another domestic recession meant political suicide, however, and the United Kingdom was forced to leave the ERM only a few years after it joined.

After succeeding Thatcher as prime minister, Major negotiated various areas in which the United Kingdom could opt out of the Maastricht Treaty, which created the EU, most notably keeping the United Kingdom out of the common currency while allowing it to retain full EU membership. Blair, who as prime minister passionately told the French National Assembly in a 1998 speech that he shared the European ideal, at one point sought to bring his country onto the euro, but he was blocked by his powerful chancellor of the exchequer, Gordon Brown.

In some ways, the United Kingdom's quandary today looks like it did 40 years ago, when the country first joined the European Economic Community. Then, as now, the British were in deep, mostly self-inflicted economic trouble. In the 1970s, however, the politics of the issue were flipped: the Conservatives saw integration with Europe as a liberalizing move, and the Heath government believed it was the only way to reverse the country's relative economic decline.

Thatcher, for her part, campaigned strongly in favor of staying in the European Economic Community during the referendum of 1975, arguing that access to the large and growing continental market would fuel British growth. At the same time, a majority of Labour Party members, although not the leadership, resolutely opposed membership on the grounds that Brussels was too market-friendly.

Today, the British economy is again struggling to emerge from a slump, but this time, Europe is seen as the source of the malaise, not its cure. In an attempt to play down the negative effects of their austerity policies, both Cameron and his chancellor of the exchequer, George Osborne, have been blaming the European sovereign debt crisis for the British economy's lack of growth. They usually justify their draconian spending cuts by pointing to Greece's fiscal tragedy. And whereas Labour is now moderately in favor of staying in the EU, seeing the union as the guarantor of certain social rights in the United Kingdom, the majority of Conservatives have turned against Europe and want to see the repatriation of key powers back to the national government. According to the most recent opinion polls, more Britons are in favor of leaving the EU than are in favor of staying in it.

Cameron's stance on Europe constitutes a break with Conservative tradition. Although Thatcher was never enamored with Brussels, she was a driving force behind the effort to establish a European common market in the 1980s, which culminated in the signing of the Single European Act in 1986. She was always careful to nurture relationships with

like-minded leaders on the continent and keen to avoid British isolation. Major had a tougher time navigating the European question, but in the end, he signed the Maastricht Treaty, albeit while opting out of the euro. But when Cameron decided in December 2011, during the height of the euro crisis, to completely stay out of a new fiscal pact, forcing the EU to move forward with an intergovernmental agreement without the United Kingdom, he radically changed that Conservative tradition. His demand for a renegotiation of his country's EU membership terms went one step further, and it has infuriated many European leaders, who fear it will reignite old debates that were settled through compromise a long time ago.

BETTER TOGETHER

The economic argument for why the United Kingdom should leave the EU goes something like this: The continent is preoccupied with fighting a full-fledged sovereign debt crisis, one that has fundamentally changed the dynamics of European integration. The crisis has made integration a much more inward-looking project, requiring all kinds of new regulations in the financial sector aimed at completing the monetary union with common banking supervision, joint deposit insurance, and closer fiscal cooperation. These new regulations will allegedly hurt the City of London (the United Kingdom's financial hub) and therefore the entire British economy. And since fixing the euro once and for all can be achieved only by granting more powers to European institutions, the role of the British parliament and government as the legitimate representatives of the country's citizens will be

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threatened. This would further widen the democratic deficit within the EU, a particularly sensitive issue for the United Kingdom.

But on close inspection, none of these concerns holds up. The idea that the United Kingdom would be better off outside the EU is misguided, since it is based on a finance-centric view of the British economy. This view holds that the United Kingdom's comparative advantage is in financial services, a sector that needs to be protected at all costs from burdensome regulations. According to this school of thought, Thatcher's liberalization and deregulation of the economy in the 1980s and Blair's consolidation of finance as the core sector of the British economy in the late 1990s were unmitigated successes.

Proponents of this view suffer from collective amnesia about what has happened to the British economy over the past five years. Although finance lifted many boats during good times (some much more than others), when the sector crashed in 2008, it led to a collapse in government revenue, as close to one-quarter of all the Treasury's income came from finance. Even as the government's coffers were emptying, London had to dole out large bailouts to the very banks that had caused the crisis. The Cameron government then chose to respond with big expenditure cuts, and the pain seems set to continue for at least another five years. And that is the optimistic scenario.

Surely, the Cameron government's alternative to the EU banking regulations designed to thwart future crashes is not to get rid of financial rules altogether. For better or worse, this is now a post-Lehman Brothers era, and some amount

of regulation is politically inevitable. What is more, London would certainly not be able to maintain its status as the leading financial center in Europe if the British left the Common Market, since doing so would make capital flows from the continent to the United Kingdom more regulated and thus more restricted than they are now.

The moment the United Kingdom leaves the EU is also the moment it loses all influence on European economic policymaking. And London would still have to accept most of Brussels' regulations and standards if it wanted free access to a market of over 400 million well-off European consumers, who currently buy more than 50 percent of all British exports. By leaving, the United Kingdom would also miss out on the free movement of labor, forfeiting the ability to attract many of Europe's best brains and the ability to take advantage of an influx of low-wage workers from central Europe.

The fact that the United Kingdom today remains in the EU but out of the eurozone means that it can have its cake and eat it, too. An independent monetary policy has allowed the country to keep down the value of the pound, boosting British exports to Europe and the rest of the world. And thanks to its membership in the Common Market, the United Kingdom remains influential in setting its rules. It is difficult to imagine a better position.

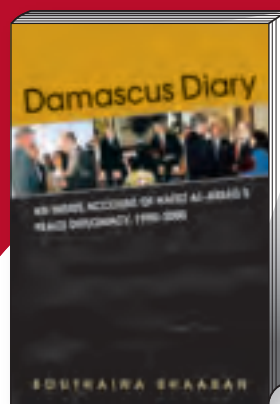
A British exit from the EU would be equally disastrous for the United Kingdom's standing in the world. Speaking at West Point in 1962, former U.S. Secretary of State Dean Acheson observed that the United Kingdom had lost an empire and had yet to find a role. By the 1970s,

that role had started to take shape: the British would help shepherd European integration and maintain a “special relationship” with the United States. The alliance between the United Kingdom and the United States saw its heyday during the 2003 invasion of Iraq, when U.S. Defense Secretary Donald Rumsfeld spoke of Europe as divided into an antagonistic “old Europe”—led by the United Kingdom’s traditional rivals, France and Germany—and a more supportive “new Europe.”

But at that time, Washington still feared a common European defense policy, seeing a unified continent as a potential competitor. A decade later, the Americans no longer hold that view. Because of Germany’s renewed economic strength and quasi-hegemonic status within the eurozone, Washington now sees Berlin, not London, as its preferred partner in Europe. The interests of the United States and Europe are more closely aligned than they used to be, as both try to cope with an economic slump, rising powers, and common security threats. Although the Obama administration has made clear that it sees Asia as the strategic battleground of the future, it is also encouraging European countries to cooperate more closely on defense so that they can help the United States bear the burden of global security. It would be a strategic mistake for London to leave the EU just as Washington is starting to warm to it.

As austerity takes its toll on the British armed forces, the only way for the United Kingdom to play any role in global security is if it pools its resources with the rest of Europe. In a sign of things to come, Europe’s two nuclear powers, the United Kingdom and France, have

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agreed to share their aircraft carriers. A truly common European defense policy, however, has remained elusive. As a French diplomat recently told me, “You cannot do anything without Britain, but you also cannot do anything with Britain.”

Still, as the wars in Iraq and Libya demonstrated, EU membership has not stopped the United Kingdom from acting in its own interests. Those campaigns have shown that the EU member states less inclined to intervene militarily, such as Germany, will not prevent others from resorting to force. NATO countries have adopted the flexible strategy of acting in “coalitions of the willing”; there’s no reason why a formal EU defense alliance could not do the same thing. And now is the right time for such a move, since London’s strategic interests have never been more closely aligned with those of the rest of Europe.

THE END OF THE AFFAIR

On the eve of the Allied troops’ landing in Normandy in June 1944, British Prime Minister Winston Churchill warned de Gaulle that “every time we have to decide between Europe and the open sea, it is always the open sea that we shall choose.” Elaborating on his point, Churchill explained that if he ever had to make a choice between de Gaulle and Franklin Roosevelt, between Europe and the United States, he would always pick the latter.

Ironically, Churchill was one of the first European leaders to call for a “United States of Europe,” not long after World War II. De Gaulle, however, would never forget Churchill’s wartime rebuke, and it certainly was on his mind both times he vetoed the

United Kingdom’s application to join the European Economic Community. Today, almost 70 years after Churchill’s comment, U.S. President Barack Obama is sending the opposite message to his British counterpart, in equally firm terms: if the United Kingdom wants to retain any influence on the open sea, it must choose Europe.

But Cameron might well have already set his country inexorably on the road to isolation and irrelevance. Even if some European leaders would be willing to make substantive concessions to the United Kingdom to help keep it in the club, they are unlikely to ever go far enough for Cameron to appease the Euroskeptics in his party, much less to convince those British voters who favor withdrawing from the EU. There is a real danger, then, that the United Kingdom will end its relationship with Europe—making the tragic mistake of trading genuine power for the mirage of national sovereignty.🌐



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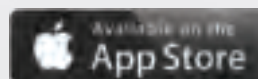
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How Big Business Can Save the Climate

Multinational Corporations Can Succeed Where Governments Have Failed

Jerry Patchell and Roger Hayter

In September 1987, representatives of 24 countries met in Montreal and accomplished a rare feat in international politics: a successful environmental accord. The Montreal Protocol on Substances that Deplete the Ozone Layer, which UN Secretary-General Kofi Annan later called “perhaps the single most successful international agreement to date,” set the ambitious goal of phasing out chlorofluorocarbons (CFCs) and other dangerous chemicals. It worked: by 1996, developed countries had stopped their production and consumption of CFCs, and by 2006, the 191 countries that had ratified the protocol had eliminated 95 percent of global ozone-depleting emissions.

On its surface, the Montreal Protocol was an agreement among countries. Each signatory agreed to report its emissions and face trade sanctions for failing to meet reduction targets. Developed countries committed to help developing countries meet their targets with side payments

JERRY PATCHELL is Professor of Geography in the Division of Social Science at the Hong Kong University of Science and Technology.

ROGER HAYTER is Professor of Geography at Simon Fraser University.

and technological support. The treaty’s main targets, however, were companies. By preventing the production and consumption of ozone-depleting substances within countries, as well as the trade of those substances between countries, the treaty gave multinational corporations a clear and short deadline to find substitutes for the chemicals or face being forced out of the world market. The results were dramatic: the companies responded to the pressure by developing alternative methods, going a long way toward solving the problem at its root.

Unfortunately, this success has not been matched when it comes to the world’s greatest collective challenge: stopping climate change. For 20 years, national governments have sought to slow the heating of the planet and the rise of the oceans by apportioning blame and attempting to spread the financial burden. The vehicle for their efforts, the UN Framework Convention on Climate Change (UNFCCC), is a negotiating process aimed at getting countries to commit to reducing their emissions of heat-trapping greenhouse gases, the main cause of global warming. But the UNFCCC has floundered because of disagreements between developed and developing countries; difficulties in credibly measuring, reporting, and verifying emissions reductions; and the power of vested interests in the energy sector.

Above all, the UNFCCC has failed because it does not provide powerful enough directives for companies to develop and use technologies that could radically reduce their greenhouse gas emissions. Unlike the Montreal Protocol, the UNFCCC does not focus on specific internationally traded products that

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generate harmful emissions. Instead, countries with little power to enforce how products are made are expected to reduce their greenhouse gas emissions on a national basis, leading to quarrels among a wide range of stakeholders and industry sectors. The framework's reliance on emissions-trading schemes, meanwhile, offers countries and companies a cheap out, allowing them to forestall investments in clean technologies.

Climate diplomacy urgently needs a new approach. Borrowing from Montreal's playbook, the international community should shift its focus from setting targets that countries cannot meet to setting directives that multinational corporations have to follow. Relying on the threat of sanctions, the UN should compel the multinational corporations that dominate important sectors to define and adopt ambitious targets for driving down their greenhouse gas emissions. Third parties would evaluate the reductions throughout the corporations' supply and distribution channels.

Individual countries contain multitudes of competing voices and interests, which complicate efforts to get them to change their behavior. But corporations are authoritative organizations that can channel extraordinary levels of human, technical, and fiscal resources toward specific problems and missions. Multinational corporations dominate markets, trade, investment, research and development, and the spread of technology. To fight climate change, the international community needs to harness this power.

WHY MULTINATIONALS?

It is worth taking a look back at the Montreal Protocol to consider just why it was so successful. What really sealed

the deal was oligopoly. At the time, several large multinational corporations—most notably the chemical giants DuPont and what was then Imperial Chemical Industries—produced a majority of the world's CFCs. Even as the Montreal Protocol was being negotiated, DuPont began to develop alternatives to the problematic chemicals and rapidly scaled up its production of those substitutes, forcing its rivals to follow suit. Just as important, corporations that consumed ozone-depleting substances in large quantities figured out how to eliminate processes that depended on them and thus reduce their emissions of CFCs. Within a couple years, these companies created alternative refrigerants, aerosols, and electronics-processing methods. In turn, the U.S. Environmental Protection Agency awarded and provided technical support to a diverse range of compliant firms, including SC Johnson, AT&T, Ford, Nissan, and Coca-Cola.

The fact that most of the world's ozone-depleting substances were produced and consumed by a relatively small number of mammoth corporations led to a straightforward solution: when those companies devised substitutes, much of the problem was eliminated. Scientists helped develop technical solutions, nongovernmental organizations advocated change, and local and national governments made important regulatory demands. But it was profit-motivated, competitive multinational corporations that actually implemented the technologies required to stop ozone depletion on a large scale.

Unlike the small number of similar companies that accounted for most CFC emissions, a huge number and wide array of businesses contribute to



A fridge too far: refrigerators awaiting CFC-free destruction, London, January 2000

the emissions of greenhouse gases that drive climate change. But only a relatively small number of companies account for a very large proportion of the research and development of new technology, which most experts see as the most important aspect of addressing climate change. In an influential 2004 study, the Princeton scholars Robert Socolow and Stephen Pacala showed how the world could stabilize its emissions simply by increasing the use of seven groups of existing technologies. More recently, in a 2009 report, the consulting firm McKinsey & Company concluded that by switching to technologies that already exist or are being developed, the world could reduce its greenhouse gas emissions by 35 percent below 1990 levels with an increase of only five to six percent in business costs. The hard part is implementing the right policies—specifically, finding ways to ensure that climate-friendly technologies are adopted on a large scale.

This is where multinational corporations come in. Their global reach and

tremendous capacity for the research, development, demonstration, and diffusion of new technologies offer the best chance of addressing climate change. In the United States, McKinsey estimates that multinational corporations account for 74 percent of private-sector research-and-development spending. And the biggest 700 multinational corporations—just one percent of the world's roughly 70,000 multinationals—make up half of global research-and-development spending and two-thirds of research-and-development spending in the private sector.

Of course, what matters most is how that research and development is put to work. Profit-hungry corporations tend to waste little time in creating, patenting, and exporting new products. Each year, they invest hundreds of billions of dollars in production processes, product development, factories, offices, transportation, and stores. By themselves, multinational corporations account for a quarter of global GDP—\$16 trillion in 2010—and well over \$1 trillion of yearly global

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investment. If every large multinational corporation demanded that its facilities and those of its suppliers reduced their greenhouse gas emissions by just five percent each year, or by some other substantial, self-determined goal, the results would ripple across the global economy. Moreover, the corporations' efforts would generate reduction technologies that could be adopted broadly.

Compare the ability of multinational corporations to make use of their research and development with the technology-transfer schemes built into the current climate change framework. Under the UN's Clean Development Mechanism, developed countries wishing to offset their own emissions can transfer money to the developing world, so long as the funds are used to reduce greenhouse gas emissions in some manner. From 2006 to 2012, the program channeled somewhere between \$22 billion and \$43 billion to the development of new technologies, including plants that turn manure into electricity. But all this work has led to only modest emissions reductions and no significant research and development. A far more promising approach would be to make sure that greenhouse-gas-reduction technologies and practices were integrated into all the massive investments that multinational corporations undertake each year.

CHOOSING THE RIGHT TARGETS

One sensible-sounding proposal to reform the UNFCCC would target specific industry sectors that contribute the most to climate change, require them to invest in new greenhouse-gas-reduction technologies, measure their progress, and force them to pay for carbon reductions elsewhere. This is, in essence, what the

European Union has done, developing an emissions-trading scheme involving electricity- and heat-generating plants; oil refineries; coke ovens; metal ore and steel installations; cement kilns; glass and ceramics manufacturing; and pulp, paper, and board mills. Such facilities account for about half of the EU's carbon dioxide emissions and thus seem like the smartest targets for stricter rules.

But lining up the usual suspects may not be the best way to regulate the climate. Some industries are inherently dependent on emitting greenhouse gases—and not even the most clever environmental rules will change that. The petroleum, gas, and coal sectors, for example, might discover new ways to reduce emissions during production and distribution, but they prosper only by selling more carbon. Cement and steel are not much different. Asking firms in these sectors to make incremental reductions in the emissions they produce, even by smacking them with carbon taxes or offsetting requirements, would do little to stimulate the development of renewable energy. That approach would only lock in technologies that would continue to produce unsustainable levels of emissions for decades to come.

It would make more sense to concentrate not on the industries that produce fossil fuels but on those that consume energy—and can thus more realistically make changes. Most multinational corporations make goods or offer services that are not dependent on any one type of energy or energy-intensive material. Moreover, since they respond to the needs of consumers, they do not have to support vested interests (of which there are plenty in energy sectors) the way that governments do. For these companies,

energy expenses are minor, and it would cost relatively little for them to switch to renewable energy and environmentally friendly materials. Doing so would also help them avoid the increasing regulatory penalties on fossil fuel usage and, at the same time, improve public perceptions of their behavior.

To be sure, multinational corporations are not altruistic organizations and will not want to pay for these changes themselves. Today, corporations make countries compete for their investments by offering flexible working conditions, low wages and taxes, infrastructure subsidies, and limited environmental regulation. But if multinationals were compelled to reduce their greenhouse gas emissions, countries and regions would have to compete to attract them by providing clean energy, research-and-development support, and workers and consumers who were dedicated to a low-carbon future.

HOW IT WORKS

Collective action against climate change has proved elusive because it requires cooperation among deeply divided camps. Developing countries such as China and India—the first- and third-largest emitters of carbon dioxide, respectively—argue that developed countries are responsible for historical emissions and are most able to afford contemporary reductions. They expect rich countries to lead by reducing their own emissions and paying for reductions in the developing world, while excusing themselves from environmental constraints. Meanwhile, developed countries want poorer states to rein in their increasing emissions before receiving funding.

The impasse runs even deeper, however. It originates in governments' fear that attempting to stop climate change will harm economic growth and reduce standards of living, all with a regressive distribution of costs and benefits among rich and poor countries and among rich and poor people within countries. This fear is what prevented the UNFCCC from trying to secure direct funding for emissions reduction from developed countries and what led it to rely instead on the Clean Development Mechanism. This approach was supposed to be market-driven and efficient, but it has been hampered by bureaucracy.

To avoid these obstacles, the climate diplomacy expert David Victor has suggested that the UN should set aside its quixotic attempt to create a global set of rules acceptable to so many divergent countries. Instead, he argues, countries with a similar commitment to and capacity for governance and socioeconomic change should form “carbon clubs” that reward members for sound climate change policies and penalize inaction.

But since countries differ wildly in terms of their interests and capacities, an even more effective and equitable approach would be for the international community to compel similar multinational corporations, the oligopolies of global industry, to form climate clubs that would set targets for emissions reduction and standards for product design and share knowledge about renewable energy technologies. The clubs would comprise not only multinationals from established rich countries but also the rapidly emerging businesses of the developing world. As a result, the clubs would draw developing countries

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into the global climate change framework by enlisting companies capable of acting rather than making demands of people who are not.

The UN could delegate governing the system to the World Trade Organization, taking advantage of the WTO's established dispute-resolution mechanism. However, since the WTO mediates trade disputes only between national governments, its procedures would need to be modified for the direct evaluation of multinational corporations. (Such a shift would be rather simple to implement, since many multinational corporations already adhere to common standards, particularly those of the Greenhouse Gas Protocol, and the WTO could enlist the help of many recognized third parties to do the evaluations.) Large multinationals would need to meet deadlines to establish clubs and regulations, and smaller corporations would be expected to join the clubs once they hit a certain level of international production or imports. Penalties for noncompliant companies could include taxes paid to countries or fees paid to the UN.

The greatest difference between this proposal and the status quo is the role played by national governments. At the moment, the UNFCCC sets carbon targets and asks each country to figure out how it will meet them. The pressure to do so leads countries to focus on carbon-dependent industries—for the most part, energy producers—which are inherently disinclined to reduce their greenhouse gas emissions. Moreover, most governments lack the capacity to credibly monitor carbon emissions across their countries. That task is better performed by individual corporations, which can benefit from combining

carbon audits with the quality-control and supplier audits that they use to control their supply chains.

Focusing on multinational corporations is also a more equitable approach to dealing with climate change. Less developed countries and the less well-off within countries would not have to pay a higher price for energy. Nor would farmers and small businesses be saddled with the higher energy costs that would come from a carbon tax or carbon trading. The people around the world who buy products made by major corporations—the relatively and absolutely wealthy—would end up paying the true costs of their carbon consumption. Multinationals would have to account for environmental damage in their production costs, creating an incentive for them to eliminate or reduce the source of any additional costs rather than charge their customers higher prices.

The system would also avoid the problem of “carbon leakage,” whereby one country's setting tighter limits on emissions simply leads emitters to move elsewhere. Corporations can be held responsible for emissions anywhere along their supply chains, regardless of which countries host the more pollution-heavy aspects of their businesses.

As the world continues to climb out of a recession, multinational corporations are far better placed to tackle climate change than deficit-ridden or poor governments. The concentration of immense power in a small number of corporations—long a fear of concerned citizens everywhere—might turn out to be just what is needed to save the planet. 🌍

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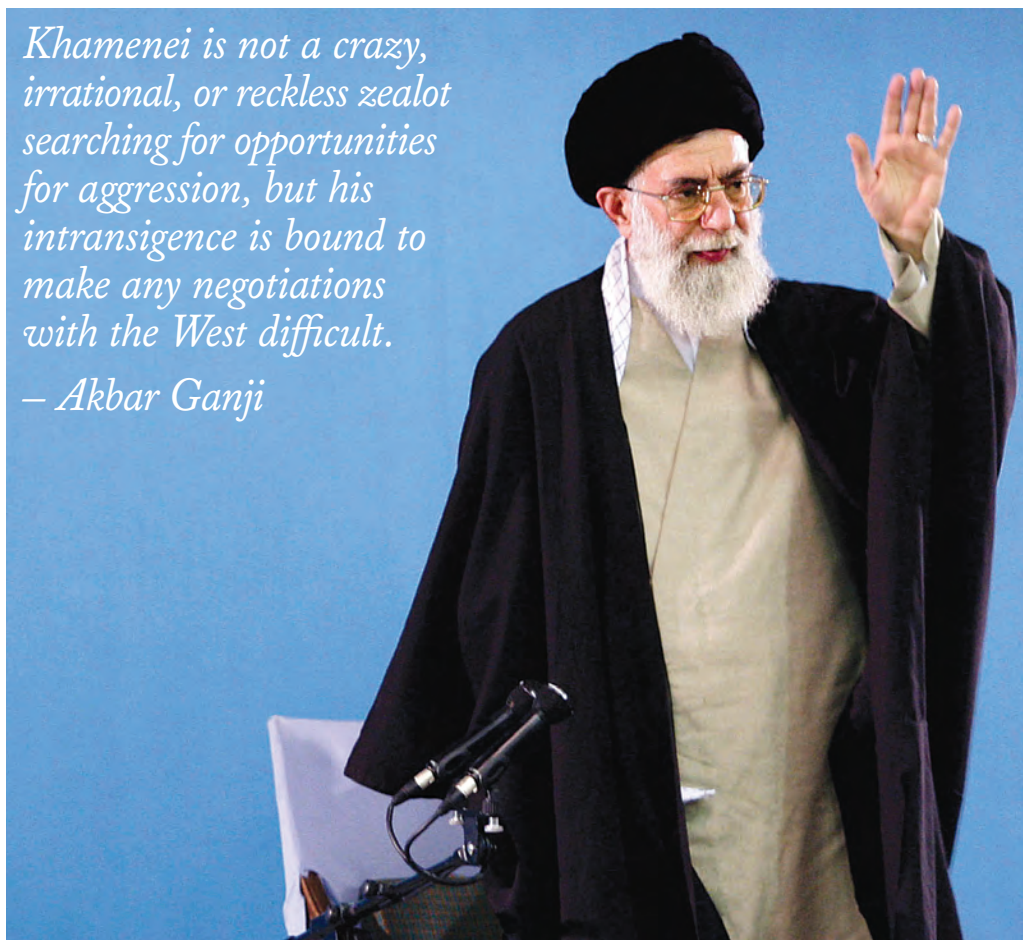


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ESSAYS

Khamenei is not a crazy, irrational, or reckless zealot searching for opportunities for aggression, but his intransigence is bound to make any negotiations with the West difficult.

– Akbar Ganji



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Who Is Ali Khamenei?

The Worldview of Iran's Supreme Leader

Akbar Ganji

In June, Hassan Rouhani was elected president of the Islamic Republic of Iran. Rouhani ran as a reform candidate, and many have interpreted his victory as a harbinger of a possible liberalization or rationalization of Iranian domestic and foreign policy. But the dominant figure in Iranian politics is not the president but rather the supreme leader, Ayatollah Ali Khamenei. The Iranian constitution endows the supreme leader with tremendous authority over all major state institutions, and Khamenei, who has held the post since 1989, has found many other ways to further increase his influence. Formally or not, the executive, legislative, and judicial branches of the government all operate under his absolute sovereignty; Khamenei is Iran's head of state, commander in chief, and top ideologue. His views are what will ultimately shape Iranian policy, and so it is worth exploring them in detail.

Khamenei was born in the northeastern Iranian city of Mashhad in 1939. His father was a religious scholar of modest means, and Khamenei, the second of eight children, followed his father's path to seminary. (Two of his brothers are also clerics.) He studied in Qom from 1958 to 1964, and while there, he joined the religious opposition movement of Ayatollah Ruhollah Khomeini, in 1962. He played an important role in the 1979 Iranian Revolution and went on to become Iran's president, from 1981 to 1989, and then Khomeini's successor as supreme leader.

Khamenei has always been in contact with the world of Iranian intellectuals, and the basic outlines of his thinking were laid down in his youth and young adulthood, during the 1950s and 1960s. Iran was then a monarchy and an ally of the United States; according to the Iranian

AKBAR GANJI is an Iranian journalist and dissident. He was imprisoned in Tehran from 2000 to 2006, and his writings are currently banned in Iran.

opposition at the time, the shah was nothing but an American puppet. Unlike many other Islamists, Khamenei had contact with the most important secular opposition intellectuals and absorbed their prerevolutionary discourse. But he was also a seminary student, whose chief focus was learning sharia, Islamic law. He became acquainted with the theoreticians of the Muslim Brotherhood and was influenced by the works of Sayyid Qutb, some of which Khamenei himself translated into Persian.

As a young man, Khamenei saw a tension between the West and the Third World, and these views hardened during his dealings with the United States after the Iranian Revolution. He concluded that Washington was determined to overthrow the Islamic Republic and that all other issues raised by U.S. officials were nothing more than smoke screens. Even today, he believes that the U.S. government is bent on regime change in Iran, whether through internal collapse, democratic revolution, economic pressure, or military invasion.

Khamenei has always been critical of liberal democracy and thinks that capitalism and the West are in inevitable long-term decline. Moreover, he sees Washington as inherently Islamophobic. Nevertheless, he is not reflexively anti-Western or anti-American. He does not believe that the United States and the West are responsible for all of the Islamic world's problems, that they must be destroyed, or that the Koran and sharia are by themselves sufficient to address the needs of the modern world. He considers science and progress to be "Western civilization's truth," and he wants the Iranian people to learn this truth. He is not a crazy, irrational, or reckless zealot searching for opportunities for aggression. But his deep-rooted views and intransigence are bound to make any negotiations with the West difficult and protracted, and any serious improvement in the relationship between Iran and the United States will have to be part of a major comprehensive deal involving significant concessions on both sides.

A PORTRAIT OF THE SUPREME LEADER AS A YOUNG MAN

To understand Khamenei's worldview, it helps to start by looking at the history of U.S. intervention in Iran. In 1953, the Eisenhower administration helped engineer a coup against the democratically elected government of Mohammad Mosaddeq, and Washington was the chief supporter of Mohammad Reza Shah Pahlavi's authoritarian regime, until its overthrow in 1979. This helped shape the discourse of all of the regime's

opponents; opposition to the shah went hand in hand with opposition to the United States, since the shah was considered Washington's gendarme.

Khamenei was 40 when the revolution occurred; before then, he had been a seminary student and cleric, but one engaged with the broader world as well as his narrow religious circles. As he said in a meeting with ulama (Muslim scholars) and young clergymen in May 2012, "I participated in intellectual circles before the revolution and had close relations with political groups. I got to know them all, and got into discussions and debates with many of them." He was a man of music, poetry, and novels as well as religious law. No other present-day *marja* (senior ayatollah) or prominent *faqih* (Islamic jurist) has such a cosmopolitan past.

Khamenei's widespread relationships with secular intellectuals in Iran radicalized his views about the United States, since these circles became increasingly anti-American after the 1953 coup and the U.S. backing of the shah and his subsequent repression of dissidents. As Khamenei's friend Mehdi Akhavan Sales, a poet, put it in one of his verses, "I will not forget: that we were a flame, and they doused us with water." Khamenei has spoken about the U.S. role in the 1953 coup several times, and the memory continues to resonate with him today. As he said just last year in a meeting with university students in Tehran,

It is interesting to realize that America overthrew his government even though Mosaddeq had shown no animosity toward them. He had stood up to the British and trusted the Americans. He had hoped that the Americans would help him; he had friendly relations with them, he expressed an interest in them, perhaps he [even] expressed humility toward them. And [still] the Americans [overthrew] such a government. It was not as if the government in power in Tehran had been anti-American. No, it had been friendly toward them. But the interests of Arrogance [a term Khamenei often uses to symbolize the United States] required that the Americans ally with the British. They gathered money and brought it here and did their job. Then, when they brought their coup into fruition and had returned the shah, who had fled, they had the run of the country.

Khamenei had strong ties to Jalal Al-e Ahmad and Ali Shariati, the two most influential intellectuals of the prerevolutionary period. They were important contributors to the theory of "Westoxication." But anti-imperialism seems to have been the strand of secular intellectual thought that shaped Khamenei the most.



You can check out anytime you like: Khamenei visits an American hostage, 1980

In prerevolutionary Iranian opposition intellectual circles, Western culture and civilization were not only disparaged as a model but considered to be in crisis and decline. The Third World was its rising alternative; as the Iranian writer Daryush Ashuri, a contemporary of Khamenei, put it, “The Third World is composed of the poor and colonized nations, which are at the same time revolutionary.” Iran was ostensibly independent, but colonialism was seen as taking a new form there, with native ruling political elites serving as agents of imperialism and working to secure its interests. The Western world, led by the United States, moreover, was thought to be laying the groundwork for its political and economic expansion by destroying indigenous cultures. Under such circumstances, it was easy to see Islam as not simply a religion but also a cultural and ideological weapon in the struggle against imperialism.

As a young man, Khamenei loved novels. He read such Iranian writers as Muhammad Ali Jamalzadah, Sadeq Chubak, and Sadeq Hedayat but came to feel that they paled before classic Western writers from France, Russia, and the United Kingdom. He has praised Leo Tolstoy and Mikhail Sholokhov and likes Honoré de Balzac and Michel Zévaco, but he considers Victor Hugo supreme. As he told some officials of Iran’s state-run television network in 2004,

In my opinion, Victor Hugo’s *Les Misérables* is the best novel that has been written in history. I have not read all the novels written throughout

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history, no doubt, but I have read many that relate to the events of various centuries. I have read some very old novels. For example, say, I've read *The Divine Comedy*. I have read *Amir Arsalan*. I have also read *A Thousand and One Nights*. . . . [But] *Les Misérables* is a miracle in the world of novel writing. . . . I have said over and over again, go read *Les Misérables* once. This *Les Misérables* is a book of sociology, a book of history, a book of criticism, a divine book, a book of love and feeling.

Khamenei felt that novels gave him insight into the deeper realities of life in the West. "Read the novels of some authors with leftist tendencies, such as Howard Fast," he advised an audience of writers and artists in 1996. "Read the famous book *The Grapes of Wrath*, written by John Steinbeck, . . . and see what it says about the situation of the left and how the capitalists of the so-called center of democracy treated them." He is also a fan of *Uncle Tom's Cabin*, which he recommended in March 2002 to high-level state managers for the light it sheds on U.S. history: "Isn't this the government that massacred the original native inhabitants of the land of America? That wiped out the American Indians? Wasn't it this system and its agents who seized millions of Africans from their houses and carried them off into slavery and kidnapped their young sons and daughters to become slaves and inflicted on them for long years the most severe tragedies? Today, one of the most tragic works of art is *Uncle Tom's Cabin*. . . . This book still lives after almost 200 years."

THE BUDDING ISLAMIST

Yet if Khamenei frequented prerevolutionary secular intellectual circles and was a student of Western culture more generally, he was first and foremost a seminarian, devoted to pursuing social change in accordance with the teachings of religion. And in this regard, it was Qutb, the Egyptian intellectual, activist, and chief theoretician of the Muslim Brotherhood, who stole Khamenei's heart as a young man.

Qutb, who was executed by Egyptian President Gamal Abdel Nasser's regime in 1966, propagated the idea of an Islamic state. As he wrote in *The Battle Between Islam and Capitalism*,

If you want Islam to be an agent of salvation, you must rule and must understand that this religion has not come for one to sit in houses of worship; it hasn't come to make a nest in hearts. Rather, it has come to govern and run life in a proper fashion; it has come to build a progressive and complete society. . . . If we want Islam to answer social,

ethnic, and other problems and solve our problems and show a way to cure them, we must think about government and its formation and bring our decisions to implementation. . . . Islam without government and a Muslim nation without Islam are meaningless.

The pillars of Qutb's idea of Islamic government were justice, equality, and the redistribution of wealth. "True Islam," he wrote in *Social Justice in Islam*, "is a liberation movement that frees the hearts of individuals and then of human societies from fear of the bonds of the powerful."

Qutb's ideas would go on to become the template for the modern Salafi movement, eventually influencing radical Islamists such as Osama bin Laden and Ayman al-Zawahiri. They were also very appealing for Iranian seminary students. Khamenei read them, was attracted to Qutb's personality and to some of his ideas, and went so far as to translate some of the master's works into Persian himself. As Khamenei wrote in the introduction to his 1967 translation of Qutb's *The Future of This Religion*, "This lofty and great author has tried in the course of the chapters of this book . . . to first introduce the essence of the faith as it is and then, after showing that it is a program for living . . . [confirm] with his eloquent words and his particular world outlook that ultimately world government shall be in the hands of our school and 'the future belongs to Islam.'"

Qutb revived the classic Muslim concepts of the House of Islam and the House of War but gave them a new meaning: "There is only one House of Islam, and that is precisely the one in which an Islamic state has been founded, and God's sharia rules, and the divine punishments are applied, and in which Muslims support each other. Aside from this, everything is the House of War, and the relationship of the Muslim with it is either war or peace based on a treaty with it."

Qutb also offered Khamenei a perspective on the United States as something of a licentious society, ideas Qutb had picked up during his sojourn there in the late 1940s. Qutb came to feel that Americans were prepared to accept Islam, but not in its true, nonsubservient incarnation:

These days, the Americans have come to think about Islam once more. They need Islam to fight against communism in the Middle East and the Islamic countries of Asia and Africa. . . . Of course, the Islam that America and the Western imperialists and their allies in the Middle

Akbar Ganji

East want is not the same Islam that fights imperialism and struggles against absolutism; rather, it is that Islam that struggles against the Communists. Thus, they do not want the Islam that rules and definitely do not want an Islamic government, since when Islam rules, it sets up another *ummah* [Islamic community] and teaches the nations that it is obligatory to become strong, and that rejecting imperialism is a necessity, and that the Communists, too, are like the imperialist pests, and that both are enemies and aggressive.

AFTER THE REVOLUTION

In the early days of the Iranian Revolution, after Washington announced that it was letting the ailing shah into the United States for medical treatment, a group of radical Iranian students seized the U.S. embassy in Tehran and held its occupants hostage, creating a new crisis in U.S.-Iranian relations. Not all the members of the new ruling elite had known about the plan or agreed with it. According to former Iranian President Ali Akbar Hashemi Rafsanjani, neither he nor Khamenei supported the move:

Ayatollah Khamenei and I were in Mecca when we heard news of the seizure of the American embassy over the radio at night, when we were on the roof of our domicile preparing to sleep. We were shocked, since we had no expectation of such an event. It was not our politics. Even early into the revolution's victory, when political groups shouted very extreme anti-American slogans, the officials helped Americans who were in Iran return to their country uninjured, and many of them even carried their property with them. Once, when an armed group attacked the American embassy and occupied it, a representative came on behalf of the provisional government and settled the problem. Thus, it is clear that neither the revolutionary council nor the provisional government was inclined to take such measures.

But after Khomeini came out in support of the embassy takeover, the other rulers of the Islamic Republic followed his lead. As Khamenei put it in April 1999,

I, along with Mr. Hashemi and another individual, met with Imam [Khomeini] after traveling from Tehran to Qom to ask, "What are we finally going to do with these spies?" Should they remain, or should we not keep them, particularly since there was an amazing tumult in the provisional government over what we were to do with them?



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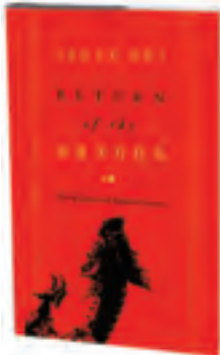
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When we came into the imam's presence and our friends explained the situation and said what the [foreign] radio stations were saying, what America was saying, what government officials were saying, he thought and then answered in the form of a question: "Are you afraid of America?" We said, "No." He said, "Then keep them."

During his tenure as supreme leader, Khamenei has always defended the seizure. Revolutionary regimes often maintain their relationships with former colonial powers and suffer as a result, he argues. In the Iranian case, the embassy takeover helped make that impossible: "The matter of the den of spies [the revolutionaries' term for the U.S. embassy] cut the last possible thread connecting the revolution and America," he noted in a speech in 1993. The embassy takeover, he said, "was a great and valuable service performed for our revolution."

Khomeini appointed Khamenei as a member of the Council of the Islamic Revolution, and before becoming president of the republic in 1981, he served as deputy defense minister, acting chair of the Islamic Revolutionary Guard Corps, and Khomeini's representative in the Supreme Defense Council. His work on security issues brought him face-to-face with Washington's cold realpolitik. In August 1980, Saddam Hussein launched a military attack on Iran, trying to take advantage of the new regime's disarray. Still stinging from the fall of the shah and the ongoing hostage crisis, the United States refused to criticize Iraq's actions, first protecting Iraq from censure at the United Nations and then actually supporting the Iraqi war effort against Iran. By the late 1980s, the U.S. military was increasingly engaging Iran directly, including attacking Iranian oil rigs in the Persian Gulf in 1987 and shooting down an Iranian passenger plane in 1988.

In 1987, Khamenei took his only trip to date to the United States, in order to participate as Iran's president in a session of the UN General Assembly. In his speech, he addressed the relationship between Iran and the United States:

The history of our nation is in a black, bitter, and bloody chapter, mixed with varieties of hostility and spite from the American regime. [That regime] is culpable in 25 years of support of the Pahlavi dictatorship, with all the crimes it committed against our people. The looting of this nation's wealth with the shah's help, the intense confrontation with the revolution during the last months of the shah's regime, its encouragement in crushing the demonstrations of millions of people,

its sabotage of the revolution through various means in the first years of its victory, the American embassy in Tehran's provocative contacts with counterrevolutionary elements, the aid to coup plotters and terrorist and counterrevolutionary elements outside the country, the blockading of Iranian cash and property and refusal to transfer goods whose payment had long been received or assets that the shah had taken from the national wealth and deposited in his own name in American banks, the striving to enforce an economic embargo and the creation of a united Western front against our nation, the open and effective support of Iraq in its war against us, and, finally, an irrational, thuggish invasion of the Persian Gulf that seriously threatened the region's security and tranquility—all this is only part of our nation's indictment against the regime in the United States of America.

In a public speech the following year, he related an experience he'd had while staying in New York: "A high-ranking official of a European country came to meet me and said, 'You should finally solve your problem with America!' They thought that [with my] having come to New York and being in America, they might be able to warm their bread in this oven. I said, 'Impossible. The issue of the UN is another story. I have come to the UN to speak with the people of the world, and this has nothing to do with America. The issue of America is another story.'"

FROM KHOMEINI TO KHAMENEI

Since becoming supreme leader in 1989, Khamenei has sharpened his views of U.S. policy. His position now is clear and simple: Western governments, led by Washington, wish to overthrow the Islamic Republic and destroy the Islamic revolution, just as they did to the Soviet Union.

At a meeting with Iranian government officials in 2000, he put it this way: "An all-encompassing American plan has been arranged to collapse the Islamic Republican system, and all its aspects have been weighed. This plan is reconstructed from the collapse of the Soviet Union. . . . They have, in their own imaginings, revived the plan for the collapse of the Soviets in accordance with the conditions in Iran." Khamenei noted that there had been domestic factors responsible for the Soviet Union's collapse, including poverty, repression, corruption, and ethnic and nationalist tensions. But the Americans capitalized on these, he argued, to push the Soviet state to collapse—partly by



Teacher and student: portraits of Iran's supreme leaders, Tehran, November 1997

manipulating the media and staging a “cultural invasion,” and partly by using political and economic pressure. However, such efforts would not work in Iran, he argued, because the Islamic Republic was not like the Soviet Union—not least because, unlike communism, Islam was not a newly adopted ideology imposed by a ruling party after winning a civil war. Iran, moreover, had a long history of unified statehood. Its constituent elements had not been yoked together through imperialist

REUTERS / DAMIR SAGOLJ

Akbar Ganji

expansion and wars of conquest over recent centuries, as was the case with the Russian empire that the Soviet system inherited. He also noted that the Islamic Republic was the product of a popular revolution and enjoyed considerable religious legitimacy.

Khamenei thinks several measures can ensure that the Islamic Republic does not meet the Soviet Union's fate. First, potential political

Khamenei has praised Leo Tolstoy and likes Honoré de Balzac, but he considers Victor Hugo supreme.

insurgents—the local Iranian versions of Boris Yeltsin—must be identified and checked. Second, sensible reforms must be announced clearly, so they cannot be misunderstood or perverted. Reform measures must, as he has described, “be led by a powerful and restraining center so that they don’t get out of control.”

Third, the media must not be allowed to undermine the government. And fourth, interference by outside powers, such as the United States and Israel, must be kept at bay.

Khamenei also thinks that the United States, the West more generally, and Israel want to use elections to various Iranian offices (city councils, the legislature, the judiciary, the Assembly of Experts) to create, through their “internal allies,” a situation of “dual sovereignty.” The aim is, according to Khamenei, to create a split between the supreme leader and elected officials of the government. Just as the British, who once had absolute rulers, eventually turned the position of their monarch into a merely ceremonial office, so Iran’s enemies, Khamenei believes, want to turn the absolute rule of the *faqih*, or “guardianship of the jurist,” into a meaningless shell. Iran’s chief reformist strategist, Saeed Hajjarian, used the concept of dual sovereignty as an analytic tool to describe the changing balance of power in Iran following the victory of Mohammad Khatami in the May 1997 presidential election. In response, Khamenei loyalists tried to assassinate Hajjarian in March 1999. He survived, but he has been paralyzed ever since. Khamenei mentioned the concept of dual sovereignty as a subversive idea in a public speech in 2004, as the Khatami administration limped through its final year in office: “You have heard the slogan ‘dual sovereignty’! A number of irrational people have even repeated these words within the country. . . . Dual sovereignty is not desirable but damaging and a deadly poison! This is what [Iran’s enemies] want.”

After Iran's presidential election in June 2009, hundreds of thousands of people poured out into the streets of Tehran and held peaceful demonstrations against the manipulated outcome. As the demonstrations spread, Khamenei, in a Friday prayer speech, compared the protests to the "color revolutions," particularly the one in Georgia, which he claimed the Americans and the British had launched. Khamenei emphasized that during the previous weeks, the speeches of American and European statesmen had become harsher, and that after the Tehran protests, they set aside their "masks" and showed their "true features."

In a public speech in June 2011, Khamenei called the protests, which came to be known as the Green Movement, a continuation of the regime-change policy of United States and its allies and contrasted it with a true revolution, such as the one that led to the founding of the Islamic Republic: "A revolution that cannot defend itself in an age of sedition, against various political or military coup attempts and other such acts, is not alive. This revolution is alive, for it defends itself and indeed prevails and wins. This is certain, as you saw happen [following the protests] in 2009."

A frequent Khamenei theme is the constant presence of foreign threats to the Islamic Republic and the regime's ability to withstand them. The United States and the Western bloc, he argues, want to overthrow the system in Iran and have launched a variety of attempts to do so, including Iraq's military invasion in 1980, the manipulation of ethnic tensions, and economic sanctions. As he put it in another public speech in August 2010,

They want to bring the revolution down. One of the important means they have employed has been these economic sanctions. They say that [the sanctions] are not targeting the Iranian people, but they are lying! The sanctions are meant to cripple the Iranian nation. They are designed to exhaust the Iranian people and make them say, "We are under the pressure of the sanctions because of the [policies of] the Islamic Republican state." They want to sever the ties between the people and the Islamic Republican system. This is the true aim of the sanctions. They are exerting economic pressure by means of sanctions.

He repeatedly claims that the stated rationales for U.S. policies are meant to mask more sinister motives. As he put it in yet another public speech in August 2011, "Although the excuse for the sanctions is the issue of nuclear energy, they are lying. . . . Perhaps you recall that the first sanctions against this country were enacted at a time when

the nuclear issue absolutely did not exist. . . . Thus, the enemy's goal is to hurl the Islamic Republic to the ground."

Khamenei bases such arguments partly on what he sees as two failed attempts by Iran to compromise with the United States. The first was during Khatami's term as president, when the government suspended its uranium enrichment for two years as a trust-building measure. Khamenei believes the Western governments were not interested in trust building, only in making the pause in enrichment permanent. The two-year suspension resulted in no achievements for Iran—not the lifting of sanctions, nor the release of frozen Iranian assets in the United States, nor any other reward. In a speech in January 2008, Khamenei noted,

Today, to whomever comes to us and says, "Sir, suspend temporarily," we say, "We have already had a temporary suspension, for two years!" We had a two-year temporary suspension. How did it benefit us? . . . We, for our part, imagined that it was temporary and imagined that it was voluntary. Then, when we talked of resuming work, they started this media frenzy and tumult in political circles, saying, "Woe! Iran wants to end the suspension!" The suspension became a sacred issue that Iran had absolutely no right to approach. . . . Finally, they said, "This temporary suspension isn't enough; you must completely pack the whole atomic project in." This was a setback for us. [The Khatami government] accepted the retreat. But this retreat had a positive effect for us. We learned a lesson from that experience. World public opinion learned from the experience, too. . . . I said if this process of adding new demands is to go on, I will intervene. And I did. I said . . . we should go on the offensive [and resume enrichment].

Khamenei then went on to remind his audience that despite Khatami's willingness to compromise, his kind words for Americans, his cooperation in toppling the Taliban and in the subsequent Bonn negotiations to install a pro-American government in Afghanistan, U.S. President George W. Bush had still included Iran in his "axis of evil."

The second experience he draws on is Libya's 2003 decision to give up its nuclear ambitions, which nevertheless did not prevent Muammar al-Qaddafi's violent removal through NATO military involvement. "In Libya," Khamenei said in his annual Iranian New Year speech in March 2011, "although Qaddafi had shown an anti-Western tendency during his first years in power, in later years, he performed a great service to the West. . . . This gentleman gathered up his nuclear



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program, . . . gave it to the Westerners, and said, ‘Take it away!’ . . . [Yet he was overthrown.]” Khamenei suspects that even if all of Iran’s nuclear facilities were closed down, or opened up to inspections and monitoring, Western governments would simply pocket the concessions and raise other issues—such as terrorism, human rights, or Israel—as excuses for maintaining their pressure and pursuing regime change. To Khamenei, when it comes to nuclear weapons, the Iraqi and Libyan cases teach the same lesson. Saddam and Qaddafi opened their facilities up to inspections by the West, ended up having no nuclear weapons, and were eventually attacked, deposed, and killed. Major compromises by Iran on the nuclear front without significant concessions by the West, he believes, could end up leading to similar consequences for the Iranian regime.

SANCTITIES

Another important issue for Khamenei is what he sees as actions that amount to insults to Islam. After the announcement of a possible burning of the Koran by a pastor in Florida in 2010, he asked in one of his public speeches, “What and who is behind the scenes of these evil deeds?” He went on to say that “a careful study of this evil occurrence, which came along with criminal deeds in Afghanistan, Iraq, Palestine, Lebanon, and Pakistan, leaves no doubt that the planning and the operational command of these acts are in the hands of the system of hegemony and Zionist planning centers, which enjoy the greatest influence over the American government and its security and military agencies, as well as the British and some European governments.” Similarly, after the release of the film *Innocence of Muslims* in 2012, he published a statement citing the American and Israeli governments as “prime suspects for this crime.” He said that “if they had not supported the previous links in this rotten chain—that is, Salman Rushdie, the Danish cartoonist, the American Koran-burning pastor—and did not order dozens of anti-Islamic films from the cliques linked with Zionist capitalists, things would not have reached the point of this great and unforgivable crime.”

At the same time, he tries hard to avoid casting this issue as a conflict between Islam and Christianity. “The goal of these infuriating measures [Koran burnings],” he argued in a public speech in September 2010, “is to bring the confrontation with Islam and Muslims into the mainstream of Christian societies and to give it a religious coloration

and zeal.” But “we must all realize,” he said, that this “has nothing to do with churches or Christianity, and the puppet deeds of a few idiotic and mercenary clerics must not be laid at the feet of Christians and their clergy. We Muslims will never commit similar acts in regard to the sanctities of other religions. The struggle between Muslims and Christians on a general level is what the enemies and plotters of these insane displays want, and the Koran instructs us to take the opposite position.”

THE DECLINE OF THE WEST

Khamenei does not deny the astonishing progress of the West over the past century. As he said in a public speech in June 2004, “In America, you see the pinnacle of the rise of materialist civilization from the perspective of science, wealth, military power, and political and diplomatic efforts. America is a country that has legendary wealth and military power and extraordinary political mobility.” He accepts Western science and technology and laments the fact that despotic regimes in Iran and elsewhere in the developing world are responsible for these countries’ underdevelopment. Khamenei admires certain aspects of Western societies. Meeting with youth and cultural affairs workers in the Caspian city of Rasht in 2001, for example, he noted that “one good quality in European people is their willingness to take risks. This is the chief source of their successes. . . . Another of their good qualities is perseverance and keeping at hard work. . . . The greatest and most talented Western inventors and scholars are those who for long years live a hard life sitting in a garret and discover something. When one reads their biographies, one sees what a hard life they lived. . . . These are the good parts of Western culture.”

“Western culture,” he noted in a discussion with Iranian youths in February 1999, on the occasion of the anniversary of the revolution, “is a combination of beautiful and ugly things. No one can say that Western culture is completely ugly. No, like any other culture, it surely has beautiful manifestations. . . . A sensible nation and a group of sensible people will take the good and add it to their own culture, thus enriching it, and reject the bad.” He believes that Islamic civilization is superior, however, because Western civilization is overly materialistic. “The West looks at only one dimension, one feature—the material feature,” he said during a recent meeting with youths devoted to the topic of socioeconomic development.



Oversight: Iranian women casting ballots, Tehran, June 17, 2005

He added that the Western outlook considers “progress first and foremost, composed of progress in wealth, science, military affairs, and technology. . . . But in Islamic logic, progress has other dimensions:

REUTERS / RAHEB HOMAYANDI

progress in science, in justice, in public welfare, in economics, in international grandeur and status, in political independence, in prayer and approaching the exalted God—in other words, it has a spiritual aspect, a divine aspect.”

Khamenei is not a fan of liberal democracy. He argues that its supposed majoritarian legitimacy is undermined by the fact that actual governments in the West have received the votes of only a small fraction of the total possible electorate. He claims, moreover, that liberal democracies, such as the United States, have repeatedly violated their own principles by supporting despotic governments elsewhere, and have even worked to overthrow democratic regimes (such as with the 1953 coup in Iran). He sees liberal democratic governments as being interested in ruling the world at large, pushing globalization as a route toward Americanization, and attacking other countries at will (such as Afghanistan and Iraq).

The Islamic Republic has its own form of democracy, Khamenei believes, one that is rooted in religion. “The foundations of religious democracy are different from those of Western democracy,” he argued in June 2005 in a speech on the anniversary of Khomeini’s death. “Religious democracy, which is the basis we have voted for and which arises from the divine rights and duties of man, is not just a contract. All humans have the right to vote and the right to self-determination. This is what lends meaning to elections in the Islamic Republic. [What we have here] is much more advanced and meaningful and deeply rooted than what exists today in Western liberal democracy.”

In practice, Khamenei believes that liberal democracy yields not freedom but domination, aggression, and imperialism, and this is what makes it unacceptable. “We believe in democracy,” he said in a meeting with members of the Basij militia in northwestern Iran in October 2011. “We believe in freedom, too. But we do not accept liberal democracy. . . . We don’t want to use that name for our pure, sound, righteous, and clean meaning. We say Islamic democracy, or the Islamic Republic.” For all his criticisms of liberalism, however, he has not prevented the translation into Persian and the publication during his term of the works of liberal authors, such as Karl Popper, Milton Friedman, Ronald Dworkin, Isaiah Berlin, John Rawls, Richard Rorty, Martha Nussbaum, Robert Putnam, Amartya Sen, and many others.

Khamenei believes that Western governments and capitalism in general are suffering from incurable structural problems and face inevitable decline. In June 1992, in a message to pilgrims to Mecca, he said,

The Western capitalist system is sunk to its neck in human problems. Despite the copious wealth that it has at its disposal, it is completely incapable of establishing social justice. The recent riots of blacks in America showed that the American system treats not only the nations of Asia, Africa, and Latin America with injustice but also its own people, and answers protest with violence and repression just like in those other countries. It is true that the communist camp collapsed and vanished, but its rival, the capitalist camp, . . . particularly plagued by the arrogance that has affected it after the disappearance of its powerful rival, will vanish too, sooner or later.

He has argued that the financial crisis that began in 2008 is evidence in support of his pessimistic view of the West's prospects. He saw the Occupy Wall Street protests as the beginning of a major crisis in capitalism. "The people in these meetings and demonstrations of several thousand in New York," he noted at a large gathering of people in the city of Kermanshah in October 2011, "put up a poster on which it was written, 'We are the 99 percent.' In other words, 99 percent of the American people—the majority of the American people—are ruled by a dominant one percent. . . . Today, the capitalist system has reached a complete dead end. Perhaps it will take years for the consequences of this dead end to reach their final conclusion. But the crisis of the West has begun in earnest."

For Khamenei, world history is "turning a corner," and "a new age in the entire world" is beginning. The Marxist, liberal, and nationalist creeds have lost their attraction, and only Islam has kept its. The Arab Spring—or, as he calls it, "the Islamic Awakening"—is a prelude to a worldwide uprising against the United States and international Zionism. In his view, the fact that routine materialistic calculations make such an outcome unlikely is unimportant, because divine providence will bring it about. He sees the survival of the Islamic Republic in the face of more than three decades of international opposition as evidence of this heavenly support and counts on it continuing in the future. Khamenei believes that the historic turn he anticipates will lead to the victory of spiritual and divine values in the world. Contrary to Max Weber's diagnosis that modern science has disenchanting the world and the realm of power, Khamenei still relies on esoteric notions and divine beings in his approach to politics. He is re-enchanting the world.

TALKING ABOUT TALKS

In August 1989, two months after being elected supreme leader, Khamenei announced to the United States,

No one in the Islamic Republic has ever negotiated with you, nor will they. . . . As long as American policy is based on lies, deception, and duplicity and supports corrupt regimes, like that of Israel, and perpetuates oppression against the weak and poor nations, and as long as crimes and transgressions of the American rulers, such as the downing of the passenger plane and the impounding of Iran's property, remain in our nation's memory, there is no possibility of our holding negotiations with the American government or establishing diplomatic relations with it. We completely reject relations between them and us.

The following year, in a meeting with a group of students on the anniversary of the embassy takeover, he elaborated his thinking on this front:

Those who think that we must negotiate with . . . America are either simple-minded or frightened. . . . What would negotiations mean? Would all problems be solved if only you go and sit with America and talk and negotiate? This is not the case. Negotiations with America mean trading with America. Trade means you get something and you give something. What will you give to America from the Islamic revolution for which you will get something? . . . Do you know what it wants? By God, America is not upset with the Iranian nation for anything more than its being Muslim, its standing firm with Muhammad's pure Islam. It wants you to stop being so firm. It wants you to not be proud. Are you ready for that?

Seventeen years later, in December 2007, at a gathering of students in the central city of Yazd, he returned to the topic:

One of our fundamental policies is cutting relations with America. Yet we have never said that we will cut these relations forever. No, there is no reason to cut relations forever with any state. . . . [But] relations with America are harmful to us. First, establishing relations will not reduce the danger posed by America. America attacked Iraq while the countries had diplomatic relations. . . . Second, having relations with the Americans is a way for them to increase their influence within certain strata . . . in Iran. . . . They need a base that they don't have now. This is what they want. They want their intelligence officers to be able to travel to Iran without restrictions. . . . Some people brag about the harm that results from the absence of [diplomatic] relations.



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No, gentlemen! Not having relations with America is good for us. The day when relations with America will be beneficial, I will be the first one to say that relations should be established.

In August 2010, in a meeting with high-level officials of the government under President Mahmoud Ahmadinejad, Khamenei offered his interpretation of “two recent cases of negotiations with the United States, one of which was related to problems in Iraq.” This was at a time when Ahmadinejad had stated that he was ready to negotiate with the United States. Khamenei described his understanding of the U.S. negotiating style:

When the Americans don't have strong arguments, when they cannot present an argument that is acceptable and logical, they resort to bullying. And since bullying has no effect on the Islamic Republic, they unilaterally declare the end of negotiations! Fine, what kind of negotiation is that? This is our experience in both cases. So, when people like Mr. President [Ahmadinejad] say that we are ready to negotiate, I say yes, we are ready to negotiate, but not with the United States. The reason is that America does not enter the field honestly, like an ordinary negotiator; it enters into negotiations like a superpower. . . . Let them set aside threats, let them set aside sanctions, let them not insist that the negotiations must end in a specific conclusion. [Then there can be negotiations.]

In February 2013, attending a security conference in Munich, U.S. Vice President Joseph Biden said that in its efforts to prevent Iran from acquiring nuclear weapons, the United States had imposed “the most robust sanctions in history” and that Iran's leaders were punishing their own people through economic deprivation and international isolation. Biden indicated that diplomacy still had a chance but that direct talks would be possible only “when the Iranian leadership, the supreme leader, is serious.”

Khamenei responded quickly and directly. In a speech to the commanders of the Iranian air force, he said that since U.S. President Barack Obama's election in 2008, he had announced that the Iranian leadership would take an unprejudiced look at the new government's behavior and then make a decision. But what had been the results of Obama's first term? Washington had supported the “internal rebellion” (the Green Movement); it had imposed crippling sanctions that, he claimed, U.S. Secretary of State Hillary Clinton said were intended to foment a popular uprising against the Islamic Republic; it had turned a blind eye to Israel's assassinations of Iran's nuclear scientists

and perhaps even backed them; and it had supported the same terrorists in Syria that they had overthrown in Afghanistan in 2001. He then addressed Biden's call for talks:

Whom did you want to cripple [with sanctions]? Did you want to paralyze the Iranian people? Is there any goodwill in this? . . . I am not a diplomat. I am a revolutionary and talk in a clear and forthright manner. . . .

Diplomats say something, and they mean something else. We talk in honest and clear terms. . . . Negotiations are meaningful when the other side shows its goodwill. When the other side does not show any goodwill, when you yourselves say pressure and negotiations, these two don't go together. You want to point a gun at the Iranian people and say, "Negotiate, or I'll fire." . . . You should know that the Iranian people will not be frightened as a result of such acts.

Khamenei claimed that the Islamic Republic was ready for direct negotiations with Washington but that there were several necessary preconditions. He wants the United States to give up what he sees as its attempts to overthrow the Islamic Republic, enter into negotiations in a spirit of mutual respect and equality, and abandon its simultaneous efforts to pressure Iran, such as with military threats and economic sanctions. He argues that on these matters, contrary to what Biden said in Munich, the ball is in Washington's court, not Tehran's.

Khamenei rejects the notion that the differences between Iran and the United States center on the nuclear program. "If we wanted to make nuclear weapons," he said in a public meeting with a delegation of ulama and martyrs' families from the Iranian region of Azerbaijan this past February,

how could you prevent it? If Iran was determined to have nuclear weapons, America could not prevent it in any way. We do not want to make nuclear weapons. Not because America is upset over this, but because it's our own belief. We believe that nuclear weapons are a crime against humanity and must not be produced and that those that already exist in the world must be eliminated. This is our belief. It has nothing to do with you. If we did not have this belief and decided to make nuclear weapons, no power could prevent us, just as they were not able to prevent it in other places—not in India, not in Pakistan, not in North Korea.

The key to successful negotiations, he claims, is for Washington to change its attitude and sense of entitlement. "The Americans must

confirm their good intentions and show that they are not interested in bullying. If they demonstrate this, then they will see that the Iranian nation will respond in kind. Let them not make trouble, let them not intervene, let them not bully, let them recognize the Iranian nation's rights. Then they will receive a commensurate response from Iran."

Every year, Khamenei gives his most important speech in Mashhad on the first day of spring, the beginning of the Iranian New Year. This year's address was striking, however, for what seemed to be a

Khamenei needs to know that Washington is not determined to overthrow the Islamic Republic, and the United States needs to know that the Iranian nuclear project is peaceful.

slight softening of his position on talks. For the first time, even while expressing his lack of optimism about direct negotiations with the United States, he explicitly said, "But I don't oppose them." And while noting that Washington seems to have no inclination to complete the nuclear negotiations and resolve the issue, he nevertheless said that the solution to the conflict "is very near and very simple." Iran's only demand, he said, was recognition of its right to enrich

uranium for peaceful purposes, and it would be "very simple" to eliminate foreigners' concerns. "They can implement the nuclear agency's legal regulations; from the start, we, for our part, have had no opposition to implementing these supervisions and regulations."

What is noteworthy about the road traveled by the supreme leader during these tumultuous past three decades is the change in the manner of his discourse. He has shifted away from absolute ideological notions of "the West," "world arrogance," and the United States as a totally homogenous other and moved toward accepting a more nuanced conception of the West as a complex social reality—one with not only an inherent drive to ruthless market competition, capitalist exploitation and foreign policy expansion but also dynamic artistic products, literature, science and technology, risk taking and institutional innovations, and religious and spiritual diversity. The discourse depicting the United States as an absolute enemy with which it would be absurd and naive even to think about negotiating has given way to a discourse about the United States as a potential interlocutor with which it might be possible to discuss acceptable terms of negotiations over such issues as the nuclear program and security in Iraq. It appears that for

Khamenei, the United States has gone from being the monstrous absolute other to a powerful regional presence with a domestic political system plagued by the painful consequences of two recent failed military adventures in the Middle East.

WHAT COMES NEXT?

Given Khamenei's control over Iranian policy and his deeply rooted suspicion of U.S. intentions toward the Islamic Republic, improving the relationship between Iran and the United States will be difficult, especially if long-standing U.S. policies, such as constantly escalating sanctions, remain in place. Yet improved relations are not impossible, because the most important interests of both Tehran and Washington can indeed be accommodated simultaneously.

What Khamenei needs to know is that Washington is not determined to cripple or overthrow the Islamic Republic, and what the United States needs to know is that the Iranian nuclear project is peaceful, that Iran will not block free access to energy resources and regional sea-lanes, and that Israel can enjoy peace and security within its internationally recognized borders (which, some still hope, will be determined in a final settlement with the Palestinians). Iran can reassure Western governments that its nuclear project is peaceful by making it transparent and by ratifying and implementing the International Atomic Energy Agency's Additional Protocols on proliferation safeguards in exchange for its guaranteed right under the Nuclear Nonproliferation Treaty to enrich uranium for peaceful purposes. The West, in turn, can reassure Iran that it is not bent on regime change by taking tangible practical measures in exchange for Iranian adherence to security and peace in the Persian Gulf and the wider Middle East—and it will have to do so in order to make significant progress on the nuclear front.

Washington would be well advised to lift the economic sanctions, since whatever their aims, sanctions inflict damage on populations at large, not only or even primarily on the government officials who are their ostensible targets. This is as true in Iran as it is elsewhere, and it means that outside powers, and the United States in particular, are currently responsible for widespread unemployment, soaring inflation, and a massive increase in poverty. Under these circumstances, more and more middle-class families will join the ranks of the poor, and more children of the poor will fall victim to malnutrition, disease, and violence. Problems of daily survival will become the public's main

concern, issues of democracy and human rights will be marginalized, and Iran's social fabric will be destroyed from within—just as happened in Iraq during the 1990s. That is not something the United States should want to see for any number of reasons.

Khamenei, for his part, must accept that in the long run, the only way to make the Islamic Republic truly powerful and sustainable is to legitimize his regime through the people's free votes. The Soviet Union had the largest army in the world and amassed thousands of nuclear weapons, but it eventually collapsed. Even if Western governments forswear any intentions of regime change, Iran's domestic problems will never be solved without democracy, freedom, and human rights.

If the Obama administration is serious about pursuing a solution to the problems between Tehran and Washington, it would be well advised to develop a road map that specifies the unresolved issues in the Iranian nuclear file in a clear manner and sets out a timeline for investigating, resolving, and closing the cases one by one. Step-by-step progress on the nuclear front should be linked to step-by-step progress on lifting the sanctions. The administration would also be well advised to take a comprehensive approach to the region and embed discussions of the Iranian nuclear program in a broader framework of regional security, bringing Washington's allies on board and minimizing those allies' desire to play the spoiler. This would mean building a consensus around a set of rules for regional politics, guaranteeing borders and abjuring regime change as a policy, achieving real results in ending the impasse in the Israeli-Palestinian peace process, working toward the eventual removal of weapons of mass destruction from the region, and supporting human rights across the Middle East.

This is obviously a very tall order, but there is no other way to avoid the continuation, or even escalation, of the existing conflicts in the region. Confrontational policies on all sides over the last decade have yielded little except stalemate and misery. The election of Rouhani as president showed the desire of the Iranian people to put a decisive end to the Ahmadinejad era, and it has created an opportunity for both Iran and the international community to move forward toward more constructive relations. That opportunity should be seized rather than ignored. 🌐

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Leigh Morris Sloane

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Jim Levinsohn

Director

Yale Jackson Institute for Global Affairs

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In keeping with Seton Hall's Roman Catholic traditions, the School of Diplomacy and International Relations instills a "servant leader" mentality in its students: leadership that involves a willingness to be a "servant of all." This definition of leadership for the common good—possessing integrity, compassion, and a commitment to helping others—has distinguished our alumni as ethical leaders in the fields of international business, humanitarian affairs, interreligious dialogue, and governance.

What practical advantages do you get from a Seton Hall degree?

You will learn firsthand—from former ambassadors, and through the School's diplomatic study tours in Africa, Europe, China, and at the United Nations headquarters—how theory is put into practice at the highest diplomatic levels. Our World Leaders Forum provides a unique opportunity for students and alumni to interact with influential world leaders such as Ban Ki-moon, Tony Blair, Shimon Peres, and Kofi Annan.

I appreciated the small student-to-faculty ratio because I developed meaningful and long-lasting relationships with the professors and ambassadors. Faculty develop an active partnership with students, helping them publish articles and advance professionally, even after graduation.

The Journal of Diplomacy and International Relations—entirely run by graduate students—allows students to produce a biannual publication of significant use to both the academic and policy communities.

These benefits, coupled with exclusive access and connections to the UN, a strong core curriculum with opportunities to deep-dive into specific subject areas, and robust internship connections, contribute to the professionalization of the School's alumni. Our graduates have gained a reputation for diplomatic acumen at the School that is normally acquired over time spent in the workforce.

How are your fellow alumni distinguishing themselves in the field?

The School has a dynamic, vibrant, and well-positioned alumni base in New York City, Washington, DC, and throughout the world. I am amazed to see so many alumni so well networked with various governments—in the U.S. Departments of Commerce, Defense, and Energy; USAID; the United Nations and its manifold agencies; the European Union; the World Bank; and various other global institutions.

My friends have been recognized professionally for their contributions to building stronger energy cooperation between the U.S. and European countries, creating a new direction for U.S. relations with the Muslim world in the Near East and Pakistan, active leadership roles in the Obama campaign and White House administration, and key development projects to prevent intergenerational poverty transfer in Ghana, to name a few.

I see our alumni contributing regularly to CNN, FOX News, Time, Telemundo, and other media outlets. They are frequently asked to speak on the Hill, before Congress, and at various academic institutions and international conferences on topics ranging from humanitarian crises and economic and political development to interfaith dialogue and military strategy.

Still others have been awarded prestigious fellowships such as the Fulbright, Eisenhower, and Presidential Management Fellowship or continue on to pursue doctoral degrees.

In my experience, our alumni are viewed as particularly well-rounded leaders by their peers in the field.



SCHOOL OF DIPLOMACY AND
INTERNATIONAL RELATIONS

SETON HALL UNIVERSITY

School of Diplomacy and
International Relations
Seton Hall University
www.shu.edu/go/leader
diplomat@shu.edu
973.275.2514



Anirudh Krishna

Associate Dean for International Academic Programs
Professor of Public Policy and Political Science
Sanford School of Public Policy, Duke University

Where Global Social Entrepreneurs Find Mentors and Expertise

How does the Sanford School prepare students for international careers?

Preparation for a highly interdisciplinary field starts by working with diverse sets of peers and professors. Students come here from all over the United States and more than 25 nations. Their interests range as widely as their home addresses. Our professors represent 20 academic disciplines and include distinguished practitioners from places like the World Bank and the Indian Administrative Service, where I formerly worked.

Field experience is essential, and the school offers access to that. My new Summer School for Future Development Leaders in Udaipur, India, exemplifies the kind of collaborative, deep dive that's critical for young professionals. Each Duke student is a part of a three-person research team, along with an Indian university student and a staff member from one of our NGO partners. The students spend time in rural villages gaining firsthand knowledge of local issues.

Our summer Program on Global Policy and Governance in Geneva, Switzerland, put students at the heart of influential international organizations. They intern with the WHO, UNEP, UNHCR, the WTO, and others, while also taking an intensive, topic-focused course. Of course, not all graduate students participate in these programs; others arrange their own international research and internship partnerships.

Can students tailor coursework to their interests?

The school balances rigorous required courses in micro-economic analysis, ethics, politics, and data analysis with electives in which students pursue their particular interests. The Master of Public Policy (MPP) program offers specializations in global policy, energy and environmental policy, population studies, global health, and national security. The Master of International Development Policy (MIDP) is

tailored for mid-career professionals from around the world. Many courses incorporate varied disciplinary perspectives. Duke is the most interdisciplinary place I've seen.

How has the school opened doors to careers in international affairs?

There are many examples to choose from; I'll give a few. Maya Ajmera intended to become a doctor. But on a trip to India, she encountered a school for homeless children on a train station platform. She realized that small-scale, grassroots interventions had profound power to change lives. At Sanford, she found mentors and acquired the analytical skills she needed and, in 1994, at age 25, she launched her nonprofit, The Global Fund for Children.

Her transformation is by no means unique. As CEO of Mercy Corps, Neal Keny-Guyer, one of the school's earliest social entrepreneurs, created new alliances and grew the organization. It now provides humanitarian aid in 44 countries. Alumnus Gary Barker founded Promundo, a Brazil-based NGO that works globally to engage males in gender equality and violence prevention. Seth Factor left a career in IT and now pursues his passion as an environmental specialist with the Inter-American Development Bank.

Our alumni stories share common threads. We encourage—in the words of the school's founder—"outrageous ambitions." We cultivate principled, entrepreneurial leaders, and help them acquire the expertise to accomplish their goals. And we impress upon students the need for persistence. There's no straight line to success in the international arena.



Duke University
Sanford School of Public Policy
www.sanford.duke.edu
mppadmit@duke.edu
919.613.7401

Deborah Bräutigam, PhD

Professor of International Development
and Comparative Politics
Director of the International Development Program



The SAIS Advantage: Campuses on Three Continents

SAIS is a global institution offering students a truly international perspective on today's critical issues. With campuses on three continents—in Washington, DC; Bologna, Italy; and Nanjing, China—the school provides a unique educational experience for those seeking a successful international relations career.

Our graduates are in great demand by employers in the field—public, private, and nonprofit organizations. Equipped with economic and cultural expertise, diplomatic skills, and language proficiency, SAIS students understand how to apply theoretical knowledge to real-world challenges. The result: innovative thinkers and problem-solvers prepared to emerge as the next generation of leaders in international relations.

Our graduates are confronting a changing world marked by power shifts from traditional to emerging centers of influence, economic turbulence, and crises created by conflict, population movements, scarce resources, and climate change. How does SAIS's interdisciplinary approach give students a competitive advantage in the global marketplace?

Students pursue two concentrations—the first in International Economics and the second in either a global theme or a world region—and master at least one foreign language. Extracurricular activities support academic learning and enhance career opportunities. For example, on my recent trip with students to South Africa, we had breakfast with government advisers, engaged in a Q&A with impact investment fund LeapFrog, and visited social programs in Diepsloot and other shantytowns. The student who arranged our meeting with Chinese bankers there published a related article and parlayed those contacts into a job with a Chilean think tank, focusing on China in Latin America.

You have experience in the academic, public, multilateral, and think tank arenas. How do you advise students in your International Development Program to leverage their SAIS education into a fulfilling professional path?

SAIS's Washington campus is at the center of the world's most stimulating setting for development events and internships. We are down the street from the Brookings Institution, the Center for Global Development, and the Carnegie Endowment for International Peace, and blocks away from the World Bank and USAID. So take advantage of our locations and your professors' connections: Students have accompanied faculty from our three campuses to advise the new democratic government in Myanmar, analyze energy poverty in India, and work on emerging-market issues in Brazil.

SAIS is responding to the changing development landscape that bridges the nonprofit and business sectors by creating a social entrepreneurship initiative. As one of its leaders, how do you see this initiative as helping students make a difference in the world?

Despite fragmented infrastructure and governance challenges, entrepreneurial opportunities exist in critical areas of human need. Through coursework and hands-on experience, students learn how social businesses serving the poor contribute to community development and “do well by doing good.”

We've already seen this in our pilot social entrepreneurship class, where one student leveraged her private-sector experience to develop a business plan with a range of potential partners in Ethiopia. She built on her existing background to make a career change while at SAIS, addressing skills-development and job-creation challenges in social enterprise.



JOHNS HOPKINS

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The Johns Hopkins University
The Paul H. Nitze School
of Advanced International Studies (SAIS)
www.sais-jhu.edu/sais-advantage
admissions.sais@jhu.edu
202.663.5700



Admiral James Stavridis

MALD '84, PhD '84

Dean, The Fletcher School at Tufts University
Former Supreme Allied Commander at NATO

“Open Source” Problem Solving for a Complex, Turbulent World

Strategic leadership, global thinking, multidisciplinary problem solving: The Fletcher School at Tufts University has been preparing students for leadership on the global stage since 1933. As the oldest graduate-only institution of international affairs in the U.S., Fletcher enjoys an alumni network that spans languages, geography, and cultures and includes hundreds of ambassadors and foreign ministers; CEOs and international executives; peacekeeping leaders and global nonprofit heads; and top lawyers, journalists, and military commanders.

As the School's new dean, Admiral James Stavridis will further this deep commitment to producing broadly knowledgeable problem solvers who rise to meet the world's challenges.

How has your extraordinary career in the Navy prepared you for the deanship at Fletcher, and how should international professionals prepare to meet the global challenges ahead?

I had a busy four years as Supreme Allied Commander at NATO: Afghanistan, the Balkans, Libya, Syria, piracy off Africa, and cyber and missile defense were all at the top of the agenda. What I learned from my time there was the absolute criticality of partnerships—international, interagency, and public/private—and the importance of solidifying these through strategic communications, largely in social networks. It's about connecting in ways that have longer-lasting impact, or what I refer to as “Open Source Security*.”

In the global marketplace, you need to understand the intersection of diplomacy, politics, business, economics, international law, security, and development in a very coherent and synthesized way. The multidisciplinary program at The Fletcher School is the right approach for this turbulent 21st century.

As a Fletcher alumnus, how did the School prepare you for global leadership, and how do you see it adapting to prepare graduates for today's career opportunities?

The essence of a Fletcher education can be summed up in four words: “To know the world.” I earned my Master of Arts in Law and Diplomacy and then my PhD from Fletcher back in 1984—this was an extremely influential experience in my early years. The diversity of both the curriculum and the community—with its students from around the world—was extraordinary preparation for working across sectors and nations to build bridges.

The School has kept pace with demands for executive education and business courses through its Internet-mediated Global Master of Arts Program and its Master of International Business. We will continue to offer a flexible yet rigorous curriculum and skills-building coursework that prepare students to meet their international career goals. Our graduates “know the world” in very real ways.

What is it like coming “home” to Fletcher after all this time?

It is wonderful to return to Boston, a vibrant, international city where different cultures come together to learn at the finest schools in the world. Fletcher students enjoy opportunities beyond campus to enrich their education—they attend citywide lectures, cross-register at partner institutions, and delight in the mosaic of diverse communities.

What I cherished most about my time here were the friendships. Campus life helps students solidify lifelong relationships that they will carry with them in their professional pursuits around the world. I count myself lucky to be not only the Dean of the School, but an alumnus as well.



THE FLETCHER
SCHOOL

TUFTS UNIVERSITY

*VIDEO: fletcher.tufts.edu/open-source-security

fletcheradmissions@tufts.edu

Anjali Pandit

PSIA Class of 2013

Master of International Public Management
Concentrations: International Energy
and South and Central Asia



Sciences Po, PSIA: Ensuring Meaningful and Productive Careers in International Affairs

Tell us a little about yourself.

As an American with Indian origins, I have lived in 9 countries since childhood. Before PSIA, I was Project Manager for Al Gore's NGO, the Climate Project India, worked in consulting, and also taught in Kuwait and the Czech Republic. I am returning to India post-graduation as Director of Global Communications for Greenlight Planet, a social business that sells solar lights to the world's 1.5 billion off-grid villagers.

At PSIA, a full semester is reserved for internships. How did PSIA prepare you for your internship experience?

I did my fall internship at the White House, with the Council on Environmental Quality's Policy Outreach team. My internship enabled me to extend what I was learning in my law and policy classes into real-life situations. My supervisor shared with me that I was selected because he felt I would bring a fresh perspective from my time in Europe and India, and given the uniqueness of PSIA's curriculum.

Any special faculty mentors?

One will forever stand out. I had the chance to give a talk at TEDxParis. Thereafter, I was invited to numerous speaking opportunities. I started to feel overwhelmed by the volume and preparation (all were to be in French, a relatively new language for me), and I wondered if I really deserved all these invitations. Around that time, Jennifer Rasimimana, the US diplomat-in-residence at PSIA and one of my professors this semester, took me out to lunch and told me about her work conveying important messages from the US government, in Arabic, as a young

woman. She offered amazing advice: "Look at it as practice. One day you are going to have something really important you want to tell the world on behalf of your company, your government, or perhaps yourself. When that day comes, you don't want to be worried about what it feels like to be on TV or to give a speech in front of a group of senior executives. Learn from these opportunities so that tomorrow you will be ready to effectively deliver your message." Since then I have continuously given public talks in Paris, in French!

PSIA imparts knowledge on a global scale. How does this translate professionally?

PSIA's curriculum offers a healthy mix of practical realities and high-level theory. At PSIA, students are empowered to think practically and in multiple perspectives, so we graduate charged, but not naïve, and this is reflected not only in the coursework and teaching methods but in the approach of the PSIA Careers Office. When the Director of PSIA Careers sees that we deserve a position, she makes us believe it and instills a sense of self-confidence so that we can walk into the interview prepared to rock.

Everything at PSIA is on a global scale: the students, the faculty, and the curriculum. However, since we all have had local experiences somewhere, we are constantly sharing best practices and issues that we have seen while working in various countries. The mantra of PSIA is really that although the problems are global, the solutions must be local and relative to cultural, political, and social specificities.



www.psia.sciences-po.fr
+33 (0) 1.45.49.50.50



Joseph Benjamin Meeks III

Master of Advanced International Studies Programme
Diplomatic Academy of Vienna, Graduate 2013
Consultant with the International
Atomic Energy Agency (IAEA)

Building an International Career: The First Step in a Journey of a Thousand Miles

A course of study at the Diplomatic Academy of Vienna/The Vienna School of International Studies is an opportunity to acquire comprehensive knowledge of international affairs in order to prepare for the varied challenges of a global career.

The DA has more than 1,600 alumni of its three graduate programs. They come from more than 110 countries. Many DA graduates have become diplomats, but even more have chosen different careers, in particular in international organizations, in the public administration of their countries, in EU institutions, and in the private sector.

Vienna, as a seat of international businesses, international organizations and agencies (UNIDO, UNODC, IAEA, CTBTO, IOM, and ICMPD, among others), and a great number of embassies, offers a wide range of professional training possibilities for DA students. Such internships are often the beginning of a promising international career.

How did studying at the DA shape your professional perspectives and help you deal with the challenges of finding a career?

The Diplomatic Academy of Vienna provided me with both the skills and the opportunities necessary to advance my professional life. The global economic outlook and job prospects have been grim for some years; after graduating from university in the United States, I was unable to find work in my field, so I enrolled in the Diplomatic Academy to improve my professional prospects. During the summer after my first year of graduate studies, I was selected for an internship at the International Atomic Energy Agency (IAEA). This internship has now grown into a full consultancy, and set me on a track towards joining the professional staff. The DA provided me with a solid foundation from which to effectively pursue a career: the curriculum, the networking opportunities, and the prestige of the Academy were all integral to my success.

How did your studies prepare you for your job and how did the DA support you in your efforts?

My studies at the Diplomatic Academy were vital to my success in the professional environment. In my position at the IAEA, I was responsible for projects that utilized my newly acquired skills in economics, conflict studies, and international and European Union law. My supervisors at work were beyond impressed when I was able to back up funding efforts with relevant articles from the Treaty of the European Union. The DA was supportive in my professional aspirations, offering me generous academic credit for the real-world experience I gained in my internship. This support helped me to simultaneously pursue graduate studies and work full-time.

What do you see as the greatest challenge for DA graduates as future leaders in international careers?

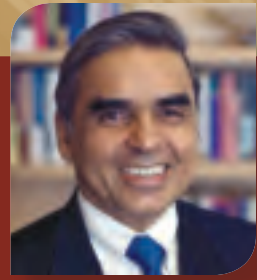
The greatest challenge for DA graduates as future leaders will be to remember a lesson we learned early in our Diplomatic Academy careers: though we come from diverse nations and cultures, we all aspire to the same things—among these are life, liberty, and happiness. We must maintain the family that we have built here, and live these lessons in our international careers.



Vienna School of International Studies
Diplomatic Academy of Vienna
www.da-vienna.ac.at
info@da-vienna.ac.at
+43 1 505 72 72 x120

Kishore Mahbubani

Dean
Lee Kuan Yew School of Public Policy
National University of Singapore



Inspiring Leaders, Improving Lives, Transforming Asia

What is the point of a professional degree in public policy?

There is now a growing global consensus that for societies to succeed today, they need to strike a balance between the invisible hand of free markets and the visible hand of good governance. This is one big lesson we learned from the 2008–2009 global financial crisis. Free markets are not enough; good governance to regulate markets is equally important.

At the same time, the explosion of social media and the middle class has also increased the demand for good governance. Just look at Asia. Today, in all of Asia, the size of the middle-class population is about 500 million. By 2020, this number will explode to 1.75 billion, an increase of 3.5 times in seven years. Globally, the increase will be from 1.8 billion to 3.2 billion. These new middle classes will demand and expect better governance. Hence, those who enroll in public policy schools will join a sunrise industry.

What are the special advantages of studying at the LKY School?

The LKY School has three unique advantages. First, because the Asian economies are developing at a tremendous pace and will undoubtedly become more important players on the global stage in this century, young people in America and Europe will want to network with the next generation of Asian policymakers and understand Asia better: they can find no better place to do this than the LKY School. Only 20 percent of our students come from Singapore; 80 percent come from the rest of the world, primarily Asia. This Asian experience will enhance the global competitiveness of any young person.

Second, the LKY School provides special insights into the public policy experience of Singapore. Few societies can boast as many public policy success stories as Singapore. Let me cite three: The Singapore water story is a modern miracle. So is healthcare. In a recent article, the *Financial*

Times' Gillian Tett pointed out that Singapore spends only 4.6 percent of its GDP on healthcare (as compared with America's 18 percent) and has a healthcare system that is the envy of many other countries. The Singaporean education story also continues to attract global attention.

Third, the world-class education provided by the LKY School is affordable. The tuition fees are subsidized, and the School provides scholarships and other forms of financial aid to more than half of its students. The School has also developed dual-degree programs with leading universities around the world, including Columbia University, the London School of Economics, and Sciences Po.

How does the LKY School equip its graduates for the job market?

It prepares them in three ways. First, it provides a world-class public policy education, with a state-of-the-art curriculum. Second, students hear directly from global luminaries, including Kofi Annan, Tony Blair, Timothy Geithner, Pascal Lamy, and Helen Clark. Third, many students obtain internships and job connections that are arranged by the School. All of these benefits enable LKY School graduates to jump straight into their jobs in national governments, multilateral agencies, and NGOs.



National University of Singapore

Lee Kuan Yew School of Public Policy
National University of Singapore
www.lkyspp.nus.edu.sg
info.lkyspp@nus.edu.sg
+65 6516 8255



Noor Naqschbandi

Master of Public Policy Alumni
Hertie School of Governance
German Development Agency (GIZ)

From Afghanistan to Germany: Working for the Public Good

“We all want to work for the public good, change the world in small steps,” says Noor Naqschbandi about his former classmates at the Hertie School of Governance. From his office at Germany’s Development Agency, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Noor talks about his time at the School. “Our commitment to positively shaping our spheres of influence still connects us today. The Hertie School has given us the analytical tools necessary to do that in a professional manner.”

Behind Noor’s great interest in public policy is a very personal story: He was four years old when his family had to flee Afghanistan. His father, then a high-ranking police officer in Kabul, was threatened by the Mujahedeen. The family decided to go to Germany and settled near Dortmund. “Home is a feeling,” Noor says today, when asked about where he feels he belongs. When his work at the GIZ took him to Afghanistan last year, Noor felt even surer of his assessment. “I feel very connected to Afghanistan, but Germany is my home,” he says, smiling.

The Hertie School in Berlin is an international school for public policy that prepares exceptional young people, like Noor, for leadership positions in government, business, and civil society. After graduating with a degree in political science in 2008, Noor applied for the Hertie School’s Master of Public Policy (MPP) and graduated in 2011.

The MPP takes two years to complete. After the first year, students can participate in the Professional Year program. Noor took advantage of this opportunity and spent a year working for the GIZ, his current employer. “Today, young professionals are generally expected to have

at least two years of professional experience—therefore the Professional Year is a great help,” he explains. After his studies, he was able to immediately start working at the GIZ as a Junior Program Coordinator.

Noor speaks enthusiastically about his time at the Hertie School. “We were never more than 25 in a class. The contact with the professors was close, but above all, students spent a lot of time together, had many discussions, and got to know each other very well.” Like him, Noor’s former classmates have attractive positions in politics, business, and NGOs—a network that is helpful and valuable for Hertie School alumni. While about half of the students at the Hertie School are German, the rest come to Berlin from all corners of the world, giving it a distinctly international flavor.

Networking, developing new ideas and solutions, and being convinced of his work’s purpose are all factors that contribute to Noor being very happy with his job at the GIZ. Noor also thinks about taking big steps when it comes to his future career. “To become interior minister as an immigrant—that would be a German success story,” he jokes. But behind the jest there is a hint of seriousness.

Hertie School of Governance



Hertie School of Governance
Berlin, Germany
www.hertie-school.org
mpp-applications@hertie-school.org
phd-applications@hertie-school.org
+49 (0)30 259219.114

Joseph K. Assan

Assistant Professor of Sustainable
International Development
The Heller School for Social Policy and Management
Brandeis University



Confronting Poverty, Inequality, and Development

How does the Sustainable International Development (SID) program address the complex interconnectedness of today?

The SID program at the Heller School introduces students to the interdisciplinary field of international development, including evolving perspectives and concepts of sustainable development. Students are offered the tools to engineer poverty-reduction strategies with a more sophisticated understanding of inequality and development. Heller empowers students to identify their own values and create frameworks for change by building a community of learning in an environment where all students and faculty can collaborate and cooperate.

What are your contributions to the SID program at the Heller School?

As a political economist with particular interest in the sustainability of development, I am pleased to teach Heller's course on Poverty, Inequality, and Development (PID). The PID course allows me to bring my international experience in research, policy, and practice into the classroom. The course is current and globally relevant, especially with the ongoing tumult in North Africa, Europe, the Middle East, and Asia. Although many countries in these regions have experienced economic growth and high rates of GDP in the past decade, poverty and pervasive inequality continue to be a concern. It is clear that economic growth-driven development creates winners and losers and generates a spiral phenomenon that entrenches poverty and underdevelopment in spite of growth. This was a subject of extensive debate at the 2013 World Economic Forum. In April 2013, I had the opportunity to speak to congressional staff on Capitol Hill and to researchers at the Brookings Institution about how to address this pattern. The drivers of this phenomenon and mitigating strategies are discussed in the PID course.

What does the PID course offer your students?

Our students come from more than 60 different countries, with about two-thirds from developing countries. The PID course offers them the opportunity to conceptualize a framework that will guide their own development practice. The course presents a multidisciplinary problem-solving perspective. We review development theory and examine conceptual debates on poverty, inequality, globalization, post-Millennium Development Goals (MDGs), employment, participation, sustainable livelihoods, rights, gender, governance, climate justice, and the role of institutions. Students have the opportunity to examine what is known about the drivers of development in their native countries and globally, as well as the links among global and national policies and actions for sustainable development. They are also able to examine the factors that influence the nature and capacities of states, communities, and households. This helps to foster the enhancement of human capabilities toward the attainment of intergenerational equity and global justice.

Are students able to acquire skills to address real-life development challenges?

Coupled with the field practicum options in the second year of the SID program, our students get the opportunity to transfer the concepts they develop in the classroom to the field as they work with government institutions and national and international development organizations. Our graduates are employed by leading international development agencies, including UNDP, UNICEF, USAID, the World Bank, the Asian Development Bank, Oxfam, Mercy Corps, and local and international NGOs. Graduates apply the skills they learn at Heller to the field and make extraordinary differences wherever their work takes them.

The Heller School
for Social Policy and Management

Brandeis University
Heller.Brandeis.edu
HellerAdmissions@Brandeis.edu
781.736.3820



Dr. William Potter

Sam Nunn and Richard Lugar Professor of Nonproliferation Studies and Founding Director of the James Martin Center for Nonproliferation Studies
Monterey Institute of International Studies

Learn How to Combat WMD Proliferation and Terrorism

The Monterey Institute of International Studies, a graduate school of Middlebury College, provides a professional education covering important global issues, including nonproliferation and terrorism studies. Two research centers support this mission. The James Martin Center for Nonproliferation Studies (CNS), with offices in Monterey, California; Washington, DC; and Vienna, Austria, is the largest nongovernmental organization dedicated to education about the proliferation of nuclear, biological, and chemical weapons. The Monterey Terrorism Research and Education Program (MonTREP) focuses on the study of violence-prone extremist groups and policy tools for addressing global terrorism. Through our full-time faculty and researchers at CNS and MonTREP, the Monterey Institute trains students earning the MA in Nonproliferation and Terrorism Studies in analyzing, preventing, and responding to terrorist threats and the spread of weapons of mass destruction (WMD).

What is unique about the Monterey Institute's MA Degree in Nonproliferation and Terrorism Studies?

The specialized focus of the degree enables us to offer in-depth professional training that degree programs that cover international affairs more broadly cannot match. Students have the opportunity to acquire paid on-the-job training at CNS and MonTREP. The degree also offers opportunities for internships at international organizations and U.S. governmental agencies. In addition, students are given the chance to interact with a wide array of visiting national and international policymakers. In January 2013, for example, UN Secretary General Ban Ki-moon gave a major address at the Monterey Institute in which he praised our educational programs on nonproliferation and disarmament.

What are the kinds of courses students take as part of their program?

Our interdisciplinary program of study combines traditional coursework in the policy sciences with seminars and technical workshops dealing with regional security

issues, terrorist motivations, the science and technology of WMD, and research utilizing primary sources and new analytical tools such as geospatial imaging. Faculty members have pioneered the use of simulation pedagogy, and students participate in realistic, semester-long treaty negotiation simulations, alongside professional diplomats. Last fall, students assumed the roles of delegates to the 2013 Non-Proliferation Treaty (NPT) Preparatory Committee Meeting and negotiated a final document. A number of those students were subsequently given the opportunity to participate as delegates to the “real world” NPT meeting in Geneva during April–May 2013. Our students also take advantage of immersive, content-based language study at different international venues. In March 2012, ten MIIS students spent a week in Beijing discussing nonproliferation issues—in Chinese—with senior Chinese diplomats, military officials, and scholars.

What kind of jobs can your graduates expect to obtain?

A very large number of MIIS alumni—literally hundreds—now work on nonproliferation and terrorism issues in the U.S. and other national governments, international organizations, and research centers around the world. Perhaps the best-known CNS alumnus is Ambassador Yukiya Amano, the current Director General of the International Atomic Energy Agency. This growing cadre of professionals is a tangible result of the Monterey Institute's commitment to educate the next generation of nonproliferation and terrorism specialists, who are equipped with policy-relevant knowledge, technical skills, and foreign language proficiency. So widespread is their influence that in Washington, Tokyo, Vienna, Beijing, and many other capitals they are affectionately known as the “Monterey Mafia.”



Monterey Institute
of International Studies
A Graduate School of Middlebury College

Monterey Institute of International Studies
A Graduate School of Middlebury College
go.miis.edu/foreignaffairs
admit@miis.edu
831.647.4123



David L. Sokoloff

Elliott School Graduate, Class of 2009
Founder and CEO, For Granted, Inc.

Turning Knowledge into Action

I have worked in the field of international development for a decade. My experience at the George Washington University played a pivotal role in my career development. Before beginning my graduate coursework at GW's Elliott School of International Affairs, I served in the Peace Corps and then created a nonprofit organization, For Granted, which redistributes educational supplies to disadvantaged children in underserved communities around the world. I searched for a graduate program that would build on my professional experiences and grow my global network of individuals focused on working with underprivileged communities in a profound and structured way. The International Development Studies (IDS) program at the Elliott School enabled me to reach my goals and helped me transition my career to disaster relief with Doctors Without Borders.

How did the Elliott School influence your desire to help change the world?

I felt that I was making a difference in the nonprofit world through my work with For Granted, and I wanted to understand how to integrate this effort with the major governmental and NGO actors in the field of international development. The Elliott School provided me with the tools to play a larger role in humanitarian efforts. Through my classes, I learned what works, what doesn't work, the actors who are involved, and the tools you need to be more effective. Additionally, the faculty was tremendously engaging and really nourished the passions of the students. I keep in touch with many members of the faculty who continue to mentor me through my career.

Why did you choose the Elliott School for your graduate degree?

I was drawn to the Elliott School and the IDS program in particular because I felt that it was the best program for the area of development I was focused on. For me, being able to study both the major theories in development as well as best practices from fieldwork was very important. The IDS faculty was another draw of the program—they come from a wide range of disciplines and have vast field experiences. The Elliott School's location was also ideal—being right in the middle of Washington, DC, allowed me to attend lectures and interact with some of the most prominent names in the field of international development.

What advice would you give to an incoming Elliott School student?

Keep an open mind. I planned on pursuing one aspect of development before entering the Elliott School. However, my interests changed significantly during the program, and in the end I focused on aiding disaster relief efforts. I suggest taking a broad range of courses, and don't be afraid to engage in areas that you hadn't previously considered, because you might find or deepen a passion in those areas. Take advantage of the faculty, too—talk to them and learn more about what they did throughout their impressive careers. Don't be scared to ask for their advice, because they really want to help their students.

Elliott School of International Affairs

THE GEORGE WASHINGTON UNIVERSITY

elliott.gwu.edu
esiagrad@gwu.edu
202.994.7050



Fabiola Berdiel

Assistant Director for International Field Programs (IFP), Milano School of International Affairs, Management, and Urban Policy
The New School

International Fieldwork: Becoming an Agent of Change

What distinguishes your International Field Program?

The New School is a university where students combine theory and practice using New York City as a laboratory. Our International Field Program (IFP) lets them put that experience into a global context. Students have the opportunity to go into the field for two months during the summer and apply what they've learned in the classroom to real-world challenges.

Our IFP is unique in that it offers intensive pre-departure preparation, onsite academic seminars, professional internships, and long-term projects with faculty supervision. We're also among the few programs that send students to sites in Asia, Africa, Latin America, and Eastern Europe.

Can you tell me about your own field experience?

I was in the first graduating class in International Affairs at The New School. My student fieldwork was a capacity-building program in South Africa, which helped set me upon my path in life. I have worked in over 25 countries since then, and many of my ideas for capacity-building projects emerged out of that formative experience. That master's degree changed my life in so many ways.

What kind of networks do students build in the field?

Our program establishes long-term collaborations with partner organizations in the field. Through these partnerships, students have engaged in various projects, from monitoring environmental projects in Argentina to surveying informal settlements in Uganda to advocating for equal education in South Africa.

The New School faculty member who leads each group has local connections either because the professor is from that country or his or her research is based there. The faculty place students in key organizations and give them access to their professional networks. During those two months in the field, students build their own deep set of connections.

There are so many examples of organizations offering our students jobs, but to highlight two, one student who interned with Slum Dwellers International in Uganda is now program officer of SDI for that region, and another student who interned in the Ministry of Foreign Affairs of the Republic of Kosovo was hired for a full-time job there.

What are the long-term plans for the program?

The IFP was developed as part of our graduate program in international affairs, but we've opened it up to students in many of the university's other graduate programs. It's great to see the creative solutions that emerge when, for example, design students from Parsons exchange ideas with students in nonprofit management, sustainability management, or international affairs at the Milano School. Our goal is to open up the IFP to students from other universities. We think they can really benefit from this unique opportunity.

It must be gratifying to help students who want to make an impact.

I see the confidence students develop in just those two months in the field. Their understanding of international affairs is completely different when they come back, and their contributions to class discussions and final projects are much more sophisticated and critical. This type of uniquely immersive field experience can be truly transformative.

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nsadmissions@newschool.edu
212.229.5150 or 800.292.3040

Erica Chenoweth

Assistant Professor
University of Denver
Josef Korbel School of International Studies



Preparing Today's Students for Tomorrow's Careers

How does the Josef Korbel School prepare its students for the issues they will face as practitioners?

The Josef Korbel School occupies a unique niche among international relations schools. Members of our renowned faculty specialize in security, trade and finance, development, human rights, and conflict resolution with a normative commitment to “first do no harm.” Faculty success at receiving external grants and contracts means that our students have numerous funded research opportunities. For example, faculty and students in our International Security Program are currently researching emerging security issues such as the way that transparency affects the behavior of private security companies, ways that civilians can protect themselves from violence during civil war, and how social cohesion can be restored after armed conflict.

Our courses allow students to critically evaluate these emerging issues while developing the strong research, analytic, and writing skills they need for a successful career. Moreover, faculty who teach these courses are extremely committed to the success of their students, and they are often available to offer additional guidance to students so that they grasp today's global issues. For instance, I'm working with a number of student research assistants on a project on nonviolent conflict. We collect data on the different tactics that occur in the course of mass uprisings and see how those tactics affect their outcomes. The students can analyze these data for their own research projects, which helps them gain a better understanding of this important topic while also sharpening their research skills.

What other opportunities do students have to gain the skills they need for a successful career?

Our students learn from key players in the field. Many of our faculty members have worked in the policy realm and share their knowledge and professional contacts with students. This includes the dean of our school, former Ambassador Christopher Hill. His experience includes heading the U.S. delegation to the Six Party Talks on the

North Korean nuclear issue. He meets with students and serves as a speaker for lectures and panels. Furthermore, the school hosts many noteworthy visitors. This past academic year, students met with Deputy Secretary of State William Burns, U.S. Special Representative for North Korea Policy Glyn Davies, and former Ambassador to Pakistan Cameron Munter, among others.

The school is also home to a number of centers, institutes, and clinics that deeply involve students. Here, they gain practical skills such as event planning; strategic communications (including the effective use of social media); proposal, grant and brief writing; and professional networking.

Additionally, our Office of Career and Professional Development is available to help students locate internships around the globe. Three-quarters of our students complete an internship to fulfill an academic requirement, and almost all students engage in career-related experiential opportunities. Through these, students gain a competitive edge in the job market, hone their skills, achieve language proficiency, gain cross-cultural communications skills, and more.

Describe your alumni.

In short, our alumni are shaping the world and leaving their footprints across the globe through careers in the private, public, and nonprofit sectors.



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www.du.edu/korbel/
korbeladm@du.edu
303 . 871 . 2544



Vera Jelinek, PhD

Divisional Dean and Clinical Associate Professor
Center for Global Affairs at New York University's
School of Continuing and Professional Studies
NYU-SCPS

A New Approach to Global Affairs Education

You are a relatively new program in global affairs graduate education. What advantage does that bring?

We think of ourselves as pioneers and innovators who can react to global challenges much more nimbly than other long-established programs, and can thus tailor our curriculum to suit the new demands of the world and the workplace. For example, since the program was launched, nearly 10 years ago, we have introduced two new concentrations: Peacebuilding and Transnational Security. These two concentrations respond to increasingly important growth areas in global affairs, successfully preparing our graduates to seek careers in these sectors. We see the same opportunities in our more established concentrations, such as Environment and Energy Policy, to which we have added courses on sustainability, resiliency, and political risk to enhance our students' preparation for careers.

What aspects of your program do you and your students regard as best suited to our rapidly changing international environment?

The interdisciplinary, multifaceted, and entrepreneurial nature of our offerings reflects our belief that resolution of today's problems must be sought from multiple perspectives. Within our concentrations, we pair development with humanitarian assistance, international law with human rights, and energy with environmental policy. Courses are applicable across concentrations, maximizing students' opportunities to craft programs that respond to their individual interests and professional goals.

What do you consider the most sought-after and distinctive features of the MSGA?

An obvious answer would be our location. Situated in downtown Manhattan, we straddle both the heart of the financial district as well as the headquarters of many businesses, think tanks, energy start-ups, NGOs, and of course

the UN. These provide students with varied employment and internship opportunities. We now have a network of alumni at these institutions who, by their own example of excellent performance, pave the way for more recent graduates. This network is enhanced by our robust public events program, which creates opportunities for students to meet and to speak with diplomats, journalists, authors, and expert practitioners who shape and implement policy.

More intangibly, I would have to suggest our approach to global affairs education sets us apart. We emphasize practical applications as exemplified by our faculty members, who are professionals in their respective fields and who bring that experience to the classroom. They accompany students on global field intensives to explore private sector initiatives in China, development in Ghana, trafficking in India, refugee camps in Northern Iraq, and security issues in Prague, among others.

We run a Scenarios project, which to date has focused on seven different countries, debating several possible outcomes for each and testing U.S. policies against these futures. Teams of graduate students prepare background materials, participate in discussions with experts from around the world, and help to write the final published report.

What these approaches share is a commitment to analyze challenges and seek innovative solutions to what sometimes appear to be the world's intractable problems. Ultimately, this mission—to create and prepare the next generation of globally minded professionals—lies at the heart of all our activities.

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www.scps.nyu.edu/cga
212.998.7100

Norihisa Yamashita

Associate Dean and Professor
Ritsumeikan University
Graduate School of International Relations



History, Theory, and Practice: Japanese Perspective in the Study of International Relations

How do you approach international relations as an interdisciplinary field of study at the Graduate School of International Relations of Ritsumeikan University?

Our school offers the Global Cooperation Program (GCP), which remains one of only a few English-based international studies programs in Japan. Given this unique position, we lay emphasis on three points. The first is Japanese perspective. Despite the prolonged stagnancy of the past 20 years, Japan is still a major player in and retains its distinctive role in the international system. While our faculty includes a number of international experts, we also take pride in the variety of professors in our program who have had prominent careers in Japanese diplomacy and foreign relations, such as Professor Mitoji Yabunaka, former Administrative Vice-Minister of Japan's Ministry of Foreign Affairs.

The second point we emphasize is historical thinking. We are now witnessing major structural changes in the international system. The deeper the changes are, the more a longer historical perspective is likely to be relevant. Japanese IR academia also has a tradition of history-oriented analysis of international relations. We have a number of historians and historical sociologists on our faculty whose insights are shared with scholars engaged in contemporary analysis.

Third, we devote ourselves to international cooperation. Japan is still a major donor country, especially in Asia. Supported by intergovernmental schemes, many students from Asian countries, including Cambodia, Myanmar, and Indonesia, have been studying with us, supervised by our practitioner-expert teaching staff in the field of development.

In what ways can your research activities help develop students' academic interests?

I am currently engaged in a historical sociological project that reexamines the process of canonization of Westphalian historiography in IR. Even today, most textbooks start with the narrative of the Treaty of Westphalia as the origin of the modern international system. But historically, this is simply a myth. Our current international system is not a mere extension of the early modern European regional system. There were major ruptures, inter-regional and inter-imperial confrontations, especially in the 19th century, after which the international system grew global. While this is more or less obvious from a non-Western perspective, it seems scholars in English-speaking academia have just started to discuss this myth.

This is not a minor battle in the relatively unimportant part of the textbook, because both scholars and practitioners often refer to "the end of Westphalian regime" in discussing current structural changes and even future forms of the international system. But if our international system is not actually "Westphalian," the alleged "end" of it is more an ideology than a reality.

Though many of my students are engaged in contemporary issues, I often find that the best analyses come when students place their chosen issues in the appropriate historical context. It is actually becoming a part of my pedagogy to make students forget about the textbook account of the "history" of the international system! I would be very happy to share this power of real historical perspective with more IR students here at Ritsumeikan.



www.ritsumei.ac.jp/gsir/eng/
ir-adm@st.ritsumei.ac.jp
81.75.465.1211



Rowan Palmer

Canadian

Student of the 2012–2013 IE Master in
International Relations
IE School of International Relations

IE Master in International Relations

In your opinion, what is unique about the Master in International Relations program at IE School of International Relations?

IE is uniquely positioned to provide a truly interdisciplinary education through its association with IE Business School. International economics and finance tie the broad discipline of International Relations together. Having access to the resources of one of the world's top-ranked MBA programs gives the MIR students of IE an advantage in understanding crucial elements of the international system, which translates into deeper understanding of current global issues. By combining a focus on international business with more traditional elements of an International Relations curriculum, the MIR is an education that transcends traditional distinctions between the public, private, and nonprofit sectors. In addition, IE's location in Madrid provides students with an international environment and an excellent opportunity to learn a new language—a skill that is crucial to a successful international career.

What skills has the program provided you with?

Through its use of diverse and creative teaching methods, the MIR degree provides students with both the “hard” and the “soft” skills necessary to excel in today's global sphere. These include the capacity to produce and present policy-based research and analysis, strategic planning, quantitative and financial analysis, applied projects such as the creation of business plans, and, perhaps most important, the capacity to effectively manage collaborative work in diverse settings and within a peer group composed of individuals from a variety of cultural backgrounds.

What do you think are the biggest challenges for someone who wants to work in the field of international relations, and how does the program help you face these challenges?

One of the biggest challenges currently facing any new graduate, but especially one in a field in which public sector employment has traditionally played a large role, is job availability. In this respect, mobility is a key asset, and in creating a multicultural environment in an international location, the program prepares students to go where the work is. The student body and faculty also serve as a diverse and extensive network of friends and colleagues. In addition, the business aspect of the program imparts skills that make graduates highly employable in the private and nonprofit sectors, as well as the public sector and academia.

What career paths are open to students in the program? Do you feel this degree guarantees relevant professional development?

The diversity of MIR graduate placements is one of the things that attracted me to the program. The faculty is composed of not only academics, but also instructors from policy think tanks, NGO boards, and the private sector, and as such, students are exposed to a variety of potential career paths. IE's career center offers excellent support services—interview skills and CV building, for example—to help students take advantage of the opportunities available to them. In addition, the MIR curriculum includes professional development material adopted from the MBA program. This means that we have classes and workshops in leadership training, innovation, cross-cultural understanding, dispute resolution, and negotiation—skills that are valuable no matter what role you fill or what sector you work in.



IE Master in International Relations
www.ie.edu/mir
admissions.ir@ie.edu

Catherine Bertini

Professor of Public Administration and
International Affairs, Maxwell School of Citizenship
and Public Affairs, Syracuse University
Former Executive Director, United Nations
World Food Programme



Bringing Scholarship Into the Field

What does Maxwell do to prepare IR students for expanding opportunities in international affairs?

The greatest opportunities and challenges in IR today are in economic development. We want to educate professionals who can help build systems that communities truly want and need, and that are sustainable once the donor or outside interest leaves.

While we excel at teaching technical and management skills at Maxwell, we also make certain our graduates understand the importance of communication and sensitivity to local conditions. They have people skills geared to cross-cultural settings. And they know how to listen.

They also understand strategic development—how to create a mission, work toward that mission, and motivate everybody around it. They understand the importance of social entrepreneurship—creating a business model around a social good and bringing for-profit business values to a social service.

These characteristics are crucial in international development, but they really serve all our IR students.

How does the Maxwell School create those attributes in its graduates?

Maxwell offers skills-oriented professional degrees alongside social science degrees such as economics, political science, sociology, and anthropology. Our IR degree is ambitiously interdisciplinary, with social sciences at its core but supplemented by strong skills instruction. That's a powerful combination.

Great research is being done by professors on both sides of the house—not only in the social sciences, but within the management and policy programs, in fields like microfinance, national security, nonprofit management, and public finance. Robert Christen, for example, also directs an international institute in microfinance. I think it's a Maxwell hallmark to have so much applied research going on.

What role does experiential learning play in Maxwell's IR program?

It's crucial. Our program includes a required, semester-long internship—either in an international setting or in a domestic setting with an international emphasis. We offer academic and practicum opportunities in close to 20 countries. I taught a course in Geneva last summer on international organizations, combining classroom and internship experience.

Sometimes people are surprised that a program based in Syracuse, NY, is so globally connected. We take the experience component very seriously. It gets students out of the books and into the world, where they take what they have learned in a philosophical, historical, and pragmatic perspective and connect it to real experience. There's no replacement for that. You can watch videos, read books, or hear from speakers and professors. But for the two students, for instance, who went to work in Amman, Jordan, for the World Food Programme, supporting Syrian refugees, this was a totally different world—to be going everyday to the camps, seeing firsthand what the issues are, what people are suffering through, how the organization tries to get food to them, and the pulls and tugs from the Syrian and Jordanian communities, the refugees, and donors. You can't teach that in class.

Students need to have hands-on experience, as part of an umbrella of understanding about what international relations is, how economic issues have an impact, how international organizations influence, and then how they, the new IR graduates, can contribute. We are training practitioners. Our mission is to send people into the world to make a difference.



Maxwell School
OF CITIZENSHIP AND PUBLIC AFFAIRS
SYRACUSE UNIVERSITY

www.maxwell.syr.edu
paia@maxwell.syr.edu
315.443.4000



Roger Vickerman

Dean and Professor of European Economics
Brussels School of International Studies
University of Kent

Making Brussels Work for You

The University of Kent's Brussels School of International Studies (BSIS) offers advanced programs in international studies and provides students excellent opportunities for networking and professional advancement in the capital of Europe. With some 220 students drawn from over 65 countries, this specialist postgraduate school prides itself on an unparalleled student experience, together with a strong emphasis on employability. With 93 percent of its graduates either working or pursuing a PhD, the formula seems to be spot-on. We spoke with the Dean, Professor Roger Vickerman, about the school's success stories.

How does the Brussels School equip students to face the challenges of the job market?

In today's world, students need to appreciate the market that they will face and also have the tools to deal with it. To help them, we come at the challenge from two angles. First, through our academic programs, we ensure that they have a firm grasp of both the theoretical approaches and practical applications of the subject they are studying. We teach them to read critically, to analyze problems, and to learn how to develop a coherent and balanced argument. Our lecturers are a mix of academics and practitioners who are not only at the cutting edge of their fields of research but also have extensive work experience, and they bring that experience and advice into the learning environment. By learning how to use these tools effectively, our students are able to achieve success in many avenues of life, even if these sometimes fall outside of the formal scope of their education. Second, with such a unique, diverse student body, we feel that it is important to provide an equally distinctive career advice service, one that can meet the demands of students from all over the world and with differing career aspirations.

Could you please elaborate on the career services that you provide?

Each term, we offer a series of workshops designed to help students prepare themselves for the job market. These vary from CV and cover letter writing to interview techniques and advice on the art of networking. Each student also receives a one-on-one coaching session from our career coach, which is designed to help them to prepare for work in their target sector. We also arrange two annual networking events to which both alumni and practitioners from a variety of professional, Brussels-based organizations are invited. These provide students with an opportunity to practice their networking skills, discover the Brussels job market, and meet potential employers in a social setting.

What is it about Brussels that makes so many students want to come and study there?

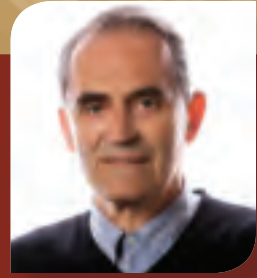
With 60 percent of the EU's purchasing power within a 500-kilometer radius of Brussels, the city is not only at the political heart of Europe but also at its "commercial epicenter," offering companies an unparalleled opportunity to engage with the global marketplace. When combined with the EU institutions, NATO, several thousand international companies, and NGOs and interest groups, the city is perfectly placed to offer students meaningful and productive careers as well as provide them with the knowledge and ability to think globally.



www.kent.ac.uk/brussels
bsis@kent.ac.uk
+32 2.641.1721

Martin Shaw

Research Professor, Institut Barcelona d'Estudis Internacionals and Emeritus Professor of International Relations, University of Sussex



Thinking Globally in Barcelona

What attracted you to join the IBEI community in Barcelona?

The Institut Barcelona d'Estudis Internacionals (IBEI) is a high-quality international studies institute in what for me is Europe's most attractive city: Barcelona is large, lively, and cosmopolitan, but on a human scale. A graduate school and research institute supported by Barcelona's main universities, IBEI has over 25 faculty with doctorates from major North American and European universities, and many have distinguished profiles in international relations, international political economy, and comparative politics. As a city at the crossroads of Europe, the Mediterranean, and Latin America, Barcelona provides a unique setting to think about the intricacies of governance, development, and security on a global scale.

What do your students value most about IBEI?

The Master's programs in International Relations and in International Security are among the strongest in southern Europe. They are taught in both English-only and bilingual tracks, the latter combining classes in English and Spanish, so that students can work in a second world language if they choose. Students are drawn from more than 30 nationalities, and they find the enriching multilingual and culturally diverse environment of IBEI rewarding. They also like IBEI's intimate scale: a community of just over 100 students, in which there is a real possibility to forge lasting friendships and professional contacts. A low student-to-faculty ratio allows for individualized advising. Each student has a personal tutor with whom to discuss academic issues and career plans.

Students emphasize how much they enjoy learning first-hand about the intersections between development and security, global governance and conflict, and the multilateralism of rising powers, from scholars at the cutting edge of research in these areas. They also enjoy courses taught by affiliated professors from institutions worldwide, including Mary Kaldor, Javier Solana, and Max Spoor, and by faculty from our partner universities in Barcelona.

What distinguishes IBEI's programs?

Both Master's programs are designed as compact, full-time, one-year curricula that prepare students with skills critical to a successful career. Crucial pillars of our teaching philosophy are small classes and seminar-style teaching, to facilitate discussion and student-faculty interaction. IBEI alumni also frequently mention the large number of elective courses as a major strength. The programs are complemented by research seminars and specialized workshops in which major international scholars are often guest speakers. In addition to its Master's programs, IBEI hosts the Barcelona Summer School in International Politics and the Summer School of the Mediterranean.

How does IBEI prepare students for a career in the international affairs community?

Alumni report that they greatly valued IBEI's theoretical and methodological pluralism, and that it prepared them well for the future. IBEI also has a program that provides students with for-credit opportunities to do internships after coursework completion. Over the years, IBEI has primed many students for fulfilling careers in international organizations, NGOs, multinationals, foreign ministries, and embassies around the world, and for PhD programs at prestigious universities.



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Institut Barcelona d'Estudis Internacionals
IBEI

www.ibei.org
admissions@ibei.org
+34 93 304 2859

Directory

Brandeis University
The Heller School for Social Policy and Management
 Heller.Brandeis.edu
 HellerAdmissions@Brandeis.edu
 781.736.3820

University of Denver
Josef Korbel School of International Studies
 www.du.edu/korbel/
 korbeladm@du.edu
 303.871.2544

Diplomatic Academy of Vienna
Vienna School of International Studies
 www.da-vienna.ac.at
 info@da-vienna.ac.at
 +43 1.505.72.72 x120

Duke University
Sanford School of Public Policy
 www.sanford.duke.edu
 mppadmit@duke.edu
 919.613.7401

The Fletcher School at Tufts University
 fletcher.tufts.edu
 fletcheradmissions@tufts.edu
 617.627.3040

The George Washington University
Elliott School of International Affairs
 elliott.gwu.edu
 esiagrad@gwu.edu
 202.994.7050

Hertie School of Governance
Berlin, Germany
 www.hertie-school.org
 mpp-applications@hertie-school.org
 phd-applications@hertie-school.org
 +49 (0)30 259219.114

IE School of International Relations
IE Masters in International Relations
 www.ie.edu/mir
 admissions.ir@ie.edu

Institut Barcelona d'Estudis Internacionals (IBEI)
 www.ibe.org
 admissions@ibe.org
 +34 93 304 2859

The Johns Hopkins University
The Paul H. Nitze School
of Advanced International Studies (SAIS)
 www.sais-jhu.edu/sais-advantage
 admissions.sais@jhu.edu
 202.663.5700

University of Kent
Brussels School of International Studies
 www.kent.ac.uk/brussels
 bsis@kent.ac.uk
 +32 2.641.1721

Monterey Institute of International Studies
A Graduate School of Middlebury College
 go.miiis.edu/foreignaffairs
 admit@miiis.edu
 831.647.4123

National University of Singapore
Lee Kuan Yew School of Public Policy
 www.lkyspp.nus.edu.sg
 info.lkyspp@nus.edu.sg
 +65 6516 8255

The New School
International Field Programs (IFP)
 www.newschool.edu/IFP
 nsadmissions@newschool.edu
 212.229.5150 or 800.292.3040

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www.scps.nyu.edu/cga
212.998.7100

**Ritsumeikan University
Graduate School of International Relations**

www.ritsumei.ac.jp/gsir/eng/
ir-adm@st.ritsumei.ac.jp
81.75.465.1211

**Sciences Po
Paris School of International Affairs (PSIA)**

www.psia.sciences-po.fr
+33 (0) 1.45.49.50.50

**Seton Hall University
School of Diplomacy and International Relations**

www.shu.edu/go/leader
diplomat@shu.edu
973.275.2514

**Syracuse University
Maxwell School of Citizenship and Public Affairs**

www.maxwell.syr.edu
paia@maxwell.syr.edu
315.443.4000

**Yale Jackson Institute for Global Affairs
MA in Global Affairs**

jackson.yale.edu
jackson.institute@yale.edu
203.432.6253

About APSIA

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

APSIA members work to promote excellence in professional, international affairs education worldwide by sharing information and ideas among member schools and with

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Ending the War in Afghanistan

How to Avoid Failure on the Installment Plan

Stephen Biddle

International forces in Afghanistan are preparing to hand over responsibility for security to Afghan soldiers and police by the end of 2014. U.S. President Barack Obama has argued that battlefield successes since 2009 have enabled this transition and that with it, “this long war will come to a responsible end.” But the war will not end in 2014. The U.S. role may end, in whole or in part, but the war will continue—and its ultimate outcome is very much in doubt.

Should current trends continue, U.S. combat troops are likely to leave behind a grinding stalemate between the Afghan government and the Taliban. The Afghan National Security Forces can probably sustain this deadlock, but only as long as the U.S. Congress pays the multibillion-dollar annual bills needed to keep them fighting. The war will thus become a contest in stamina between Congress and the Taliban. Unless Congress proves more patient than the Taliban leader Mullah Omar, funding for the ANSF will eventually shrink until Afghan forces can no longer hold their ground, and at that point, the country could easily descend into chaos. If it does, the war will be lost and U.S. aims forfeited. A policy of simply handing off an ongoing war to an Afghan government that cannot afford the troops needed to win it is thus not a strategy for a “responsible end” to the conflict; it is closer to what the Nixon administration was willing to accept in the final stages of the Vietnam War, a “decent interval” between the United States’ withdrawal and the eventual defeat of its local ally.

STEPHEN BIDDLE is Professor of Political Science and International Affairs at George Washington University and Adjunct Senior Fellow for Defense Policy at the Council on Foreign Relations.

Stephen Biddle

There are only two real alternatives to this, neither of them pleasant. One is to get serious about negotiations with the Taliban. This is no panacea, but it is the only alternative to outright defeat. To its credit, the Obama administration has pursued such talks for over a year. What it has not done is spend the political capital needed for an actual deal. A settlement the United States could live with would require hard political engineering both in Kabul and on Capitol Hill, yet the administration has not followed through.

The other defensible approach is for the United States to cut its losses and get all the way out of Afghanistan now, leaving behind no advisory presence and reducing its aid substantially. Outright withdrawal might damage the United States' prestige, but so would a slow-motion version of the same defeat—only at a greater cost in blood and treasure. And although a speedy U.S. withdrawal would cost many Afghans their lives and freedoms, fighting on simply to postpone such consequences temporarily would needlessly sacrifice more American lives in a lost cause.

The Obama administration has avoided both of these courses, choosing instead to muddle through without incurring the risk and political cost that a sustainable settlement would require. Time is running out, however, and the administration should pick its poison. Paying the price for a real settlement is a better approach than quick withdrawal, but both are better than halfhearted delay. For the United States, losing per se is not the worst-case scenario; losing expensively is. Yet that is exactly what a myopic focus on a short-term transition without the political work needed to settle the war will probably produce: failure on the installment plan.

THE COMING STALEMATE

The international coalition fighting in Afghanistan has long planned on handing over responsibility for security there to local Afghan forces. But the original idea was that before doing so, a troop surge would clear the Taliban from strategically critical terrain and weaken the insurgency so much that the war would be close to a finish by the time the Afghans took over. That never happened. The surge made important progress, but the tight deadlines for a U.S. withdrawal and the Taliban's resilience have left insurgents in control of enough territory to remain militarily viable well after 2014. Afghan government forces will thus inherit a more demanding job than expected.

The forces supposed to carry out this job are a mixed lot. The ANSF's best units should be capable of modest offensive actions to clear Taliban strongholds; other units' corruption and ineptitude will leave them part of the problem rather than part of the solution for the foreseeable future. On balance, it is reasonable to expect that the ANSF will be able to hold most or all of the terrain the surge cleared but not expand the government's control much beyond that. Although the Taliban will probably not march into Kabul after coalition combat troops leave, the war will likely be deadlocked, grinding onward as long as someone pays the bills to keep the ANSF operating.

Those bills will be substantial, and Congress will have to foot most of them. The coalition has always understood that an ANSF powerful enough to hold what the surge gained would be vastly more expensive than what the Afghan government could afford. In fiscal year 2013, the ANSF's operating budget of \$6.5 billion was more than twice as large as the Afghan government's entire federal revenue. Most of the money to keep the ANSF fighting will thus have to come from abroad, and the lion's share from the United States.

Time is running out in Afghanistan, and the Obama administration should pick its poison.

In principle, this funding should look like a bargain. According to most estimates, after the transition, the United States will contribute some \$4–\$6 billion annually to the ANSF—a pittance compared to the nearly \$120 billion it spent in 2011 to wage the war with mostly American troops. The further one gets from 2011, however, the less salient that contrast becomes and the more other comparisons will come to mind. Annual U.S. military aid to Israel, for example, totaled \$3.1 billion in fiscal year 2013; the amount required to support the ANSF will surely exceed this for a long time. And unlike Israel, which enjoys powerful political support in Washington, there is no natural constituency for Afghan military aid in American politics.

Afghan aid will get even harder to defend the next time an Afghan corruption scandal hits the newspapers, or Afghan protests erupt over an accidental Koran burning, or an American adviser is killed by an Afghan recipient of U.S. aid, or an Afghan president plays to local politics by insulting American sensibilities. Such periodic crises are all but inevitable, and each one will sap congressional support for aid

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to Afghanistan. I recently spoke to a gathering of almost 70 senior congressional staffers with an interest in Afghanistan and asked how many of them thought it was likely that the ANSF aid budget would be untouched after one of these crises. None did.

In the near term, Congress will probably pay the ANSF what the White House requests, but the more time goes on, the more likely it will be that these appropriations will be cut back. It will not take much reduction in funds before the ANSF contracts to a size that is smaller than what it needs to be to hold the line or before a shrinking pool of patronage money splits the institution along factional lines. Either result risks a return to the civil warfare of the 1990s, which would provide exactly the kind of militant safe haven that the United States has fought since 2001 to prevent.

Managing the congressional politics around sustaining Afghan forces after the transition was feasible back when Washington assumed that a troop surge before the transition would put the Taliban on a glide path to extinction. The United States would still have had to give billions of dollars a year to the ANSF, but the war would have ended relatively quickly. After that, it would have been possible to demobilize large parts of the ANSF and turn the remainder into a peacetime establishment; aid would then have shrunk to lower levels, making congressional funding a much easier sell. But that is not the scenario that will present itself in 2014. With an indefinite stalemate on the horizon instead, the politics of funding the ANSF will be much harder to handle—and without a settlement, that funding will outlast the Taliban's will to fight only if one assumes heroic patience on the part of Congress.

LET'S MAKE A DEAL

Since outlasting the Taliban is unlikely, the only realistic alternative to eventual defeat is a negotiated settlement. The administration has pursued such a deal for well over a year, but so far the process has yielded little, and there is now widespread skepticism about the talks.

Many, for example, doubt the Taliban are serious about the negotiations. After all, in late 2011, they assassinated Burhanuddin Rabbani, the head of Afghan President Hamid Karzai's High Peace Council and the Kabul official charged with moving the talks forward. Since the Taliban can wait out the United States and win outright, why should they make concessions? Others argue that the Taliban are



A seat at the table: leaving the burial of an Afghan negotiator, Kabul, September 2011

interested in negotiations only insofar as they provide a source of legitimacy and a soapbox for political grandstanding. Still others worry that bringing together multiple Taliban factions, their Pakistani patrons, the Karzai administration, the governments of the United States and its allies, and intermediaries such as Qatar will simply prove too complex. Conservatives in the United States, meanwhile, doubt the Obama administration's motives, worrying that negotiating with the enemy signals weakness and fearing that the White House will make unnecessary concessions simply to cover its rush to the exits. Liberals fear losing hard-won gains for Afghan women and minorities. And many Afghans, especially women's groups and those who are not part of the country's Pashtun majority, also worry about that outcome, and some have even threatened civil war to prevent it.

Yet despite these concerns, there is still a chance for a deal that offers more than just a fig leaf to conceal policy failure. The Taliban have, after all, publicly declared that they are willing to negotiate—a costly posture, since the Taliban are not a monolithic actor but an alliance of factions. When Mullah Omar's representatives accept talks, other factions worry about deals being made behind their backs. Taliban field commanders wonder whether the battlefield prognosis is as

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favorable as their leaders claim (if victory is near, why negotiate?) and face the challenge of motivating fighters to risk their lives when shadowy negotiations might render such sacrifice unnecessary. The Taliban's willingness to accept these costs thus implies some possible interest in a settlement.

There may be good reasons for the Taliban to explore a deal. Mullah Omar and his allies in the leadership have been living in exile in Pakistan for over a decade—their children are growing up as Pakistanis—and their movements are surely constrained by their Pakistani patrons. Afghans are famously nationalist, and the Afghan-

A compromise with the Taliban would be a bitter pill to swallow, but at this point, it would sacrifice less than the alternatives.

Pakistani rivalry runs deep; exile across the border surely grates on the Afghan Taliban. Perhaps more important, they live under the constant threat of assassination by U.S. drones or commando raids: just ask Osama bin Laden or six of the last seven al Qaeda operations directors, all killed or captured in such attacks. And a stalemate wastes

the lives and resources of the Taliban just as it does those of the Afghan forces and their allies. While the Taliban are probably able to pay this price indefinitely, and while they will surely not surrender just to stanch the bleeding, this does not mean they would prefer continued bloodletting to any possible settlement. The conflict is costly enough that the Taliban might consider an offer if it is not tantamount to capitulation.

What would such a deal comprise? In principle, a bargain could be reached that preserved all parties' vital interests even if no one's ideal aims were achieved. The Taliban would have to renounce violence, break with al Qaeda, disarm, and accept something along the lines of today's Afghan constitution. In exchange, they would receive legal status as a political party, set-asides of offices or parliamentary seats, and the withdrawal of any remaining foreign forces from Afghanistan. The Afghan government, meanwhile, would have to accept a role for the Taliban in a coalition government and the springboard for Taliban political activism that this would provide. In exchange, the government would be allowed to preserve the basic blueprint of today's state, and it would surely command the votes needed to lead a governing coalition, at least in the near term. Pakistan would have to give up its

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blue-sky ambitions for an Afghan puppet state under Taliban domination, but it would gain a stable border and enough influence via its Taliban proxies to prevent any Afghan-Indian axis that could threaten it. And the United States, for its part, would have to accept the Taliban as a legal political actor, with an extra-democratic guarantee of positions and influence, and the probable forfeiture of any significant base structure for conducting counterterrorist operations from Afghan soil.

From Washington's perspective, this outcome would be far from ideal. It would sacrifice aims the United States has sought since 2001, putting at risk the hard-won rights of Afghan women and minorities by granting the Taliban a voice in Afghan politics and offering a share of power to an organization with the blood of thousands of Americans on its hands. Yet if properly negotiated, such a deal could at least preserve the two most vital U.S. national interests at stake in Afghanistan: that Afghanistan not become a base for militants to attack the West and that it not become a base for destabilizing the country's neighbors.

As long as the Taliban are denied control of internal security ministries or district or provincial governments in critical border areas, the non-Taliban majority in a coalition government could ensure that Afghanistan not become a home to terrorist camps like those that existed before the war. Chaos without a meaningful central government, by contrast, would preclude nothing. And whatever fate Afghan women and minorities suffered under a stable coalition would be far less bad than what they would face under anarchy. A compromise with the Taliban would be a bitter pill to swallow, but at this point, it would sacrifice less than the alternatives.

GETTING TO YES

Simply meeting with the Taliban is only the starting point of the negotiating process. To create a deal that can last, the U.S. government and its allies will need to go far beyond this, starting by laying the political groundwork in Afghanistan. Although negotiators will not have an easy time getting anti-Taliban northerners to accept concessions, the biggest hurdle is predatory misgovernance in Kabul. Any settlement will have to legalize the Taliban and grant them a political foothold. This foothold would not give them control of the government, but their legal status would allow them to compete electorally and expand their position later. Over the longer term, therefore, the containment of the Taliban's influence will depend on political competition from a

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credible and attractive alternative—something the establishment in Kabul is not yet able or willing to provide.

The Taliban are not popular in Afghanistan; that is why they will accept a deal only if it guarantees them a certain level of representation in the government. But at least they are seen as incorruptible, whereas Karzai's government is deeply corrupt, exclusionary, and getting worse. If Karzai's successor continues this trend, he will hand the Taliban

If the White House is unwilling to accept the costs of a settlement with the Taliban, then it is time to cut American losses.

their best opportunity for real power. Should Kabul's misgovernance persist and worsen, eventually even a brutal but honest opposition movement will make headway. And if a legalized Taliban were to eventually control critical border districts, enabling their militant Pakistani allies to cash in some wartime IOUs and establish base camps under the Taliban's protection, the re-

sult could be nearly as dangerous to the West as the Afghan government's military defeat. The only real insurance against that outcome is for Kabul to change its ways.

To date, however, the West has been unwilling to compel reform, preferring so-called capacity-building aid to coercive diplomacy. Such benign assistance might be enough if the problem were merely a lack of capacity. But Afghanistan is misgoverned because its power brokers profit from such malfeasance; they won't change simply because the Americans ask them to, and unconditional capacity building just creates better-trained kleptocrats. Real improvement would require, among other things, that donors withhold their assistance if the Afghan government fails to implement reforms. But donors have shied away from true conditionality for fear that their bluff will be called, aid will have to be withheld, and the result will be a delay in the creation of a higher-capacity Afghan civil and military administration—the key to current plans for Western military withdrawal.

If the West cannot credibly threaten to withhold something Kabul values, then Afghan governance will never improve. It is late in the game to begin such an approach now; the West would have had more leverage back when its aid budgets were larger and military resources more plentiful. Still, credible conditionality could make even a smaller budget into a stronger tool for reform. Using conditionality properly,

however, would mean accepting the possibility that the West might have to deliberately reduce the capacity of Afghan institutions if they refuse to reform—a task that is neither easy nor pleasant, but necessary if the West is going to be serious about a settlement.

The Obama administration will need to undertake serious political work in Washington as well as in Kabul. Any viable settlement will take years to negotiate and require the West to make real concessions, and such a process will offer ample opportunities for members of Congress to embrace demagoguery and act as spoilers. The Obama administration's initial experience on this score is instructive: as an early confidence-building gesture, last year the administration offered to free five Taliban detainees at Guantánamo in exchange for the release of Sergeant Bowe Bergdahl, the Taliban's only American prisoner. But U.S. lawmakers howled in outrage, the detainees were not released, the Taliban charged bad faith (both on the detainee issue and on the addition of new conditions from Karzai), and the negotiations collapsed. Serious negotiations toward a final peace settlement would provide countless opportunities for such congressional outrage, over much larger issues, and if legislators play such games—and if the administration lets itself be bullied—then a viable settlement will be impossible. Likewise, if Congress defunds the war too soon, unfinished negotiations will collapse as the Taliban seize victory on the battlefield with no need for concessions.

For talks to succeed, Congress will thus need to engage in two acts of selfless statesmanship: accepting concessions to the Taliban and prolonging unpopular aid to the Afghan military. The latter, in particular, would require bipartisan compromise, and achieving either or both goals may prove impossible. If they are going to happen, however, one prerequisite will be a sustained White House effort aimed at building the congressional support needed. The president will have to make a major investment in garnering political backing for a controversial Afghan policy, something he has not done so far.

FISH OR CUT BAIT

As daunting as the obstacles to a negotiated settlement are, such a deal still represents the least bad option for the United States in Afghanistan. If the White House is unwilling to accept the costs that a serious settlement effort would entail, however, then it is time to cut American losses and get out of Afghanistan now.

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Some might see the Obama administration's current policy as a hedged version of such disengagement already. The U.S. military presence in Afghanistan will soon shrink to perhaps 8,000–12,000 advisers and trainers, and U.S. aid might decline to \$4–\$5 billion a year for the ANSF and \$2–\$3 billion in economic assistance, with the advisory presence costing perhaps another \$8–\$12 billion a year. This commitment is far smaller than the 100,000 U.S. troops and over \$100 billion of 2011, and it offers some chance of muddling through to an acceptable outcome while discreetly concealing the United States' probable eventual failure behind a veil of continuing modest effort.

Only in Washington, however, could \$14–\$20 billion a year be considered cheap. If this yielded a stable Afghanistan, it would indeed be a bargain, but if, as is likely without a settlement, it produces only a defeat drawn out over several years, it will mean needlessly wasting tens of billions of dollars. In a fiscal environment in which \$8 billion a year for the Head Start preschool program or \$36 billion a year for Pell Grant scholarships is controversial, it is hard to justify spending another \$70–\$100 billion in Afghanistan over, say, another half decade of stalemated warfare merely to disguise failure or defer its political consequences.

It is harder still to ask Americans to die for such a cause. Even an advisory mission involves risk, and right now, thousands of U.S. soldiers are continuing to patrol the country. If failure is coming, many Afghans will inevitably die, but a faster withdrawal could at least save some American lives that would be sacrificed along the slower route.

It would be preferable for the war to end a different way: through a negotiated compromise with the Taliban. Talks so complicated and fraught, of course, might fail even if the United States does everything possible to facilitate them. But without such efforts, the chances of success are minimal, and the result is likely to be just a slower, more expensive version of failure. Getting out now is a better policy than that. 🌐

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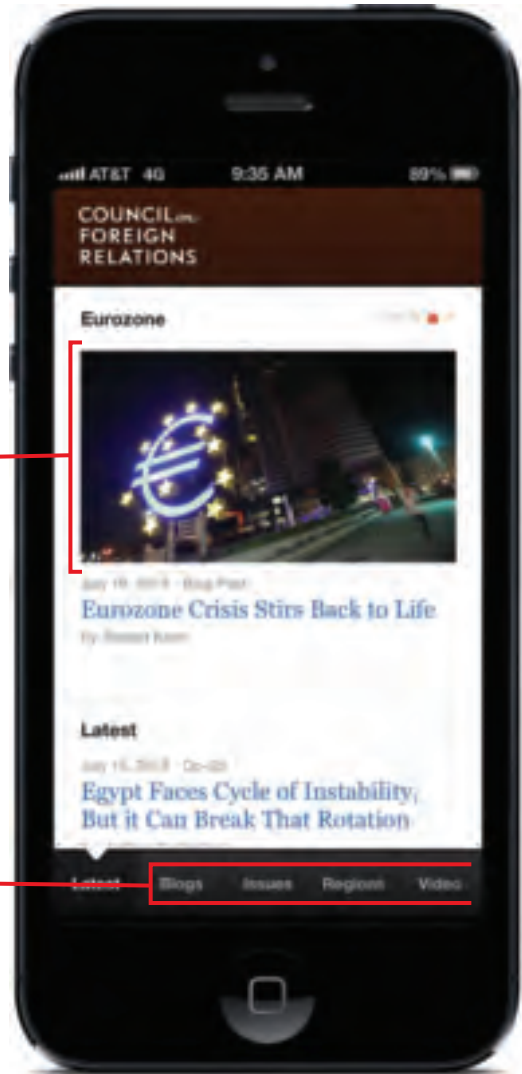
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No Margin for Error

More than 40 million passengers pass through Taiwan's airspace every year, yet the country is excluded from the International Civil Aviation Organization, the world's most important agency for aviation safety. We put air safety first, but we can't do it alone.

Support Taiwan's bid for observer status in the ICAO

There is no margin for error when it comes to safeguarding regional and global aviation safety; one oversight or miscommunication and the consequences can be disastrous. This is why Taiwan must be allowed to participate as an observer in the International Civil Aviation Organization (ICAO) and contribute meaningfully to the United Nations-affiliated body's meetings, mechanism and activities.

Taiwan has long played a key role in international civil aviation. Its provision of related services and commitment to maintaining high standards in the Taipei Flight Information Region (FIR) have seen it achieve the same levels of aviation safety elsewhere. Yet, Taiwan continues to be excluded from the ICAO, a puzzling state of affairs that is to the detriment of international aviation safety.

The ramifications of this exclusion are further underscored by the fact that Taipei FIR includes some of the busiest airspace in East Asia. Taipei FIR, which covers 180,000 square nautical miles and abuts the Fukuoka, Manila, Hong Kong and Shanghai FIRs, provides 1.3 million services to flights carrying 40 million travelers every year. On a weekly basis, this is roughly 150 scheduled flights to and from Europe; 400 to and from the U.S.; 660 to and from Japan; and over 1,200 across the Taiwan Strait.

These numbers leave no doubt that Taiwan is central to regional air transport and a major flight hub linking Europe, North America and Asia.

ICAO oversees civil aviation safety and the structured growth of the air transportation industry worldwide. The sidelining of Taiwan from the body makes it difficult for the nation to update aviation standards and regulations in line with international norms.

Many countries' civil aviation regulations are based on ICAO Standards and Recommended Practices (SARPs). But Taiwan is forced to obtain this information indirectly through other nations, nongovernmental organizations, some neighboring FIRs and private companies, a complicated and needlessly time-consuming process.

This situation impacts Taiwan's ability to smoothly implement the latest SARPs, and means the nation must spend more time and effort than ICAO members on improving aviation safety and security. Another drawback is that Taiwan is unable to share the latest developments in its air transport industry with the world.

Following 9/11, ICAO endorsed a global strategy for strengthening aviation security, arguing that the success of the initiative lies in a uniform approach to establishing consistent standards. Deficiencies in any part of the system are a threat to the whole, with ICAO's position that these must be addressed through bolstering international cooperation in aviation security and harmonizing implementation of security measures.

Yet the ICAO cannot hope to succeed in creating a seamless global aviation security network as long as Taiwan remains excluded—an unacceptable state of affairs in marked contrast to the organization's fundamental principle of universality.

Common sense dictates that for the sake of passenger safety and international security, Taiwan must be brought into the ICAO fold. By including the nation in the body, uniform aviation standards, heightened passenger safety levels and enhanced global security can be achieved: a result in the best interests of Taiwan, the ICAO and international community.



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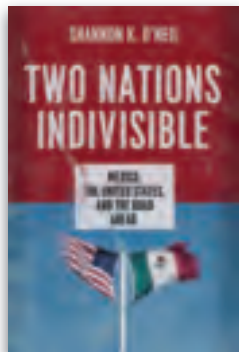
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The Limits of Counterinsurgency Doctrine in Afghanistan

The Other Side of the COIN

Karl W. Eikenberry

Since 9/11, two consecutive U.S. administrations have labored mightily to help Afghanistan create a state inhospitable to terrorist organizations with transnational aspirations and capabilities. The goal has been clear enough, but its attainment has proved vexing. Officials have struggled to define the necessary attributes of a stable post-Taliban Afghan state and to agree on the best means for achieving them. This is not surprising. The U.S. intervention required improvisation in a distant, mountainous land with de jure, but not de facto, sovereignty; a traumatized and divided population; and staggering political, economic, and social problems. Achieving even minimal strategic objectives in such a context was never going to be quick, easy, or cheap.

Of the various strategies that the United States has employed in Afghanistan over the past dozen years, the 2009 troop surge was by far the most ambitious and expensive. Counterinsurgency (COIN) doctrine was at the heart of the Afghan surge. Rediscovered by the U.S. military during the wars in Afghanistan and Iraq, counterinsurgency was updated and codified in 2006 in *Field Manual 3-24*, jointly published by the U.S. Army and the Marines. The revised doctrine placed high confidence in the infallibility of military leadership at all levels of engagement (from privates to generals) with the indigenous population

KARL W. EIKENBERRY is William J. Perry Fellow in International Security at the Center for International Security and Cooperation at the Freeman Spogli Institute for International Studies at Stanford University. He served as Commanding General of the Combined Forces Command-Afghanistan from 2005 to 2007 and as U.S. Ambassador to Afghanistan from 2009 to 2011.

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throughout the conflict zone. Military doctrine provides guidelines that inform how armed forces contribute to campaigns, operations, and battles. Contingent on context, military doctrine is meant to be suggestive, not prescriptive.

Broadly stated, modern COIN doctrine stresses the need to protect civilian populations, eliminate insurgent leaders and infrastructure, and help establish a legitimate and accountable host-nation government able to deliver essential human services. *Field Manual 3-24* also makes clear the extensive length and expense of COIN campaigns: “Insurgencies are protracted by nature. Thus, COIN operations always demand considerable expenditures of time and resources.”

The apparent validation of this doctrine during the 2007 troop surge in Iraq increased its standing. When the Obama administration conducted a comprehensive Afghanistan strategy review in 2009, some military leaders, reinforced by some civilian analysts in influential think tanks, confidently pointed to *Field Manual 3-24* as the authoritative playbook for success. When the president ordered the deployment of an additional 30,000 troops into Afghanistan at the end of that year, the military was successful in ensuring that the major tenets of COIN doctrine were also incorporated into the revised operational plan. The stated aim was to secure the Afghan people by employing the method of “clear, hold, and build”—in other words, push the insurgents out, keep them out, and use the resulting space and time to establish a legitimate government, build capable security forces, and improve the Afghan economy. With persistent outside efforts, advocates of the COIN doctrine asserted, the capacity of the Afghan government would steadily grow, the levels of U.S. and international assistance would decline, and the insurgency would eventually be defeated.

More than three years after the Afghan surge’s implementation, what can be said about the efficacy of COIN and the U.S. experience in Afghanistan? Proponents might, with some merit, claim that the experiment was too little, too late—too late because an industrial-strength COIN approach was not rigorously applied until eight years after the war began, and too little because even then, limits were placed on the size and duration of the surge, making it more difficult to change the calculations of Afghan friends and enemies. Moreover, even though President Barack Obama announced plans to end U.S. participation in combat operations in Afghanistan by 2014, the war continues and the outcome remains indeterminate. Still, it is possible

to answer the question by examining the major principles of COIN and analyzing how these fared on the ground.

The COIN-surge plan for Afghanistan rested on three crucial assumptions: that the COIN goal of protecting the population was clear and attainable and would prove decisive, that higher levels of foreign assistance and support would substantially increase the Afghan government's capacity and legitimacy, and that a COIN approach by the United States would be consistent with the political-military approach preferred by Afghan President Hamid Karzai. Unfortunately, all three assumptions were spectacularly incorrect, which, in turn, made the counterinsurgency campaign increasingly incoherent and difficult to prosecute. In short, COIN failed in Afghanistan.

PROTECTING THE POPULATION

The first principle of COIN doctrine is the need to secure the indigenous population in areas deemed centers of gravity politically, economically, and militarily. Surge advocates argued that behind the protective shield of increasing numbers of foreign and Afghan security forces, good government would emerge, the rule of law would take root, and prosperity would grow. A more secure and content people would rally behind local elected and appointed officials, and peace and stability would follow.

“Protect the population” makes for a good bumper sticker, but it raises the question: Protect it from whom and against what? It certainly meant protecting the Afghan people from marauding Taliban insurgents. But what about criminal narcotraffickers, venal local police chiefs, or predatory government officials? What should be done about tribes that turn to the Taliban for help in fighting more powerful tribes with patrons in the Kabul government? And what about complex cases of ethnic violence with roots dating back a century or more? Young men without jobs are supposedly ripe for insurgent recruiting, so should protection be offered against unemployment? The provision of basic health care is frequently cited as a service the Taliban cannot offer. To make the Afghan government appear comparatively more effective, should the people be protected against illness? These were not hypothetical questions but rather very real challenges that U.S. military forces, civilian diplomatic personnel, and development specialists in Afghanistan struggled with daily as they sought to implement COIN doctrine.

Karl W. Eikenberry

Late in 2010, the comedian Kathleen Madigan, participating in a USO tour in Afghanistan, visited a forward operating base in Helmand Province. With some humorous exaggeration, she told a story about meeting a young Marine captain who pointed to a nearby Afghan

Blindly following COIN doctrine led the U.S. military to fixate on defeating the insurgency while giving short shrift to Afghan politics.

village and enthusiastically described how his unit was busy building a school, establishing a health clinic, creating a local government center, training and reforming the police force, helping the people with grievance resolution, actively supporting gender rights via a U.S. Marine “female engagement team,” improving agricultural productivity, and more. As the list continued to grow,

Madigan finally interrupted and asked, “Marine captain, when are you going to invade Detroit?”

Her quip hit the mark. “Protect the population” is a vague and open-ended guide to action, with increased effort alone regarded as an end in itself. But COIN adherents believed that even if the goals were not well defined, such an approach vigorously and simultaneously applied at the national, provincial, and district levels would steadily reduce the ground on which the Taliban stood and inevitably cause their defeat. Every military leader, traditionally a professional specializing in the management of violence, was now instructed that he must be prepared, in the words of the mid-twentieth-century French counter-insurgency expert David Galula, “to become . . . a social worker, a civil engineer, a schoolteacher, a nurse, a boy scout. But only for as long as he cannot be replaced, for it is better to entrust civilian tasks to civilians.” Given the prestige Galula is accorded by enthusiasts of modern COIN doctrine, it is worth parsing his guidance.

First, deploying highly trained U.S. soldiers and marines to Afghanistan to serve as social workers or to manage development projects comes at a very high price. The U.S. government spends about \$1 million per year per soldier deployed in Afghanistan. At the height of the surge, Washington had about 100,000 troops in theater, costing about \$100 billion annually. Moreover, it was sheer hubris to think that American military personnel without the appropriate language skills and with only a superficial understanding of Afghan culture could, on six- or 12-month tours, somehow deliver to Afghan

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villages everything asked of them by the COIN manual. The typical 21-year-old marine is hard-pressed to win the heart and mind of his mother-in-law; can he really be expected to do the same with an ethnocentric Pashtun tribal elder?

Second, Galula tempered his enthusiasm for assigning armed forces personnel such a broad range of tasks by stipulating that an army had to perform those tasks only in the early stages of a counterinsurgency campaign, when it was the only actor around with the necessary capabilities and resources to do so. But eventually, he argued, the military should be relieved of civic duties by capable civilian entities. Yet experience has shown that the required civilian capacity will never emerge, because no U.S. government department or agency will make the major investments necessary to develop highly specialized niche skills that would be utilized only briefly and rarely. Nor will Congress authorize additional department or agency funding to encourage such efforts. With no squadrons of civilian cavalry on the horizon in Afghanistan, the U.S. military, with stated reluctance but genuine verve, moved to fill the gaps. Over time, it even arrogated to itself the responsibility for deciding where these gaps existed, and then it methodically developed plans and relentlessly acquired the resources from the Pentagon and Congress needed to take action. Some examples include spending hundreds of millions of dollars on fiscally unsustainable diesel generators to power Kandahar City, paradoxically assigning a U.S. Army brigadier general to mentor Afghan officials on the importance of civilian leadership and the rule of law, and deploying multimillion-dollar female engagement teams without a clear purpose. But these expensive ad hoc efforts, while well intentioned, simply did little to pave the way for the establishment of good Afghan governance and economic prosperity.

Moreover, although reasonably competent at establishing and training foreign military forces—and, to a lesser extent, foreign police forces—the U.S. military has overly optimistic expectations about the timelines required to build healthy local civilian institutions, such as a competent civil service or a functioning justice system. Civilian government organizations require more highly educated work forces than their military counterparts, are often only one component within a complex bureaucracy, and are more susceptible to domestic political interference. The growth rates of organic government and civil society are sociologically constrained, and at some point, adding larger and larger doses of foreign resources and assistance becomes counterproductive.



Eikenberry, Obama, and General Stanley McChrystal, Afghanistan, March 2010

Commentators would occasionally highlight extraordinary “COIN successes,” supposedly achieved by certain uniquely talented U.S. civilian and military officials in parts of Afghanistan, and conclude that the problem was not doctrinal inadequacy but the inadequacy of team members and their leaders. What was needed was many more Lawrences of Arabia. Of course, even a great professional basketball coach must occasionally dream of fielding a team whose players are all clones of Michael Jordan at his prime. However, the coach does not develop a winning strategy based on such flights of fancy. Moreover, T. E. Lawrence specialized in inciting revolts, not in state building. Historically, visionary indigenous leaders backed by native populations have been the key to building viable states—not foreigners serving one-year tours of duty, no matter how passionate and skilled they might be.

Finally, Galula described a path for counterinsurgents to follow but did not specify a destination. Absent clearly defined political goals, a COIN trek might continue for many years at extraordinary expense without ever knowing when and where the journey might end. Diplomats and soldiers both agree that conflicts are concluded only when the warring parties agree to the terms of a political settlement. By contrast, COIN partisans focus on the struggle between insurgents and the host-nation government, with conflict termination achieved

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principally through insurgent defeat or co-option. But a different theory of conflict resolution is required in Afghanistan, where the principal causes of insecurity arise from the absence of national reconciliation (predating the rise of the Taliban by several decades), coupled with the presence of ineffectual, corrosive governance.

Blindly following COIN doctrine led the U.S. military to fixate on defeating the insurgency while giving short shrift to Afghan politics and hence the political logic of the overarching campaign. U.S. military commanders became obsessed with convincing Commander in Chief Karzai to use his rapidly expanding and staggeringly expensive security forces to defeat the Taliban. However, their main efforts should have focused on helping President Karzai deliver an inclusive peace and Chief Executive Karzai build an adequate state apparatus.

Galula's writings about counterinsurgency were inspired by his service as a French army captain in the Algerian War from 1956 to 1958. Ultimately, however, France lost. Although Algeria and Afghanistan mark two very different conflicts, they resonate in one important way. It was assumed in both campaigns that a grab bag of "doctrinally sound" military actions would somehow add up to a strategic win. In Algeria, that assumption proved to be erroneous, and a similar outcome appears likely in Afghanistan.

CREATING AN ACCOUNTABLE GOVERNMENT

Field Manual 3-24 states that as a counterinsurgency campaign is successfully prosecuted, the "government secures its citizens continuously, sustains and builds legitimacy through effective governance, . . . and can manage and meet the expectations of the nation's entire population." Unfortunately, the assumption that robust and well-designed foreign development assistance programs would, over time, yield effective governance and popular legitimacy proved to be a bad one in Afghanistan.

In theory, the president of a democratic republic enters into an implicit contract with the electorate. The president's administration collects taxes in return for delivering services, such as security, justice, health care, and education. If the value of the benefits received is seen as less than the price charged, the president or his preferred successor will likely be defeated in the next election. Executive accountability and inducements to improve effectiveness are thus built into the political system. This theory, however, does not apply to the Karzai administration in Afghanistan.

The Afghan government collects an extremely low level of revenue (less than ten percent of GDP), and a large share of this comes from customs rather than taxation. In effect, Afghans are not really charged by their government for the services they are provided. Moreover, for the most part, the Afghan government neither funds nor delivers the key public services offered in the country. According to estimates by the U.S. Government Accountability Office, in recent years, the United States and other donors paid for about 90 percent of Afghanistan's total public expenditures, including funding for the Afghan National Security Forces. In addition, the provision of many key services remains highly dependent on foreign advisers and experts.

In their 1967 book, *The United States in Vietnam*, George Kahin and John Lewis wrote that "U.S. aid thus provided [South Vietnamese President Ngo Dinh] Diem with a degree of financial independence that isolated him from basic economic and political realities and reduced his need to appreciate or respond to his people's wants and expectations." Like Diem, Karzai has had little reason to improve his state's effectiveness or accountability.

Americans tend to see Afghan political institutions as nonexistent or immature and therefore as requiring creation or further development. The traditional power brokers in and allied with the Karzai administration see matters differently. They consistently oppose foreign efforts to create transparent, rule-bound Afghan institutions because such projects threaten to undermine their political domination and economic banditry.

In the absence of an enforceable democratic contract between the ruler and the ruled, the U.S. embassy in Kabul, as an advocate of Afghan government reform, frequently served as the de facto political opposition. Such advocacy, however, found little support among U.S. military commanders, because with some 130,000 NATO-ISAF (International Security Assistance Force) troops on the ground, their top priority was to defeat the Taliban. The military had the resources and the potential leverage to influence and persuade Karzai to make the difficult decisions of state, but its leaders were focused on the tactical battlefield and the development of the Afghan National Security Forces rather than on political and economic reform. Most assumed that good governance would inevitably follow, rather than precede, the defeat of the Taliban insurgents, elections, and generous development assistance.

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This erroneous assumption damaged the U.S. war effort in various ways. It created a disjointed civil-military approach, allowing Karzai to operate in the seams, exploit bureaucratic differences, and attempt to pit the embassy against the military command (and often the intelligence agencies). It also damaged U.S. credibility with the Afghan people, who saw Americans less as protectors than as the supporters of the weak and predatory Karzai government (once again replaying the Vietnam dynamic). Ultimately, taking the legitimacy of the Karzai government as a given has even jeopardized the costly U.S.-led efforts to train and equip capable Afghan army and police forces, which, no matter how tactically proficient they might become, can contribute to stability only if they are reliably employed on behalf of a politically legitimate government.

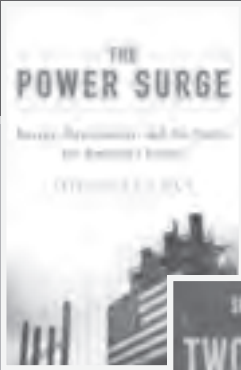
MISALIGNED STRATEGIES

The COIN field manual declares, “U.S. and [host-nation] military commanders and the [host-nation] government together must devise the plan for attacking the insurgents’ strategy and focusing the collective effort to bolster or restore government legitimacy.” Heavily influenced by COIN doctrine, the political-military strategy employed in Afghanistan during the surge (and to a lesser extent in the years prior) did not meet this criterion.

U.S. military commanders diagnosed Afghanistan’s problem as an indigenous insurgency, albeit one made worse by the insurgents’ access to sanctuaries in Pakistan. By contrast, Karzai and many of his compatriots diagnosed the problem as militant extremism, exported from Pakistan but cleverly masquerading itself in local garb. So while U.S. military commanders argued that a long, costly counter-insurgency campaign in Afghanistan was necessary to decisively defeat al Qaeda in the Central and South Asian region, Karzai consistently held that the so-called insurgency was mostly a “Made in Pakistan” product that Islamabad was forcefully exporting across the border. He had a point.

In late 2001, the world watched in awe as small numbers of U.S. ground forces, operating together with mostly Northern Alliance militias and enabled by twenty-first-century intelligence, communications, and precision strike ordnance, quickly routed the Taliban forces that had dominated Afghan battlefields for some five years. The Taliban regime was dismantled, but it was not destroyed. Aided by Pakistan’s

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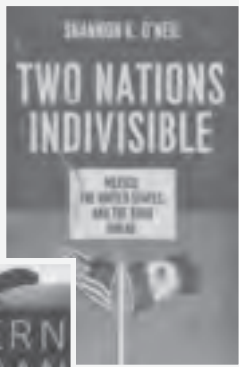
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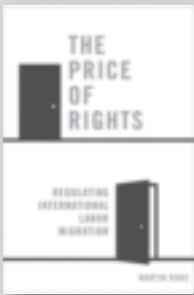
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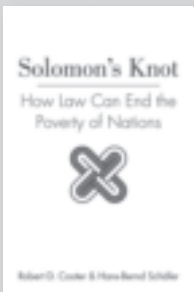
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military and intelligence services, the Taliban's leadership began to reconstitute across the Durand Line, beyond the reach of the American military. In short order, the Taliban soon reestablished influence inside Afghanistan.

The Afghans observed these developments at first with puzzlement, then with frustration, and ultimately with anger. They were initially puzzled as to why the U.S. government and military generally refused to publicly admit for several years that the Afghan Taliban's center of gravity had shifted from Kabul to Islamabad. They then became frustrated when they realized that the United States would not attack the Afghan Taliban inside Pakistan because of Washington's worry that violations of Islamabad's sovereignty would risk more important strategic objectives (such as defeating al Qaeda and preserving stability in a problematic, nuclear-armed power). And finally, they became angry when the costs of counterinsurgency seemed to far exceed the benefits delivered.

As the United States launched the surge, Karzai ever more frequently and publicly made such statements as "Al Qaeda was driven out of Afghanistan in 2001. They have no base in Afghanistan. The war against terrorism is not in Afghan villages and is not in the Afghan countryside." Still, the southern Afghan countryside was designated ground zero of the counterinsurgency campaign by the U.S. military. Karzai came to regularly protest aerial bombardments of Afghan villages, coalition night raids that violated Afghan homes, detentions of Afghan citizens by international military forces, abuses by armed contractors and local militias paid by and loyal to foreign forces, and the rising tide of inadvertent but inevitable civilian casualties. American commanders always respectfully listened to such complaints and genuinely tried to make amends. Yet they never stepped back and asked whether Karzai's list of grievances could properly be dealt with in a checklist fashion or if together they were actually symptomatic of strategic divergence. Getting the answer right mattered profoundly.

The irony was considerable. Karzai acquiesced to the surge because it guaranteed further U.S. and international commitment to the still fragile Afghan state, but he did not support its central premise. In a different world, he would have preferred that most of the surge forces be dispatched to Pakistan to attack Afghan Taliban sanctuaries, with perhaps others deployed to accelerate the training of the Afghan National Security Forces. Instead, the vast majority were sent to those

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locations where Karzai said there was no war on terror to be fought—the Afghan countryside.

Despite the sharply contrasting perspectives, U.S. and other NATO-ISAF forces still managed to perform impressively, usually improving security in their areas of emphasis. Yet as these hard-won tactical wins were chalked up, Karzai seemed both uninterested in and unappreciative of what the COIN advocates took as mounting evidence that all was going according to plan. For his part, Karzai could not have cared less about complex COIN metrics invented by foreign military staffs

The risk of senior U.S. commanders' becoming intellectually arrogant and cognitively rigid is real.

and think tanks (such as trend lines on the number of attacks with improvised explosive devices being thwarted by tip-offs from Afghan civilians or the number of Afghan army battalions operating at the level called “capability milestone 1”). What mattered to him was achieving the interdependent aims of regaining

Afghanistan’s de facto sovereignty, strengthening political legitimacy and control, and bringing peace and stability to his country. In his mind, the American military’s way of war did not appear to bring him closer to any of these goals.

The escalation of the war in 2009 delayed the exercise of real sovereignty, something all Afghans wanted. Over the next two years, the number of American boots on the ground essentially doubled, from about 50,000 to almost 100,000. Nighttime raids and detentions of Afghans by international military forces skyrocketed. Foreign military commanders, their pockets stuffed with cash (COIN disciples emphasize that, properly used, “cash is a weapon”) and accompanied by civilian diplomats and development specialists, were suddenly ubiquitous. Savvy provincial governors, district chiefs, and tribal elders all followed the bank robber Willie Sutton’s maxim and made their way to the NATO-ISAF military headquarters and provincial reconstruction teams because that was where the money was. Karzai’s constant complaint about the international community establishing “parallel government institutions” had merit.

None of this nurtured the growth of organic Afghan governance or politics, nor did it bolster the Karzai administration’s legitimacy. As the noted anthropologist Thomas Barfield has written, “The country’s past suggests that to be successful . . . a ruler will need to convince the

Afghans that he will not be beholden to foreigners even as he convinces these very same foreigners to fund his state and its military.” Accordingly, Karzai often criticized the Afghan National Army as being more like indulged American mercenaries than an authentic native force. He frequently berated his technocratic expatriate cabinet ministers and agency heads (whose offices truly were overrun with foreign advisers and mentors) as American spies and lackeys. And he worried greatly that his people would see through the veneer designed by the U.S. military to portray him as a good leader, concluding instead that he was a puppet propped up by an infidel foreign coalition. The more resources the Americans threw into the Afghan cauldron, the more Karzai felt compelled to burnish his own nativist credentials by lashing out at what he decried as pernicious U.S. influence.

A final strategic conundrum was that the surge temporarily increased the importance of the NATO-ISAF logistical supply lines passing through Pakistan, further reducing Washington’s already weak leverage when it came to securing Islamabad’s cooperation in attacking insurgent sanctuaries. So while U.S. military commanders endlessly traveled to Pakistan bravely maintaining the pretense of consulting with “allies in the war on terror,” their troops and the Afghans continued to be hammered by the confederates of these same supposed allies. If Americans were merely confused, observant Afghans were increasingly disillusioned and disheartened.

The United States’ strategy suffered from a serious internal contradiction. Its military claimed to have a winning plan that it pretended was supported by the Afghan head of state and commander in chief. But this was a complete fiction. Karzai disagreed intellectually, politically, and viscerally with the key pillars of the COIN campaign. The result was that while American military commanders tirelessly worked to persuade the Afghan president through factual presentation, deference, and occasional humor that the plan was working, they never seemed to consider that Karzai just might not be on board.

None of this is meant to imply that Karzai’s approach to the conflict was better or worse than that pursued by the American military. Frankly, it is not clear that Karzai even had an alternative in mind. He liked to cast himself as a Gandhi-like figure, desperately trying to defend his people against the twin depredations of a self-serving superpower and a rapacious and extremist Pakistan. He also increasingly used the United States as a convenient scapegoat for his admin-

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istration's massive shortcomings in accountability and performance. Ultimately, however, a COIN approach is predicated on the general alignment of the foreign and host nations' overarching political and military strategies—and this was simply not the case in Afghanistan.

In its implementation of COIN doctrine in Afghanistan, the U.S. military was playing American football, so to speak. It was not at all clear what sport Karzai was playing, or indeed whether he was even in the same stadium as the Americans.

LEARNING THE RIGHT LESSONS

Waging war is serious business, and military commanders must ensure that their critical planning assumptions are based on empirical evidence and probabilities, not simply on hope. This was not done when the Afghan surge was designed in 2009.

“So what?” some might say. Even if the campaign plan was based on faulty assumptions, might not the final result still be an Afghanistan better off than before? That is possible. But while making Afghanistan a better place to live is certainly a noble goal, it is not necessarily a vital U.S. national interest, and the history is still worth revisiting so proper lessons can be learned.

First and foremost, the U.S. experience in Afghanistan should serve as a reminder that war should be waged only in pursuit of clear political goals—ones informed by military advice but decided on by responsible civilian leaders. U.S. military leaders should not necessarily be criticized for devising plans to fill the gaping policy hole they stumbled on years into the Afghan war. But the public marketing of these plans by some of these generals in an effort to enlist support from members of Congress, sympathetic think tanks, and the media should serve as a warning against granting too much deference to military leadership.

Unbounded and unconstrained by civilian authorities, the commanders of the incredibly well-funded U.S. armed forces fixated on a way forward that was breathtakingly expansive and expensive. Citing the logic of COIN doctrine, senior U.S. military leaders insisted that there was no alternative to adopting a full-court press aimed at rapidly and simultaneously improving Afghanistan's security, governance, judicial system, economy, educational standards, health-care delivery, and more. But as the ancient Chinese military sage Sun-tzu wrote, “There has never been a protracted war from which a country has

benefited.” Even in the case of the United States, the high opportunity costs of these extended spendthrift campaigns matter. From the time he entered office, Obama recognized this fact, and he accordingly limited the deployment time of the surge forces in Afghanistan and subsequently set a date certain for the end of U.S. combat operations there. Still, he faced considerable political opposition in doing so, because he refused to make an open-ended commitment to those military commanders who favored withdrawal only after favorable tactical conditions emerged on the ground.

Second, the war in Afghanistan has demonstrated that for all of the vaunted agility and resourcefulness of the U.S. armed forces, the risk of senior commanders’ becoming intellectually arrogant and cognitively rigid is real. The COIN paradigm was applied with such unquestioning zeal that critical thought was often suspended. Countless commanders’ memorandums detail how their multibillion-dollar discretionary spending appropriations (known as the Commander’s Emergency Response Program) should be put into action across a mind-boggling array of socioeconomic conditions all in order to achieve variously described “COIN effects.” Military commanders elevated the program to the grand macroeconomic level and promoted projects such as the large-scale diesel generator power station in Kandahar in pursuit of these same vaguely defined COIN effects. A program to improve the transparency of U.S. military contracts was unsurprisingly named “COIN contracting.” And so it went, with groupthink becoming the norm.

“COIN” evolved from a noun to an adjective, and its overuse became almost a parody of faithful Red Guards chanting Maoist slogans during the Cultural Revolution. As a former U.S. military commander in Afghanistan who later served as the U.S. ambassador to Afghanistan, I developed deep appreciation and respect for various embassy civilian department and agency heads who, not wedded to a certain doctrinal framework, would offer analyses that in hindsight were often more sober and realistic than those of their military counterparts. Well-conceived plans are usually an antecedent to operational success, and unquestionably, the U.S. military excels at planning. The assumptions and risk analysis that underpin a plan, however, must be continuously challenged in a dynamic and complex conflict zone, lest commanders find themselves fighting the wrong war. The U.S. military and its civilian masters must find ways to avoid this trap in the future.

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Finally, even as the United States relearns the limits of intervention, it should not reject all the techniques and procedures put into practice in Afghanistan and Iraq. Fragile and failing states will continue to endanger U.S. and international security, and the choice of responses is not limited to doing nothing or deploying massive numbers of troops and civilians who must march in lockstep to the beat of *Field Manual* 3-24. A dispassionate civil-military study comparing the application of COIN doctrine during the surges in Iraq and Afghanistan could be useful in drawing appropriate lessons from these costly ventures.

The many successful efforts of American diplomats, development specialists, and soldiers in the field during the war in Afghanistan should also be duly noted. Americans are creative and innovative people, and these characteristics have been reflected in the work of the military and civilian teams on the ground. Working with great courage and skill, they have devised countless novel, pragmatic, and often inexpensive approaches to a myriad of difficult security, governance, and development challenges. Such rich experience, acquired at great cost and sacrifice, can and should be applied in ways tailored appropriately to future problems of instability in countries and situations that matter.

In sum, the essential task is deciding how to do less with less. It has been said that in Afghanistan, as in Southeast Asia 40 years earlier, the United States, with the best of intentions, unwittingly tried to achieve revolutionary aims through semicolonial means. This is perhaps an overly harsh judgment. And yet the unquestioning use of counter-insurgency doctrine, unless bounded politically, will always take the country in just such a direction. Before the next proposed COIN toss, therefore, Americans should insist on a rigorous and transparent debate about its ends and its means. 🌐

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Recep Tayyip Erdogan, Prime Minister of Turkey

The stellar rise of Turkey as a global economy stands in stark contrast to the country that was in the grips of a deep recession in 2001. Since coming to power in the 2002 elections, the current government has overseen the transition of Turkey into a modern and booming economy. In the course of just ten years, the country's output has tripled, with GDP rising to \$800 billion. The government's lasting legacy will be political stability and a shift away from labor-intensive, low technology industries to a technology-driven and export-oriented economy. Now, riding a wave of rapidly growing industrialization and a new-found entrepreneurial spirit, the government is driving a bold vision for 2023, the year Turkey will celebrate the Republic's centenary.

Vision 2023, as it is known, sets ambitious targets. By 2023, Turkey expects to be counted among the world's ten strongest economies, with a GDP of \$2 trillion and exports of \$500 billion. "We have a bright future," says Prime Minister Recep Tayyip Erdogan, emphatically endorsing this vision. "Our country has

the potential to be one of the greatest powers of its region and the world. We will continue to advance toward our 2023 targets and build Turkey's future hand in hand with our nation."

Lofty as these targets may seem at first, they are not at all unattainable. "All the signs and estimates, particularly OECD forecasts, show that in the next decade Turkey will continue to grow with an approximate rate of 5 percent annually," explains Ahmet Unal Cevikoz, Ambassador of Turkey in the United Kingdom. "Turkey is going to achieve its targets by 2023."

To be sure, challenges remain, in meeting the country's growing energy needs, effecting change toward high-added-value production, and creating greater internal cohesion, specifically by working the underdeveloped areas of east and south-east Turkey into the fold. "There is still a lot to be done during the next ten years," acknowledges Ali Babacan, Deputy Prime Minister for Economic and Financial Affairs. "It will be important for us to see structural changes in the economy, changes in which we improve in research and development, innovation, and higher technology production." The government pursues a string of measures to address these challenges, ranging from reforms in the judicial and educational systems to investments in key industries and the country's infrastructure.

Crucial investment projects to support and facilitate further growth are currently under way, particularly in the domains of transportation, energy, and communication. Where possible, the government

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prefers to share responsibility and involve the private sector in these projects, for more than monetary reasons. "Major projects are implemented in the form of public-private partnerships (PPPs) such as build-operate-transfer (BOT) agreements," says Babacan. "It gets the private sector involved and makes projects more efficient."

The door, therefore, is wide open to investors, foreign and domestic. More than \$120 billion of foreign direct investment (FDI) has flown into Turkey this past decade alone. UNCTAD's 2012 World Investment Report registers a sharp increase in inflows, making Turkey an exception to regional trends and confirming its position as the West Asia region's largest FDI recipient. Investors are naturally drawn to Turkey, with its dynamic growth and outlook, which appears a safe haven compared to crisis-stricken Europe. "During the past three to four years of crisis, every single rating agency upgraded Turkey one or two notches despite the global crisis," Babacan points out. "And looking at the risk premium of Turkey, historically we are now going through the lowest figures ever."

As Turkey shifts its FDI promotion policy to a more sector-specific approach, aimed at high-value-added, high-tech, and export-oriented projects, investors are likely to find new opportunities in industries ranging from the automotive and petrochemical sectors to information and communications and environmental technologies. At the same time, the government is keen to open the underprivileged regions of Turkey to development. This carries the promise not only of greater domestic cohesion, but also of a unique economic advantage. "There is a huge untapped potential in the east and southeast of the country. There are vast land and human resources, and costs are low," says Babacan. He sees these regions becoming Turkey's "mini China or India." This is not far-fetched, because investments in transportation have cut the cost of moving goods across the country. Thus, domestic investors will be able to establish and utilize low-cost production centers in their own backyards.

Multinationals such as Microsoft and Coca-Cola have already made Turkey their regional home. It is easy to see why. "Turkey is the only country in this region where there is political stability and sustainable economic growth," notes Rona Yircali, Chairman of the Executive Board of the Foreign Economic Relations Board of Turkey (DEIK). And Turkey occupies important East-West and North-South axes of trade, offering access to 1.5 billion customers in Europe, Eurasia, the Middle East, and North Africa. "We are quite aware of the opportunities that our country's geopolitical position offers," says Rifat Hisarciklioglu, President of the Union of Chambers and Commodity Exchanges of Turkey (TOBB) and of DEIK.

"We are in the middle of a productive area in terms of trade, energy, agriculture, and transportation." This benefits regional investors as much as it does Turkey's business community, Hisarciklioglu points out. "Turkey is a three-hour flight away from most countries between Italy and China, and our entrepreneurs dot every part of this \$10 trillion region."

Turkish business sails in the shadow of a state that is committed to opening trade routes virtually anywhere in the world. No other country these days opens new embassies and foreign trade representations with quite the same speed as Turkey. "In 2002, we had 93 embassies and 58 consulates. Now we have 129 embassies and 78 consulates," confirms Minister of Foreign Affairs Ahmet Davutoglu. Few countries entertain such a presence, which underlines a new orientation in Turkey's foreign relations. A member of NATO since 1952 and in accession negotiations with the European Union (EU), Turkey is firmly aligned with the West. The ambition of becoming a full member of the EU has been a principal driver for the adoption of western standards. "Implementing EU norms and increasing the living standards of our own people to the level of the European Union are going to be very important, and will make it much easier for us to reach our goals for 2023," affirms Egemen Bagis, Minister for EU Affairs and Chief Negotiator. But Turkey also reaches out to other regions and to multilateral organizations worldwide.

"We want more integration with neighboring countries and neighboring regions. Important are also balanced and compatible relations between Turkey and the leading powers, the USA, the EU, Russia, and China," explains Davutoglu. Free trade agreements, the lifting of visa requirements, and Turkey's recent partnerships with organizations such as the African Union, the Arab League, and the Shanghai Cooperation Organization are part of this story. With traditional export markets weakened by the crisis, Turkey develops its potential in other regions, in particular Africa, Latin America, and Asia Pacific. For this, Turkey likes to follow a comprehensive approach, as Davutoglu illustrates: "When we made openings in Africa, we encouraged our businessmen to do business, we encouraged the Turkish International Cooperation and Development Agency to provide more humanitarian assistance, and we encouraged Turkish Airlines to fly to Africa." Now trade with Africa is flourishing, a pattern that Turkey expects to repeat around the globe. "Turkey was the country with the second-highest increase in exports last year," says Zafer Caglayan, Minister of Economy, explaining that "the reason for this success is our market diversification strategy. There are only two countries left, Micronesia and Nauru, where we are not trading yet. Apart from these two, we are exporting to all nations." 

Infrastructure Drives Growth

Investments in public infrastructure are some of the more visible measures the government is taking to feed Turkey's burgeoning economy and to ready the country for further growth. "We have an ambitious plan for 2023 and have to prepare the country accordingly," says Binali Yildirim, Minister of Transport, Maritime Affairs, and Communication. "It means we need more highways, we need more airports, we need more railroads, we need more seaports, and the IT infrastructure needs to be developed everywhere in the country." The past ten years have seen an expansion of the road network by 16,500 kilometers of highways, and the railway system has been upgraded by the construction of 1,000 kilometers of high-speed train lines. More serious developments are still just getting under way. "For the next ten years, we have \$250 billion worth of projects in our portfolio," estimates Yildirim.

In particular, the government is planning to increase the use of railways in order to reduce travel times and transportation costs. The length of the network is therefore projected to more than double, to a total of 26,000 kilometers. Of this, an estimated 10,000 kilometers will consist of high-speed lines. "In the next three to four years," estimates Yildirim, "one-quarter of the population will be traveling on a high-speed railway

infrastructure where fifteen major cities will be connected with one another." This investment is particularly important for the rail link between the country's commercial and administrative centers, Istanbul and Ankara. Where once it required eight hours to travel the distance between the two cities, the high-speed connection will reduce that time to just over three hours.

In northeast Turkey, in the meantime, the country is reviving old trade routes. The \$800 million Kars-Tbilisi-Baku rail project, financed in cooperation with Georgia and Azerbaijan, will connect the three countries in one network. Expected to be operational by 2014, it will travel along stretches of the former silk route and serve to consolidate Turkey's geostrategic position. "You might say that we are constructing the railway as a commercial 'silk route' from Beijing to London," emphasizes Y. Metin Tahan, General Manager of the General Directorate of Infrastructure Investments, describing the strategic connection.

Part of this silk route will be a new railway crossing of the Bosphorus, known as the Marmaray project, linking the European and Asian parts of Turkey. Built in Istanbul, it is being hailed as a major improvement for trans-continental transportation. Crucially, the new crossing will also help the city's local commuters. Metropolitan



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transportation is high on the government's agenda, and it has earmarked \$1.5 billion for metro projects in Istanbul and Ankara in a bid to reduce congestion from increased road traffic.

Parallel investments are being made in the country's seaport facilities. One of Europe's biggest harbors is currently being created in Candarli, on the Aegean coast north of Izmir. It is planned to capture a significant part of the region's container cargo and to service the container shipping lines passing through the Mediterranean, making it an alternative to Greece's port of Piraeus. Essentially, Candarli will be "a hub port, serving as a distribution center," as Tahan describes the project. Built at a cost of nearly \$1.2 billion, the new development will address the limited capacity of the current Izmir port. With a dock length of 1,200 meters and greater water depth, the new port will allow the docking of multiple third-generation container ships. It will have a handling capacity of four million twenty-foot-equivalent units (TEU), with the potential to grow to twenty-five million TEU. With this investment, Turkey's container capacity will increase threefold. Connecting railway and highway links have been completed and the dock is expected to be finished by the end of 2013.

Another major development, soon to be tendered, is the construction of an entirely new seaport at Filyos, in the western Black Sea region. In relative proximity to Ankara, it will facilitate cargo flows not only between Turkey and Russia, but also around the wider region. Tahan explains that it "will serve transfer links between the Black Sea region countries and the Middle Eastern countries," thus giving it great strategic importance for north-south transport routes, not to mention stimulating development in the areas surrounding Filyos. Once operational, the port is expected to have a handling capacity of twenty-five million tons per year, making it one of the country's largest.

"The Project of the Century"

Construction has begun on the Marmaray project, the new Bosphorus railway crossing. Occasionally called the "project of the century", the nearly \$4.5 billion Marmaray endeavor involves the construction of seventy-six kilometers of railway lines. Crucially, it will connect Europe and Asia with a crossing of the Bosphorus strait via underwater tunnels. "This is one of the major transportation infrastructure projects in the world at present, which when completed will provide a modern high-speed rail link between the two continents," says Nurullah Tataragasigil, Regional Director of OHL, the company that is responsible

"Growth is dependent on strong infrastructure. We need roads, railways, and seaports that are compatible with global development."

Binali Yildirim, Minister of Transport, Maritime Affairs, and Communication

for construction of the connection's new railway tracks on both sides of the strait. The contract awarded to OHL includes the building or renewal of thirty-seven stations; electrification, signaling and communications systems; and underpasses and bridges. The project is related to the Istanbul metro project. "We have demolished all the existing lines," explains Tataragasigil. "Where there used to be two lines, we are making three new lines, two for the commuter line and one for the high-speed rail line. Once we have finished these projects, it will help solve Istanbul's traffic problem."

OHL has contributed to the expansion and upgrading of the country's railway system since first coming to Turkey in 2000. Of Spanish origin, OHL is a global construction company, ranked 21st among the world's largest 225 contractors, with projects in thirty-six countries around the world and a global turnover of \$6.6 billion in 2012. The company has wide sector expertise, not only in railway systems but also turnkey hospitals, ports, motorways, and bridges. It constructed Turkey's largest wastewater treatment plant, in Konya, which services a population of one million. Yet it was OHL's experience constructing the high-speed rail lines between Madrid and Seville and Madrid and Barcelona that gave the company its first inroad to Turkey. "When we came to Turkey, we started the first section of the Ankara-Istanbul high-speed rail line, from Ankara to Eskisehir, with a budget of €654 million (\$839 million). Gradually, other sections followed, from Inonu to Kosekoy, Kosekoy to Gebze, Gebze to Halkali," says Tataragasigil, describing the company's ties with Turkey. "This project is not over yet, as we will be reaching Bulgaria and then Europe. We are following the 'Silk Railway.'"

Tataragasigil thus sees a long-term future for OHL's operations in Turkey, underlining that "OHL is very comfortable to work in Turkey." And for Tataragasigil this is naturally a two-way relationship, where "we are not bringing machinery or workers from Spain. We will be fixing these concerns in Turkey, meaning that we are spending money in Turkey and we are investing in Turkey."



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Showcase for Turkish Engineering

In just a kilometer's distance from the Marmaray construction site, another major project is getting under way. The Avrasya tunnel, otherwise known as the Eurasia tunnel, will provide a highway crossing of the Bosphorus strait. Running underneath the seabed, at a length of 5.4 kilometers, it will link the European and Asian sides of Istanbul. This will bring relief for traffic on two existing bridges and substantial reductions in travel times. On the Asian side, it will connect with the highway network at Kadikoy. The project is also a showcase for Turkish engineering. "We are pushing some boundaries in engineering know-how," admits Basar Arioglu, Managing Director of Yapi Merkezi. The Turkey-based company is handling construction of the tunnel in co-operation with South Korea's SK Engineering & Construction (SK E&C), a global firm with a footprint in three continents.

Technically challenging, the tunnel will be constructed entirely underground, between 110 and 120 meters below sea level at the lowest point. Construction will have to overcome immense water pressure and difficult geological conditions. Arioglu cherishes this challenge. "We like projects that include difficult tunnels or bridges, where we can make a technical difference. This is our competitive

advantage." The expertise of Yapi Merkezi in public infrastructure construction is sought out not only in Turkey, but also increasingly in the Middle East and Africa.

In construction of the Avrasya tunnel, Yapi Merkezi and SK E&C are using a boring machine to create a tunnel below the sea floor. When completed, the tunnel will accommodate two levels each with two highway lanes, one level for each direction. In a region known for its earthquakes, durability of the tunnel is paramount. "It will be made sure that we are matching top standards for safety and quality," asserts Arioglu. The project lenders have contracted UK-based consultants ARUP to act as technical advisors and monitor progress on construction. "We have a three-layer quality check on our design and on our construction performance," Arioglu confirms.

Total project costs are calculated at \$1.4 billion, with financing from domestic and international sources, including \$150 million from the European Bank for Reconstruction and Development and a \$350 million loan from the European Investment Bank. Korea's Import-Export Bank and the Korea Trade Assurance Corporation also contribute to financing. The project is being implemented under a BOT agreement, and Yapi Merkezi and SK E&C are keen to start operations. "Officially scheduled for completion in 2017, we are trying to finish it by 2015," says Arioglu. 🌍



▲ Ankara-Istanbul High-Speed Rail Line. Turkey.



▲ CHUM Hospital. Montreal. Canada.



▲ Port of Alicante Expansion. Spain.

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Aviation Takes Wing

As the world's geographic center of gravity for passenger flights moves steadily eastward, from the Atlantic region towards the Middle East, Turkey finds itself at a new center of global aviation. In a three-hour flight radius from Istanbul it is now possible to reach more than one hundred metropolitan areas. In Turkey's booming economy, the country's strategic location is a boon for the Turkish aviation industry. "Since 2003, the civil aviation sector in Turkey has seen annual double-digit growth," explains Bilal Eksi, Director General of Civil Aviation. "In 2003, the sector's total revenue was \$2.2 billion. Today, it has reached \$16 billion, an eight-fold increase." Passenger numbers have increased from 33 million to 132 million this past decade and are expected to reach 350 million by 2023. This success is owed not least to the local airline industry, which in 2003 was released into a liberalized market. "Competition brings quality, cost reduction, and eventually growth," says Eksi about a market where the dominant Turkish Airlines now has to contend with local competitors such as Pegasus Airlines and Onur Air.

Turkey's air traffic is currently supported by forty-nine airports nation-wide. To accommodate growing passenger numbers, new airports are being built or reconstructed throughout the country. By far the most prestigious development is the planned new airport for Istanbul, the third to be constructed in the city; it will replace Ataturk International Airport. Thirty-five

percent of all passengers in Turkey move through Istanbul, whose regional importance is set to rise further. "Last year, the number of passengers was 70 million," specifies Orhan Birdal, Chairman of the Board and Director General of the State Airports Authority. "But this number is increasing rapidly, as Istanbul is becoming a world hub." Development of the city's new airport was recently assigned to a Turkish consortium, led by Limak Holding AS, in a bid worth more than \$28 billion. When completed, it will be the world's largest airport. "The airport is going to be built in four phases," explains Ebru Ozdemir, Chairperson of Limak Investments. "The total capacity of the airport will reach 150 million passengers. It will have six runways as well as taxiways, aprons, terminals, and an airport city with hotels and shopping malls." Ataturk Airport will be laid to rest for commercial flights, but it will surely play a role in government plans to "make Istanbul a maintenance center and a hub for cargo operations," as Eksi describes the wider plans which have already attracted Chinese interest. Potential investors, it seems, are never far off in Turkey.

Soaring Growth of Turkish Airlines

Once Istanbul's new airport becomes operational, it will naturally become the new home for Turkish Airlines, the country's national flag carrier and market leader. Turkish Airlines has reinvented itself this past



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decade, much in line with Turkey's new international standing and image. The company's growth has been extraordinary, turning Turkish Airlines into one of the most successful airlines in Europe, with an expected turnover for 2013 of nearly \$10 billion. "The growth percentage of the world's airline business is about 5 percent. Our growth is about 20 percent," says Dr. Temel Kotil, President and CEO of Turkish Airlines. "Today, we have 50 million passengers; by 2020 we will have about 100 million passengers, the biggest number of any airline in Eurasia." Turkish Airlines follows a policy of rapid expansion. "Our business plan as a European airline is to link Europe with Africa, the Middle East, and Asia," explains Kotil.

Already, Turkish Airlines maintains a large network and flies to more than one hundred countries, more than any other airline in the world. For Turkish business, the airline has become a trailblazer, opening new connections to markets worldwide. Turkey's increased trade relations with Africa are largely supported by the airline's expansion on the continent; in the past six years, the network has grown to include twenty-four destinations. Turkish Airlines is also not afraid to venture into countries that are often shunned by other airlines. The flight connection with Mogadishu in Somalia is perhaps the best example of where Turkish Airlines is "already flying even though it is one of the poorest countries," Kotil explains. "Nobody was flying there. After opening the route from Istanbul to Mogadishu, the Somalian diaspora can now visit their country. In a

way, we are contributing to the country's stabilization and to Turkish-Somali relations by creating mutual commercial opportunities for both sides."

What ultimately drives the success of Turkish Airlines is customer focus. As Kotil puts it, "If you want to be the biggest airline, you always have to be the best for your passengers. Service is our core business."

Strong Competition in Aviation

Civil aviation in Turkey is no longer synonymous with Turkish Airlines alone. Other companies, in particular Pegasus Airlines and Onur Air, have seized their own opportunities in the new competitive environment. Pegasus has established itself as the country's second-largest airline, with positive growth. "Last year we carried 13.6 million passengers, and this year we are expecting over 15 million," explains Sertac Haybat, Chief Executive of Pegasus Airlines. The company flies to forty-three destinations internationally, but its stronghold is the domestic market, where it holds a 26 percent market share. Haybat sees the company's competitive advantage in "on-time take-offs, low fares, and a young fleet," not unlike another player in the local market: Onur Air.

Based at Ataturk International Airport, Onur Air is Turkey's largest private airline company. It operates mostly domestic scheduled services and a wide range of charter flights to holiday destinations in Turkey, as well as to international destinations. In the face of tough competition, Cankut Bagana, Chairman and Managing Director of Onur Air, takes a pragmatic approach: "Our strategy for Onur Air is not different than Turkey's for the last thirty years. If you want to swim, you have to throw yourself in the ocean. You cannot learn how to swim in a swimming pool." The company has also branched out into providing flights for pilgrims in Saudi Arabia, but Bagana sees more opportunities in the wider region. "Our future is the extension of our Istanbul-based traffic to Southern Russia, the Balkans, Central Asia, the Caucasus, the Middle East, and North Africa." The company places much stock in the new airport, which he says will mark the "start of serious hub operations" for Onur Air. "We are expecting the construction of the new airport to expand our business from domestic to international destinations of maximum-three-hour flight distance from Istanbul," explains Bagana, maintaining a realistic outlook. "Small airports of the neighboring countries will be good enough for us because Istanbul itself is an attraction center." Bagana also sees great potential in attracting long-haul passengers by possibly servicing several regional destinations. "We have to prepare packages together with our neighbors. We do not have to sell Turkey alone, but Turkey in combination with Greece, Egypt, and Cyprus," he explains. Bagana is adamant that "Turkish aviation has a very important role as a leader in the region." 🌍




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Fast-Growing Energy Market

Turkey's growth is accompanied by a great thirst for energy. This past decade, the country's increase in demand for electricity and natural gas has been second only to China. Gazprom, Russia's natural gas exporter, recently stated that Turkey may overtake Germany as its largest customer. Turkey imports more than 98 percent of the natural gas it consumes. By 2023, the government wants to significantly reduce this dependence. "We aim to reduce \$12 billion worth of natural gas until 2023 and replace this with domestic resources," says Taner Yildiz, Minister of Energy and Natural Resources. "Turkey will invest \$100 billion in energy within the next ten years."

Installed capacity of electricity generation is targeted to increase to 100,000 megawatts (MW) by putting nuclear power plants into operation and by making use of domestic lignite and hard coal reserves. In addition, the government is planning to harness the country's rich renewable energy resources. Power generated from geothermal, solar, wind, and hydroelectric energy is on the rise. "By 2023, we aim to increase the portion of renewables in the energy mix to 30 percent," says Yildiz. "We aim to have installed capacity of 20,000 MW from wind energy, 3,000 MW from solar energy, and 600 MW from geothermal energy." This will come in addition to existing and planned hydroelectric installations.

Turkey is estimated to hold about 1 percent of global hydroelectric potential.

Thanks to its strategic location, Turkey already claims a status of regional leadership in energy. Even if the country lacks significant hydrocarbon reserves, as Besim Sisman, CEO of the Turkish Petroleum Corporation (TPAO), readily acknowledges, he sees Turkey having an important geographic advantage in "the center between energy-producing and energy-consuming countries." He points to Turkey's energy-rich neighbors who cross Turkish territory to reach their customers. Recent, strategically important projects include the Trans-Anatolian Pipeline Project (TANAP), which will transfer Azerbaijani gas through Turkey into Europe, as well as the Baku-Tbilisi-Ceyhan (BTC) main crude oil export pipeline and the Baku-Tbilisi-Erzurum (BTE) gas pipeline project. In addition, a gas pipeline between Turkey and Greece has been completed and export has started.

In face of these developments, foreign direct investment in the Turkish energy sector is on the rise; in 2011 alone it came to \$4.2 billion. Minister Yildiz is optimistic. "With the energy sector becoming a significant factor in the expansion of the Turkish economy, domestic and foreign investors' interest in this sector is growing, which is a reflection of Turkey's political and economic stability in the energy sector."



Meeting the Demand Challenge

In Turkey's drive to generate more power - increasingly from domestic sources - a central role falls to the state-owned Electricity Generation Company (EUAS). As the country's largest company of its kind, with an estimated turnover for 2013 of about \$6.8 billion, EUAS manages a full 43 percent of Turkey's total installed capacity and 38 percent of total electricity generation as of the end of 2012. EUAS oversees the majority of the country's coal-fired thermal power plants and hydroelectric installations.


In light of government targets to almost double total installed capacity in ten years' time, energy generation must grow accordingly to cope with growing demand. "New energy investments are required to meet the demand of 467 billion kilowatt hours (kWh) in 2021," says Halil Alis, General Manager and Head of the Board of Directors of EUAS, specifying that "three to four thousand MW of new capacity and an investment of seven to eight billion dollars are needed annually."

This requires greater diversification of the sector, but also greater efficiency. Alis believes that "investments in nuclear and renewable energy sources as well as the exploitation of domestic lignite and hydropower should be made rapidly." He also points to the beginnings of a process of privatization of existing energy plants. For its part, EUAS is increasing the efficiency of its existing installations, which

include old generation facilities. "Revisions and rehabilitations have been made in these plants. Thus, capacity utilization rates, system efficiency and availability of the plants have been increased," says Alis. The long-term competitiveness of EUAS should be assured. Lignite, of which EUAS holds about two-thirds of the country's reserves, remains an important source of domestic energy for the company. And as the government plans to establish new nuclear power plants, the first to be operational by 2023, Alis expects EUAS to play a greater role in nuclear power generation. At the same time, holding 66 percent of the country's hydroelectric power, at low generation costs, gives EUAS a permanent competitive edge over other companies in the sector.

Meeting the Grid Challenge

As part of the same restructuring process that also created EUAS in 2001, the Turkish Electricity Transmission Company (TEIAS) was born to take over the country's transmission facilities and to carry out the planning of load dispatch and operation services. With a transmission electricity network grid length of 50,000 km, TEIAS manages one of the longest networks in Europe. With a consumption capacity of 241 billion kWh, the Turkish network currently falls fifth in Europe, just after Spain. "We are expecting 500 billion kWh by 2023," says Kemal Yildir, Chairman of the Board and General Manager of TEIAS, pointing to the coming challenges.

As new power plants come to life in order to meet government targets of a total installed capacity of 100,000 MW by 2023, they need to be integrated into the electricity transmission network. Crucially, this includes the connection of renewable power resources from wind, hydro, and geothermal plants in various locations. "In northeast Turkey, in the Black Sea region, we have many hydropower river plants, which will soon bring an extra capacity of 5,000 MW," says Yildir, citing one example. "This means that a big transmission line will be constructed in the next two to three years." TEIAS needs to stay abreast and move ahead of any such developments, in order to provide the necessary transmission facilities. Yildir here sees the need for greater flexibility. "On the generation side we have the private sector, and on the consumption side we have the private sector, but in between we have the government sector. We must change mentality and policies and work like a private-sector company." Already, TEIAS is investing in improved control systems, automation, and other smart-grid techniques that can further support the development of a modernized electric grid system. 



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A Hub for Finance and Banking

Buoyed by a booming economy, greater regional integration, and an inflow of foreign money, Istanbul, Turkey's commercial and business center, is in a bid to become a financial hub. "Our target is to become a regional financial center over the course of the next decade, and at end of the decade, by 2023, to become a global financial center," says Vahdettin Ertas, Chairman of the Capital Markets Board of Turkey, voicing the industry's ambition. "We have a very high potential in this regard."

Istanbul's bid is first of all a regional one. The region, to be sure, covers a wide geography, stretching from southeast Europe and North Africa to the Middle East and the Caucasus to Central and West Asia. Turkey entertains trade relations throughout this region, and it shares historic and cultural ties that favor its course. "We want to create a network which will link the markets of the region to each other," explains Dr. Ibrahim M. Turhan, Chairman and CEO of Borsa Istanbul, the entity that this year combined the Istanbul Stock Exchange, the Istanbul Gold Exchange, and the Turkish Derivatives Exchange under one roof. "Many of the countries within this region are at an earlier stage of their development. It will be very difficult for stock exchanges in those countries to survive on their own, due to the size of the markets that are not sufficient to sustain local exchanges against a competitive environment."

Turhan believes that local exchanges have an important role to play in their home markets, but companies in these emerging markets need stronger stock exchanges that understand their needs and enable them to access a global network of funds. "In emerging markets, companies are seen to be relatively riskier, and they are usually small in size. Hence, it is very difficult for them to have access to the facilities of the global banking sector or of major global financial centers."

A financial center in Turkey - where companies in the region look for these types of opportunities - makes sense. "There are, naturally, other possible candidates within the region that consider becoming a financial center," concedes Turhan, but he believes that "Istanbul should be a hub because it is by far the largest market in the region, looking at the average daily liquidity."

A financial center's worth needs to build upon a domestic economic base that is strong enough to sustain the financial market. In this respect, Turkey is well positioned, as Turhan notes. "If you draw a line on Italy and another on China, then between those two, Turkey is the country with the largest industrial production capacity and the sixth-largest agricultural economy."

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The country's location generally speaks in its favor, as Turhan points out. "We try to fill an empty time zone. Turkey has a unique geographic position, which enables it to have overlapping session hours with Asia, Europe, and the East Coast of the United States. For example, we have one hour overlapping with the New York stock exchange."

In order to facilitate these developments, Borsa Istanbul has been in close contact with countries and exchanges in the region since 2011, and these relations have resulted in signed memorandums of understanding between Borsa Istanbul and those exchanges. A new capital markets law is now in place, and the Turkish government is offering tax advantages for fund managers to come and settle in Istanbul. Borsa Istanbul, in the meantime, is being restructured, and as Turhan says, "It already has very well developed securities markets for cash equities, derivatives, indices, fixed income, and Sharia-compliant products." A significant upgrading of the IT infrastructure is also under way.

The scope for Istanbul's role as financial center is broad, as Vahdettin Ertas of the Capital Markets Board confirms. "We have to introduce all products that are available in our markets, including Islamic ones, and investors will decide on which one to issue and which one to invest in. The plan is that any financial product available in global markets will be available for trade on the Turkish market by the end of this year."

Toward Sophisticated Capital Markets

Changes in the Turkish capital markets industry are already visible. Attracted by a positive business environment and new government regulations, brokerage and investment firms are contending for the interest of investors. Market players, including established firms, need to offer more innovative and better services to stand out from the crowd. "The main challenge is decreasing margins, due to severe competition from almost one hundred brokerage houses," explains İlhami Koc, Chairman of IS Investment. "Fees are becoming smaller. In order to generate revenues, investment houses try to diversify their businesses with new products." For domestic and foreign investors, this has obvious benefits, as they are able to access increasingly sophisticated services in the Turkish market. In turn, Turkey strengthens its bid as a financial center. "For many years we only traded equities. The fixed-income market was covered by government bonds," recalls Koc, describing some of the recent changes. "With the decrease of inflation, we started issuing corporate bonds, and the fixed-income market became more sophisticated."

IS Investment has been a pioneer for Turkish capital-market instruments since it was established in 1996. A

subsidiary of İsbank, Turkey's largest commercial bank, it is the country's leading brokerage and investment house, and it has managed to maintain its position in a competitive market. Traded publicly since 2007, IS Investment has the highest number of investors of any firm of its kind in Turkey, and it represents more than 26 percent of the market, with assets under management valued at \$6.8 billion. "IS Investment works as a regional center for capital market activities," says Koc, emphasizing the company's strong position. IS Investment no longer only relies on traditional brokerage services; it has diversified into corporate finance, investment advisory, asset management, and research. In addition, reflecting Turkey's growing international orientation, it offers investors the opportunity to make transactions in more than thirty stock exchanges around the world. "We deal with high-net individuals. Some of them invest in foreign denominated products and not in Turkish lira. For a foreign-denominated product, we trade, buy, and sell fixed-income products and equities," says Koc.

In reaching its customers, IS Investment has a clear advantage. Not only does it maintain branches in Turkey and abroad, but IS Investment also relies on the historically strong market presence of its mother company, İsbank. "İsbank has the largest distribution network in Turkey. The name lends confidence," acknowledges Koc. "The 'IS' in our name is a major advantage, in addition to a unique distribution channel."

Banking at Its Best

If foreign banks these days compete for a share in Turkey's market, this is partly owed to the cleansing after-effect of a crisis experienced at the turn of the century. "The Turkish banking sector has achieved a significant structural transformation after the crisis experienced in 2000 and in 2001," says Mukim Oztekin, Chairman of the Banking Regulation and Supervision Agency of Turkey (BRSA). Turkish banking withstood subsequent global financial crises relatively unscathed. "A series of structural reforms after the 2001 financial crisis has transformed the Turkish economy into one which was resilient to the global financial crisis of 2008 and the 2011-2012 euro zone debt crisis," confirms Dr. Erdem Basci, Governor of the Central Bank. "The strengthening of the Turkish economy the past decade has been based broadly on four pillars: financial discipline, prudent financial sector policies, price stability and the structural reforms aimed at raising potential output," he explains. Turkish banks learned to take fewer risks and operate with a stronger capital structure. This is now paying dividends. "Nowadays, the Turkish banking sector has a distinctly good and healthy structure," says Oztekin. "Asset quality and liquidity of the sector is solid, and its funding structure, profitability structure, and capital adequacy are sound." As a result,

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Turkish banking has grown consistently, and it remains profitable, a particular attraction when compared to banking in the crisis-ridden euro zone.

The number of foreign banks buying shares in Turkish banks has multiplied in recent years, and still others are pushing into the market. Even as the sector is relatively concentrated, with the ten biggest banks owning more than 80 percent of the lending assets, Turkish banking retains strong potential for new products and more qualified services. "Compared with mature economies, there can be no doubt that Turkey is still under-banked almost at each segmentation and capital market," says Huseyin Aydin, President of the Banking Association of Turkey. "Every newcomer can find possibilities here, because we are behind in some ratios offering diversified opportunities."

Fast Growth From Diversification

Turkey's Halkbank is a case in point of a bank that in the wake of its 2001 restructuring managed to rise to a new status. At the time, Halkbank developed a business model that placed greater emphasis on loans, small and medium enterprise (SME) lending, and the commercial and corporate segment, rather than government securities, which dominated its portfolio. A merger with Pamukbank brought the desired diversification. "This was the most synergy-creating acquisition in Turkish capital markets history," says Suleyman Aslan, CEO of Halkbank. "After the merger with Pamukbank, Halkbank's performance increased substantially." In Turkey, the bank now ranks

fifth for deposit market shares and sixth for loan market shares. Halkbank maintains 850 branches all across the country, more so in rural Anatolia than in the high streets of Istanbul or Ankara. This gives Halkbank the penetration it needs to reach its niche market, the SME sector. The bank enjoys a head start in this sector, which offers considerable potential in the growing economy but which is also still underserved and underpenetrated in terms of financial services products. "We have seventy-five years of experience in SME financing and we have a close collaboration with regional cooperative unions as well as the Turkish treasury in extending loan facilities, especially to smaller SMEs," says Aslan, underlining that Halkbank has "an exclusive right in extending subsidized loans to SMEs."

The new focus of Halkbank has paid off. From 2005 onwards, it has been the most profitable bank in Turkey, boasting top values in terms of return on equity and return on assets. In 2007, Halkbank made a first initial public offering, followed by a secondary public offering in 2012. "This was a record-breaking event in Turkish capital markets history, and remains to this day the largest-ever public offering in Turkey," notes Aslan.

For the future, Aslan is also eyeing opportunities outside of Turkey. He believes that "in three to five years' time, Turkish banks will be converging towards mature economy levels in terms of margins and profitability." For Halkbank this means a partial extension abroad. In the coming years, representation offices are expected to open in London, the Gulf region, and possibly Asia.

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Entering the Turkish Market

The most recent addition to the Turkish banking sector is Odeabank. A subsidiary of Lebanon's Bank Audi, it is the first Greenfield bank to be given a license in Turkey in the past fifteen years. Bank Audi - capitalizing on increased trade flows between Turkey and the Arab world and changing patterns in Turkish banking - expects Odeabank to become one of its main pillars of growth in the coming years.

The decision by Turkey's Banking Regulation and Supervisory Authority (BRSA) in favor of Odeabank may well have been motivated by a desire to further stimulate the country's low savings environment. Turkish savings are well below OECD average. As Mukim Oztekin, Chairman of the BRSA, confirms, "The savings rate is one of the most important challenges of the Turkish economy and of the financial sector." He explains that, owing to Turkey's young population, there is "a tendency towards high consumption and low levels of domestic savings, causing the deposit growth to lag behind the asset growth rate."

Entering a competitive market, Odeabank is quickly building a presence. "We opened our first branch in November 2012," says Huseyin Ozkaya, CEO of Odeabank, "reaching \$1.7 billion in customer deposits in the first two months." Operations began with a rapid roll-out of branches in Turkey's major cities: Istanbul, Ankara, and Izmir. "We opened six branches in 2012 and we have the objective of reaching thirty-two branches by the end of 2013," explains Ozkaya. Though the focus is currently on larger cities, the bank expects to eventually expand across the country and grow the number of branches to one hundred in the next five years.

"We are not a 'niche' bank. Our aim and objective is to be universal and active in all fields," says Ozkaya. Odeabank offers retail, commercial, and corporate banking and is currently working on its credit card portfolio. "We have started to

produce credit cards, which is a major investment and a sign of confidence in the market," explains Ozkaya. "We are investing in the long term and in all areas." This commitment translates into results. "Within eight months of opening, we have 11 billion Turkish lira (\$5.8 billion) in assets, 6.4 billion Turkish lira (\$3.3 billion) in loans, and 8.3 billion Turkish lira (\$4.3 billion) in deposits," says Ozkaya. Since market entry, Odeabank has climbed to fourteenth position in deposits and loans among forty-five commercial and retail banks in Turkey. This is a clear indication of the market's potential. Ozkaya concludes, "We are having tremendous growth, benefiting largely from Turkey's growth and the demand for banking."

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The Attraction of Islamic Banking

With world-wide interest in Islamic finance on the rise, Turkey hopes to attract a greater share of this market, underscoring its bid to become a financial center for the region. "The government plans to increase the share of Islamic banks in the financial sector, and we are trying to increase the share of Islamic capital markets products as well as the investor base that invests in those products," confirms Vahdettin Ertas, Chairman of the Capital Markets Board. Islamic finance offers the opportunity of adding products to Turkey's financial landscape, which could attract investments from growth economies with Muslim populations, particularly in the Gulf region and Asia.

More Participation

Four Islamic banks, or participation banks, as they are known in Turkey, currently operate in the Turkish market. Türkiye Finans is one of the market leaders. With strong backing from its main shareholder, Saudi Arabia's National Commercial Bank, Türkiye Finans hopes to contribute to a wider uptake of Islamic banking in a growing market, but it remains behind hubs such as Saudi Arabia or Brunei, where market shares reach 40 percent. "As a participation bank, we operate on different segments, with a market that is now reaching 5 percent of the total market, compared to 1.9 percent just a few years ago," says Derya Gurerk, CEO of Türkiye Finans. "We are not in a start-up market, and it is hard for new institutions to grow." Still, across Turkey, the bank maintains more than 230 branches, and it has made significant inroads in some segments. "We now have a leading position in SME banking," says Gurerk. "Our SME market share is around 3 percent, which is our strength. Most banks are now exploring this SME segment, but we defend our position." Türkiye Finans continues expansion in major cities as well as rural areas and plans to have 250 branches in operation before the close of 2013. This is also expected to help Türkiye Finans capture a greater share of the retail business, where it sees future potential.

Globally, the bank recently made a splash with the successful issuing of a \$500 million, five-year Islamic bond - also known as a sukuk- that ranks as Turkey's second largest to date. It attracted a 3.8-fold demand from global investors, mainly from the Middle East, but also from Europe and East Asia. "The sale of sukuks, which is continuing increasingly in worldwide markets, has been consolidating its position among important financial instruments," Gurerk commented earlier this year. For Türkiye Finans, which issued a sukuk for the very first time, this success is a clear boost. It is also a boost for Turkey's ambitions in Islamic finance. 

Defense and Aerospace Bring Added Value

For the attainment of Turkey's 2023 targets, the country's defense and aerospace industry plays a very special role. After decades of relying on foreign imports for military equipment and technology, the government is committed to developing domestic expertise. Building on the experience of co-producing third-party systems, such as the F-16 aircraft, under license, the country has been moving gradually toward its own development and production capabilities. "For the last decade, we have been pursuing the development of equipment, with investments in research and development (R&D) and in technology," says Murad Bayar, Undersecretary for Defense Industries. This has led to the successful development of land systems, naval ships, electronic systems, and aircrafts, destined for use by the Turkish armed forces and for international export.

Where possible, the government draws on existing civilexpertise, but frequently it is the driving force behind the development of new skills and knowledge. This is where Bayar sees the defense sector "creating an added value for the country." He specifies that investments in the sector are "not defense spending with no return, but defense spending with a technological return." He goes on to explain that "right now, we are the largest investors of all sectors in R&D in Turkey. We create employment and know-how in technology."

This has led to the emergence of companies that have the capability of creating the type of high-value-added products that can earn the country a premium in exports. Turkish Aerospace Industries Inc. (TAI) is a prime example. First established in 1984 as a joint venture with American partners to build F-16 aircrafts and restructured in 2005, TAI has evolved into an industry leader, ranking among the top one hundred in the global aerospace and defense sector.

TAI is involved in a number of Turkey's flagship defense programs and has business in the design and development of aerostructures, unmanned aerial vehicles (UAVs), attack and utility helicopters, training and fighter aircrafts, and satellites. Since 2005, TAI has achieved a ten-fold increase in annual revenues, to more than \$800 million. "For 2023, we will be a major partner of our government's vision, contributing to national goals as well as exports," says Muharrem Dortkasli, President and CEO of TAI, asserting that "there is huge potential in Turkey and within our company. We feel very optimistic for the future." To compete globally, TAI has made heavy investments in building a skilled workforce. "In the past six years, we have doubled

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the number of employees, from 2,000 to 4,500, mostly with engineers allocated to research and development,” explains Dortkasli. “We will continue to invest in engineering and human resources and we are going to have our own indigenous products, derivatives, and advanced versions.”

Exports to the United States and Europe are a significant part of TAI’s business, where it has succeeded in becoming a single-source manufacturer and risk-sharing partner for global aerospace companies such as Airbus, EADS, Boeing, Sikorsky, Spirit Aerospace, and Northrop Grumman. In the future, TAI is likely to target markets in the Middle East and Gulf region, North Africa, Middle Asia, Asia Pacific, and South America. But for the time being, Dortkasli is comfortable in what he calls “the backyard of the European aerospace industry.” This is where he sees TAI’s and Turkey’s advantage. “Defense and aerospace is an industry relying on long-term partnerships. Our business needs a certain level of qualification, education, work ethics, and discipline. In addition we need to provide a competitive advantage on the cost of the products and components. TAI and Turkey fit that description.”

Excellence in Shipbuilding

Turkey’s growing reputation for engineering excellence rests not only on its aerospace and burgeoning automotive sector, but also on its diverse ship-building industry. The country has more than seventy operational shipyards, located mostly in Tuzla Bay in Istanbul and in Yalova in the Black Sea. As much as anywhere else, the sector is affected by a global downturn in the market and low-cost competition from East Asia. But Turkish ship-building is staying afloat with the production

of specialty vessels and smaller ships. “What we are planning is to build niche products,” says Murat Kiran, President of the Turkish Shipbuilders Association. “Our main opportunities are in the offshore business, in naval vessels, and in luxury yachts.” Turkey is already a leader in the construction of chemical tankers of up to 12,500 deadweight tonnage, and expected drilling in the Black Sea will bring demand for offshore supply vessels. Turkish shipbuilders have also started producing for the navy, including a specialized composite high-speed patrol boat, produced by the Yonca-Onuk shipyard, which has become an item of export.

In the luxury yacht segment, Turkish shipyards are competing at global level. Huseyin Mengi, CEO of Mengi Yay, expects the crisis to end in 2013 and strong growth to resume from 2015 onward. “I hope for 30 percent growth compared to the previous year and that we reach a \$10 million turnover in 2013. By 2015, we will raise this to \$20 million.” From a small producer of three-meter boats, Mengi Yay has grown since 1976 into an award-winning shipbuilder for motor and sailing yachts. “We can build five ships simultaneously: two 60-meter boats, two 45-meter boats, and a 25-meter boat,” explains Mengi, adding that he will expand into mega-yachts of more than 60 meters in length if he meets his growth targets. Mengi Yay is representative of a new generation of Turkish yacht builders that compete at the top end of the industry. The company sells to customers in Israel, Russia, Germany, France, and the United States, but it is also looking to new clients in the Gulf region, China, and Japan. Boats are made to order, but at a much lower cost than those produced by industry leaders elsewhere. “We have lower prices than Germany and Italy,” says Mengi. “A boat of the same quality will cost half the money.” Mengi thus expects to win more customers from abroad, but he also sees potential in the domestic market. “We do not have a lot of boat owners in Turkey. People believe that ‘the best boat is my friend’s boat.’ If we change this idea, then we will be able to reach our market potential also in Turkey.” Turkish craftsmanship has certainly come into its own.

Vision 2023 has transformed the Turkish economy across industries and sectors. If Turkey continues along this path, it is squarely set for a seat at the top end of the table of the world’s leading economies. 🌍

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The Rise of the Rest of India

How States Have Become the Engines of Growth

Ruchir Sharma

When Nitish Kumar became chief minister of the dirt-poor Indian state of Bihar in 2005, kidnapping was said to be the leading industry in the capital city of Patna. People searching for stolen cars were advised to check the driveway of a leading politician, who reportedly commandeered vehicles for “election duty.” Although known for his soft-spoken manner, Kumar cracked down hard. He straightened out the crooked police, ordering them to move aggressively against all criminals, from the daylight robbers to the corrupt high officials. He set up a new fast-track court to speed the miscreants to jail. As Biharis gained the courage to go out on the street, even after dark, Kumar set about energizing a landlocked economy with few outlets for manufactured exports. He focused on improving the yields of Bihar’s fertile soil and ushered in a construction boom. Within a few years, a state once described by the writer V. S. Naipaul as “the place where civilization ends” had built one of the fastest-growing state economies in India. And Kumar was recognized as a leader in the new generation of dynamic chief ministers who are remaking the economic map and future of India.

This generation includes the socialite turned statesman Naveen Patnaik in Orissa, the spellbinding orator Narendra Modi in Gujarat, the self-effacing Raman Singh in Chhattisgarh, and the quiet personalities of Sheila Dikshit in Delhi and Shivraj Singh Chauhan in Madhya

RUCHIR SHARMA is head of Emerging Markets and Global Macro at Morgan Stanley Investment Management and the author of *Breakout Nations: In Pursuit of the Next Economic Miracles*.

Pradesh. As a result of their economic successes, these leaders have each won consecutive reelection bids; India now has six chief ministers who have returned to office for at least three terms in a row, a feat unheard of in a generation. Kumar and Patnaik represent ambitious regional parties that are ready to compete with the country's two dominant political forces: the ruling Indian National Congress and the opposition Bharatiya Janata Party, or BJP. But the best known among these chief ministers is Modi, who now looks poised to run as the prime ministerial candidate of the BJP in the next national elections, set for May 2014.

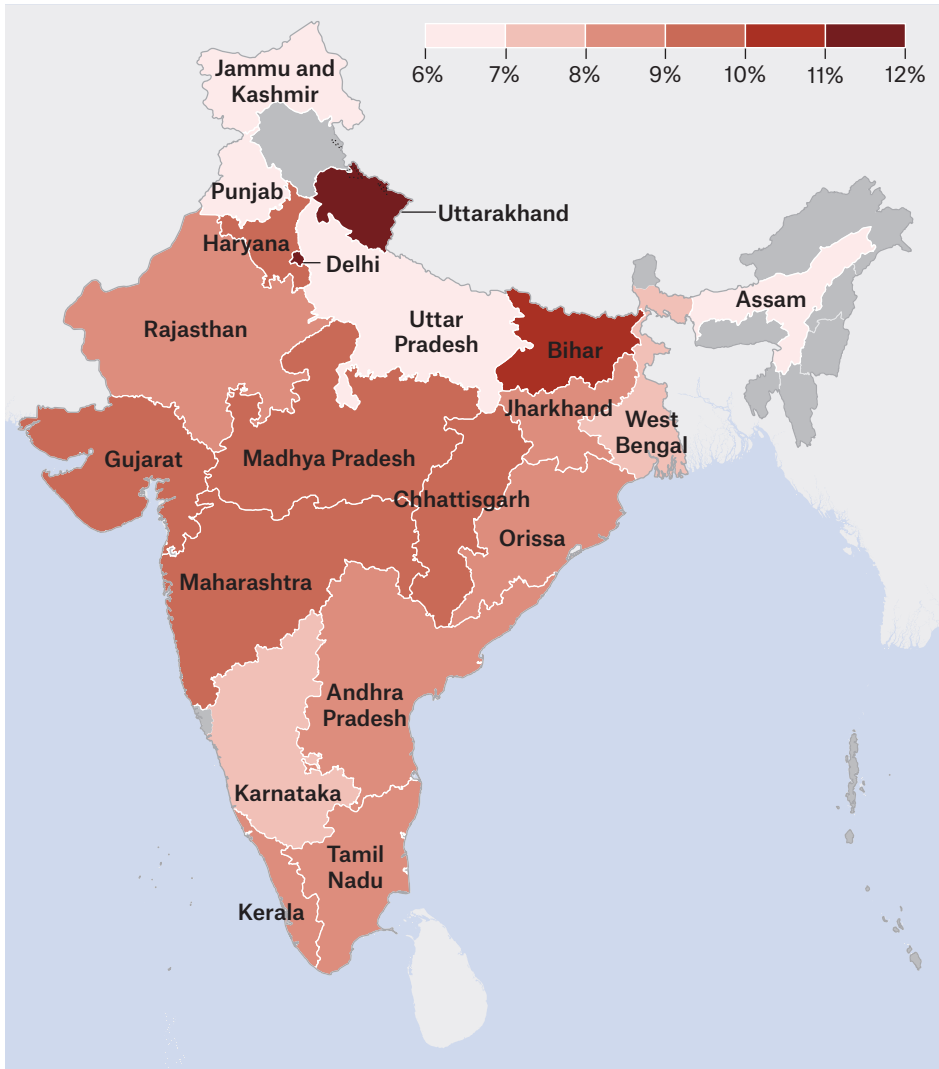
That these chief ministers have managed the double feat of economic success and political longevity belies the conventional wisdom about India's doldrums. After a decade of strong economic growth, during which India was hailed as democracy's answer to China, the bad news is back: New Delhi seems politically paralyzed in the face of the global economic slump. India's GDP growth rate has fallen from near double digits to five percent, and the capital has been buried in scandalous headlines about corruption, power outages, and incompetent police.

Things do look bad in New Delhi, but the capital is not the whole of India. Think of the country as a continent, like Europe. After all, it is made up of 28 states, the largest of which, Uttar Pradesh, has more than 200 million people. India has 34 officially recognized languages, and only 40 percent of Indians speak a dialect of its first language, Hindi. There is as much variation in the political and economic culture among India's states as there is within Europe; Bihar and Gujarat are as different as Germany and Greece. Drive a hundred miles between any two states in India, and everything from the names of the leading political parties to the kind of hair tonic sold in the stores can change completely. For all the talk of India's booming young population, nine of its major states have fertility rates below the replacement level.

As India's most dynamic states post rapid and sustainable growth rates, the country is rediscovering its natural fabric as a nation of strong regions. States still growing at or near double-digit rates represent India's secret weapon for competing with the other major emerging markets, from China to Brazil, Indonesia to Mexico. The only hitch is that despite the chief ministers' high popularity in their home states, many of them are pushing rapid development

India's New Growth Map

The Country's 20 Largest Economies and Their Average GDP Growth Rates, 2007-13



SOURCE: Indian Planning Commission.

NOTE: Although Delhi is a federally administered union territory, it is headed by a chief minister, as states are.

with an autocrat's haste. Nevertheless, if India is to come back as a success story among the emerging markets, New Delhi should find ways to encourage the rise of its breakout states and the spread of their success to India's other states.

NEW ROADS FOR VOTES

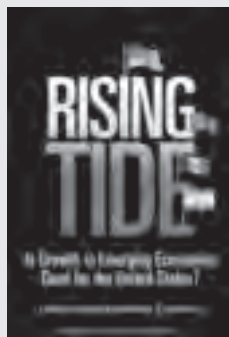
Until recently, India's state chief ministers did not have the power or much incentive to push economic development. Before its independence, in 1947, India was divided into hundreds of major, minor, and princely states with varying degrees of autonomy, including, in some cases, the power to raise taxes. After independence, the country's new political leadership worked to centralize power, both to stave off the very real threat of secessionist movements and to address the nation's deep poverty through Soviet-style central planning. The Indian public was so grateful to the Congress party for liberating them from British rule that it was willing to tolerate the desperately inadequate economic growth of only three percent a year that resulted from central planning. For decades, the Congress party, and the Nehru-Gandhi dynasty that rules it, was able to cash in on the liberation dividend come election day.

But times changed. Chronic slow growth made it difficult for India to earn the foreign currency it needed to pay for imports, leading to an economic crisis in 1991. In response, the Congress party began to unwind the stifling bureaucracy known as "the license raj," which gave the central planners the authority to decide who could manufacture what products, in what quantities, and in which areas of the country. The easing of these restrictions freed entrepreneurial businesspeople and state officials alike to begin looking for ways to meet the rising aspirations of the consumer classes. It was in the early 1990s, too, that the advent of satellite television and the Internet exposed Indians to the economic booms in China and other developing nations and fed their dreams for a richer life.

The fall of the license raj and the devolution of powers to the states came at the right time. Before, chief ministers had built their political support by positioning themselves as champions of religion and caste, the touchstones of Indian identity. Even into the late 1980s, it was commonplace for lower castes to be refused entry to the same buses, temples, or even police stations occupied by members of the upper castes. For this huge mass of voters who weren't allowed on the public bus, developing the roads was a secondary priority. State politicians focused on building caste-based coalitions, but with shaky results. Because India is divided among several thousand subcastes, many of which exist in only one state, caste coalitions are inherently fragile and short-lived. In the 1980s and 1990s, nearly three out of every four



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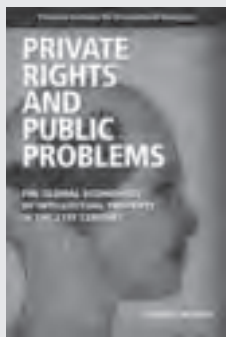


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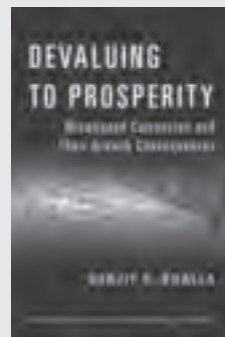


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state governments lasted only one term, which made economically ineffectual state governments even weaker.

Starting in the mid-1990s, state politicians realized that they could build more enduring bases of support if they used their newfound economic clout to cater to voters' rising economic aspirations. One of the first to do this was N. Chandrababu Naidu, who came to power in Andhra Pradesh in 1995. He focused so heavily on reviving the state's blighted cities that he was voted out by the rural majority after nine years in power. But by then, others were getting the balance right as voters elsewhere looked

Things look bad in New Delhi, but the capital is not the whole of India.

to their state's chief minister for economic leadership. That is why, since 1999, voter turnout has been declining at the national level but rising at the state level. And those state governments that have lived up to voters' expectations have been rewarded: in the 30 state elections since 2007, 50 percent of the incumbent chief ministers have won reelection, compared with just 25 percent in the preceding three decades; nearly 66 percent of those reelected had delivered five years of growth that was faster than the national average.

Today, caste and religion still matter, but in many states, economic competence matters more. Kumar's career in Bihar embodies this evolution in state politics. Kumar rose as a champion of his own Kurmi caste, which is concentrated in Bihar and represents around two percent of the state's population. He had spent much of his career building a caste coalition that included the Kurmis and Bihar's other marginal castes, before turning to development issues in his run for the chief minister's office.

Regional parties and the BJP have gained strength at the expense of the ruling Congress party by showing that they have a closer connection to the aspirations of local people. In the 1960s, the chief ministers of India's ten largest states were all from the Congress party. That number has fallen steadily and is now just two. The decline of the Congress party has led, in turn, to weaker and more divided governments in New Delhi but stronger and more lasting governments in the states, run by regional parties such as Kumar's Janata Dal (United) and Patnaik's Biju Janata Dal and by the BJP under leaders such as Modi and Chauhan. These durable state governments may provide the political push India needs to delegate even more power to the states.

AUTOCRATIC GROWTH

The new generation of state leaders sets itself apart from the genteel Brahmins of the Congress party, who have dominated Indian politics for decades and have never been comfortable promoting what they see as crass commerce. The new state leaders, eager to compete, are younger, too. In contrast to the aging New Delhi elite, headed by an 80-year-old prime minister and a cabinet with an average age of 65, in the last five years, the average age of a state chief minister at election has been 56. This relative youth matches the country's demographics; the average age of the population is expected to decrease for another three decades. And younger voters, impatient for India to catch up with the rest of the world, have sent clear signals to the state chief ministers that they expect competence, not just political handouts.

In their hunger for economic performance, Indians have proved tolerant of creeping authoritarianism. Several of the new state ministers emerged from feudal provincial cultures to lead parties built on promoting a single strong figurehead. Most of these men and women are unmarried, an unusual trend in India's culture, which suggests a relentless focus on self and career. Several have set up personal television channels to promote their own achievements. One went so far as to erect monuments to herself while in office; Kumar has been accused of violating civil rights in his crackdown on Bihar's crime.

Even Patnaik, who came to office with little political experience, surprised many with his Machiavellian knack for sidelining rivals in Orissa. The son of a two-time chief minister, Patnaik spent much of his life abroad as a socialite and writer and had never held a regular job before he came home and won a seat in parliament in 1997, and then the chief minister's post in 2000. Patnaik quickly impressed the state's elite by assembling a team of accomplished technocrats to push forward a reformist economic policy, working to control runaway spending and encourage industrial growth. Today, Orissa's deficit stands at less than two percent of its GDP, the state's growth has averaged close to double-digit rates throughout his term, and this relatively small state of 20 million people is one of the top state destinations for foreign companies investing in India. Like other savvy chief ministers, Patnaik is focused on exploiting his state's local advantages: in Orissa, that means mines to produce iron ore and bauxite and steel plants to refine those metals.

Modi is the most controversial of the new chief ministers, because his aggressive push to develop and industrialize Gujarat has earned



Yes, Minister: supporters of Naveen Patnaik, New Delhi, June 2013

the state a reputation as the upcoming China of India. The sun sets red over the newly constructed highway that leads into Gujarat's commercial capital, Ahmadabad, one of the fastest-growing cities in the world. Factories sprout from the farmland just outside town, in scenes evocative of southern China. Today, Gujarat generates about 40 percent of its income from industry, compared with 15 percent nationwide. Modi is widely admired by businesspeople for his efforts to attract investors, but he is loathed by human rights activists, who consider him a Hindu chauvinist because of his alleged complicity in the deadly 2002 riots against the state's Muslim minority. With opposition politicians whispering that Gujaratis live in fear of challenging the state boss, Modi embodies the inherent tension surrounding the rise of can-do autocrats in a developing country with a strong democratic tradition.

The fact remains, however, that Modi, like many of the new generation, is highly popular, and this popularity allows him, and the others, to push painful but necessary decisions, such as hiking electricity tariffs and cutting state subsidies. Indeed, since 2005, state budget deficits have declined to 2.5 percent of state GDP on average, whereas the federal deficit is rising and now stands at five percent of national GDP. New Delhi lacks the support to push unpopular cuts.

At the state level in India, there is no European-style contest between the free market and government power. On one side, there

is the socialist tradition of the Congress party, in which patrons argue over who has done more to help the poor. On the other side, there is the new breed, also peddling populism but with a more practical focus on building roads, schools, and other infrastructure that generates growth.

It is not at all clear, however, that any of the bold, autocratic chief ministers can be a good fit to lead the whole country. Since independence, the most successful prime ministers have had weak regional roots but strong nationwide appeal, starting with India's founding father, Jawaharlal Nehru of the National Congress. Successful chief ministers have typically failed to reach the prime minister's office because the political formula that works in one state tends to be a liability in others. Until recently, for all his popularity in Gujarat, Modi had shown little more drawing power outside his home state than, say, Angela Merkel enjoys outside Germany. Now, Modi's run for national office will depend on a growing feeling among middle-class Indians that the political paralysis in New Delhi runs so deep that the country's rebound depends on a return to strongman rule.

But Indians should recognize that it doesn't take an autocrat to deliver growth. Since 1980 in emerging markets, democratic and authoritarian regimes have been equally likely to deliver GDP growth averaging more than five percent for a decade. What it does take is good governance, and there is no reason why democrats cannot push growth in India, as Dikshit has proved in Delhi and Chauhán has demonstrated in Madhya Pradesh.

BACKWARD STATES FORWARD

Even if one of these formidable regional leaders cannot, in the end, secure the national throne, they have already redrawn the economic map of India. In the 1990s, the first states to benefit from the fall of the license raj were the rich ones of the southern and western coasts, particularly Gujarat, Maharashtra, and Tamil Nadu, which already had strong industrial bases. But in the last decade, the center of rapid growth has shifted northward and inland, to the states of Bihar, Chhattisgarh, Madhya Pradesh, Orissa, and others. The average growth rate of these northern states jumped from 2.2 percent in the 1990s to 9.1 percent over the past decade, while India's national growth rate gained just two percentage points.

The rise of the north is nothing less than a revolution. For decades, much of the country's elite looked at the stagnant poverty there and concluded that these states were fast-breeding, overpopulated regions that were somehow culturally ill suited to economic development. Today, although some of the northern states are growing faster than the national economy, southern elites tend to dismiss this success as a result of "the base effect," the idea that

it is easier for an economy to grow fast from a low per capita income level. But this is starting to look like an excuse for poor leadership in the south. For one thing, the rich southern states of India are seeing their growth slow down at much lower income levels than the rich southern provinces of China, which grew

rapidly for many decades, not just one. Good leadership produces good economic results: Modi has proved that even a relatively rich state such as Gujarat can grow at a double-digit pace for more than a decade. Meanwhile, in the absence of strong leadership, southern states such as Andhra Pradesh and Karnataka have seen their growth slow.

A recent analysis by Credit Suisse confirmed the connection between strong state leadership and solid economic performance. The report found that most of the periods of rapid state GDP growth in India over the last 20 years came when a competent regional party leader was at the helm. In only one instance, in Maharashtra in the mid-1990s, when Sharad Pawar was chief minister, was that leader a Congress party member. The culture of the Congress party, so steeped in the personalities of the Gandhis and the socialist instincts of Nehru, discourages the rise of new leaders and only reluctantly embraces market competition. Increasingly, businesses recognize which states understand economic reform and are steering their investments accordingly.

Beyond the north-south power shift, some Indians see the transfer of power from New Delhi to the states as a symptom of national decline. They shouldn't. Weak central governments are common in other major democracies, particularly in those, like India, that merged once-autonomous principalities into a unified state. In Germany, coalition rule does not spell anarchy, and it doesn't have to in India, either. The rise of India's states could just as easily be read as a sign of

In Indian politics, caste and religion still matter, but in many states, economic competence now matters more.

national maturity: a tacit recognition among voters that the country will not fall apart just because its states can control their own economies.

POWER TO THE REGIONS

To revive India's competitiveness in the global economy, New Delhi should step aside and allow the rising states to reclaim even more economic decision-making power from the center. Some chief ministers are already contesting the right of the national Environment Ministry to regulate the height of high-rise buildings in various cities. Others are challenging New Delhi's authority to manage the distribution of coal supplies to power plants.

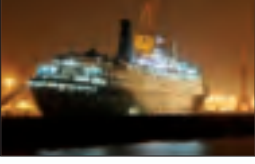
Still more question the rationality of the so-called centrally sponsored schemes, a throwback to socialist central planning. These projects are hatched in the capital, with funds disbursed by the central Planning Commission, which often sets uniform targets that don't account for the stark socioeconomic differences among the county's states. The newest scheme would expand the government's heavily centralized food-distribution network, promising subsidized grain to two out of every three Indians at an annual cost to New Delhi of at least \$20 billion. Another scheme promotes universal enrollment in primary school, a largely redundant goal in those states, such as Kerala, where enrollment levels are already high. Similarly, the National Rural Health Mission, a program to improve health care in the countryside, does not account for states' varying levels of malnutrition. Left to their own devices, India's new state leaders would be able to mold social policies in ways that suited regional conditions.

New Delhi appears ready to step back, recognizing what one of India's foremost state leaders, N. T. Rama Rao, once said: "The center is a myth and the state is a reality." The government recently resolved a major controversy over whether to allow international retailers such as Walmart and Tesco to open stores in India by kicking the decision down to the state level. The Planning Commission has proposed allowing states more flexibility in how they spend federal funds, and the newly constituted Finance Commission is looking at ways to devolve more power to the states. In a symbolic gesture, in the National Development Council, where state and federal officials coordinate economic policy, plans are afoot to change the seating arrangement so that the state leaders sit alongside the central leaders instead of looking up to the New Delhi VIPs from seats in the gallery.

New Delhi should go even further: the latest opinion polls suggest that the upcoming general elections could spell a major Congress party defeat. Some of the seats that the party could lose are likely to go to the BJP, but the polls suggest that even more will go to the ascendant regional parties, such as Kumar's Janata Dal (United) and Patnaik's Biju Janata Dal. There is even growing talk that the next government might be led by a coalition of regional parties. That does not, however, mean that one of the better-known or more controversial state leaders will become prime minister. Often in India, the backroom negotiations to build a coalition government lead to the choice of a compromise candidate or an accidental prime minister, such as the current one, Manmohan Singh. Singh got the job in 2004 only after the leader of his coalition, Sonia Gandhi, unexpectedly turned it down and nominated him instead.

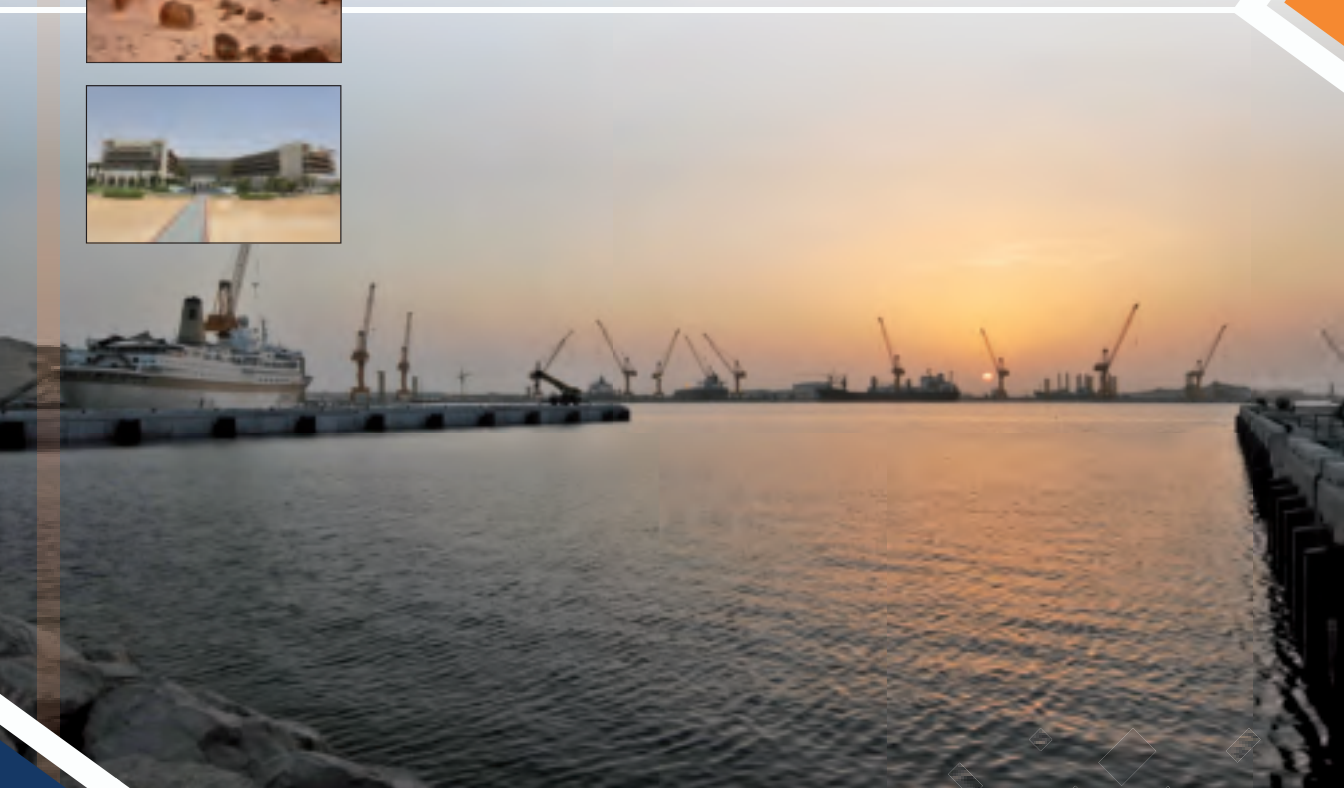
As a rising force, the regional parties represent hope: they are young, energetic, focused on economic development, and very much in sync with the practical aspirations of the youthful majority. The next elections will see a generational shift, with 125 million new voters raising the likely turnout to more than 500 million. This is a post-liberalization generation: all the new voters will be too young to remember the darkest days of caste discrimination or the worst absurdities of the license raj, and they are likely to push the outcome in favor of younger leaders who understand their economic aspirations. If a combination of state leaders spurs India to embrace its natural federal structure and delegate more economic power to the states, it could well put the country on the path to a comeback.🌐

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OMAN

New Partnerships for the Future

An increasingly confident Sultanate is playing a larger role on the global stage—and Omanis see many new areas for collaboration with the United States.

A Common Vision

This year marks the 180th anniversary of the Treaty of Amity and Commerce signed by the Sultanate of Oman and the United States—the first bilateral accord between the U.S. and an Arab Gulf state.

Since then, both nations have enjoyed a strong and mutually beneficial relationship. Given Oman's strategic position, perched at the tip of the Arabian Peninsula overseeing three critical seaways, bilateral relations have historically focused on supporting maritime trade. Today, promoting commerce remains a priority for both nations, and U.S.-Oman trade continues to flourish. Oman exports billions of dollars' worth of oil, fertilizers, iron, and steel to American industries and imports billions more in high-value American goods, including heavy machinery, vehicles, and oilfield supplies. Trade flows surged after a 2009 free trade agreement (FTA), hitting a record \$3.6 billion in 2011, a fivefold increase from 2001.

Many U.S. corporations have found valuable opportunities in Oman, enticed by the country's renowned business-friendly environment, industrial infrastructure, and sustainable growth trajectory (the International Monetary Fund forecasts that Oman's economy will grow an average of 3.8 percent per year until 2018). While foreign direct investment has cooled throughout the Gulf amid regional unrest and a global slowdown, Oman's oil and gas sector and growing array of diversified, downstream ventures continue to attract American interests to the Sultanate—especially into glimmering new economic zones like the one under construction in Duqm.

Oman's development strategy, managed by successive five-years plans, has taken on a truly global dimension. The country is transforming into a regional hub for production and trade—bringing together international capital and domestic resources, and providing easy access to developing markets.

Oman's global integration is more than economic. Under the leadership of Sultan Qaboos, Oman has solidified its reputation as a much-needed advocate of peace and tolerance in the region and a proactive

Under the leadership of His Majesty Sultan Qaboos, Oman has consolidated its reputation as a much-needed advocate of peace and tolerance in the region—and a proactive partner in promoting collective security throughout the Gulf.

partner in promoting collective security throughout the Gulf. American and Omani officials are working closely to deal with joint threats—from narcotics and maritime piracy to human trafficking and terrorism.

More Engagement

In line with shared achievements and milestones, there are many in Muscat and Washington who see vast economic, political, and social space in which to grow the American-Omani partnership.

Commerce officials in Muscat acknowledge that the FTA can perform better, noting that investors in both countries are often unaware about cross-border opportunities. The officials hope that increased trade delegations and improved information campaigns—especially regarding Oman's progress in protecting intellectual property rights—will help boost investor confidence in both countries.

For many in Oman, the FTA is a promising stepping stone to a deeper bilateral partnership that brings together these diverse yet complementary nations. Oman's private and public sectors alike have welcomed U.S. support in the development of Oman's human capital—and hope the future brings more economic, scientific, and technological engagement.

Successful Synergies

More and more Omani companies have pioneered global partnerships and are responsible for the country's increasingly outward-looking orientation.

Until the 1970s, Oman's commercial and industrial complex mirrored its diplomatic relations: few ties to foreign partners existed, and there was little value added by cross-border ventures.

The rise to power of the globally minded H.M. Sultan Qaboos quickly cleared the way for a new generation of Omani executives, and Oman's companies soon began to forge strong ties abroad.

Early joint ventures with Omani firms focused primarily on retail, oil and gas, and development projects, bringing in international goods and expertise to support the Sultanate's transformation into a modern economy. Today, the Sultanate's plans to diversify away from oil and gas, known as Vision 2020, has opened up downstream channels for collaboration and development. This, too, has brought serious international players to the table.

Sohar Aluminium, or SA for short, the country's first foray into the aluminum industry, is a perfect example. Jointly owned by Oman Oil Company, Abu Dhabi's TAQA, and British-Australian metals giant Rio Tinto Alcan, SA combines state-of-the-art technology with low operating costs and onsite demand. In fact, 60 percent of SA's production is intended for consumption by the nearby Sohar industrial cluster. The company has also positioned itself to source the majority of its total purchases from local producers, including small and medium enterprises (SMEs) whenever possible.

"Through our partnership, SA has proven that it can create jobs in production, as well as through service contracts, vendor agreements, and indirect business creation," says SA's deputy CEO, Said Al Masoudi. "Aluminum creates opportunities many times over before finally being exported outside Oman." Dividends from Oman's global partnerships are not confined to business. The Sultanate's largest corporations have created ways to harness the expertise of international partners toward social development projects and capacity building.

Oman Oil Company's human capital unit, Takatuf, recently launched a leadership academy in conjunction with London Business School and has signed training agreements with global industry leaders, including Petrofac and Schlumberger.

"In Oman, we need to look for responsible global partners who can share technical know-how and expertise with Omanis," says Ahmed Al Wahaibi, CEO of Oman Oil Company. "This can help develop further skill sets domestically and enable Omani businesses to compete globally."

Few individuals represent this human potential better than Mohammed Al Jahwari. Hired into the oil and gas industry in his early twenties and with no experience, Al Jahwari spent a number of years training in site evaluation and directional drilling with industry leaders Baker Hughes Inteq and Halliburton. In 2001, Al Jahwari launched his first drilling company and, after a remarkable twelve years of expansion, he started his second, MODUS, in 2013. MODUS, which specializes in drilling and associated services, has teamed up with the region's biggest players in complex drilling projects throughout the Sultanate. Given the Oman's difficult geology and challenging recovery process, MODUS's local knowledge has proved invaluable for its partners. Most important, 100 percent of MODUS's assembly and maintenance facilities is based in Oman, and 100 percent of MODUS's drilling department is run by Omanis.

"We have a clear strategy," says Al Jahwari. "First, we localize the service

and equipment maintenance part of the operation, and then begin to manufacture the equipment here. The legacy we will leave behind to Oman is technical know-how."

Dividends from Oman's global partnerships are not confined to business. The Sultanate's largest corporations have created ways to harness the expertise of international partners toward social development projects and capacity building.

Smart Choice

Oman's economic policymakers believe that their country's value proposition is no longer limited to oil-fueled growth rates and cheap energy. Today, the Sultanate sees its strength in its business-friendly nature—and in its ability to help Oman-based operations speed their products to international markets. The Public Authority for Investment Promotion and Export Development (PAIPED)

is responsible for ensuring these competitive advantages.

Founded in 1997 and relaunched as a government authority in 2011 by Royal Decree, PAIPED's mandate is broad: to fully support the needs of investors, exporters, develop-

ers, and businesses as a means to improve economic prosperity across the Sultanate. A major component of the country's economic diversification strategy, PAIPED places a special emphasis on working with companies outside the oil sector. For potential investors, PAIPED provides an extensive, free, and confidential package of assistance to help identify the full range of hard and soft benefits of choosing Oman as a business location. PAIPED's knowledgeable associates can help identify strategic regions to locate a business, find key partners, and navigate the licensing process. For firms already operating in

Oman's economic policymakers believe that their country's value proposition is no longer limited to oil-fueled growth rates and cheap energy.

the Sultanate, PAIPED deploys its considerable resources and global network to help develop a tailor-made package of export and marketing support. The results have been telling. Under the authority's watch, non-oil exports from Oman have soared at a compounded annual growth rate of 19.5 percent. "The next stage is to solidify our

gains and maintain growth by creating more opportunities and initiatives that promote Oman's offer as a manufacturer of quality international products," a representative of PAIPED said recently. "This, in turn, will help us attract and win further inward investment."

Generating "In-Country Value"

Oman's oil and gas industry contributes roughly one-half of Oman's gross domestic product (GDP) annually. Yet Oman has struggled for decades to fully capitalize on its natural resources before exporting them. A bold new initiative aims to extract more value from Oman's hydrocarbons before they even leave the Sultanate.

Known as In-Country Value (ICV) and developed with international consultants, Oman's new directive creates a list of criteria for all energy companies to use on tenders for new oil and gas contracts. Criteria include investments in fixed assets, the percentage of Omanis on staff, provision of training programs for staff, local sourcing of goods and services, development of national suppliers, and support of national training and research and development institutions.

Not all of the ICV program is new. The "Omanization" directive, for example, has set quotas for hiring Omani nationals since 1988 and is credited with facilitating the large-scale knowledge and skill transfer that has taken place over the past few decades. (Today, the most competitive multinationals in Oman, such as Schlumberger, actively recruit Omani specialists for international posts.)

Omani officials behind ICV believe that combining the multiple criteria into one unified policy will create strong incentives to employ local partners—using windfall hydrocarbon revenues to create broad-based economic growth. And top industry representatives see this as an essential step toward Oman's long-term success.

"The In-Country Value initiative plays a key role in supporting SMEs," says Ahmed Al Wahaibi, CEO of Oman Oil Company. "It unlocks our country's economic potential and helps create a sustainable economic base."

As the head of one of Oman's largest employers and investors, an organization that alone amasses 3.6 percent of Oman's GDP, Al Wahaibi speaks with authority on the matter.

"We believe that ICV should not be an exercise in preferential treatment," he says, "but rather a platform that helps local companies legitimately compete on a level playing field with international players in offering products and services. This has the effect of creating more competition in the marketplace as well as raising the quality of service and professionalism of local businesses; a win-win situation for all. The ultimate success of ICV would be to see Omani local businesses having the ability to compete in the global marketplace and export their services worldwide."



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At first glance, the tranquil coastal region of Al-Duqm, with its pristine beaches and fewer than 5,000 inhabitants, seems an unlikely hotspot for global commerce and industry. But thanks to one of the most ambitious development plans in the Middle East, this will soon change. Following a 2011 Royal Decree, Al-Duqm—a strategically located port-of-call—is being recast as an international maritime and logistics hub. Tasked with overseeing this multiphase, multibillion-dollar project is the Special Economic Zone Authority at Duqm (SEZAD). “The Duqm project capitalizes on the country’s political stability and Duqm’s strategic location on the Arabian Sea,” says H.E. Yahya Saied Abdullah Al-Jabri, SEZAD’s chairman. “The port is located outside the geopolitical constrictions of Hormuz Strait, and within a short turnaround time for major shipping lines traversing the Indian Ocean.”

With a land area of 1,777 km² and 80 km of coastline along the Arabian Sea, the new Special Economic Zone (SEZ) will be the largest in the Middle East and North Africa. A model of integrated economic development, the SEZ will comprise eight complementary zones, including a sea port, an industrial area, the new town, a fishing harbor, a tourist zone, a logistics center, and an education and training zone. Innovative use of renewable energy sources will make Duqm one of the most environmentally friendly economic zones in the world. And a new, multimodal transport network will link the SEZ to other regions by road, rail, sea, and air.

To facilitate heavy demand from shipping companies, the SEZ will be outfitted with an ultramodern, multipurpose port facility capable of handling all types and sizes of vessels, including container, general cargo, and oil carriers. It will also feature a dry dock facility providing ship repair and maintenance services as well as a liquid jetty. To construct the SEZ in accordance with the highest international standards and best practices, the government of Oman called in global industry leaders, including Antwerp Port Authority, Daewoo Shipbuilding, and Marines Engineering Company, to manage and operate

individual facilities.

The UAE’s International Petroleum Investment Company, too, has joined forces with Oman Oil Company to build Oman’s largest oil refinery and petrochemical cluster on site—with a production capacity of 230,000 barrels per day.

“Maximum efficiency and effectiveness are our top priorities,” says Al-Jabri. “For that reason the government of Oman has forged strategic partnerships with leading international companies.”

Project planners believe that creating a business friendly environment is the key to Al-Duqm’s future success. Imports into the SEZ will be duty-free, and tax regimes, land-lease rates, and utility tariffs will all be provided at competitive rates. A one-stop shop, SEZAD will register, license, and provide environmental approvals for all businesses.

Al-Jabri has been encouraged by the strong early interest that international businesses have shown in the SEZ. He is optimistic that the industrial infrastructure and quality of life on offer at Duqm will continue to attract top Omani and foreign firms. Most of all, he is confident that the project’s success will continue to drive the local economy forward and help set the standard for future development projects throughout Oman.

“The investors in the Duqm Zone are our partners in this ambitious plan to develop Duqm,” says H.E. Yahya Saied Abdullah Al-Jabri, SEZAD’s chairman. “Not only will the SEZ be a model for economic, social, and environmental sustainability, Duqm will become a modern urban center where young Omanis work, live, and enjoy a high standard of living.”

The Final Say

Amid much uncertainty in the region, the Sultanate is moving decisively forward—toward sustainable economic growth and deeper international integration. With so many new opportunities and new partners to be found, Oman is the country to explore in the coming year.



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Africa's Coming Resource Curse—and How to Avoid It

Larry Diamond and Jack Mosbacher

In October 2011, the U.S. Department of Justice filed a motion to seize a palatial cliff-top home in Malibu, California. The 16-acre property towers over its neighbors, with a palm-lined driveway leading to a plaster-and-tile mansion. Situated in the heart of one of the United States' most expensive neighborhoods, the \$30 million estate includes a swimming pool, a tennis court, and a four-hole golf course. In its complaint, the Justice Department also set its sights on high-performance speedboats worth \$2 million, over two dozen cars (including a \$2 million Maserati and eight Ferraris), and \$3.2 million in Michael Jackson memorabilia—in total, assets equaling approximately \$71 million. What made these extravagant possessions all the more remarkable was that they belonged to a government worker from a small African country who was making an official salary of about \$80,000 a year: Teodoro Nguema Obiang Mangue, the oldest son of and heir apparent to Teodoro Obiang Nguema Mbasogo, the longtime president of Equatorial Guinea.

Home to over one billion barrels of oil reserves, Equatorial Guinea has exported as many as 400,000 barrels of oil a day since 1995, a bonanza that has made the country wealthier, in terms of GDP per capita, than France, Japan, and the United Kingdom. Little of this wealth, however, has helped the vast majority of Equatorial Guinea's 700,000 people: today, three out of every four Equatorial Guineans live on less than \$2 a day, and infant mortality rates in the country have barely budged since

LARRY DIAMOND is a Senior Fellow at the Hoover Institution and at Stanford University's Freeman Spogli Institute for International Studies, where he directs the Center on Democracy, Development, and the Rule of Law.

JACK MOSBACHER is a Research Associate at the Freeman Spogli Institute for International Studies.

oil was first discovered there. The president's family members and other elites connected to the Obiang regime, meanwhile, have prospered.

As a result, Equatorial Guinea has become a textbook example of the so-called resource curse, a global phenomenon in which vast natural resource wealth leads to rapacious corruption, decimated governance, and chronic underdevelopment. Worse still, for the last three decades, the Obiang family was able to trade and travel freely around the world, until the Justice Department finally moved to seize the younger Obiang's home and possessions on the charge that he had used his position and influence to acquire illicit wealth. The United States' recent crackdown is laudable, but the family's ability to travel and conduct business in the United States and around the world for so long highlights the gaps in the architecture of international accountability and justice. Equatorial Guinea's story yields many foreboding lessons, but none more obvious than this: oil-rich developing countries that want to avoid the resource curse cannot wait for the international system to fight corruption for them.

Equatorial Guinea's example will become increasingly relevant over the next decade as a massive wave of new oil and gas discoveries transforms Africa's economic and political landscape. Over the next ten years, new technologies will allow oil producers to extract billions of barrels of exportable oil from the East African Rift Valley and West Africa's Gulf of Guinea. If current estimates are even close to accurate, trillions of dollars in oil revenue will ultimately descend on a dozen African countries that have never before experienced such influxes. In East Africa, that list will likely include Ethiopia, Kenya, Malawi, Mauritius, Tanzania, and Uganda; in West Africa, it will probably include Gambia, Ghana, Liberia, São Tomé and Príncipe, Senegal, and Sierra Leone. (Niger is another possibility, but given the lack of firm estimates of its oil reserves, it is not included in the calculations here.) And this windfall would come on top of the enormous oil revenues that some still-poor sub-Saharan African countries, such as Angola, Chad, Gabon, Nigeria, and Sudan (and South Sudan), have been earning for decades, as well as the new oil revenues that Ghana is beginning to accrue. All told, within a decade, a third or more of African countries may derive the majority of their export earnings from oil and gas.

Oil booms poison the prospects for development in poor countries. The surge of easy money fuels inflation, fans waste and massive

corruption, distorts exchange rates, undermines the competitiveness of traditional export sectors such as agriculture, and preempts the growth of manufacturing. Moreover, as oil prices fluctuate on world markets, oil-rich countries can suddenly become cash poor when booms go bust (since poor countries rarely save any of these revenue windfalls). Oil booms are also bad news for democracy and the rule of law. In fact, not a single developing country that derives the bulk of its export earnings from oil and gas is a democracy. Rather than fostering an entrepreneurial middle class, oil wealth, when controlled by the government, stifles the emergence of an independent business class and swells the power of the state vis-à-vis civil society.

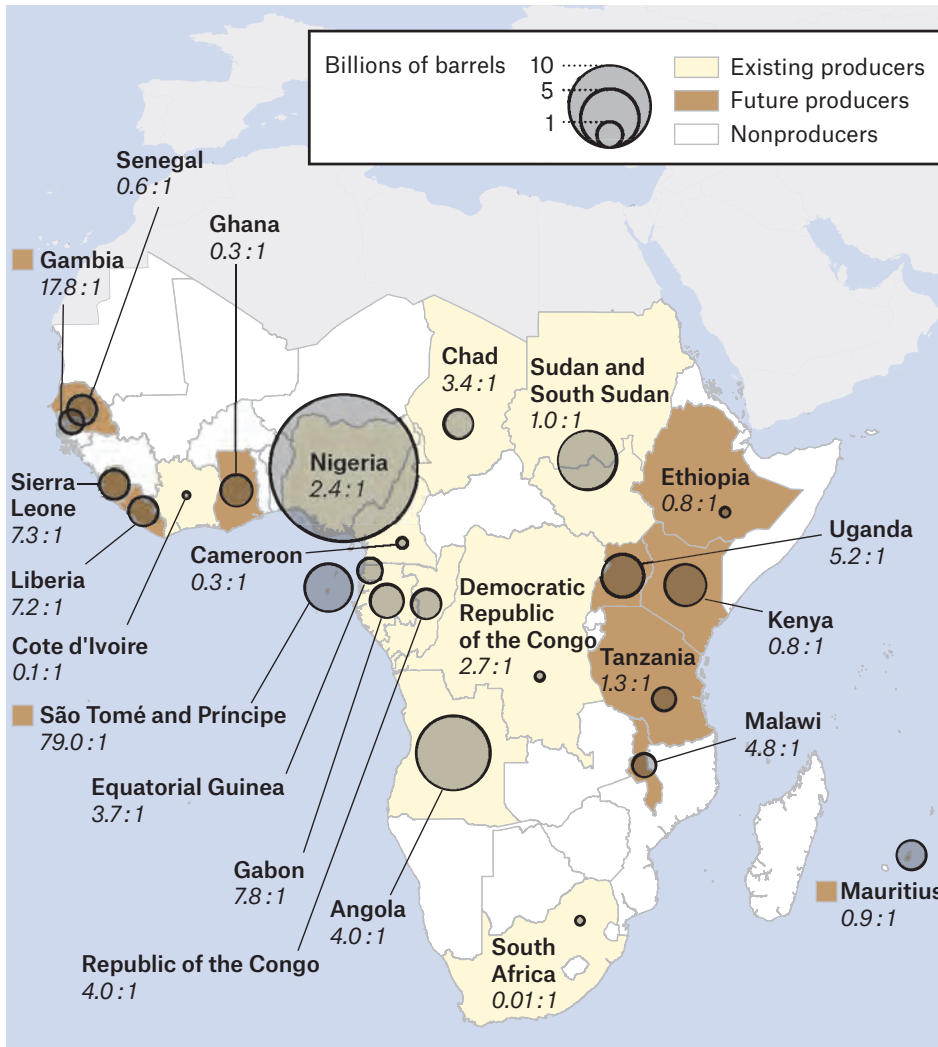
In Africa, then, where one-party dominance or outright authoritarian rule prevails, as in Ethiopia, Gambia, Tanzania, and Uganda, oil wealth will further entrench it. And where democracy is struggling to sink roots—as in Kenya, Liberia, Malawi, Senegal, and Sierra Leone—it could easily overwhelm weak state institutions. Even Ghana, the most liberal and stable democracy in West Africa, could fall victim to the problem of oil revenues. The country now exports fewer than 100,000 barrels a day, but that figure is estimated to soar to as much as half a million barrels by 2015.

If used wisely, this influx of capital has the potential to fund path-breaking improvements in physical infrastructure and human well-being. But if state officials, enabled by the absence of meaningful institutions of transparency and accountability, manage to divert the oil revenues to themselves, then the new wealth will serve only to further consolidate the power and inflate the personal fortunes of the ruling elites. There is no reason to expect that newly rich oil producers in Africa will meet a fate much different from that of Angola, Equatorial Guinea, Nigeria, and Sudan, all of which rank in the worst fifth of all countries in terms of bribery and corruption.

Unless, that is, African governments embrace a radical policy approach: handing a large share of the new revenues directly to the people as taxable income. The influx of funds from new oil discoveries will be so large that if properly managed, it could catapult developing countries into genuine economic and social development. By taking control of these revenues out of the hands of the political elite and restoring the link between citizens and their public officials, this “oil to cash” strategy offers the best hope for tomorrow’s oil-rich African nations to avoid the fate that has befallen so many of yesterday’s.

Africa's Oil Boom

Oil Reserves and Ratios of Oil Revenues to Tax Revenues for Current and Future Exporters in Sub-Saharan Africa



NOTE: The ratios of oil revenues to tax revenues are derived from comparisons of aggregate national tax revenues (using World Bank data) and projections of oil revenues based on estimated reserves, projected export capacity, and estimated future oil prices.

THE CAUSE OF THE CURSE

For a long time, those who studied economic development assumed that valuable natural resources were a blessing—that, as the scholar Norton Ginsburg wrote in 1957, “the possession of a sizable and diversified natural resource endowment is a major advantage to any country embarking upon a period of rapid economic growth.” Since the 1980s,

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however, experts have come to the consensus that the opposite is true. In fact, the economies of resource-rich countries have performed far worse than those of their resource-poor neighbors, and increases in natural resource wealth are strongly correlated with greater corruption, authoritarianism, political and economic instability, and civil war.

The root cause of the curse is the divergent effect that resource wealth has on the incentives of citizens and public officials. When unearned income—or “rents,” as economists say—replaces taxes as the main source of government funding, the social contract between a population and its government is severed. In well-functioning states (especially democracies), citizens consent to be taxed in exchange for public services and protection. Since the government relies on tax revenues for its very existence, taxation becomes the binding force of accountability between public officials and their constituents:

New sources of oil and gas could inject close to \$3 trillion into the economies of some of Africa's poorest and least developed nations.

public servants are incentivized to meet the public's expectations because the population at large is the most direct and important stakeholder in the government's functions. As direct investors, citizens also have a powerful interest in seeing that their taxes are used properly and efficiently.

It follows that the introduction of nontax revenue—from foreign aid or the sale of valuable natural resources, for example—reduces a government's reliance on revenue from its people and thus weakens the incentive to serve them. In the absence of the bonds of scrutiny and accountability that taxation forges, the external rents that fall into state coffers are seen not as belonging to the people but as up for grabs by the luckiest, the best connected, or the most brazen. Corruption, patronage, and rent seeking flourish. Elites grow rich; everyone else grows dependent, cynical, or detached.

The result is that oil states generate not public goods for development but private and political goods instead. When state revenue seems to gush up from the ground as free money, and when resource rents displace taxation as the main source of government revenue, political elites have incentives to focus on the private accumulation of wealth and limit distribution of it to their political support networks. They have little reason to use this public treasure to deliver roads,

schools, fertilizers, clinics, medicine, and so on. Meanwhile, the people have incentives to plead and compete for whatever crumbs may fall from the political table.

These political dynamics already tend to impede progress in all low-income countries. They become insurmountable traps in ones where the state's revenue is largely derived from external rents, especially a massive flow of oil revenues. Yet that is exactly what many African countries will likely soon experience.

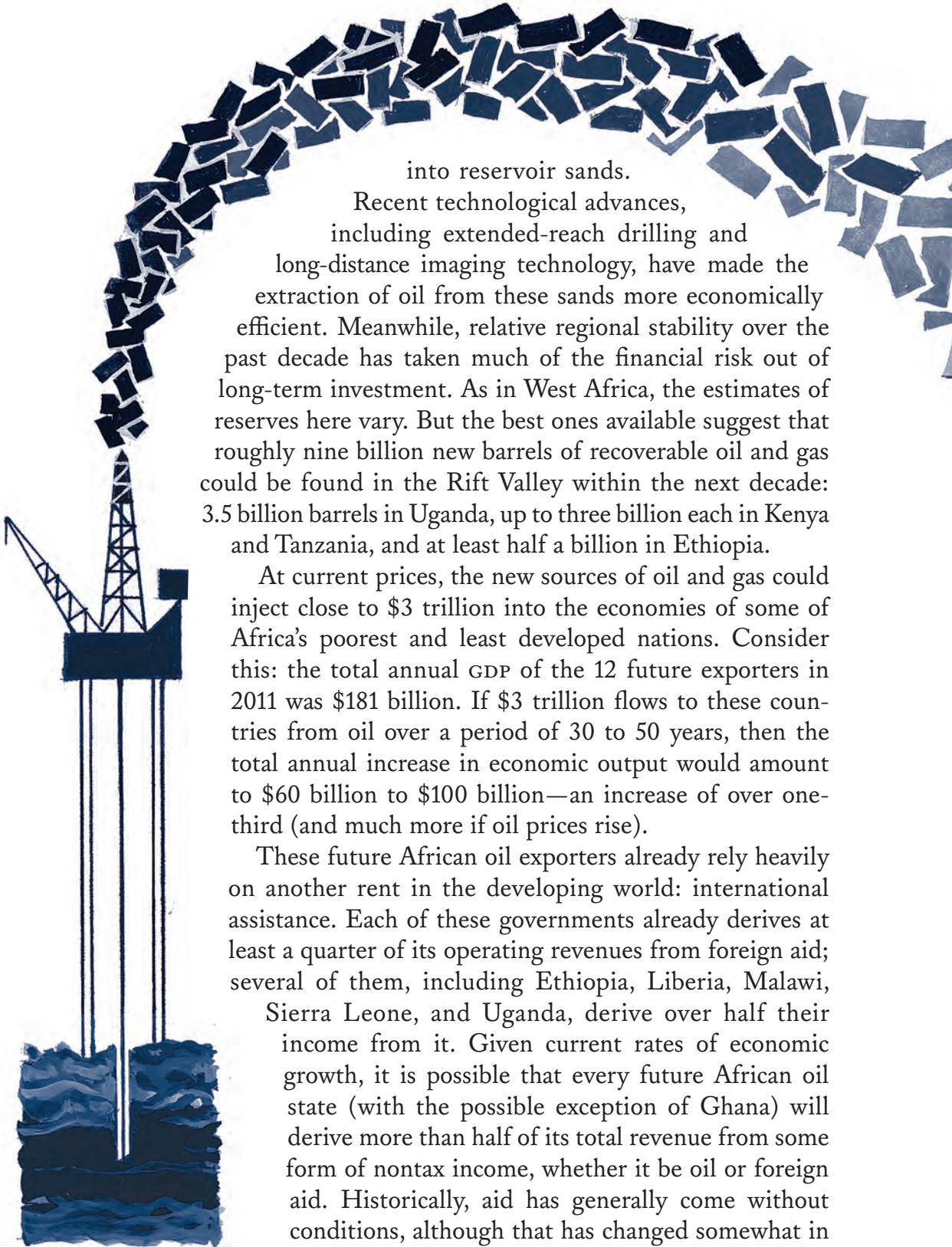
AFRICA'S COMING OIL BOOM

In the next decade, thanks to innovations in exploration and extraction technologies, oil producers will be able to profitably tap areas in Africa where reserves have long been suspected to lie. Twelve African nations are likely to become new high-level oil exporters. Although estimates of oil reserves and exporting capacity are notoriously volatile, it is possible that more than 25 billion barrels of oil will become available for export in Africa over the next decade—enough to increase export earnings many times over in some countries and revolutionize the social well-being of over one billion Africans.

These new sources of oil are highly concentrated in two geographic areas: in West Africa, offshore in the Atlantic Ocean and the Gulf of Guinea, and in East Africa, in the Rift Valley, which runs through much of the region. Oil is not new to the Gulf of Guinea. With major long-term exporters, such as Equatorial Guinea and Nigeria, the area has been exporting as much as three million barrels of oil a day for over four decades. A period of unprecedented regional stability, however, has allowed for a new wave of investment in the exploration and production of previously untapped deep-water oil sources. In the past five years, commercial-quality oil sources have been found in or off the coasts of Senegal, Gambia, Sierra Leone, Liberia, Ghana, and São Tomé and Príncipe. Although the estimates of recoverable oil reserves vary greatly by country (four billion barrels in São Tomé and Príncipe, two billion in Ghana, 1.5 billion each in Senegal and Liberia, and one billion in Gambia), and although these estimates vary in their certainty, what is clear is that each country has enough exportable oil to transform its politics and economy.

In East Africa, tectonic plates have been splitting apart for millenia, creating a massive rift that runs for roughly 2,200 miles. As the plates have diverged, deep-seated plumes of magma have expelled oil

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into reservoir sands.

Recent technological advances, including extended-reach drilling and long-distance imaging technology, have made the extraction of oil from these sands more economically efficient. Meanwhile, relative regional stability over the past decade has taken much of the financial risk out of long-term investment. As in West Africa, the estimates of reserves here vary. But the best ones available suggest that roughly nine billion new barrels of recoverable oil and gas could be found in the Rift Valley within the next decade: 3.5 billion barrels in Uganda, up to three billion each in Kenya and Tanzania, and at least half a billion in Ethiopia.

At current prices, the new sources of oil and gas could inject close to \$3 trillion into the economies of some of Africa's poorest and least developed nations. Consider this: the total annual GDP of the 12 future exporters in 2011 was \$181 billion. If \$3 trillion flows to these countries from oil over a period of 30 to 50 years, then the total annual increase in economic output would amount to \$60 billion to \$100 billion—an increase of over one-third (and much more if oil prices rise).

These future African oil exporters already rely heavily on another rent in the developing world: international assistance. Each of these governments already derives at least a quarter of its operating revenues from foreign aid; several of them, including Ethiopia, Liberia, Malawi, Sierra Leone, and Uganda, derive over half their income from it. Given current rates of economic growth, it is possible that every future African oil state (with the possible exception of Ghana) will derive more than half of its total revenue from some form of nontax income, whether it be oil or foreign aid. Historically, aid has generally come without conditions, although that has changed somewhat in

the last decade or two, as donors have begun demanding political and economic reforms. For African elites who want to use state revenue as they wish, the beauty of new oil revenues is that they come with no conditions at all.

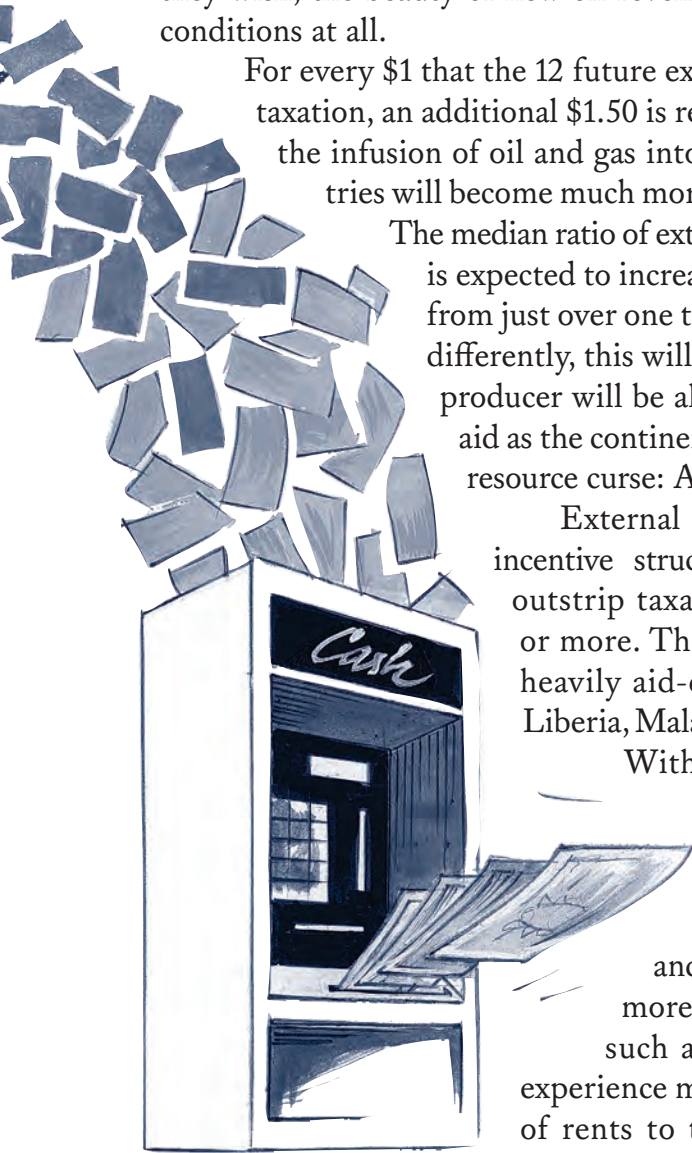
For every \$1 that the 12 future exporters currently receive from taxation, an additional \$1.50 is received from foreign aid. With the infusion of oil and gas into their economies, these countries will become much more dependent on external rents.

The median ratio of external rents to domestic taxation is expected to increase by a multiple of nearly five, from just over one to one to nearly five to one. Put differently, this will mean that the median new oil producer will be almost as dependent on oil and aid as the continent's most famous victims of the resource curse: Angola, Chad, and Nigeria.

External rents often ravage a state's incentive structure when they significantly outstrip taxation—say, by a factor of two or more. That is already the case in some heavily aid-dependent countries, such as Liberia, Malawi, Sierra Leone, and Uganda.

With the expected surge in oil income, these countries will see their revenue structures distorted to degrees even beyond those of Angola, Chad, and Nigeria. Even countries with more balanced revenue structures, such as Ethiopia and Tanzania, will experience major swings, with their ratios of rents to taxes likely soaring to above two to one.

Although several countries in Africa have made great strides in improving governance over the past decade, no continent has more obviously displayed the sad drama of the resource curse: Africa's oil-rich states have become strikingly more corrupt than their resource-poor neighbors. According to the Worldwide Governance Indicators, compiled annually by the World Bank, Africa's current oil exporters rank in the bottom quintile globally in their relative



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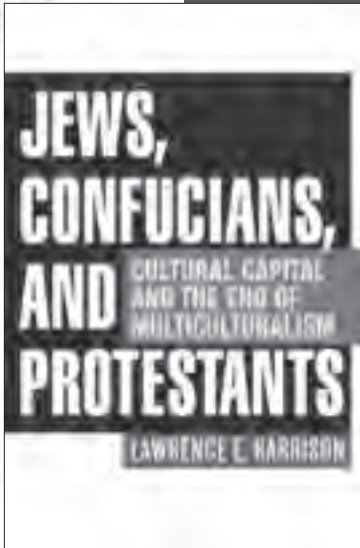
ability to control corruption, formulate and implement effective policies, regulate private-sector development, and enforce the rule of law. Conversely, Africa's future exporters currently well outpace the regional average in these percentile rankings. Unless a new approach is tried, oil will drag the future exporters down to the miserable governance levels of the current exporters.

To date, no African country has been able to keep oil money from being largely usurped and misused by the powerful. Every one of the 12 current oil exporters currently falls into the bottom half of the UN's Human Development Index. According to the World Bank, more than a tenth of all children born in oil-rich African countries die before the age of five, double the global average. If Africa is the worst-governed continent in the world, its oil states are the worst of the worst.

OIL TO CASH

At the heart of the resource curse lie weak institutions that fail to prevent public officials from exercising discretion over the revenue from oil and other external rents. Experts have traditionally recommended solving that problem by focusing on instilling transparency and accountability. If only the people knew how much oil revenue their government was receiving and how the money was being spent, the thinking went, they could hold their leaders accountable at the ballot box. And so the International Monetary Fund and the World Bank made increasing the transparency of resource revenue a condition for multilateral aid. Global efforts such as Publish What You Pay, a movement aimed at getting extractive industries to declare all the money they pay to governments for the rights to natural resources, and the Extractive Industries Transparency Initiative, a public-private partnership that sets global standards for transparency and accountability in resource-rich nations, have brought external pressure to bear on governments receiving income from natural resources.

These initiatives are vital to promoting good governance in resource-rich developing countries, and they should be extended to the new oil producers. But transparency initiatives alone are not nearly adequate to the task. Resource flows are complex, with countless steps in the process from the time oil is discovered, extracted from the ground, and sold on the international market to when it is transferred as revenue to government accounts and spent by officials. Efforts to expose how revenues are accrued and dispersed have not worked as well as expected



Jews, Confucians, and Protestants

*Cultural Capital and the End
of Multiculturalism*

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“Harrison has the courage to write the truth, a dangerous virtue these days.” —Thomas Sowell, Rose and Milton Friedman Senior Fellow on Public Policy at the Hoover Institution

Lawrence E. Harrison is the author of *Undevelopment is a State of Mind—The Latin American Case* (Madison Books), *The Central Liberal Truth: How Politics Can Change a Culture and Save It from Itself* (Oxford), and coeditor, with Samuel P. Huntington, of *Culture Matters—How Values Shape Human Progress* (Basic Books).

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because, as the scholar Todd Moss has written, they “only shed light on one link in the long chain from oil in the ground to development outcomes.” Although transparency is an integral piece of any country’s pursuit of effective and honest governance, transparency alone fails to reverse the underlying incentives afflicting oil-rich countries.

Given that reality, it is time to try a new policy approach, one that could drastically alter these incentives: the direct distribution of a portion of oil revenues to citizens as taxable income. In practical terms, this scheme would work as follows: When a government received revenue from oil and gas exports, a certain predetermined proportion of it (ideally, at least 50 percent) would immediately be distributed directly to the bank accounts of the country’s citizens. Then, the government would treat those distributed revenues as income and tax some of it back. Each country could adjust the rate of taxation to transfer only that amount of cash that economists determined could be absorbed by the average poor family without fueling inflation or distorting incentives.

This oil-to-cash system should not be confused with those of oil-rich Arab states, such as Kuwait, Qatar, and Saudi Arabia, that lavish on their citizens payments and cradle-to-grave services. These programs lack two key features. First, the money goes to the state and only then is distributed (often at its discretion), as financial payments, social services, increases in public salaries, and so on. Second, citizens in these countries do not pay any income tax, so the crucial bond of accountability never materializes. Instead of increasing citizen participation and strengthening accountability, state-to-citizen distributions in these countries simply use oil revenues to keep the people satiated while further entrenching the power of elites. In doing so, these payments serve to increase citizens’ dependence on the state, rather than increasing their ownership of it.

The oil-to-cash approach has been engineered by a team of scholars at the Center for Global Development (including Nancy Birdsall, Alan Gelb, Alexandra Gillies, Moss, and Arvind Subramanian) who contend that it would attack the fundamental causes of the resource curse. Directly distributing oil revenues as taxable income would create a broad and active constituency of citizens who were directly affected by the government’s management of their resources, in place of the often passive populations of corrupt, resource-cursed states. In a single step, it would build a broad domestic tax base—a fundamental piece of any modern, well-governed state. Moreover, immediately taxing

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the income through explicit deductions from the transfers would make citizens aware of the fiscal relationship, strengthening the ties of accountability between the officials who control the state and the people whose money they are spending. Citizens would come to realize that it is indeed their money that the state is spending.

To many, the concept of direct cash transfers of oil dollars seems like a well-intentioned but utterly infeasible option. For starters, one might ask, how can countries that lack modern banking sectors or even national identification systems be expected to implement cash-transfer programs? The answer is that many already have. As Moss has written, as of 2009, some 60 developing countries, including Botswana, Brazil, India, Mexico, and Panama, have made regular direct transfer

It is time to try a new approach to beating the resource curse: the direct distribution of oil revenues to citizens.

payments to approximately 170 million people. That success owes to recent advancements in affordable and reliable personal-identification technologies that use biometric identifiers such as fingerprints and facial and retinal recognition. Gelb estimates that as many as 450 million people in developing countries have had their biometric data cataloged.

Although governments will need to invest in systems that allow them to properly and transparently transfer money into citizens' accounts, new technology in the area of electronic banking is making this process continuously cheaper and more logistically feasible. Africa has experienced explosive growth in cell-phone subscriptions, now estimated at over 800 million, which, even allowing for users with multiple devices, means that the majority of Africans now have access to cell phones. Moreover, mobile-banking platforms, such as Kenya's M-Pesa, are proliferating.

Other skeptics might argue that it would be more efficient for states to spend their oil wealth on development projects than to put it into the hands of the poor and uneducated. But the argument that poor people don't understand their best interests as well as bureaucrats and public servants do is a paternalist myth. Indeed, evidence from existing cash-transfer programs reveals that the transfers are most often spent on food, education, health care, and business investments. Moreover, most of the money is spent on local goods, stimulating community-level development.

The greatest obstacle to oil-to-cash programs is, of course, political. Why, many wonder, would any politician ever willingly give up control of oil money? Indeed, in developing countries, control over natural resource revenues fuels the patrimonial ties and patronage networks that keep leaders in power. And it is true that an autocrat is very unlikely to give up this vast opportunity to accumulate wealth and perpetuate his rule.

But nine of the 12 future oil exporters are democracies, and therein lies the hope for these revenue-distribution systems. In these countries, competitive elections with uncertain outcomes determine who rules. In some of them, democracy may well expire in the fever of sudden riches. But in others, a broad coalition of forces in civil society and politics could compel rulers to implement some kind of oil-to-cash model, or else vote into office an opposition party that has pledged to do so. It is hard to imagine a more compelling opposition platform than the distribution of at least some share of natural resource revenues directly to the long-impooverished people who are the real legitimate owners of the country and its resources. Public opinion survey data from the research project Afrobarometer show that Africans are more aware of their rights and more demanding of democracy than social science theories have traditionally assumed about the poor in developing countries.

Moreover, African civil societies are becoming better organized and more assertive, and with the growth of new communications technologies (including community FM radio stations), a more vigorous public sphere is emerging. Once African publics understand the possibilities of oil-to-cash programs, they may seize on the idea. At that point, it will not be easy for elected leaders to insist that the state monopolize these revenues, unless they rig elections and repress protests. Desecrating democracy to corner this wealth may be a tempting strategy, but it is one with huge risks, including being toppled from power and punished. Some democratically elected leaders could opt instead to become public (and international) heroes by embracing reform.

Unfortunately, the prospects for preempting the oil curse are much worse in Africa's authoritarian states, for they lack the political competition and civic pressure that could induce reform. But despite the dangers that go along with challenging autocrats, public demands for reform may rise as corruption and misrule deepen, ultimately leading the regime to make meaningful concessions. Such a scenario is not

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unthinkable, for example, in Uganda, where, after nearly three decades of Yoweri Museveni's presidency, the signs of governance rot are spreading, and the public is noticing. Embracing at least a limited oil-to-cash reform would burnish any autocrat's tarnished legitimacy. After all, if presidents and ruling parties gave some of the new wealth to the people, that would still leave quite a lot of state revenue for them to manage. Even partial reform would begin to change the relationship between citizens and the state and create a new incentive for the public to monitor its rulers' handling of oil wealth.

A RADICAL APPROACH

Nobody knows exactly how much oil will be pulled from the ground of Africa's new oil exporters over the next decade. Current projections made by governments and oil exploration companies might be overly optimistic, or perhaps the current period of relative political stability in Africa will end, scaring off investment in oil infrastructure.

Regardless, oil will shape Africa's future more than ever, and some groups and individuals will find themselves much wealthier in the next decade. The choice that Africa's governments and people have to make is whether the winners will be, as before, well-connected elites or whether the pattern can be broken and a new premise can be embraced: that a country's natural resources belong not to the state but to its people.

Admittedly, the oil-to-cash plan is an unwieldy and largely untested initiative. But in an area where every conventional approach has failed, only a radical departure is likely to succeed. The biggest mistake Africa's new oil producers can make, one that several are already making, is to assume that their countries are different: that through good leadership, better statecraft, or incremental improvements in their legal systems, they can avoid the resource curse. The stakes are simply too high for anything but a radical new approach. 🌍

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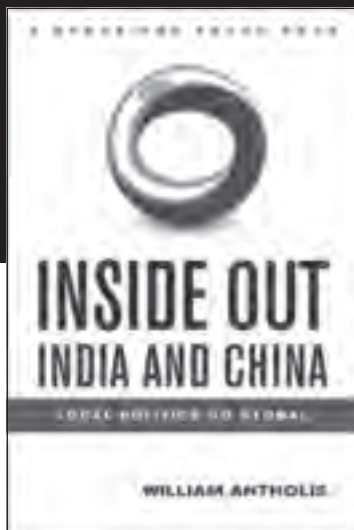
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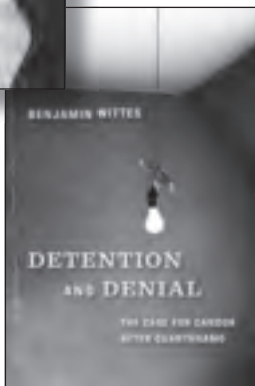
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Helping Congo Help Itself

What It Will Take to End Africa's Worst War

Jason K. Stearns

It would be easy to label the Democratic Republic of the Congo an irredeemable mess. For almost two decades, the country has been roiled by a series of wars involving neighboring countries and dozens of Congolese militias. Recent years seemed to bring some respite; in 2009, following a peace deal between the Congolese and the Rwandan governments, some of the main armed groups in eastern Congo joined the national government. But this agreement, like previous ones, soon succumbed to its flaws. Since April 2012, violence has once again begun to escalate, centered on a new rebellion in the eastern highlands led by the March 23 Movement, or the M23 (the group takes its name from the date of the signing of the 2009 peace accord, which it contends the government has not respected). There are now 2.6 million people displaced in Congo, over 30 different armed groups, and thousands of killings and rapes each year. The UN has deployed one of its largest peacekeeping missions there, and half a dozen peace processes and agreements have failed to bring an end to the fighting.

This dismal picture is misleading. Congo's problems are complex, but certainly not beyond repair. First, however, it is necessary to diagnose the conflict's root causes and understand its protagonists' interests. Although Western media have often taken shortcuts, focusing in particular on the scourge of sexual violence and conflict minerals, a close reading suggests that it is not local warlords and mining companies that are the key players in this drama but the Congolese and Rwandan governments. Congo's government is not only extremely weak, but it is also beholden to a political logic of patronage that undermines the reform of its own state and encourages the creation of competing armed

JASON K. STEARNS is the author of *Dancing in the Glory of Monsters: The Collapse of the Congo and the Great War of Africa* and Director of the Usalama Project, a research program on Congolese armed groups at the Rift Valley Institute. Follow him on Twitter @jasonkstearns.

Jason K. Stearns

groups. Meanwhile, the ruling party in Rwanda—in part due to Congo's weakness and instability, in part due to its own problems—has backed armed groups in the eastern Kivu region of Congo, an area it considers to be its backyard.

Yet conflict in Congo continues not just because of these local protagonists but also due to the failures of the foreign diplomats and activists who have not grappled with the underlying dynamics. This has produced a piecemeal response guided more by the interests of outside powers and those of aid bureaucracies than by a strategy for solving the conflict. Throughout the crisis, donors—mostly the United States and a handful of European countries—have supplied over 40 percent of the budgets of Congo and Rwanda, but they have rarely displayed the commensurate political and diplomatic muscle necessary to leverage this aid toward a sustainable solution. Other African governments, meanwhile, have mostly stayed on the sidelines.

These diplomatic failings have been particularly striking during the past seven years. Since 2006, when the last serious peace process concluded, donors have adopted a postconflict, or stabilization, strategy, epitomized by a mandate that focuses on supporting a government in Kinshasa that has little manifest will to stabilize its own country. At the same time, the UN peacekeeping mission has been stripped of any role in negotiating between the Congolese government and its enemies. This approach is mistaken. In order to foster a lasting peace, donors must use the billions of dollars in aid money disbursed each year as leverage to induce the governments in Kinshasa and Kigali to stop using armed violence for political gain.

MAKING PEACE ON THE BACK OF WAR

Congo represents a cautionary tale for outsiders; it is worth understanding the international community's past failings there, especially those of the 1999–2006 peace process, which succeeded at uniting the country after years of war but at the cost of creating new conflicts.

The Congo war began in earnest in 1996, prompted primarily by the collapse of the Congolese state and the 1994 genocide in neighboring Rwanda. After 31 years of misrule, President Mobutu Sese Seko had become a liability to the entire region. His poorly governed territory had become a rear base for armed groups from at least four neighboring countries, including the defeated Rwandan army and affiliated militias, which had massacred 800,000 people in 1994 before fleeing across the

border. The Rwandan government—receiving support from Angola, Eritrea, Ethiopia, Tanzania, and Uganda—took the lead in creating and backing a Congolese rebellion to break up the refugee camps where its enemies were based and to eventually topple Mobutu from power. But the Rwandans soon fell out with Laurent Kabila, the man they had put in power in Kinshasa, and so they launched another rebellion in eastern Congo aimed at ensuring their continued influence there. Eventually, the country was divided into at least five different parts, each one run by an armed group with a foreign backer.

Peace talks began in Zambia in 1999 and culminated in a comprehensive deal in South Africa in 2002. The magic that these talks had to accomplish was to make each belligerent believe that it would benefit from putting down its arms and joining a transitional government—even though the transition, which ended in elections in 2006, would by its very nature produce losers as well as winners.

The peace process was largely successful at pulling off this feat, thanks in no small part to the efforts of outside donors and diplomats. They put financial pressure on Rwanda and Uganda to withdraw their support for Congolese rebels, helped create a government with strong participation from civil society and the opposition, and allowed the incumbent president, Joseph Kabila (the son of Laurent Kabila, who was assassinated in 2001), to steer the transition in his favor. The belligerents joined a transitional administration and integrated their troops into a national army. In 2006, the country held its first multiparty elections in 41 years, confirming Kabila as president.

The magic, however, turned out to be sleight of hand. One of the main belligerents and Rwanda's ally, the Congolese Rally for Democracy (RCD), was deeply unpopular and stood to fare poorly in any elections. In the end, its fears would come true: in the 2006 elections, the former rebels went from controlling almost a third of the country to securing just a few percent representation in national institutions. So it came as no surprise when, starting in 2003, in anticipation of such a defeat, several prominent ex-RCD officers, backed by the Rwandan government and led by the charismatic General Laurent Nkunda, began to stitch together a new rebellion, the National Congress for the Defense of the

The conflict in Congo continues not just because of local protagonists but also due to the failures of foreign diplomats.

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People (CNDP). As one RCD leader told me years later, “The CNDP was our Plan B in case the transition didn’t work in our favor.” The democratic logic of the transition—a no-brainer for donors—ended up disenfranchising the most potent military force in the country while doing little to address the systemic forces underlying the conflict.

In many ways, these forces were the same as those that had caused the first Congo war a decade earlier: a chronically weak Congolese state that, much like during Mobutu’s time, had little appetite for strengthening its own institutions and an aggressive Rwandan government that, mistrustful of its neighbor, fell back on an armed proxy to maintain its influence there. Finally, in early 2009, after years of unsuccessful offensives against the rebels, the Congolese government struck a deal with Rwanda to arrest Nkunda and integrate the CNDP into the Congolese army.

Foreign donors—who were bankrolling the transitional government and spending several billion dollars a year on humanitarian aid, the UN peacekeeping mission, and development projects—hailed this deal. But the agreement was a weak, short-term fix. Much like the transitional government, it resulted in a superficial integration of rival forces while doing little to diminish Rwandan ambitions in Congo or to render the Congolese state more accountable and efficient.

DONOR PATHOLOGIES

It is easy to blame local political elites for this mess, but donors deserve their share of the blame. What is the nature of this responsibility? Many in Congo see chaos as a deliberate policy on the part of outsiders—what a recent book by a group of Congolese journalists, clergymen, and academics calls “the conspiracy of Balkanization.” According to this widespread view, world powers have a vested interest in breaking Congo up into separate states, so as to better exploit the mineral riches under its soil. Why else, they ask, would donors have financed close to half the budgets of both Congo and Rwanda for the past ten years? Is that not tantamount to condoning, even masterminding the current state of affairs?

The reality is not quite so Hollywood ready; it is apathy and ignorance, not hegemonic ambitions, that donors are guilty of. Congo does not rank in the top tier of foreign policy priorities in London, Paris, Washington, or Beijing. Donor policy is often managed by ambassadors, who themselves are torn between the dueling imperatives of maintaining



Up in arms: M23 fighters near Goma, November 2012

good relations with the government in Kinshasa and pushing back on issues of governance and human rights. Congo policy rarely rises above the level of the Africa bureaus in foreign ministries. This makes it difficult to muster the political clout necessary to coordinate policy, impose conditions on aid, and hold the Congolese government accountable.

These pathologies have become particularly prominent since Kabila's victory in the 2006 elections. Once democratically elected, Kabila felt emboldened to push for a sharp reduction in outside political involvement. With little appetite for or interest in pushing back, Western capitals complied, committing the critical strategic blunder of disengaging politically while the peace process was still fragile. So a strong multilateral approach, which had been coordinated through the UN-led International Committee in Support of the Transition, fizzled out, ending in weak bilateral, technocratic assistance. "If a democratically elected government tells you it doesn't want multilateral coordination, what do you do?" one European ambassador asked me in 2007. Three years later, a senior U.S. official was equally defeatist: "You can't make the government do things it doesn't want to."

And yet donors have continued to finance things the government does not want to do, at enormous cost and to little effect. The shift in

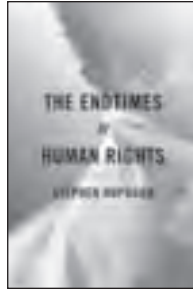
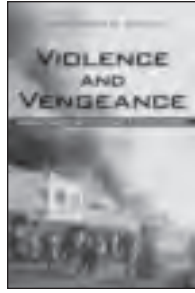
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Congo to a policy of stabilization—focusing on development and the strengthening of state institutions—is emblematic of a broader trend by donors and the UN of deploying resources in support of their hosts, as has been done in East Timor, Haiti, and Kosovo. For example, in 2009, declaring the conflict in the country largely over, the Congolese government rolled out the Stabilization and Reconstruction Plan for Eastern Congo (STAREC). Backed by the international community, the program was supposed to build infrastructure, deploy state agents to rural areas, and stimulate economic recovery.

The key ingredient, however, was missing: a sense of ownership on the part of Kinshasa. Donors disbursed \$220 million, whereas the Congolese government contributed only \$5 million. Administrative buildings were constructed, but the officials in them had almost no resources; police were deployed, but they were often abusive and unpaid; roads were built, but they fell into disrepair for lack of maintenance. An internal evaluation by UN officials concluded that the “state personnel deployed are mostly disconnected from the wishes of the local population [and are] perceived as ‘predatory,’ and the deployment of weak state agents has a counter-productive effect, reinforcing the population’s mistrust.” The plan focused on building the trappings of a state but not the content.

This pattern has held true in other areas as well. Shortly after the 2006 elections, donors set their sights on reforming the notoriously undisciplined army, a step that was key to dealing with threats in the east. Although foreign militaries ended up training less than ten percent of the Congolese forces, even the units they worked with often fell apart soon after. Belgian officers had to call the Congolese army’s staff headquarters every month to make sure the troops they had trained were paid and fed. Even the Chinese government, which rarely complains about domestic matters in other countries, recently wrote a letter to the Congolese government protesting the mistreatment of soldiers it had trained. Most embarrassing, in November 2012, troops trained by the U.S. government participated in the mass rape of 135 women and girls in the eastern lakeside town of Minova.

This new approach has raised acute ethical dilemmas as well. Shortly after the beginning of STAREC, the UN peacekeeping mission itself changed its mandate and its name to focus on stabilization. This transformation led the UN Security Council to reduce the mission, which had played a crucial mediating role during the 2003–6 transitional



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government, to a largely technocratic posture. The leaders of the peacekeepers now had little to say regarding the repression of the opposition and problems of governance, and for fear of antagonizing the government, they kept secret several UN investigations of mass abuse by army and police troops, which often received support from the peacekeepers. The government also prevented the UN from playing a role in negotiating with the dozens of armed groups remaining in eastern Congo. The UN peacekeepers, in short, were told that their first priority was to protect civilians, but because they were not given the political clout or the tools to tackle the causes of the instability, in practice they engaged only in reactive firefights.

THE VEIL FALLS

In the years following the 2006 peace deal, the assumptions underpinning the international community's strategy in Congo were badly battered. The first assumption was that the new government, which the donors had midwived, would embrace reform. But it became increasingly obvious that the government had little interest in doing so. Many of the changes required by the 2005 constitution, the backbone of the peace process, were not carried out. Local elections were never held, the decentralization of revenues and powers to the provinces stalled, and judicial reforms were abandoned.

The final blow was the 2011 presidential and legislative elections. Even before the elections, international pressure on the government was tepid. Then, when Kabila rammed through constitutional changes to get rid of a runoff that would have allowed various opposition candidates to band together against him, Western governments made little noise. Nonetheless, they went on to spend over \$200 million on the voting.

The elections themselves were deeply flawed. The European Union and the Carter Center concluded that they lacked credibility: over 850,000 ballots, five percent of the total, were lost; the tabulation process was extremely chaotic; and in several places, turnout exceeded the number of registered voters. Although Kabila was proclaimed the winner, the consensus among civil-society groups and in most embassies was that the elections had been so fraudulently managed that the true victor would never be known. And yet donors never considered pulling funding from the government or imposing sanctions. The option of pushing for a new vote was never really considered because, as one

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ambassador asked me, “Do we really want to spend another \$200 million and redo the whole thing?”

The second faulty assumption was that the conflict was largely over and that what pockets of instability remained could be handled by stronger state institutions. This fiction unraveled in early 2012, when the 2009 peace deal with the CNDP rebels collapsed. The deal had

For the first time in seven years, there are signs of a serious peace process.

allowed the former rebels to stay in the eastern Kivu region and maintain a parallel chain of command within the Congolese army. The agreement had always been a stopgap measure for the government, which had planned on

eventually co-opting the ex-rebel commanders one by one and dismantling their networks within the army. But the plan backfired: the ex-CNDP officers, with the CNDP leader Bosco Ntaganda (who has been indicted by the International Criminal Court and is now in its custody) at the helm, grew richer and more influential. The precarious arrangement finally fell apart in April 2012, when Ntaganda launched a mutiny, taking roughly half of the former CNDP officers with him.

The mutiny, named the M23, highlighted some of the root causes left unaddressed by the peace process. The rebels received extensive support from the Rwandan government, which sent recruits and formed military units across the border, indicating the extent to which Kigali still feels the need to have an armed proxy in its neighbor in order to protect its interests. The Congolese army, which registered some initial victories over the rebels, eventually succumbed to its own habitual failings. An internal evaluation signed by a hundred Congolese army officers provides a telling diagnosis of the reasons for their failure: “Complete disorganization of the command structure, incompetence and insufficient military training of many commanders, . . . parallel command structures, . . . embezzlement and poor management of funds and equipment, racketeering, a culture of lies and manipulation.”

Relying on hefty backing from the Rwandan army, the M23 rebels were able to make significant progress, even briefly capturing Goma, a city of over 500,000 people, in November 2012. But the M23 is not the only militia at war with the government. At least 30 different armed groups currently exist in eastern Congo, many of them ragtag bands of a few dozen men. These groups are not so much a challenge for the Congolese state but a feature of it. As research I conducted for

the Rift Valley Institute revealed, drawing on hundreds of interviews with members and associates of various armed groups, almost all these groups have ties with local or national politicians who use the armed groups to rally popular support, intimidate rivals, and bolster their importance. Many of these groups are led by disaffected officers who defected from the army and formed militias as a bargaining strategy: many such former officers have been bought off, receiving cash and lucrative new army positions in lieu of prison time. These patronage networks among insurgents, the national army, and politicians suggest that the right way to deal with these groups is not by waging a counter-insurgency campaign in remote jungles but by reforming the way politics is done at the core of the state.

A NEW PEACE PROCESS?

The M23 crisis has prompted outside actors to reassess their engagement. On February 24, 2013, 11 countries from the region signed the Peace, Security, and Cooperation Framework in Addis Ababa, Ethiopia. The deal has two basic requirements: the reform of Congolese institutions and the end of cross-border meddling. It created national and regional oversight mechanisms to make sure the various parties abide by their obligations, and former Irish President Mary Robinson was appointed as the UN special envoy to shepherd the process along. In a parallel process, the UN has authorized the deployment of a new peacekeeping brigade, consisting of Malawians, South Africans, and Tanzanians, with an aggressive mandate that can help them clamp down on the M23 and other armed groups in eastern Congo.

This framework provides hope. For the first time in seven years, there are signs of a serious peace process, with strong international involvement, aimed at addressing the real causes of conflict in Congo. Crucially, the new UN brigade consists of soldiers from the region, which will elicit greater political involvement on the part of South Africa and Tanzania, two countries that may have more influence in Kinshasa and Kigali than deep-pocketed donors from outside the continent. But the challenges are formidable, and the negotiators need to be armed with a clear understanding of how the conflict is seen from Kinshasa and Kigali.

First, the main obstacles to reforming the Congolese state are political, not technical. To grasp this, one needs to put oneself in Kabila's shoes. Coming into office following the assassination of his

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father, operating in a political environment filled with intrigue, Kabila made his first priority survival, not the creation of an efficient state apparatus. From this perspective, he has exceeded expectations, staying in power for over 12 years—far longer than anyone thought he would—and shuffling his advisers and ministers every several years along the way. He has become an expert at pitting politicians against one another and maintaining loyalty through a blend of bribery and intimidation. In the meantime, he and his family have reportedly accumulated vast wealth, largely through deals in the extractive industries sector. A May 2013 report by a panel led by former UN Secretary-General Kofi Annan showed that Congo had lost at least \$1.36 billion since 2010 in five deals in which state mining assets were sold at prices well below market value to a friend of Kabila's, the Israeli businessman Dan Gertler.

Kabila is not an authoritarian leader; he rules through fragmentation rather than strength. He is often absent from the political scene, sometimes spending months without making an appearance in public or on television. Bills and proposals sit on his desk for months before being dealt with, and he is known for managing military and political affairs through informal, often competing networks.

This mode of rule complicates reform efforts. It makes the executive branch suspicious of the rigid meritocracy required for a strong army or administration; by definition, it is more difficult to control people who owe their positions to their credentials rather than to their loyalty to the president. Strong hierarchies also create the potential for competing poles of power, which could threaten a weak ruling elite. Finally, reforming institutions requires punishing abusive officials, which could create a backlash from some of the regime's power brokers. All these problems will become more acute over the next few years as Kabila decides whether to try to change the constitution to run for a third term or designate a successor who can protect his interests.

In this context, institutions cannot be reformed without changing the way politics is done. It is not enough to train and equip soldiers or build roads and data-management systems. The backroom dealings and patronage politics must come to an end. Ultimately, the solution can come only from the Congolese themselves, through checks and balances: a rising middle class, more professional media, and, above all, the democratic institutions prescribed in the constitution.

There is reason to be hopeful. Past peace processes in Congo have had a tendency to slip from any one politician's grasp and take on their own, more inclusive logic. In 1991, Mobutu convened a sovereign national conference, hoping that he would be able to co-opt his rivals, only to have the assembly turn against him and elect his archenemy, Étienne Tshisekedi, as prime minister. Even now, Kabila spends much of his time bribing and coaxing his own allies in parliament not to impeach his ministers and governors. He is often lampooned in the press. Jeffersonian democracy this is not, but a bustling political marketplace is complicating Kabila's ambitions.

Although the solutions to Congo's problems will have to be home-grown, its national institutions are still fragile, and donors must play a vital role in bolstering democratization and state reform. They can help by holding the government to its own constitution and pushing for local elections, decentralization, and judicial independence, while opposing changes to the constitution's term limits that would allow Kabila to stay on past 2016. Most important, the countries providing several billion dollars in aid to Congo every year, along with 21,000 peacekeepers, need to establish a more honest relationship with the government, based on mutual accountability and respect. That means strengthening coordination across donors, investigating mining companies and army officers involved in dubious dealings, and forging a pact between donors and the Congolese recipients of their aid that would lead to a cutting of development aid if key benchmarks were not met.

The role of the World Bank, the International Monetary Fund, and the African Development Bank will be crucial, since, unlike most national donors, they provide aid that political elites care about for their survival: increasing foreign cash reserves, funding retirement packages for state employees, and signaling to companies and donors that Congo is safe for investment. But it is precisely these donors that have been most reluctant to tie their funds to political reforms.

ACROSS THE BORDER

The Congolese state is weak and dysfunctional, but no insurrection since the 1960s has been able to rise out of its provincial confines without outside support. The heftiest such support in the past two decades has come from Rwanda, which has greatly amplified the instability in the Kivu region of eastern Congo.

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The Rwandan army initially got involved in Congo in 1996, with good reason: it wanted to pursue the genocidaires who had fled there. Even in 1998, when Rwandan forces mounted a new rebellion against their former ally Laurent Kabila, the security imperative was clear,

Rwanda has greatly amplified the instability in eastern Congo.

since Rwandan rebels with rear bases in eastern Congo were attacking large areas of Rwanda. Since then, however, these rebels, now called the Democratic Forces for the Liberation of Rwanda (FDLR), have all but collapsed, probably

numbering only around 1,500–2,000, less than half what they were just four years ago. Meanwhile, Rwanda has lost its moral high ground thanks to its army's mass abuses and profiteering in Congo.

Rwanda backed the M23 rebellion not in response to a resurgent FDLR but largely because it feared losing influence in eastern Congo, which it has long considered relevant to its national interests. These interests are difficult to parse, given the secrecy shrouding Rwandan involvement in the region, but several factors stand out.

First, Rwandan decision-making regarding Congo is dominated by “securocrats,” officials from the security sector. This is not surprising given Rwanda's recent history: its main security threat has emanated from eastern Congo, many of its military leaders fought in Congo between 1996 and 2002, and Rwanda's current minister of defense even led the Congolese army for a brief period after Mobutu's fall, an indication of how influential Rwanda was in Congo at the time. Although this security threat has diminished, the FDLR is still symbolically important in Rwanda. Moreover, the ongoing strife in Congo has allowed these security officials to remain relevant and influential within Rwanda's ruling party, the Rwandan Patriotic Front. Second, when it comes to Congo, the decision-making process in Kigali is limited to a small circle, and its members bristle at any finger-wagging by foreigners who did nothing to stop the 1994 genocide. The Agaciro Development Fund (*agaciro* means “dignity”), which was created last year to supplant foreign aid through individual donations, represents a clear expression of this fierce pride. Finally, the ruling party has itself been buffeted by the defection of senior military and civilian officials in recent years, giving it a kind of bunker mentality. All these forces push toward greater belligerency, even hubris, in the government's decision-making process.

Rwanda's stance toward Congo is thus not merely the outcome of rational self-interest; it is also the result of problems in Kigali's decision-making process. Although it is true that millions of dollars' worth of Congolese minerals, coffee, and food are smuggled into Rwanda and exported from there every year, it is not clear that Rwanda would benefit less if there were stability in the region. And the reputational hazards of meddling in eastern Congo are considerable. In 2012, for example, international donors cut over \$200 million in budgetary aid to Rwanda due to its support for the M23. If the Congolese and Rwandan governments could manage to improve their relations and relax their labor and trade regulations, eastern Congo could provide opportunities for lucrative legal investments from Rwanda. For that to happen, however, the Rwandan ruling party would have to overcome its internal dysfunctions and learn how to trust Kinshasa.

There are signs that Kigali's belligerent stance is beginning to conflict with another, perhaps stronger ambition within the ruling party: to turn Rwanda into the Singapore of Africa, a center of business and trade at the heart of the region. With little natural resources or investment opportunities, Rwanda is seeking to trade on its reputation as having a forward-looking government that delivers impressive social services and as being inspirational for having rebuilt the country after the genocide. Rwanda is tough on corruption, has wired the country with fiber-optic cable, and, with Carnegie Mellon University, hosts the first American university campus in Africa. Over the past year, however, this image has been marred by bad press over Rwanda's support for the M23, and relations between economic officials and security officials in the country have soured as a result.

Outsiders should seek to strengthen the hand of those in Rwanda who seek a more mutually beneficial relationship with Congo by maintaining financial pressure on the government, which, according to a June 2013 UN report, still maintains close relations with the M23 rebels. But, as they do in Congo, donors to Rwanda have to grapple with their own dysfunctions. Rwanda has represented one of the best short-term investments of foreign aid, which has helped lift a million Rwandans out of poverty over the past five years. And yet Rwandan policy contributed to the displacement of hundreds of thousands in eastern Congo during the same period. Donors are so invested in the Rwandan success story that they suffer from a sort of cognitive dissonance, separating Rwanda's domestic progress from its meddling in

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eastern Congo. For some donor countries, this has meant spending millions in humanitarian aid to eastern Congo while funding the government across the border that is in part responsible for the violence there. This cognitive dissonance explains why even though little has changed on the ground in eastern Congo, the aid for Rwanda that was temporarily suspended last year following reports of Kigali's support for the M23 rebellion has since been mostly disbursed.

CONGO'S FUTURE

In the end, the conflict in Congo says almost as much about Western diplomacy as it does about the governments in the region themselves. Too often in the past, outside donors have fallen for short-term, technocratic fixes that have failed to address the logic of the violence in Congo, which is firmly rooted in the way power is managed in Kinshasa and Kigali. There are signs that this might be changing with the recently signed framework agreement; the diplomats in charge of this process would do well to study the troubled history of past interventions and to probe the pathologies afflicting Kinshasa, Kigali, and their own governments.

But this is easier said than done. It is easier to fix roads and train police than to change the deep-rooted incentives and habits of those in power in the region. Donors have learned that lesson in Afghanistan, another place where corrosive patronage politics, cross-border meddling, and a fragmented political landscape have perpetuated violence. Nonetheless, the stakes are high. If the Congolese government continues to hamstring its own security apparatus and to fuel armed groups in the country's eastern region, and if Rwanda's ruling party maintains its support for armed groups next door, there is little doubt that the heart of Africa will continue to be plagued by insurrection and violence.

If, on the other hand, outside donors and other African countries can tailor more honest engagements with both Kinshasa and Kigali, conditioning their aid on genuine progress toward more accountable and less bellicose governance in Congo and unlocking Congo's economic potential, then the Congo war stands a chance of ceasing to be a current event and finally becoming history. 🌍



SOUTH AFRICA'S COMPETITIVE EDGE



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AS SOUTH AFRICA PREPARES to celebrate twenty years of freedom and democracy, the country is less concerned with the past than with planning its future. With a gross domestic product (GDP) of more than \$400 billion, it remains the continent's largest economy. A twenty-year National Development Plan (NDP) is in place to ensure continued growth for South Africa and address problems of poverty, inequality, and unemployment. Regionally, South Africa acts as an economic powerhouse for Africa, while internationally, it is becoming increasingly influential, forging ties with major economies in the global north and south.



Jacob Zuma
President of the Republic
of South Africa

President Jacob Zuma recently stated that “we need all South Africans to play their part. We must all promote our country, and promote activities that enhance economic growth, in every possible way.” This is indicative of a sentiment pervasive in South Africa today: that cooperation across society will drive national growth.

South Africa's economy is solid, with GDP growth rates of 2.8 percent and expectations to exceed 4 percent in the coming years. Yet President Zuma has more ambitious targets, as he made clear in his State of the Nation address: “We need growth rates in excess of 5 percent to create more jobs. The target for job creation is set at 11 million by 2030, and the economy needs to grow threefold to create the desired jobs.”

The government's National Development Plan is meant to achieve precisely this. It sets out to improve South African competitiveness and standards of living through a wide array of measures, cutting across sectors. “It is a roadmap to a South Africa, where all will have water, electricity, sanitation, jobs, housing, public transport, adequate nutrition, education, social protection, quality health care, recreation, and a clean

environment,” says Zuma. The plan conditions growth on social and infrastructure developments, and on the ability of the private sector to cooperate with government in the attainment of a common goal. “We will engage business, labor, and other social partners in pursuit of solutions,” explains Zuma.

Six sectors are seen as the principal drivers of development: mining, agriculture, tourism, infrastructure development, the green economy, and manufacturing. Each of these has significant potential for growth.

Investors consider South Africa the continent's single most attractive investment destination, as confirmed in a recent survey by Ernst & Young, owing to its stable political environment, sizable domestic market, and relatively well-developed infrastructure. In the World Bank's “Doing Business” index, South Africa now ranks 39th, well ahead of fellow BRICS countries and, indeed, many European economies.

At the same time, South Africa's success fuels growth and trade relations well beyond its borders. Regional leadership in Africa adds further clout to South Africa internationally. In addition to being a member of the G20, South Africa works with Brazil, Russia, India, and China in the BRICS group of rapidly developing economies, giving it powerful forums in which to extend its trade relations. Crucially, South Africa also presents a voice for Africa. As host to the 5th BRICS Summit in Durban in March 2013, it knew to build a bridge between the BRICS and Africa, elevating the continent's contemporary global relevance. 

Mining: Ensuring South Africa's Growth

For more than a century, South Africa has been an integral player in the global mining industry. South African soil holds a treasure chest of more than fifty minerals waiting to be exploited. Recent research by the American banking group Citigroup calls South Africa the world's richest country in terms of its mineral reserves, which are worth an estimated \$2.5 trillion. Much of this wealth resides in platinum group metals —of which South Africa is the world's largest producer— but also in chrome, vanadium, manganese, and gold.

For South Africa, the challenge lies in garnering this mineral wealth and channeling it directly toward long-term development. The mining industry, burdened with a long history, is in need of reform, of which the government is gravely aware. Efforts are now being made to engage business owners in dialogue and to encourage industry to raise the skill sets of its workers, improve equality, and invest in more innovation.

"Mining is relevant in that it reflects the future and destiny of South Africa," affirms Susan Shabangu, Minister of Mining. But she also acknowledges that "South Africa has to change how it used to operate in the past. We have to create new industries and new products. For us, the key is value addition." For the sake of global competitiveness, the mining industry cannot afford to operate in the ways of old. Companies, especially established ones, need to reshape and restructure in order to be competitive and contribute positively to South Africa.

No Mining Without Coal

Coal is a mainstay of South African mining and decisive for the country's energy mix. South African electricity


company Eskom relies on coal as the primary source of energy to meet growing demand and consumption. The African Exploration Mining and Finance Corporation (AEMFC) supplies coal directly to Eskom. "Our supply to Eskom at this stage is 1.6 million tons of coal per annum," explains Sizwe Madondo, CEO of AEMFC. "And that is still a drop in the ocean in terms of how we want to influence the present structure at Eskom." State-owned AEMFC plans to grow its coal production consistently. "We have set ourselves the target to be among the top five coal producers in South Africa by 2020," says Madondo, while confirming that the company is also expanding into mining torbanite, uranium, and limestone. AEMFC is growing domestically and elsewhere on the continent. "We are in the market for acquisitions and in the process of identifying potential targets," he says. For Madondo, these choices serve the greater good. "This is the vision we have: to secure these resources for the country. It is not only for us, but for the country."

Creating Global Competition

Private mining group Exxaro is South Africa's second-largest coal producer and one of the largest suppliers of coal to Eskom. It runs eight coal mines with an annual capacity of 47 million tons and, at Grootegeluk mine, operates the world's largest coal beneficiation complex.

Apart from coal, Exxaro manages a diverse commodity portfolio, including mineral sands, of which it is the third-largest producer in the world; base metals; ferroalloys; and, more recently, iron ore. Founded only six years ago, Exxaro has established footprints in the United States, Europe, and Australia, in addition to South Africa.

Sipho Nkosi, CEO of Exxaro, firmly places his company in an international context. "We need to globalize, because this is where the markets are. This is where we are going to draw people. And this is where development is taking place as far as technology is concerned," explains Nkosi. For Exxaro, which is listed on the Johannesburg Stock Exchange, this requires financial muscle. Nkosi plans to make Exxaro "a twenty-billion-dollar organization by market capitalization."

Additionally, he sees the company's long-term viability vested in its people and in the company's ability to acquire and retain knowledge and skills. "Without a very educated workforce, you could not compete effectively," says Nkosi. "We spend a lot of money training and developing our own people, with more than 5.5 percent of total salary spending in 2012 alone." 



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Better Skills for Industry and Science

Much of South Africa’s future will be decided in the classroom. The modernization of key sectors and creation of new high-value industries will require expert knowledge and skills. The country’s energy sector is but one example of an industry in full transformation. South Africa is investing in a massive rollout of electricity connections, which Minister of Energy Elizabeth Dipuo Peters is proud to say “surpasses our annual target of 150,000 electricity connections, connecting more than 190,000 households every year.” Still, she is concerned about the speed of delivery. “Our rollout is delayed primarily because of lack of skills.”

At the same time, South Africa is pursuing the diversification of its energy mix and a reduction in carbon emissions using advanced technologies, compounding the need for fresh skills, as Dipuo Peters points out. “We are working with the Ministry of Higher Education, looking at the skills that are central to the energy sector. If we do not create the skills and capacity in South Africa, it would mean that we have to import them.”

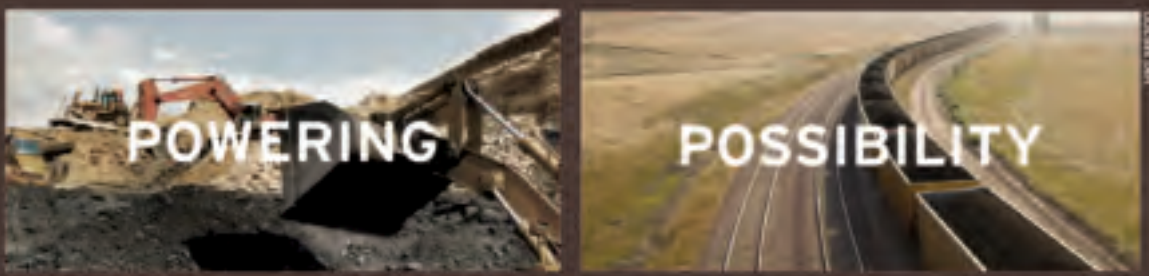
Derek Hanekom, Minister of Science and Technology, makes a similar point and connects the

acquisition of skills with South Africa’s future. “It is your investment in education, skills development, and R&D that will determine your long-term trajectory,” he says, welcoming the fact that “in the last few years there has been a more-than-average increase in the money allocated to science, technology, research, and innovation.” South Africa does invest in scientific excellence and is recognized globally for achievements in areas such as geosciences, mining technologies, and vaccine research. “As a small player, compared to the USA or China, we have to be reasonably focused. Because of limited resources, we have to choose priority areas and put in place the institutional framework that supports high-quality research and good science and can result in commercially viable products,” says Hanekom. As part of this strategy, he is also mindful of the importance of early school education. “We are working closely with the Department of Basic Education to enhance education in schools,” explains Hanekom. “If we want researchers and scientists, we have to start from young people. We need to put much effort on improving our results at schools.” 🌍

Natural Advantage

The potential of technology-driven companies is exemplified in Pelchem, a state-owned company producing fluorochemicals that are commonly used in the electronics, petroleum, solar energy, and medical industries. Pelchem exports to twenty-one countries on six continents.

Dr. Petro Terblanche, Managing Director of Pelchem, believes that South Africa can build much stronger industries around its mineral resources, thus capturing a higher premium. “We cannot build the economy only on mining, but we have to stimulate the manufacturing sector with a focus on local beneficiation.”



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With the right strategy, she sees South Africa developing into a hub for fluorochemicals, for which global demand is forecast to grow by 3 percent annually. "There are ample opportunities for South Africa to mine and treat fluorspar. This is an ideal opportunity for job creation and sustainable GDP growth."

This need not be at the exclusion of outside investors, as Terblanche explains. Instead, she believes that "if we can create partnerships with leading multinationals operating in this sector, we can

create a platform to really optimize the beneficiation of fluorspar in South Africa." By equal measure, Pelchem is open to exploring collaboration with local and foreign investors. "We are in a development and growth phase and have a number of initiatives in the pipeline to assist South Africa in optimizing its rich mineral resources," says Terblanche, concluding: "Pelchem is an attractive investment opportunity. Our goal for the next two years is to deliver value to South Africa and our shareholders." 


The Business of Tourism

For many, South Africa conjures images primarily of scenic beauty, magnificent outdoors, and a sunny climate. Tourism has surged since the end of apartheid and has become a cornerstone for the South African economy. By 2020, tourism could contribute as much as 499 billion rand (\$50.2 billion) to the economy, creating some 225,000 new jobs.

The global financial crisis has slowed growth in leisure tourism. What has continued to hold fast, however, is the business tourism sector, where South Africa pursues a larger global market share. Business travelers tend to spend significantly more than leisure tourists, and they frequently cross over into leisure travel. The 2010 FIFA World Cup succeeded in raising South Africa's image as a business destination, and already more than two hundred international conferences are confirmed for the next five years. But the strongest attraction is business itself. "Business tourism will continue to grow for as long as our economy grows," says Marc Wachsberger, Director of EAH Executive Apartments and Hotels. EAH caters to the business traveler by offering short- and long-term stays at competitive

rates in any one of five establishments in centrally located Sandton, Johannesburg.

"In the last four to five years, 95 percent of our business has been from local corporate companies that accommodate international outsourced manpower. Working on projects, they tend to come and stay for two or three weeks," explains Wachsberger, even if lately he has seen a shift. EAH now welcomes a growing African clientele who come to Johannesburg to use the city as a gateway for doing business. Accordingly, Wachsberger sees expansion of EAH mostly in the domestic market: "We think that there are still a lot of huge opportunities in South Africa."

This indeed is the prevailing perception: South Africa is standing at the doorstep of much bigger success still to come. 

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Stealth Multilateralism

U.S. Foreign Policy Without Treaties—or the Senate

David Kaye

The U.S. Senate rejects multilateral treaties as if it were sport. Some it rejects outright, as when it voted against the Convention on the Rights of Persons With Disabilities in 2012 and the Comprehensive Nuclear-Test-Ban Treaty (CTBT) in 1999. Others it rejects through inaction: dozens of treaties are pending before the Senate, pertaining to such subjects as labor, economic and cultural rights, endangered species, pollution, armed conflict, peacekeeping, nuclear weapons, the law of the sea, and discrimination against women. Often, presidents don't even bother pushing for ratification, since they know the odds are long: under the U.S. Constitution, it takes only one-third of the Senate to reject a treaty.

The United States' commitment problem has grown so entrenched that foreign governments no longer expect Washington's ratification or its full participation in the institutions treaties create. The world is moving on; laws get made elsewhere, with limited (if any) American involvement. The United States still wields influence in the UN Security Council and in international financial and trade institutions, where it enjoys a formal veto or a privileged position. But when it comes to solving global problems beyond the old centers of diplomatic and economic power, the United States suffers the self-inflicted wound of diminishing relevance. Administrations operate under the shadow of Senate rejectionism, harboring low expectations that their work will be ratified.

The foundation of the Senate's posture is the belief, widespread among conservative Republicans, that multilateral treaties represent a grave threat to American sovereignty and democracy. Treaties, they argue,

DAVID KAYE is a Professor at the University of California, Irvine, School of Law.

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create rules that interfere with the democratic process by allowing foreigners to make law that binds the United States. These “sovereignists” portray treaties as all constraint, no advantage, as Jon Kyl, Douglas Feith, and John Fonte did recently in these pages (“The War of Law,” July/August 2013). These Republicans automatically resist, in the words of the 2012 GOP platform, “treaties that weaken or encroach upon American sovereignty.” And because such a small group of senators can block any given treaty, they essentially control ratification.

Treaty-making, however, is an expression of sovereignty, not a threat to it, and by excluding itself from the process, the United States loses the opportunity to influence global problem solving. The legal scholar Peter Spiro rang the alarm early on, writing in these pages in 2000 that the sovereignist approach would leave the United States with “no voice in shaping international norms.” And he was right, for whether Senate Republi-

*Conservative Republicans
in the Senate portray
treaties as all constraint,
no advantage.*

cans like it or not, international negotiations and the regimes they produce shape the global landscape of international cooperation. They establish rights—and, it is true, obligations—for U.S. officials, citizens, and corporations, and they will do so even as the United States continues to opt out.

In fact, the Senate’s pattern of rejection harms the United States now more than ever, since the rest of the world increasingly resists U.S. influence. Today, other governments anticipate Washington’s unilateralist impulses, which were fixed in their minds not only by the early hostility of the George W. Bush administration toward the International Criminal Court (ICC) and the Kyoto Protocol but also by the Clinton administration’s mantra that Washington will act multilaterally when it can, but unilaterally when it must. Meanwhile, China is taking a greater interest in global issues; rising powers such as Brazil, India, and South Africa are asserting themselves; and Europe is consolidating and thus enhancing its negotiating power. American disengagement is allowing all these trends to accelerate.

Yet rejection is just the beginning of the story. Over the past two decades, the executive branch has developed and expanded a variety of lower-profile methods for asserting the country’s interests abroad in ways that do not require Senate involvement. The Clinton, Bush,

and Obama administrations figured out that on some issues, they could circumvent the Senate entirely, and they developed new ways to participate in international forums, sometimes even exercising leadership in institutions that the Senate had refused to allow the United States to join.

Call it “stealth multilateralism.” Using a patchwork of political and legal strategies, the United States has learned how to respond to the global problems that are pulling it into the world even as Senate Republicans are trying to hold it back. As sound and effective as such measures can be, however, stealth multilateralism has its limits, since treaties establish more stable, transparent, and predictable relationships than political commitments. Both the United States and the rest of the world would benefit from a return to responsible multilateral engagement in which treaties regain their central role.

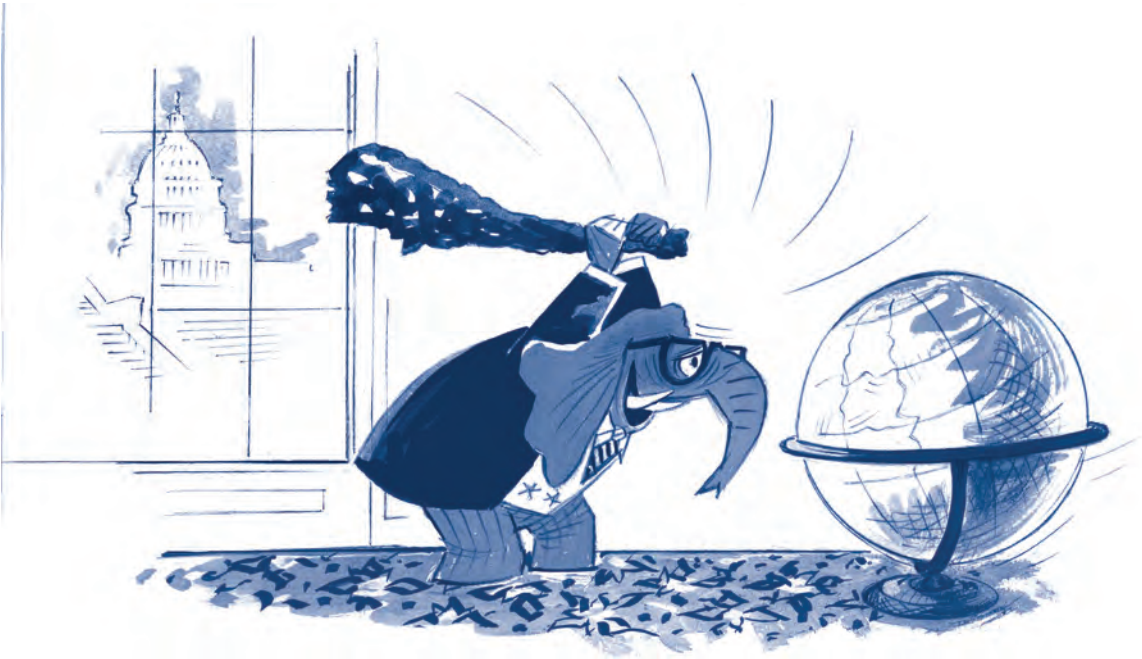
NO, NO, NO

The Senate, of course, has exercised its power to reject treaties for generations—President Woodrow Wilson, for example, could never get it to ratify the Treaty of Versailles—but it did so sparingly. Its recent turn to blanket rejection is especially damaging to U.S. interests because so many of today’s proposed treaties are devoted to managing global problems. Simply put, by absenting the United States from the process by which international legal rules are made, the Senate has limited the country’s ability to help shape them.

The problems now begin during negotiations. Back when multilateral treaties actually had a chance of passing the Senate, U.S. diplomats could argue that they needed particular provisions or language inserted into agreements so as to ensure congressional support. Such claims are no longer credible—so much so that U.S. officials rarely bother to make them anymore, losing much of their power to shape texts to their liking.

Once an agreement has been concluded, the Senate’s failure to approve it can directly damage U.S. interests. Consider the 1982 UN Convention on the Law of the Sea. The convention codified the customary rules that govern the extent of a state’s sovereignty over its territorial seas, rights of passage and navigation, seabed resource allocation, illegal fishing, and much else. Despite the Senate’s ongoing refusal to join 165 nations in ratifying the convention, the United States has long considered most of it to re-

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flect customary international law and thus to be binding on the country anyway. The convention coordinates law and policy around critical security and trade issues on the high seas; the problem is that since the United States has excluded itself from the convention's formal legal processes, it can exert only limited influence over those developments. For example, Washington's current absenteeism ensures that it gets no say in deciding what rules should govern mining the international seabed, even though U.S. corporations have a huge stake in the outcome.

U.S. influence is also diminishing in environmental negotiations. Until the 1990s, the United States could offer not only the prospect of its joining a treaty but also a level of technical expertise and financial support that no other country could match. In exchange, its negotiating partners were often willing to agree to U.S. proposals to dilute particular provisions more than they would otherwise have liked. But the Senate's pattern of rejection has undermined that willingness markedly. Although the United States still often sends observers to meetings of parties to environmental treaties, such as those pertaining to biodiversity or the regulation of chemicals, it has largely lost the ability to influence the discussions, in part because rules often restrict attendance at the most important sessions to delegates from states that have actually ratified the treaties.



The same holds true for a number of human rights treaties that the Senate has refused to ratify, such as the Convention on the Elimination of All Forms of Discrimination Against Women, the Convention on the Rights of the Child, and the Convention on the Rights of Persons With Disabilities, among others. Each agreement establishes a committee of experts to monitor compliance and interpret provisions, and although none issues binding decisions, they influence policymakers worldwide, as well as judges in domestic and international courts. Because it has no voice on these committees, the United States cannot influence the course of the law, even by dissent.

Even when the Senate does approve a human rights treaty, it often adds conditions that forfeit the United States' ability to influence the law, a subtle form of rejection. For example, when the Senate approved the International Covenant on Civil and Political Rights (in 1992) and the International Convention on the Elimination of All Forms of Racial Discrimination (in 1994), it did so only after securing reservations that stipulated that the treaties would have no legal force in U.S. courts absent further congressional or state action. As a result, when it comes to a wide range of human rights issues covered by these treaties—such as protections against torture, the right to a fair trial, freedom of expression, religious liberty, the right to political participation, and so on—the United States lacks a formal mechanism to affect how other

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states and international courts interpret the evolving norms. U.S. judges interpret similar federal and state constitutional provisions, but they rarely influence the broader efforts to embed human rights norms in the laws of foreign countries.

Unlike U.S. judges, foreign judges in domestic and international courts—most prominent among them the European Court of Human

Republicans in the Senate may be willing to pay the price of nonratification, but U.S. presidents still have to conduct foreign policy.

Rights—are guiding the development of human rights law around the world. The Inter-American Court of Human Rights, for example, interprets basic norms of human rights law, creating an extensive jurisprudence that has a pronounced effect on states' behavior, but the United States has failed to ratify the treaty that established it. And so

Washington stands beyond the court's jurisdiction, with the result that it cannot nominate U.S. judges to the court, who could then participate as the court develops human rights law in the Americas. There is a more direct concern, too. One might think that these kinds of courts cannot influence the United States, but in an era when Americans travel and live and work around the globe, the norms these courts shape might ultimately be applied by foreign national courts, and legitimately so, to U.S. citizens.

In a similar vein, Washington's failure to ratify the 1998 Rome Statute, which established the ICC, will probably reduce the United States' influence on the development of the law governing war crimes, crimes against humanity, and genocide. In particular, Washington cannot nominate judges to the tribunal. That's a problem, because the court is likely to address legal issues that implicate U.S. concerns, such as rules about targeting and detaining combatants, even though Americans would rarely, if ever, find themselves subject to the ICC's jurisdiction.

To get a sense of how this might work, consider the fact that besides Turkey, the United States is the only NATO member not to have accepted the Rome Statute. If the ICC's jurisprudence evolves in ways that diverge from U.S. interpretations of the law of armed conflict, NATO states may find themselves slowly but inexorably coming to different views of the law's requirements. Such legal divisions could create real conflict in joint operations, limiting the U.S. military's ability to do things it believes are lawful. Although U.S. judges would



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not necessarily adopt the same positions as the U.S. government, they would, more than others, intuitively understand the Pentagon's concerns in an area of law that balances military and humanitarian interests.

WORK-AROUNDS

Conservative Republicans in the Senate may be willing to pay the price of nonratification. U.S. presidents, on the other hand, still have to conduct foreign policy, seek solutions to global problems, and exercise leadership on the world stage. Although not always successful, they have found ways to influence negotiations for treaties the United States will not join, support organizations to which it is not a party, and solve problems without resorting to legally binding treaties. Pursued outside the glare of congressional klieg lights, these methods make up a substantial part of the United States' stealth multilateralism. No recent administration has used them more frequently or effectively than President Barack Obama's, but it is following the lead of its predecessors.

The most striking of these tactics has involved treaties that conservative senators opposed and that the United States therefore rejected. In each case, the refusal to ratify looked like a sign of the country's growing rejection of multilateral engagement. Yet in a surprising postscript, the White House ultimately found ways to participate in and even influence many of the resulting institutions.

In 1996, for example, the UN General Assembly, with strong support from the Clinton administration, adopted the CTBT, which the Senate rejected in 1999, largely along party lines. For the entirety of George W. Bush's presidency, the United States refused to participate in follow-up meetings held by the parties to the treaty. But Bush maintained the moratorium on nuclear testing that his father had declared in 1992 and followed President Bill Clinton's lead by pressing for U.S. funding for one of the signature features of the treaty: the global network of monitoring stations that detect illicit nuclear tests. Obama has backed the CTBT even more openly. He has explicitly called for its ratification even though its prospects look dim, and in 2009, the United States began attending the annual meetings of the CTBT's signatory states. Over the course of 15 years, the White House has devoted millions of dollars to fund the CTBT's nuclear monitoring, with the majority support of both houses of Congress—if not the support of two-thirds of the Senate.

Then there is the 1997 Ottawa Treaty, which sought to ban anti-personnel mines and was opposed by the Senate and the Pentagon, largely

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Nonbinding arrangements may now be the executive branch's preferred way of doing business.

on the grounds that land mines were critical for keeping the peace on the Korean Peninsula. After the treaty was adopted, both the Clinton and the Bush administrations refused to participate in subsequent meetings of its parties. And yet, as with the CTBT, the U.S. government quietly found other ways to support the agreement. Since the land-mine ban came into effect, the United States has scrupulously avoided producing, transferring, or deploying the mines forbidden by the treaty, and it leads the world in demining projects. In 2009, the United States began attending the major meetings of the treaty's parties; it has even helped pay for the meetings.

The Rome Statute followed Ottawa within a year, and it created a permanent criminal court in The Hague to deal with atrocities. The Clinton administration actively participated in the negotiations, all the way till the end, in the summer of 1998. Yet the Senate and the Pentagon, animated by the outsized fear that a rogue prosecutor would pursue Americans for political ends, upped its opposition to the treaty, and the United States voted against the final draft. At the end of his presidency, Clinton authorized the United States to sign the Rome Statute, but he refused to send it to the Senate for ratification.

The Bush administration initially treated the ICC with hostility. In 2002, Bush signed the American Service-Members' Protection Act, which prohibited U.S. cooperation with the ICC, penalized U.S. allies that did cooperate, and authorized the president to use "all means necessary and appropriate" to rescue Americans held by the court. (Among Europeans, the law earned the nickname "The Hague Invasion Act.") The Bush administration even tried to get the ICC's parties to sign agreements not to transfer any Americans to the ICC's custody. By 2005, it seemed as though the United States was working as hard as possible to kill the court.

After four years of animosity, however, the Bush State Department saw the pointlessness of that stance. Indeed, after Secretary of State Colin Powell labeled events in the Darfur region of Sudan genocide, the administration accepted the possibility that the ICC might be the only way to hold the perpetrators accountable. After months of negotiations, Bush consented to a UN Security Council

resolution that referred the conflict in Darfur to the ICC. The State Department then slowly extended an olive branch to the ICC, opening channels of communication with its prosecutor.

Obama has taken this cooperation to unprecedented levels. He has thrown his administration's support behind the ICC, even though the underlying treaty is unlikely to be ratified anytime soon. His administration offers million-dollar rewards for information leading to the arrest of ICC fugitives. After the Congolese warlord Bosco Ntaganda presented himself to the U.S. embassy in Rwanda in March 2013, the U.S. government quickly transferred him to the ICC. In these and other ways, the United States, once the court's most implacable foe, has arguably become its most significant supporter.

As for treaties concluded more recently, the U.S. government has continued its pattern of engagement without ratification. For instance, the World Health Organization's 2003 Framework Convention on Tobacco Control has never been submitted to the Senate. Yet the Obama administration and even Congress have embraced the treaty's objectives. In 2009, Congress gave the Food and Drug Administration broad new authorities to regulate tobacco, aligning U.S. law with the convention. And the Centers for Disease Control and Prevention and the U.S. Department of Health and Human Services now collaborate with the World Health Organization to help developing countries around the world implement the accord.

THE TIES THAT DON'T BIND

In addition to lending support to rejected treaties, the executive branch also gets around the Senate by striking nonbinding international agreements and crafting informal arrangements on its own authority. One area where the government has done so has been climate change policy. In 2001, when Condoleezza Rice, then Bush's national security adviser, told European diplomats, "Kyoto is dead," her message couldn't have been clearer: the Bush administration had no interest in the negotiation process of the UN Framework Convention on Climate Change (UNFCCC). But Rice also said that they would "have to find new ways to deal with the problem." And sure enough, the Bush administration spearheaded modest voluntary arrangements for fighting climate change, such as an 18-member group aimed at transitioning to hydrogen fuel and a 14-member group that focuses on reducing methane emissions.

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These efforts did little to alter the perception that the Bush administration was generally opposed to a full-scale fight against climate change, but they did allow it to pursue a kind of low-profile multilateral engagement. In 2007, late in his second term, Bush convened a meeting of large economies, along with major carbon emitters, such as China, that bore minimal responsibilities under Kyoto, to cooperate politically on reducing their emissions. That same year, his administration finally acknowledged the role of the UNFCCC when it agreed to participate in post-Kyoto negotiations.

The Obama administration has been open to binding approaches to climate change, willing to see how far negotiations under the UNFCCC can go. It participated actively in the negotiation process that led to

Many global solutions still require the binding force and permanence that only treaties can provide.

the 2009 Copenhagen accord, which, although nonbinding, laid the groundwork for future agreements under the UNFCCC. But it has also pressed ahead with the voluntary coalitions, eliciting little pushback from Congress. It has expanded the climate change meetings of major economies that began under

Bush, holding nearly a dozen high-level gatherings, and it has consulted Congress on setting U.S. emissions targets at Copenhagen.

The Obama administration has made use of nonbinding commitments to advance international nuclear policy, too. The Nuclear Security Summit that Obama convened in Washington in 2010, along with a follow-up meeting in Seoul in 2012, brought together dozens of world leaders who, instead of seeking to conclude a binding agreement, agreed to a communiqué, a work plan, and voluntary pledges. In a bilateral setting, Obama has also called for “negotiated cuts” in the United States’ and Russia’s nuclear arsenals, but given the Senate’s likely resistance, the administration has not committed to a legally binding treaty, the traditional form for such agreements.

Indeed, nonbinding arrangements may now be the executive branch’s preferred way of doing business. Consider the movement to regulate private military contractors. The United States is both the largest provider and the largest consumer of their services, and in the wake of alleged abuses by U.S. contractors in Afghanistan and Iraq, the UN began developing an agreement to regulate the field, a process that both the Bush and the Obama administrations (and the EU, also

home to many such contractors) refused to support. But both participated in nonbinding efforts that have inoculated the United States against charges of unilateralism without the hassle of a treaty. In 2006, the Bush administration backed efforts organized by Switzerland that resulted in the International Code of Conduct for Private Security Service Providers, through which over 650 companies (including over 60 U.S. ones) have agreed to adhere to a long list of best practices.

Yet there are still times when the White House prefers a binding agreement, such as when it has to get another country to make legal changes. Even in these cases, however, recent administrations have often opted for something outside the usual treaty process, such as “sole executive agreements,” which become effective on the president’s signature and are limited to areas that fall under the president’s constitutional authority. This method is typically bilateral, but the Obama administration used it to join the Anti-Counterfeiting Trade Agreement in 2011, generating some opposition in Congress. To pass free-trade compacts, such as the North American Free Trade Agreement, presidents have relied on “congressional-executive agreements,” which, instead of requiring the consent of two-thirds of the Senate, can pass with a simple majority in both houses of Congress. These agreements are usually limited to trade deals, since the Senate, reluctant to allow the erosion of its power to approve treaties, would no doubt strongly resist any efforts to expand their use.

THE LIMITS OF END RUNS

When the Senate rejects treaty after treaty, or when a president fails to seek the ratification of important agreements, it can look like the United States has given up on multilateral deal-making. But behind the scenes, successive administrations have done a remarkable amount of work, often with other sympathetic governments, developing international arrangements that bypass the U.S. Senate and try to accomplish U.S. and global objectives—stealth efforts that conceal the full extent of the United States’ engagement.

Stealth multilateralism lets both Senate Republicans and the White House get their way: the former can play to their anti-internationalist base, and the latter can go about the business of foreign policy. Indeed, this process might seem preferable to the alternatives. If presidents can strike the international deals necessary to advance U.S. interests without requiring the messy involvement of Congress, why ever bother with the Senate?

David Kaye

The problem is that stealth multilateralism is not a long-term answer, because many global solutions require the binding force and permanence that only treaties can provide. Challenges such as climate change, for example, are best addressed through binding treaties—which involve real legal commitments—rather than nonbinding political agreements, because in order to undertake painful reductions in carbon emissions, each country needs to know that the others are taking the plunge, too. The same can be said for the laws and regulations concerning the high seas and the seabed, biological diversity, armed conflict, public health, pollution, the arms trade, and on and on. Treaties create settled and reliable expectations and impose consequences for violators. In areas that touch on commercial concerns, U.S. businesses and investors demand such predictability. Political commitments, on the other hand, can be reversed in an instant.

Moreover, treaties are not always aimed at changing U.S. behavior; in many other countries, treaties can trigger badly needed legal reforms. Increasingly, contemporary treaties are devoted to areas in which U.S. law is already compliant, or close to it, and so treaty-making often looks less like a bargaining process and more like foreign assistance to develop the rule of law elsewhere. In such realms as human rights, environmental regulation, public health, and international criminal law, treaties are aimed at ensuring that all countries observe certain minimum standards—something the United States has long valued, and on which U.S. agencies spend billions of dollars a year. Washington's ability to promote these interests diminishes with every step taken away from multilateral lawmaking.

Some analysts and officials celebrate the U.S. ratification process as deliberative: politicians care so much about the country's obligations that they take the process of consenting to them very seriously. There is, to be sure, some truth in this claim. But the stance the Senate has taken in recent years goes well beyond caution to impulsive rejection. This attitude has already damaged the Senate's own interests, having given the executive branch a legitimate reason to cut it out of the process of global cooperation. Stealth multilateralism involves legitimate and lawful alternatives to treaties, but the American public ultimately loses out. In a perfect world, a responsible Senate would carefully weigh the costs and benefits of joining every treaty and would seek to integrate the United States into the international forums from which it is now estranged. Until that happens, the White House will have to settle for end runs. 🌐

Why Convergence Breeds Conflict

Growing More Similar Will Push China and the United States Apart

Mark Leonard

Many fear that in the not-too-distant future, the world will be torn apart as the gulf that separates China and the United States grows ever wider. How, they ask, can a communist dictatorship and a capitalist democracy bridge the gap between them? But it is time to stop thinking that the two countries come from different planets and that the tensions between them are the product of their differences. In fact, until relatively recently, China and the United States got along quite well—precisely because their interests and attributes differed. Today, it is their increasing similarities, not their differences, that are driving the two countries apart.

The U.S.-Chinese relationship stands in stark contrast to the one between the United States and the Soviet Union, the last country to rival American power. During the Cold War, when geopolitics was above all a clash of ideologies, increasing contact and growing convergence between the two disconnected societies fostered *détente*.

But the contemporary era of international interdependence has reversed that dynamic. Today, competition has more to do with status than ideology. As a result, differences between great powers frequently lead to complementarity and cooperation, whereas convergence is often at the root of conflict. As they rebalance their economies and recalibrate their foreign policies, Beijing and Washington are increasingly fighting over shared interests. And as Sigmund Freud could have predicted, the more similar China and the United States become, the less they like each other. Freud called this “the narcissism of small differences”:

MARK LEONARD is Co-Founder and Director of the European Council on Foreign Relations and a Bosch Public Policy Fellow at the Transatlantic Academy.

Mark Leonard

the tendency of essentially similar people to fixate on minor distinctions between themselves in order to justify hostile feelings. Of course, the two countries are hardly identical. But the chasm that divided them a generation ago has narrowed, and as they converge they are becoming more conflict-prone.

When U.S. President Barack Obama came to power in 2009, he hoped to integrate China into global institutions and encourage it to identify its interests with the preservation of the postwar, Western-led international system. But almost five years later, according to a U.S. official with whom I spoke earlier this year who is familiar with the president's thinking, Obama's attitude toward the Chinese is best described as "disappointment." According to the official, Obama feels that the Chinese rebuffed his attempt to forge an informal "G-2" arrangement during his first trip to China, in November 2009, and disagreements between Beijing and Washington on climate change, maritime issues, and cybersecurity have convinced Obama that China is more of a problem than a partner.

The Chinese, for their part, do not feel inclined to uphold a Western-led international order that they had no role in shaping. That is why, in the run-up to his meeting with Obama in June at the Sunnylands estate in California, Chinese President Xi Jinping urged the establishment of "a new type of great-power relationship"—a coded way for the Chinese to tell the Americans to respect China as an equal, to accommodate China's territorial claims, and to expect that China will define its own interests rather than support Western-led international agendas.

As the two biggest global powers indulge their neuroses, the rest of the world is getting anxious. On a range of important economic and geopolitical issues, Beijing and Washington are increasingly trying to bypass each other rather than investing in common institutions. The effect on the world will be profound. Although global trade will expand and global institutions will survive, international politics will be dominated not by powerful states or international organizations but rather by clusters of states that will flock together because they share similar histories and levels of wealth and believe their interests are complementary. These pragmatic, somewhat ad hoc groupings will seek to strengthen themselves from the inside out, and their interactions with one another will eclipse the formation of the unified, multilateral liberal order that the United States and its allies have sought to build since the end of the Cold War.



Great powers think alike: greeting Secretary of State Hillary Clinton, Beijing, May 2012

THE END OF CHIMERICA

For most of the last two decades, China and the United States enjoyed an almost perfect symbiosis. Chinese savings bankrolled U.S. consumption. Chinese firms manufactured products designed and serviced by postindustrial U.S. companies. And China's inward-looking foreign policy did not fundamentally undermine U.S. hegemony. The historian Niall Ferguson and the economist Moritz Schularick deemed the two countries so intertwined that they started referring to them as a distinct entity: "Chimerica."

Insofar as it ever existed, Chimerica was made possible by the fact that even though the governing philosophies of the two states were profoundly different, they were different in the same way that a lock and a key differ. China was run according to the "Deng consensus," named after the Chinese leader Deng Xiaoping, who stepped aside in the 1990s but whose vision continued to guide the country for many years. Deng's primary goal was to maintain domestic and international stability by eschewing an ambitious foreign policy agenda and focusing instead on economic growth through exports and foreign investment. Meanwhile, the American governing credo during the 1990s rested on an interventionist foreign policy of defending stability within an American-led world order built on free trade abroad and credit-fueled

Mark Leonard

growth at home. The two visions bore little resemblance to each other, but they were also rarely in direct conflict; in fact, they were usually complementary.

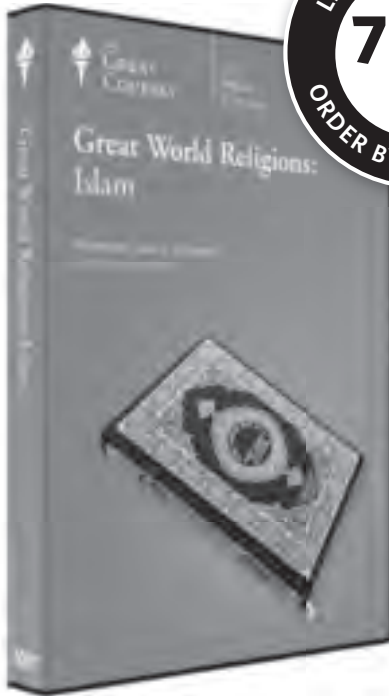
Of course, during this period, Beijing and Washington did compete. But because they were starting from very different levels of power, the contest was so asymmetrical that it produced little friction. Moreover, the two powers typically pursued quite different ends and relied on very different means. In Asia, the United States concentrated on maintaining its military primacy and resisted any regional economic initiatives that it had not devised—even when they were put forward by an ally such as Japan, which proposed setting up an Asian monetary fund during the 1997–98 Asian financial crisis, an idea that Washington rebuffed. China, by contrast, sought to reassure its neighbors about its “peaceful rise” by supporting multilateral regional integration and offering them an economic stake in China’s rise through trade deals. Outside Asia, Beijing and Washington managed to not step on each other’s toes: the United States prioritized its relations with other advanced democracies and with energy-rich countries in the Middle East, and China focused its diplomatic energies on seeking opportunities in Africa and Latin America, regions where the United States has pulled back.

TRADING PLACES

The financial crisis of 2008 brought the Chimerican era to an end. Sobered by their mutual vulnerability to the systemic failures that led to the crisis, Beijing and Washington vowed to rebalance their economic relationship, which both felt had become unhealthy. But as they retooled their domestic and foreign policies to adapt to the suddenly fragile global economy, they began to mirror each other in ways that encouraged more competition than complementarity.

In the economic realm, China is now moving away from its long reliance on exports and trying to stimulate domestic consumption and develop a domestic service economy. Meanwhile, the United States is bolstering its manufacturing sector, in part by promoting a cheap dollar through quantitative easing and subsidizing the automotive sector, and encouraging export-led growth through a new generation of trade deals with rich countries, including Japan and the EU states.

Chinese efforts to move up the value chain and American attempts to reindustrialize will lead the two countries to compete more directly,



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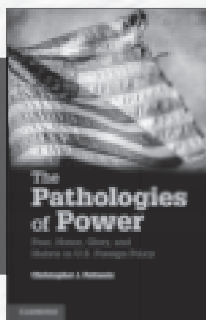
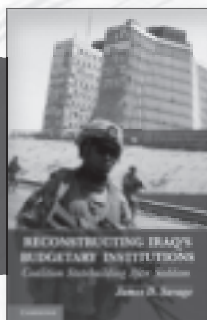
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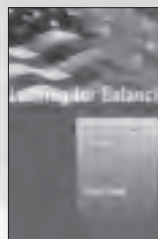


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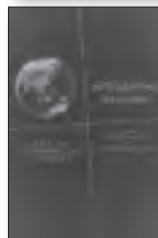
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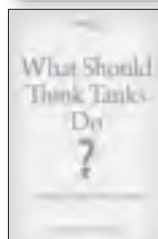
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as each moves closer to the other's traditional modes of production and consumption. For example, China no longer wants to supply the cheap parts inside an iPhone only to watch the biggest profits accrue to a U.S. company. Instead, China is encouraging Chinese firms to take their cues from Huawei, the Guangdong-based firm that has been extremely successful selling smartphones that mimic the iPhone but whose profits stay in China.

It is in their respective relations with the rest of the world, however, that the two countries are converging most dramatically—in some cases almost swapping their traditional roles. China is struggling to manage its surging global influence.

Its foreign policy elites are engaged in a wholesale rethinking of Chinese strategy, questioning all the sacred cows of the low-profile approach of the Deng era, including the country's traditional aversion to intervening in the domestic affairs of other countries.

This process was spurred on by the 2011 NATO-led war to oust Libyan ruler Muammar al-Qaddafi, when China was surprised to see that many developing countries favored international intervention. The pressure for a less passive Chinese foreign policy comes from Chinese companies eager for protection in dangerous overseas markets; from a small cadre of globalists who maintain that in a world where China is exposed to many hot spots, Beijing must shed its hesitance to take international action; and from hawkish Chinese policymakers and military officials who believe that China needs to be more assertive in protecting its interests abroad.

Even if these arguments prevail, China will not be launching U.S.-style humanitarian interventions anytime soon, but its foreign-policy makers are likely to become less squeamish about intervening in the internal affairs of other countries. As Yan Xuetong, dean of the Institute of Modern International Relations at Tsinghua University and an influential hawk, put it to me, "When China is as powerful as the United States, we will have the same approach to sovereignty as the United States."

And when it comes to regional politics, hawks such as Yan are voicing doubts about whether China's economic interests should

According to one U.S. official, Obama's attitude toward the Chinese is best described as "disappointment."

Mark Leonard

always take precedence over its political goals. This shift might explain the government's decision in 2010 to temporarily block exports of rare-earth minerals to Japan and its decision two years later to restrict fruit imports from the Philippines during the two countries' squabbles over islands in the South China Sea. These moves were accompanied by the seeming tolerance of sometimes violent demonstrations staged by Chinese nationalists against Japanese companies with operations in China, even though the unrest has caused some of those companies to relocate to Vietnam.

In a more dramatic shift, Chinese academics are also debating whether their country should rethink its opposition to standing alli-

“Instead of playing chess, we are playing go,” said a Pentagon strategist.

ances. Last year, Yan and other hawks publicly proposed that China develop quasi alliances with a dozen countries, including the Central Asian republics, Myanmar (also called Burma), North Korea, Pakistan, Russia, and Sri Lanka,

offering them security guarantees and, for the smaller countries on that list, perhaps even the protection of a Chinese nuclear umbrella. Such moves are hardly what then U.S. Deputy Secretary of State Robert Zoellick had in mind in 2005 when he called for China to become a “responsible stakeholder” in the global order.

Bolstering China's increased international assertiveness is the growth of a more participative domestic political system in which different factions fight it out and where the Internet and especially social media have created a much livelier public sphere. In the past, Western policymakers often accused China of stoking nationalist outrage and then claiming to be constrained by it. But today, the drumbeat of Chinese nationalism seems more genuine than manufactured. During the Cold War, Western analysts held that the Communist Party was bad and civil society was good. But today, it is the Chinese Communist Party that tends to urge restraint abroad, while ordinary Chinese citizens call for more toughness.

As China considers how to expand its international influence and commitments, the United States is trying to reconcile its desire for international primacy with the war-weariness of its citizens and the risks of national indebtedness. Obama has sought to develop a model of low-cost leadership: something like an American version of Deng's approach, with the difference being that Deng tried to hide

China's growing wealth, whereas Obama is trying to hide the growing shortfall in American resources. In practice, this approach means punishing adversaries such as Iran and North Korea with economic sanctions, targeting terrorists with drones, eschewing unilateral interventions abroad in favor of "leading from behind," and establishing pragmatic relationships with powerful states such as Russia. From the Chinese perspective, the most ominous sign is that the "pivot" to Asia seems to involve mirroring Beijing's multilateral diplomacy and trade strategy. Indeed, as a Pentagon strategist told me recently, "Instead of playing chess, we are playing go," the ancient Chinese board game.

But even as China and the United States develop different ways of increasing their influence, each country is holding fast to its own form of exceptionalism. Each believes that it should be exempt from certain elements of international law and that it is destined for regional dominance in Asia. Yet it is difficult for both countries to square this faith with a sense each one has that in an increasingly interdependent world, it is on the bad end of the bargain. Americans complain about losing jobs, and the Chinese complain about losing their hard-earned savings. Washington complains that Beijing is not playing by the rules, and Beijing objects that the rules were invented by the West to keep others down. As the tensions mount, many aspects of the U.S.-Chinese relationship that both sides once saw as opportunities are looking more and more like threats.

DOUBLE BYPASS

During the last three decades, China has liberalized its economy, grown a middle class that numbers in the hundreds of millions, and witnessed the birth of a genuine public sphere among the more than 500 million Chinese with access to the Internet. China has been welcomed into international institutions such as the World Trade Organization (WTO) and the G-20 and has been treated to public declarations of respect from successive U.S. presidents. Many in Washington hoped that these changes would be accompanied by more Chinese support for the Western-led international system. But they have been frustrated to discover otherwise.

Indeed, rather than being transformed by global institutions, China has taken part in sophisticated multilateral diplomacy that has changed the global order. At the G-20, China has made common cause with

Mark Leonard

other creditor nations, such as Germany, whose side China took in 2010 when the Germans opposed a U.S.-backed global stimulus package. Washington has also been disappointed that Beijing has helped doom the Doha Round of negotiations on world trade by sitting on its hands when the talks have seemed to be in jeopardy. At the UN, China has pushed back against the spread of liberal norms: in 1997–98,

Regardless of what Chinese elites might prefer, the West is not yet ready to adapt the existing world order to meet China's aspirations.

other states voted with Washington on human rights issues before the General Assembly around 80 percent of the time; Beijing's "voting coincidence" that year, in contrast, was barely 40 percent. By 2009–10, those numbers had been nearly reversed: roughly 40 percent for the United States and nearly 70 percent for China. This turnaround was in part the result of China's winning the

support of developing countries by providing them with cheap loans, direct investment, and promises to protect them from hypothetical UN Security Council resolutions directed against them.

In response to Western frustration, Chinese scholars, such as the influential historian Shi Yinhong, have argued that the West should think not so much about "integrating China into the Western liberal order" and instead try to adapt that order "to accommodate China," as Shi told me recently. This adaptation would involve a major redistribution of formal influence within global financial and security institutions, with authority doled out to member states according not to preconceived ideas about who should rule but, as Shi puts it, to the "factual strength they respectively have and the contribution they have made." In practice, he argues, the United States would have to accept military parity with China (at least east of Taiwan), the peaceful reunification of China and Taiwan on China's terms, and a narrow but substantial span of "strategic space" for China in the western Pacific. In addition, the U.S. system of alliances would need to become "less military-centered and less China-targeted."

But regardless of what Chinese elites might prefer, the West is not yet ready to adapt the existing world order to meet China's aspirations. And rather than accepting the compromises required for a G-2 or the gridlock of the status quo, Western powers are avoiding direct

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confrontations with Beijing while pursuing relationships and policies that will limit its ability to bend the international system to its will.

In recent years, for example, a group of high-income countries led by the United States and including Australia, Canada, Malaysia, and Singapore launched negotiations to create the Trans-Pacific Partnership, a trade pact that would pointedly exclude China and emphasize strong standards on state-owned enterprises, labor rights, environmental practices, and the protection of intellectual property rights. If Japan eventually joins, the TPP's membership will account for around 40 percent of global GDP. Even more ambitious are the recently launched negotiations over the Transatlantic Trade and Investment Partnership, a long-discussed plan to create a free-trade agreement between the EU and the United States, which would give the Western countries significant leverage in any subsequent trade negotiations with China.

The goal of these new arrangements is not to push China out of international trade but rather to set the rules of the road without China and then force it to accept them. The West is making parallel efforts in the security realm. The United States is trying to use the pivot to Asia to strengthen its long-standing relationships with various countries on China's periphery in order to slow Beijing's quest for military primacy in the western Pacific. And when it comes to international interventions, the West is increasingly "forum shopping": cooperating with regional organizations, such as the Arab League and the African Union, and relying on informal coalitions, such as the Friends of Syria, whenever diplomacy at the UN gets bogged down.

Meanwhile, China has been working just as hard to bypass the West. It has set up security institutions of its own, such as the Shanghai Cooperation Organization, which aims to counter Western influence in Central Asia, and has struck bilateral and multilateral trading arrangements with countries all over the world. China has also held regular summits with its BRICS partners (Brazil, Russia, India, and South Africa) and is trying to establish a BRICS development bank that could potentially boast a lending portfolio three times as large as the World Bank's.

SIMILATERALISM

In between these emerging U.S.- and Chinese-led orders stand global institutions such as the UN Security Council, the G-20, the International

Mark Leonard

Monetary Fund, and the World Bank. But they are often gridlocked because of disagreements among their members. So instead of socializing emerging powers into Western norms, the most that can be hoped from them is that they serve as venues for the great powers to discuss especially pressing crises: for example, the global financial meltdown of 2008 or North Korea's nuclear intransigence. Such institutional weakness and irrelevance could grow worse over time, as rather than working together to reform existing common forums, Western powers try to build "a world without China" and China and its partners try to create what some analysts call "a world without the West." Take the Transatlantic Trade and Investment Partnership's likely effect on the WTO. As the Belgian economist André Sapir has pointed out, if the countries that generate nearly half of global GDP set up their own dispute-resolution system separate from the WTO, the once-proud WTO "will become like another Geneva-based organization, the International Labor Organization, a place with a beautiful view on the lake where ministers make nice speeches once a year but never take important decisions."

Instead of seeing universal multilateral institutions as indispensable, countries will lean more heavily on new networks forged between countries with similar levels of prosperity. Think of it as "similarity." One result will be a strange new form of bipolarity that will superficially resemble the Cold War more than the world of the past two decades. The differences will include a diminished United States, a smarter (and more successful) peer competitor for Washington, and stronger nonaligned countries. But the dynamics of global politics will also be fundamentally different from those which prevailed in the five decades after World War II.

First, unlike the Cold War, this contest will predominantly be geoeconomic rather than geopolitical in nature, as a result of the rising costs of maintaining military power. Second, the U.S.-Chinese rivalry will be characterized by high levels of interdependence between the major players, owing to the intense economic interpenetration of the two countries. But policymakers in both countries will see this interdependence as a risk to be mitigated and managed, not a recipe for warm relations. The United States needs China to continue buying U.S. Treasury bills, and U.S. states compete fiercely to attract Chinese investment. Yet Washington also worries about an overreliance on Chinese capital and fears Chinese cyber-

espionage. China, on the other hand, needs to find a home for its currency reserves and needs American know-how to build a knowledge society. But Beijing fumes that the U.S. Federal Reserve's policy of quantitative easing is destroying Chinese wealth and suspects that Washington is working to foment regime change in China.

Third, while many nonaligned countries ultimately found themselves forced to choose sides during the Cold War, in the coming decades, they will be able to exploit the existence of more flexible blocs that do not demand exclusivity. The result will be a promiscuous world order in which countries will be able to make arrangements with both China and the United States.

Finally, Beijing and Washington will fight over status rather than ideology. China has so far been too weak and too defensive to articulate an alternative to the U.S.-led liberal world order, but that is set to change. China and the United States will use the same words in explaining their motivations: "order," "legitimacy," "growth," and "responsibility." But they will be, as the saying goes, divided by a common language. 🌐



50 YEARS OF PROSPERITY AND BEYOND

During a six-month-long celebration of Malaysia's 50th anniversary of independence from Britain, Sarawak Chief Minister Tan Sri Abdul Taib Mahmud has highlighted the resource-rich state's economic achievements and outlined the government's program to ensure continued growth.

Over the past twenty years, Sarawak has posted average growth of about 5 percent annually, defying financial downturns and exceeding the performances of its regional neighbors and other national economies.

The chief minister, in a recent speech to commemorate the milestone anniversary, pointed out that when Sarawak joined the federation of Malaysia, the state's per capita income was 680 Malaysian ringgit (or approximately \$226 at today's exchange rate).

Once among Malaysia's three poorest states, Sarawak is now among the three wealthiest, with its per capita income at about 40,000 Malaysian ringgit (about \$13,000).

Sarawak's impressive trajectory and strong performance have grabbed the attention of both domestic and international observers.

According to the latest data provided by the Malaysian Investment Development Authority (MIDA), the state attracted the second-highest amount of investment in Malaysia from January to March of this year—or about \$1 billion, outperforming traditional investment destinations such as Selangor and Penang.



Sarawak Energy Berhad CEO
Torstein Dale Sjøtveit,

At the moment, Sarawak contributes about 8 percent to Malaysia's total gross domestic product, with that figure expected to increase over the next few years as investment continues to pour in. The state currently enjoys an A- stable outlook rating from Standard and Poor's and an A3 stable outlook rating from Moody's.

One of the state's main sources of income has been the Sarawak Corridor of Renewable Energy, or SCORE. The flagship program has provided access to renewable energy at very competitive prices across the state.

"The whole idea is to build hydroelectric plants and offer competitive prices so that international industries come here and create as

many as 200,000 jobs directly or indirectly," said Torstein Dale Sjøtveit, CEO of the state-owned Sarawak Energy Berhad.

Sjøtveit credits Sarawak's fast-paced growth to strong leadership, unity, and the results-oriented mindset of the state government.

"Our close relationship with the Sarawak state government stems from a clear political agenda. They really want development. It's such a clear and simple agenda. Nobody here has any doubt about what we want to do," stressed Sjøtveit.

"We want to create a new future for Sarawak. We want to create a new platform for the people of Sarawak in terms of an economic foundation. Our approach has been geared towards getting things done. The strong alignment with the state is what has created this clear direction," he added.

"We are creating a new industrial pillar for Sarawak. This is vital for the future security of the state. We believe that our efforts will significantly increase income and wealth of the people of Sarawak." While the majority of foreign direct investment in the SCORE has come from South Korean and Japanese investors in the metal industry, there remains a

wealth of opportunity for other countries, particularly the United States.

"We are really missing American customers here, and we would like them to come. Relations between Malaysia and the United States are very strong. Many American companies that come over to Malaysia perhaps overlook Sarawak. This is a very well-kept secret paradise," said Sjøtveit.

"Sarawak is in a unique position in Southeast Asia. We have a well-educated, English-speaking, and low-cost work force. We have a well-established infrastructure. We have a very stable political situation. We have a traditional British-like business environment and have achieved sustainable energy. What more can anyone ask for?" he continued.

That message of unity and optimistic outlook were echoed by Chief Minister Mahmud in his recent keynote speech: "Unity and racial harmony are the foundation of our prosperity and progress in the last fifty years."

"We can be like any developed country and globally competitive country like those in Europe, America, and Japan in twenty years," he added.

Powering New Opportunities

The image shows the Sarawak Energy logo illuminated on the facade of a modern building at night. The logo consists of the word "sarawak" in a lowercase, sans-serif font, followed by a stylized flame icon with a blue base and a yellow top, and then the word "energy" in a lowercase, sans-serif font. The building's facade is made of a grid of horizontal slats, and the lighting creates a strong contrast against the dark background.

sarawak energy

China's Real and Present Danger

Now Is the Time for Washington to Worry

Avery Goldstein

Much of the debate about China's rise in recent years has focused on the potential dangers China could pose as an eventual peer competitor to the United States bent on challenging the existing international order. But another issue is far more pressing. For at least the next decade, while China remains relatively weak compared to the United States, there is a real danger that Beijing and Washington will find themselves in a crisis that could quickly escalate to military conflict. Unlike a long-term great-power strategic rivalry that might or might not develop down the road, the danger of a crisis involving the two nuclear-armed countries is a tangible, near-term concern—and the events of the past few years suggest the risk might be increasing.

Since the end of the Cold War, Beijing and Washington have managed to avoid perilous showdowns on several occasions: in 1995–96, when the United States responded to Chinese missile tests intended to warn Taiwanese voters about the danger of pushing for independence; in 1999, when U.S. warplanes accidentally bombed the Chinese embassy in Belgrade during the NATO air assault on Serbia; and in 2001, when a U.S. spy plane collided with a Chinese fighter jet, leading to the death of the Chinese pilot and Beijing's detention of the U.S. plane and crew. But the lack of serious escalation during those episodes should not breed complacency. None of them met the definition of a genuine crisis: a confrontation that threatens vital interests on both

AVERY GOLDSTEIN is David M. Knott Professor of Global Politics and International Relations and Director of the Center for the Study of Contemporary China at the University of Pennsylvania. This essay is adapted from his article "First Things First: The Pressing Danger of Crisis Instability in U.S.-China Relations," *International Security*, Spring 2013.

sides and thus sharply increases the risk of war. If Beijing and Washington were to find themselves in that sort of showdown in the near future, they would both have strong incentives to resort to force. Moreover, the temptations and pressures to escalate would likely be highest in the early stages of the face-off, making it harder for diplomacy to prevent war.

THIN RED LINES

It might seem that the prospects for a crisis of this sort in U.S.-Chinese relations have diminished in recent years as tensions over Taiwan have cooled, defusing the powder keg that has driven much Chinese and U.S. military planning in East Asia since the mid-1990s. But other potential flash points have emerged. As China and its neighbors squabble over islands and maritime rights in the East China and South China seas, the United States has reiterated its treaty commitments to defend two of the countries that are contesting China's claims (Japan and the Philippines) and has nurtured increasingly close ties with a third (Vietnam). Moreover, the Obama administration's "pivot," or "rebalancing," to Asia, a diplomatic turn matched by planned military redeployments, has signaled that Washington is prepared to get involved in the event of a regional conflict.

Also, the United States insists that international law affords it freedom of navigation in international waters and airspace, defined as lying beyond a country's 12-mile territorial limit. China, by contrast, asserts that other countries' military vessels and aircraft are not free to enter its roughly 200-mile-wide "exclusive economic zone" without express permission—a prohibition that, given Beijing's territorial claims, could place much of the South China Sea and the airspace above it off-limits to U.S. military ships and planes. Disputes over freedom of navigation have already caused confrontations between China and the United States, and they remain a possible trigger for a serious crisis.

It is true that China and the United States are not currently adversaries—certainly not in the way that the Soviet Union and the United States were during the Cold War. But the risk of a U.S.-Chinese crisis might actually be greater than it would be if Beijing and Washington were locked in a zero-sum, life-and-death struggle. As armed adversaries on hair-trigger alert, the Soviet Union and the United States understood that their fundamentally opposed interests might

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bring about a war. After going through several nerve-racking confrontations over Berlin and Cuba, they gained an understanding of each other's vital interests—not to be challenged without risking a crisis—and developed mechanisms to avoid escalation. China and the United States have yet to reach a similar shared understanding about vital interests or to develop reliable means for crisis management.

Neither China nor the United States has clearly defined its vital interests across broad areas of the western Pacific. In recent years, China has issued various unofficial statements about its “core interests” that have sometimes gone beyond

simply ensuring the territorial and political integrity of the mainland and its claim to sovereignty over Taiwan. Beijing has suggested, for example, that it might consider the disputed areas of the East China and South China seas to be core interests.

Washington has also been vague about what it sees as its vital interests in the region. The United States hedges on the question of whether Taiwan falls under a U.S. security umbrella. And the United States' stance on the maritime disputes involving China and its neighbors is somewhat confusing: Washington has remained neutral on the rival sovereignty claims and insisted that the disputes be resolved peacefully but has also reaffirmed its commitment to stand by its allies in the event that a conflict erupts. Such Chinese and U.S. ambiguity about the “redlines” that cannot be crossed without risking conflict increases the chances that either side could take steps that it believes are safe but that turn out to be unexpectedly provocative.



MORE DANGEROUS THAN THE COLD WAR?

Uncertainty about what could lead either Beijing or Washington to risk war makes a crisis far more likely, since neither side knows when, where, or just how hard it can push without the other side pushing back. This situation bears some resemblance to that of the early Cold War, when it took a number of serious crises for the two sides to feel each other out and learn the rules of the road. But today's environment might be even more dangerous.

The balance of nuclear and conventional military power between China and the United States, for example, is much more lopsided than the one that existed between the Soviet Union and the United States. Should Beijing and Washington find themselves in a conflict, the huge U.S. advantage in conventional forces would increase the temptation for Washington to threaten to or actually use force. Recognizing the temptation facing Washington, Beijing might in turn feel pressure to use its conventional forces before they are destroyed. Although China could not reverse the military imbalance, it might believe that quickly imposing high costs on the United States would be the best way to get it to back off.

The fact that both sides have nuclear arsenals would help keep the situation in check, because both sides would want to avoid actions that would invite nuclear retaliation. Indeed, if only nuclear considerations

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mattered, U.S.-Chinese crises would be very stable and not worth worrying about too much. But the two sides' conventional forces complicate matters and undermine the stability provided by nuclear deterrence. During a crisis, either side might believe that using its conventional forces would confer bargaining leverage, manipulating the other side's fear of escalation through what the economist Thomas

China might be less cautious about triggering a crisis—and less cautious about firing the first shot if a crisis ensued.

Schelling calls a “competition in risk-taking.” In a crisis, China or the United States might believe that it valued what was at stake more than the other and would therefore be willing to tolerate a higher level of risk. But because using conventional forces would be only the first step in an unpredictable process subject to misperception, missteps, and

miscalculation, there is no guarantee that brinkmanship would end before it led to an unanticipated nuclear catastrophe.

China, moreover, apparently believes that nuclear deterrence opens the door to the safe use of conventional force. Since both countries would fear a potential nuclear exchange, the Chinese seem to think that neither they nor the Americans would allow a military conflict to escalate too far. Soviet leaders, by contrast, indicated that they would use whatever military means were necessary if war came—which is one reason why war never came. In addition, China's official “no first use” nuclear policy, which guides the Chinese military's preparation and training for conflict, might reinforce Beijing's confidence that limited war with the United States would not mean courting nuclear escalation. As a result of its beliefs, Beijing might be less cautious about taking steps that would risk triggering a crisis. And if a crisis ensued, China might also be less cautious about firing the first shot.

Such beliefs are particularly worrisome given recent developments in technology that have dramatically improved the precision and effectiveness of conventional military capabilities. Their lethality might confer a dramatic advantage to the side that attacks first, something that was generally not true of conventional military operations in the main European theater of U.S.-Soviet confrontation. Moreover, because the sophisticated computer and satellite systems that guide contemporary weapons are highly vulnerable to conventional military strikes or cyberattacks, today's more precise weapons might be effective only

if they are used before an adversary has struck or adopted counter-measures. If peacetime restraint were to give way to a search for advantage in a crisis, neither China nor the United States could be confident about the durability of the systems managing its advanced conventional weapons.

Under such circumstances, both Beijing and Washington would have incentives to initiate an attack. China would feel particularly strong pressure, since its advanced conventional weapons are more fully dependent on vulnerable computer networks, fixed radar sites, and satellites. The effectiveness of U.S. advanced forces is less dependent on these most vulnerable systems. The advantage held by the United States, however, might increase its temptation to strike first, especially against China's satellites, since it would be able to cope with Chinese retaliation in kind.

COMMUNICATION BREAKDOWN

A U.S.-Chinese crisis might also be more dangerous than Cold War showdowns because of the unreliability of the existing channels of communication between Beijing and Washington. After the Cuban missile crisis, the Soviet Union and the United States recognized the importance of direct communication between their top leaders and set up the Moscow–Washington hot line. In 1998, China and the United States also set up a hot line for direct communication between their presidents. But despite the hot line's availability, the White House was not able to contact China's top leaders in a timely fashion following the 1999 Belgrade embassy bombing or the 2001 spy-plane incident. China's failure to use the hot line as intended might have reflected the reluctance of its leaders to respond until they had reached an internal consensus or until they had consulted widely with their military. The delay might also have reflected China's difficulties in coordinating policy, since China lacks a dependable counterpart to the U.S. National Security Council. Whatever the reason, experience suggests that frustrating delays in direct communication are likely during what would be the crucial early moments of an unfolding U.S.-Chinese crisis.

Instead, communication between the two countries might initially be limited to either public statements or tacit signals sent through actions. But public statements are aimed at multiple audiences, and nationalist passions in either China or the United States, as well as

pressure from allies, might force either side to take a more aggressive public stance than it actually felt was warranted. Absent direct and confidential communication, the two countries might be unable to discuss politically sensitive proposals. They might also be unable to share information that could help head off a disastrous escalation, such as classified details about military capabilities or military maneuvers already under way.

Communicating through actions is also problematic, with many possibilities for distortion in sending messages and for misinterpretation in receiving them. Chinese analysts seem to overestimate how easy it is to send signals through military actions and underestimate

Chinese analysts seem to overestimate how easy it is to send signals through military actions and underestimate the risks of miscommunication.

the risks of escalation resulting from miscommunication. For example, the analysts Andrew Erickson and David Yang have drawn attention to Chinese military writings that propose using China's antiship ballistic missile system, designed for targeting U.S. aircraft carriers, to convey Beijing's resolve during a crisis. Some Chinese military thinkers have suggested that China

could send a signal by firing warning shots intended to land near a moving U.S. aircraft carrier or even by carefully aiming strikes at the command tower of the U.S. carrier while sparing the rest of the vessel. But as the political scientist Owen Coté has noted, even a very accurate antiship ballistic missile system will inevitably have some margin of error. Consequently, even the smallest salvo of this kind would entail a risk of inadvertent serious damage and thus unintended escalation.

A final important factor that could make a U.S.-Chinese crisis more dangerous than those during the Cold War is geography. The focus of Cold War confrontations was primarily on land, especially in central Europe, whereas a future confrontation between China and the United States would almost certainly begin at sea. This difference would shape a U.S.-Chinese crisis in a number of ways, especially by requiring both sides to make some fateful choices early on. China's small fleet of nuclear-armed ballistic missile submarines (SSBNs) and its much larger fleet of conventionally armed attack submarines are most secure when they remain in the shallow waters near the Chinese

mainland, where poor acoustics compromise the effectiveness of U.S. undersea antisubmarine operations. Their proximity to Chinese land-based aircraft and air defenses also limits Washington's ability to rely on its airpower and surface ships to counter them. For China's submarine forces to play a role in a showdown with the United States, however, they would have to move out of those safer waters.

The prospect of China's submarines breaking out would dramatically increase the instability of a crisis. Although U.S. antisubmarine warfare technology would be more effective against China's submarines operating in less noisy open waters (where the United States also enjoys air superiority), it would not be perfect: some U.S. naval assets that came within range of surviving Chinese submarines would be at risk. Early in a crisis, therefore, the United States would be tempted to minimize this risk by sinking Chinese attack submarines as they tried to leave their home waters. Especially because there are only a few narrow routes through which Chinese submarines can reach deeper waters, the United States would be tempted to strike early rather than accept an increased risk to U.S. naval forces. Regardless of the U.S. decision, any Chinese attack submarines that managed to reach distant deeper waters would face a "use them or lose them" dilemma, thanks to their greater vulnerability to U.S. antisubmarine forces—one more potential trigger for escalation.

China's nuclear-armed SSBNs present other risks. Under its no-first-use policy, China has clearly stated that any attack on its strategic nuclear forces would justify nuclear retaliation, making a U.S. strike against its SSBNs seem unlikely. Early in a crisis, therefore, Beijing would probably believe that it could safely deploy its SSBNs to distant, deeper waters, where they would be best positioned to execute their launch orders. Such a deep-water deployment, however, would introduce new dangers. One is the possibility that U.S. naval forces might mistake a Chinese SSBN for a conventional attack submarine and fire on it, inviting Chinese nuclear retaliation. Another is the danger that a Chinese SSBN could escalate the conflict without explicit orders from Beijing, owing to the limited communication such submarines maintain with the mainland in order to avoid detection.

MANAGING THE RISK

The chances of a U.S.-Chinese crisis in the coming years are low, but they are not negligible, and they are made more troubling by the risk

of such a confrontation escalating. The most important steps Beijing and Washington can take are those that might help prevent crises from developing in the first place. Since uncertainty about the scope of each side's vital interests would be a trigger for such crises, the two countries should deepen political and military exchanges that focus closely on this problem. Even if they cannot achieve full clarity, discussions can help draw attention to what each side believes poses the greatest risks.

Although it will be difficult to eliminate the possibility of U.S.-Chinese confrontations, both countries can do more to address the sources of potential instability and improve their ability to manage the risks they would face during a crisis. Leaders in Washington could share their rich experience in crisis management with their Chinese counterparts, emphasizing the importance of policy coordination. In addition, the United States should stress the need for China to use the existing hot line for prompt, direct communication between the countries' top leaders during a crisis.

China and the United States should also deepen their currently modest military-to-military exchanges. Without compromising essential secrets, increasing familiarity with each other's military systems and practices would reduce the risk of inadvertent escalation during a showdown. Both sides would be wise to foster greater personal familiarity among the two countries' commanding officers, which, in the event of a crisis, would establish a modicum of trust that would be helpful if political leaders sought to de-escalate the conflict.

Getting Beijing and Washington to tackle the difficult task of containing a future crisis will not be easy. In the end, it might take the experience of living through a terrifying showdown of the kind that defined the early Cold War. But it should not have to come to that. 🌐

REVIEWS & RESPONSES



Roosevelt's New Deal would have been impossible without the support of southern segregationists.

— Taeku Lee

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*Fear Itself: The New Deal and the Origins
of Our Time*

BY IRA KATZNELSON. Liveright,
2013, 720 pp. \$29.95.

In March 1933, with the United States deep in the throes of the Great Depression, U.S. President Franklin Roosevelt delivered his first inaugural address, warning of the power of fear—or, more specifically, the danger of “nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance.” Those efforts were the “new deal” that Roosevelt had promised during his campaign, a sweeping reformation of the U.S. economy that would define his first two terms in office and create the foundations for the contemporary American social welfare state: federal aid to the unemployed, stiffer regulation of industry, legal protections for workers, and the Social Security program, among other major innovations.

Today, Americans tend to understand the New Deal in a few standard ways. The consensus view is triumphalist: the New Deal was the first step in the

United States’ muscular emergence from the Great Depression and the beginning of the country’s rise to become the undisputed “leader of the free world.” Then there are the more ideological interpretations. Liberals see the New Deal as a vindication of Keynesian economics, strong labor unions, and a secure social welfare state. In the liberal view, Roosevelt confronted the fear spawned by the cruel and crushing hardships of unfettered capitalism during the 1920s. Conservatives hold, meanwhile, that the New Deal left a legacy of unrestrained government intrusion into the private sector and quasi-authoritarian limits on liberty and the free market. In the conservative view, Roosevelt is himself the source of fear, standing in for the menace of unbridled executive power.

The New Deal era portrayed in Ira Katznelson’s *Fear Itself* contrasts sharply with all those conventional accounts. According to Katznelson, the fear invoked by Roosevelt persisted well beyond 1932, defining a *Zeitgeist* that extended into the Cold War era and ushering in an executive branch that behaved, even in peacetime, as if the United States had been “invaded by a foreign foe,” in Roosevelt’s phrase. By the time of Roosevelt’s death, in 1945, the prospects of total war, genocide, and nuclear annihilation had thoroughly supplanted the kind of measurable and manageable risks that ordinary policymaking sought to address. But Katznelson argues that even before those fears emerged, the Depression and the New Deal marked the entrance of existential terror into modern American political life. “Surrounded by wild and intense insecurity,” Katznelson writes, “American political

TAEKU LEE is Professor of Political Science and Law at the University of California, Berkeley.



Same old deal: a Works Progress Administration poster showing a segregated pool

institutions and processes could not look to fixed points or a guiding status quo.”

These existential fears, Katznelson argues, derived from three sources. First was the possibility of democracy’s demise, a sense that the problems of the day were simply too big and urgent for a system defined by the separation of powers, popular consent, and a market-

place of political ideas. Second was the growing sophistication and lethality of technologies of warfare, which encouraged Washington’s preoccupation with national security. The third and, for Katznelson, most overlooked source of fear was the systematic subjugation of African Americans in the South. In *Fear Itself*, these three sources merge,

Taeku Lee

portraying the New Deal years as less an era of bold action than one of fraught compromises—especially on the part of northern liberals, who had to abandon their pursuit of racial equality, and hard-line southern Democrats, who found themselves embracing big government.

By casting fear as the linchpin of politics and policymaking in the New Deal era, Katznelson tackles a big topic and makes it even bigger. “I ascribe to the New Deal an import almost on par with the French Revolution,” he writes, describing it as “not merely an important event in the history of the United States, but the most important twentieth century testing ground for representative government in an age of mass politics.” European readers will likely find the comparison to the French Revolution overblown, but Katznelson is surely justified in seeing the New Deal as a turning point in the history of liberal democracy.

Many histories of the New Deal cast Roosevelt as a hero, quashing fear and winning the day for democratic principles, remaking the nation’s social contract, and committing his country to the cause of global peace. Katznelson eschews this formula, focusing instead on the southern Democrats in Congress who emerged as the pivotal characters in the New Deal’s transformation of the American state. Katznelson painstakingly details how Roosevelt’s agenda would not have been possible without the endorsement by southern representatives of a massive expansion of federal power at home. “Without the South,” Katznelson asserts, “there could have been no New Deal.”

SONG OF THE SOUTH

The South in the 1930s was defined by what the historian C. Vann Woodward

has called “the paradoxical combination of white supremacy and progressivism.” The progressivism had its roots in a southern economy that depended on agriculture and, as a result, suffered an unusual degree of penury during the Depression. Those dire circumstances fueled an appetite for generous social welfare policies and large infrastructure projects. Hard times also pushed southerners to accept the sweeping regulation of capitalist industries, especially those associated mostly with the North, such as banking, railroads, and utilities.

But an even more powerful factor in southern politics was the strict racial hierarchy that placed whites above African Americans and that imbued the South with what Katznelson calls “powerful authoritarian tendencies.” Indeed, when it came to white supremacy and Jim Crow, the South’s congressional representatives displayed an unusually fervid and disciplined unanimity. By dint of their sheer numbers and their seniority in Congress, they wielded an effective veto over every major legislative effort of the Roosevelt presidency. Katznelson terms the result a “southern cage,” which resounded with an “obligato—the deep and mournful sound of southern political power determined to hold on to a distinctive way of life.”

Fear Itself follows the twists and turns of the struggle that pitted southern Democrats against liberal Democrats from the North who hoped to use the New Deal to advance the rights of workers and minorities and against Republicans who fiercely defended the interests of capital and opposed any expansion of the federal government’s authority. At each point, Katznelson masterfully documents the extent to

which southern Democrats decreed as a nonnegotiable precondition to any legislative action the prevention of African Americans in the South from benefiting from the New Deal in any way. The segregationists supported the Tennessee Valley Authority, but only so long as the cheap electricity it produced flowed only to communities that were strictly segregated. Likewise, African Americans were specifically excluded from New Deal legislation that set minimum wages and secured benefits for farm laborers and domestic servants.

Katznelson plunges much deeper than most historians of the era into the lives and careers of the South's Jim Crow New Dealers. He profiles well-known figures such as Louisiana's Senator Huey Long but also reveals the instrumental roles played by others, including Senator Theodore Bilbo of Mississippi, Senator Richard Russell of Georgia, and Hugo Black, who served as a senator from Alabama for ten years before Roosevelt appointed him to the Supreme Court in 1937. Katznelson does not spare the reader the vivid, revolting details of the unreconstructed bigotry of many southern Democrats toward African Americans. (Bilbo, an ardent New Dealer, was also an enthusiastic member of the Ku Klux Klan; while filibustering an anti-lynching bill in the Senate in 1938, Bilbo warned that "one drop of Negro blood placed in the veins of the purest Caucasian destroys the inventive genius of his mind and strikes palsied his creative faculty.")

But Katznelson also chronicles the acquiescence of well-meaning liberals in the North who were complicit in denying black southerners both the benefits of the New Deal and the prosperity

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Taeku Lee

generated by the U.S. victory in World War II. The Roosevelt administration and its northern liberal allies often looked the other way while southern Democrats excised any elements of New Deal legislation that might have benefited southern blacks and thereby threatened the existing racial order. Katznelson calls this Roosevelt's "strategy of pragmatic forgetfulness."

While Katznelson's mastery of historical detail is at times spellbinding, this is not an entirely original analysis. In fact, Katznelson himself already put forward some of its key elements in his 2005 book *When Affirmative Action Was White*, which demonstrated the preferential treatment offered to whites by legislation such as the GI Bill and federal programs such as Social Security, whose benefits are often mischaracterized as "universal." And other observers, including the sociologist Anthony Chen and the political scientist Eric Schickler, have also written—arguably with greater empirical precision and analytic specificity—about the links between race, New Deal liberalism, and legislative politics in the 1930s and 1940s. But in *Fear Itself*, Katznelson goes further than anyone else in establishing the full context of these compromises and linking them to the fears that motivated the politics of the time.

Ultimately, the power of southern Democrats in the New Deal era proved unsustainable. By agreeing to expand the role of the federal government and by later embracing the bright Cold War lines separating democracy and freedom from dictatorship and repression, the southern Democrats laid the institutional and ideological groundwork for their own undoing. The interventionist federal government that emerged from the New

Deal set the United States on a path to sweeping changes in the country's racial order, codified by the civil rights legislation of the 1960s. The New Deal, Katznelson writes, "ultimately undermined Jim Crow's prospects." The very legislation embraced by southern segregationists created "at first mere chinks, then whole openings for social change that were grasped by an incipient, soon powerful, movement for equal rights for blacks."

FEAR FACTOR

Thus, the lesson of the New Deal, Katznelson suggests, is that well-formed democratic institutions can self-correct. This was not a forgone conclusion at the time; indeed, during the 1930s, democracy was widely viewed as an outworn political form. In February 1933, as the Depression grew ever deeper, no less of an authority on U.S. politics than the influential columnist Walter Lippmann publicly called on Roosevelt to apply "strong medicine" and "enlarge the powers of the President and reduce the powers of the Congress." In a private visit with Roosevelt that same month, Lippmann was far blunter. "The situation is critical, Franklin," he warned. "You may have no choice but to assume dictatorial powers." This advice fell on ears that were not quite deaf. Katznelson notes that later that year, Roosevelt praised the Italian despot Benito Mussolini as an "admirable Italian gentlemen," telling the U.S. ambassador to Italy that he was "much interested and deeply impressed by what [Mussolini] has accomplished and by his evidenced honest purpose of restoring Italy."

Of course, whatever Roosevelt might have thought of Mussolini, the United States did not devolve into a fascist

country and instead used the dual crisis of the Depression and World War II to defend and champion the cause of liberal democracy. Katznelson argues that had Roosevelt used the Depression to secure the kind of supreme power that Lippmann and others urged him to seek, the subsequent Allied victory over the fascist powers would have come at too high a cost. Instead, Roosevelt safeguarded a form of government whose imperfections were on display in the South but that would later prove itself capable of razing Jim Crow and winning basic freedoms for African Americans in the 1950s and 1960s.

But Katznelson also wants to show a downside of the New Deal: the arrival of fear as the master narrative of U.S. politics. While many readers will be enticed by the idea that existential fear has its origins as a leitmotif in American politics in the New Deal era, the book does not make a wholly convincing case. Katznelson is never quite clear enough about what produced this fear, how it operated in political discourse, or how it changed the institutional dynamics or strategic calculus of southern Democrats, northern Democrats, Republicans, or the Roosevelt administration. Nor does he explain whether elites ginned up existential fears to exploit the masses or whether leaders and policymakers actually fell prey to such terrors themselves.

Katznelson also clearly wants to say something about the defining role of public fear in the post-9/11 political era. But in trying to connect the New Deal era to the present, he leaves puzzling gaps, failing to explain why the kind of existential dread he observes at work in the New Deal era disappeared after Dwight Eisenhower replaced Harry Truman as president and how it then

reemerged after the 9/11 attacks. Or, to work backward in time, it seems likely that comparable forms of terror arose during World War I, the Civil War era, and even the initial years of American independence and constitution-making. As the political theorist Judith Shklar argued, it is best to understand fear (and its moral handmaiden, cruelty) as sewn into the fabric of liberal democracy itself and not so easily located in one historical moment, however defining it might be.

Another problem stems from the unavoidable ideological bent of any one person's rendering of history. As the historian Arthur Schlesinger, Jr., once observed, "All historians are prisoners of their own experience. We bring to history the preconceptions of our personalities and of our age." Katznelson tries to avoid counterfactual reasoning; *Fear Itself* makes no grand claims about alternative histories that might have been if only the southern Democrats had not stood in the way. Yet Katznelson's account of the New Deal era remains suffused with a heavy sense of regret for a road to social justice not taken.

In the end, as a work of sprawling ambition and nervy iconoclasm, *Fear Itself* does not always hit its marks crisply or properly account for its author's own political predispositions. Nonetheless, the book is an extraordinary achievement. Katznelson has permanently discredited selective, nostalgic impressions of the New Deal era. By taking readers back to a time of perpetual crises, doomed moral compromises, and ill-begotten political alliances, *Fear Itself* is an urgent reminder that, in Katznelson's words, "not just whether but also how we find our way truly matters." 🌐

Can Washington Win Over the Arab Street?

The Sources of Middle Eastern Anti-Americanism

It's Not Who We Are, It's What We Do

Amaney A. Jamal

In my book *Of Empires and Citizens*, I argue that at the height of the period of authoritarian rule in the Middle East, Arab societies were divided between those people who benefited from their leaders' relationship with the United States, and therefore sought to preserve the dictatorships, and those who did not, and therefore sought democracy. For the pro-U.S. camp, which was mostly comprised of the relatively affluent, the U.S.-backed regimes brought the stability necessary for economic growth. This group feared that democracy, which could bring to power anti-American Islamists, would weigh the economy down. The other camp, meanwhile, saw the United States as the primary underwriter of repression. This dynamic made Middle Eastern autocracies extremely durable: in the Arab world, the middle class, which tends to be the vanguard of democracy elsewhere, was at best ambivalent to rule by the people.

In his review of my book ("The Persistence of Arab Anti-Americanism,"

May/June 2013), Marc Lynch implies that recent events in the Arab world have proved me wrong. He correctly notes that Islamist victories in Egypt and Tunisia have not brought the dramatic severing of ties with the United States that I argue some in the region had expected. Therefore, he seems to have concluded, those expectations must never have existed in the first place. Furthermore, they could not have informed the middle classes' negative perceptions of democracy. Yet the data, painstakingly gathered over a number of years in a number of countries, show otherwise. In my 2007 analysis of polls of Jordanians and Kuwaitis, among those who were favorably inclined toward expanding trade and business ties with other countries, most of whom were middle class, over 25 percent had favorable opinions of the United States. Only 12 percent of those who opposed trade ties had good views of the United States.

It is true, of course, that some middle-class and affluent Egyptians who had previously supported the regime (at least tacitly)—think Wael Ghonim, the Google executive who during the revolution maintained an antiregime Facebook page called "We are all Khaled Said"—eventually withdrew their support. But in research for my book, I found that the classes that have the most to gain from strong economic ties with the rest of the world remain deeply concerned about losing the United States' partnership.

Some Islamist parties, such as the Islamic Constitutional Movement in Kuwait and the Freedom and Justice Party in Egypt (both led by the Muslim Brotherhood), appear sensitive to middle-class concerns about relations with the United States. They have bent over

backward to prove to audiences at home and abroad that they are not the anti-American firebrands they have been made out to be. As Khaled Elgindy of the Brookings Institution has pointed out, the Muslim Brotherhood began softening the signals it sent in regard to the United States well before the Egyptian revolution. That included overhauling the group's electoral program in Egypt in 2010 and 2011 by taking out inflammatory references to Israel and deleting entirely the section on Palestine. During the 2012 Israeli operation in Gaza, moreover, Mohamed Morsi, then Egypt's president and head of the Freedom and Justice Party, was a model of cooperation. He helped mediate an end to the violence, earning praise from the Obama administration. In fact, as Tarek Masoud of Harvard University has written, "in all the ways that are important to American foreign policymakers," Morsi's foreign policy "appeared to deviate little from that of his overthrown predecessor." And that tracks with my broader argument: large segments of Egyptian society would not have tolerated the Brotherhood for so long if it had brought fire and brimstone to U.S.-Egyptian relations. The Brothers knew that, and changed.

Perhaps because Lynch recognizes that the Arab world's recent dynamics are largely consistent with my book's thesis, his review mostly elides my core argument and instead focuses on a secondary issue: the sources of Arab anti-Americanism. Lynch believes that Arab anti-Americanism is not primarily about U.S. policies but mostly a vessel into which aggrieved Arabs pour their assorted resentments and dysfunctions. To support his point, he notes that recent shifts in U.S. policy that one

would have expected to tamp down anti-Americanism, such as ending the war in Iraq and throwing support behind some Arab revolutions, have not won Uncle Sam much gratitude. And he points out that many of the same groups that I believe once countenanced authoritarianism to maintain friendly ties with the United States have now become full-throated opponents of Washington. "In Egypt," he writes, "liberals now accuse the United States of conspiring with the Muslim Brotherhood to usher in a new kind of authoritarian rule there, all in the name of stability."

But there have been shifts in Middle Eastern attitudes toward the United States, exemplified by the open and cordial cooperation with Washington by the Egyptian government under the Muslim Brotherhood. The shift of U.S. policy toward a more tolerant stance in regard to the Muslim Brotherhood explains this change. And that is powerful evidence that pro- and anti-American attitudes relate directly to U.S. policy in the region. Every policy stance creates winners and losers, and the United States must think carefully about whom it wishes to advantage and whom it wishes to disadvantage before jumping in. Better relations with Arab societies as a whole will require reconsidering U.S. policies that ignore the preferences of ordinary citizens, such as continuing to back authoritarian regimes, increasing drone attacks in the region, and supporting the ongoing Israeli occupation of the West Bank. A carefully constructed foreign policy will have to take into account the preferences of the millions of Arabs across the region. Embracing the aspirations of citizens as expressed in the Arab Spring, for example, is a first

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and preliminary step in the right direction. Yet the route to democracy and development is still long and arduous.

The United States should not expect immediate results. Lynch is correct to note that Arabs did not instantly embrace the United States after President Barack Obama announced the U.S. withdrawal from Iraq—although it isn't clear why anyone would have seriously expected such a reaction. It takes a long time to make things right, and recognizing past mistakes is a far cry from making reparations for them. At any rate, there is no evidence of some deep and durable Arab hatred of the United States. As my book illustrates, citizens across the region recognize that there is much to gain from closer ties with the United States. A carefully designed U.S. foreign policy should ensure that the United States' geostrategic plans incorporate, rather than alienate, those citizens.

AMANEY A. JAMAL is Associate Professor of Politics at Princeton University and the author, most recently, of *Of Empires and Citizens: Pro-American Democracy or No Democracy at All?*

Lynch Replies

Amaney Jamal is a careful scholar, and her book has advanced the discussion about the drivers of Arab views of the United States in important ways. But her response to my review of it misses my major critiques and raises new questions about how to interpret her evidence.

Jamal insists that her data prove the existence of pro-American views among Arab publics before the Arab Spring and that such attitudes were more frequent

among the middle class, which received economic benefits from the U.S.-backed status quo. This is true, as far as it goes, but is also unsurprising. No opinion surveys in the years before the Arab Spring, even in the darkest days of the George W. Bush administration, showed 100 percent hostility toward the United States. It stands to reason that the strongest bastions of pro-American attitudes would overlap with the better-off sectors of society.

But the implications of that finding are not what Jamal seems to believe. Those middle-class constituencies approved of the United States in spite of all the unpopular policies that Jamal would like to see changed. In fact, the patterns that she uncovered suggest that as long as the relationship makes economic sense for them, the Arab haves will continue to support the United States regardless of what it does elsewhere. The Obama administration's decision to support democratic change in some Arab countries, however tepidly, actually seems to have hurt the United States' image with those previously supportive groups. What is more, Barack Obama's policy does not seem to have won any new support among those Arabs who were previously hostile to the United States. Indeed, Jamal's detailed, empirically driven analysis makes all the more glaring the complete absence of hard evidence that any U.S. policy shifts in the direction of Arab popular preferences have changed Arab views of the United States for the better.

Jamal contends that the Egyptian Muslim Brotherhood's avoidance of extreme anti-Americanism after its election offers just such proof. But that is a slender reed. Jamal provides no evi-

dence that views within the Islamist ranks have changed, nor that the Brotherhood-led government's behavior was driven by a concern that anti-American policies might alienate large segments of Egyptian society. The Brotherhood has indeed sought to maintain good relations with Washington, but a more plausible explanation is that it has done so for good old-fashioned realist reasons. The Brotherhood has been equally solicitous of Israel, after all, continuing to enforce the blockade of Gaza despite its ideological sympathy with Hamas.

The Arab uprisings have given popular voices more political weight than ever, and fierce controversies over the revolutions, Islamism, and Syria have radically reshaped long-standing political worldviews. I happen to agree with Jamal that if Washington hopes to more effectively engage with the Arab world, then it should take into account Arab popular opinions on a wide range of issues, including drones, democracy, and the Israeli-Palestinian conflict. But unfortunately, nothing in her book provides support for this recommendation. Indeed, her response to my review suggests that Jamal needs to engage much more frankly with the potentially discordant implications of her own analysis and evidence. 🌐

Recent Books

Political and Legal

G. John Ikenberry

The Importance of Being Civil: The Struggle for Political Decency

BY JOHN A. HALL. Princeton University Press, 2013, 280 pp. \$29.95.

Many see civility as a sensible but superficial quality of people and groups that although divided by class, culture, or political ideology can nevertheless agree to disagree. But Hall finds a deeper idea about the importance of being civil embedded in the Western liberal tradition. Civil society flourishes not when differences are eliminated but when people decide to live together with a richness of diversity. Hall notes that there are limits to how diverse a stable and well-functioning society can be: some minimal agreement must exist over certain essentials, such as respect for the rule of law and an abhorrence of violence. Nonetheless, what Hall calls the “civilized acceptance of difference” is an essential precondition if liberal societies are to endure in a world fractured by class, religion, race, and national identity. Hall shows that the enemies of civility have often had the upper hand, a fact reflected in the West’s violent history of imperialism, war, and ethnic cleansing. Political orders of toleration are not unique to the West, Hall makes clear, as India’s remarkable society demonstrates. But China’s conception of a more homogeneous national identity is less promising.

The Resurgence of the West: How a Transatlantic Union Can Prevent War and Restore the United States and Europe
BY RICHARD ROSECRANCE. Yale University Press, 2013, 216 pp. \$27.50.

In his classic 1986 work, *The Rise of the Trading State*, Rosecrance argued that trade and interdependence were replacing territory and conquest as sources of wealth and power. Nearly 30 years later, with the rise of China worrying the West, Rosecrance again urges the United States to pursue a grand strategy of trade and economic integration, this time focused on the creation of a massive economic union with Europe. It is no longer enough to be a trading state, Rosecrance asserts. What the old Western industrial powers need now is an open market of sufficient scale and scope to increase their efficiency and stability. A giant customs union would generate additional growth and would allow the West to approach China and other Asian countries from a position of strength. The book lacks a systematic explanation of precisely how high-growth Asian economies threaten the United States and Europe. But its main insight is still compelling: the “new West” needs to be big, unified, and growing.

Democracy in Retreat: The Revolt of the Middle Class and the Worldwide Decline of Representative Government

BY JOSHUA KURLANTZICK. Yale University Press, 2013, 304 pp. \$28.00.

Unlike earlier periods when democracies faltered, such as the 1930s, today democracy is waning in every region of the world, and many countries where democratic rule is fading are regional powers,

such as Kenya, Mexico, Nigeria, and Russia, which harms the prospects for democracy in surrounding countries. Meanwhile, authoritarian states, such as China and Russia, have tightened their grips. Kurlantzick struggles to identify the precise causes of this global democratic recession. The slowing or reversal of economic growth is at fault, but so, too, are the more general travails of modernity: economic inequality, weak social welfare systems, disease, urbanization, environmental degradation, and migration. Those factors give autocrats and authoritarians short-term advantages in winning the support of fearful middle-class constituencies. The book is convincing in diagnosing the troubled state of democracy, rooted in its failure to reliably deliver shared prosperity and economic security. But it is less convincing in arguing that nondemocracies will ultimately fair any better or establish their authority and legitimacy as alternative models of political rule.

Global Security Upheaval: Armed Nonstate Groups Usurping State Stability Functions
BY ROBERT MANDEL. Stanford University Press, 2013, 304 pp. \$110.00 (paper, \$32.50).

This iconoclastic book takes issue with the conventional view that global security requires strong states capable of policing borders and enforcing order. Mandel believes that security and governance are shifting from public to private hands. In many countries, armed nonstate groups share power with central governments; Afghanistan, Lebanon, and Libya are a few prominent examples. Mandel's claim is that at least in some instances, armed

nonstate groups can contribute to stability and that efforts to bolster central governments only lead to more violence and instability. The book finds that private armed groups can gain a comparative advantage in troubled places by guaranteeing the physical safety and humanitarian needs of endangered groups. The book's insights are useful, although most of the cases Mandel cites involve controversial groups (such as Hezbollah in Lebanon) and offer decidedly mixed evidence. Many readers might actually come away from the book with a new appreciation for the state as a source of security.

Waves of War: Nationalism, State Formation, and Ethnic Exclusion in the Modern World

BY ANDREAS WIMMER. Cambridge University Press, 2013, 346 pp. \$99.00 (paper, \$34.99).

Beginning in the nineteenth century, cycles of violent upheaval and world war collapsed empires and dynastic kingdoms, while the nation-state spread to every corner of the globe. This ambitious book provides one of the best accounts yet of this grand transformation of the global political order, driven by the explosive appeal of nationalism and self-rule. As nation-states grew in legitimacy and mobilized ever more power, other types of polities could not compete. Wimmer's major contribution is to demonstrate how the spread of the nation-state generated violence and war. Marshaling carefully assembled quantitative evidence, Wimmer shows that the incidence of war more than doubled once nationalism gained a foothold in world politics and

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triggered violent struggles over borders, ethnicity, and self-determination. In a surprise, Wimmer does not find any evidence that democracies are more peaceful than autocracies, arguing that peace results less from the qualities of any particular system and more from the establishment of inclusive governments and the depoliticization of ethnicity.

Economic, Social, and Environmental

Richard N. Cooper

Why Growth Matters: How Economic Growth in India Reduced Poverty and the Lessons for Other Developing Countries
BY JAGDISH BHAGWATI AND
ARVIND PANAGARIYA. PublicAffairs,
2013, 280 pp. \$28.99.

Until recently, India was enjoying a period of near-double-digit annual growth, accompanied by a rapid decline in poverty. But then, its economy stalled, stymied by political disagreements over the best ways to reduce poverty—through direct government action or through the indirect effects of growth—and over the degree to which the country should engage with the global economy. Both debates are shaped by strong sentiments in favor of protecting local businesses and workers—a residue of India’s socialist past. Against such views, Bhagwati and Panagariya advocate for growth through increased trade with the world and more foreign investment in India. They confront what they consider to be 19 myths about the

Indian economy, ranging from the claim that Indian planners pursued growth as an end in itself, ignoring poverty reduction, to the belief that post-1991 reforms of the Indian economy increased government corruption and resulted in a high incidence of suicides among farmers. Demolishing those myths, the authors propose ways to accelerate India’s growth while also making its redistributive policies more effective. Although India provides the specifics for their arguments, their analysis and prescriptions would apply to many other countries, as well.

The Battle of Bretton Woods: John Maynard Keynes, Harry Dexter White, and the Making of a New World Order
BY BENN STEIL. Princeton University
Press, 2013, 472 pp. \$29.95.

Its title notwithstanding, this thought-provoking book is about much more than the 1944 conference that established the architecture of the postwar international monetary system, leading to the establishment of the International Monetary Fund and the World Bank. The United Kingdom and the United States, close wartime allies, had vastly different views about what the postwar system should look like. British Prime Minister Winston Churchill wanted to preserve the British Empire, as did the British economist John Maynard Keynes, who represented the United Kingdom at Bretton Woods. Although he was no imperialist, Keynes saw British colonialism as an economic necessity. The Americans, on the other hand, thought it was about time the British got out of the business of world domination, and they pushed for a system that would reflect the new balance of

power between the two allies. Steil is concerned not only with the substance of the negotiations but also with the key players, most notably Keynes, who was already famous by the time of the Bretton Woods meeting, and Harry Dexter White, the U.S. Treasury official who led the American negotiating team. White was favorably disposed to the Soviet Union and sought to help the Soviets, even while being tightfisted with the British.

Austerity: The History of a Dangerous Idea
BY MARK BLYTH. Oxford University Press, 2013, 304 pp. \$24.95.

The Body Economic: Why Austerity Kills
BY DAVID STUCKLER AND SANJAY BASU. Basic Books, 2013, 240 pp. \$26.99.

Blyth takes on the claim that austerity—the strategy of cutting budget deficits, mainly by reducing government spending—is the best way to enhance growth and reduce public debt and finds it utterly deficient, both in its internal logic and in its actual practice. He reviews the intellectual history of the idea, from the Enlightenment to the present, and examines the numerous cases in which it has been tried, all of which proved unsuccessful, except in a few special circumstances. He is attentive not only to the effects of austerity on the economy in the aggregate but also to the way its effects are distributed, usually in ways that disproportionately hurt the poorer members of society. Blyth asserts that the slogan “There is no alternative” is often a cloak that doctrinaire conservatives use to mask their desire to reduce the size of government. He counters that levying much higher taxes on wealthy

Americans and Europeans would reduce budget deficits without requiring any spending cuts.

Stuckler and Basu approach austerity policies from a medical perspective, producing an extensive array of evidence to show that austerity—especially cuts to spending on public health—increases illness and death. Most compelling is their finding that countries that have suffered through recessions have avoided deterioration in their citizens’ well-being by maintaining government spending on public health. They urge that considerations of health be included in all assessments of public debt and deficits.

The Federal Reserve and the Financial Crisis
BY BEN S. BERNANKE. Princeton University Press, 2013, 144 pp. \$19.95.

In March 2012, Bernanke, chair of the U.S. Federal Reserve, delivered a series of four lectures at George Washington University. This short book is the edited transcript of those lectures, including Bernanke’s responses to questions from students. The result is a helpful primer on modern central banking by one of its preeminent practitioners. Bernanke interprets the financial crisis of 2008 and its aftermath, explaining why the Fed responded the way it did. He puts into historical context the steps the Fed has taken in recent years, comparing them to the Fed’s response to the Great Depression of the 1930s and noting that the institution was created precisely to mitigate financial crises, not simply to control inflation.

Rising Tide: Is Growth in Emerging Markets Good for the United States?

BY LAWRENCE EDWARDS AND ROBERT Z. LAWRENCE. Peterson Institute for International Economics, 2013, 176 pp. \$25.95.

The authors answer the question in their subtitle with an empirically rich and closely reasoned yes. It is theoretically possible that economic growth in some countries will worsen the economic well-being of their trading partners, and some commentators have suggested that the success of today's emerging markets, especially China, has been detrimental to the United States and other rich countries. That might be true if the global economy had experienced an overall reduction in trade, but that has not occurred, except briefly during the financial crisis of 2008 and the subsequent recession. Growth in emerging markets could also hurt rich countries by raising their import prices relative to their export prices. Although that has happened from time to time, especially with regard to oil prices, on balance, import prices have fallen. Edwards and Lawrence undertake a painstaking and detailed examination of the influence in recent decades of foreign trade on U.S. employment, wages, and income distribution. Their bottom line is that Americans should welcome the growing prosperity of their trading partners.

Military, Scientific, and Technological

Lawrence D. Freedman

A Call to Arms: Mobilizing America for World War II

BY MAURY KLEIN. Bloomsbury, 2013, 912 pp. \$40.00.

The Guns at Last Light: The War in Western Europe, 1944–1945

BY RICK ATKINSON. Henry Holt, 2013, 896 pp. \$40.00.

What Soldiers Do: Sex and the American GI in World War II France

BY MARY LOUISE ROBERTS. University of Chicago Press, 2013, 368 pp. \$30.00.

These three books illuminate different aspects of World War II using diaries, letters, and memoirs to capture what the war meant for people caught up in it. Klein's monumental book focuses on what he calls "the greatest industrial expansion in modern history." As the war began in Europe in 1939, the armed forces of the United States were small and undernourished, and the public was wary of any involvement. President Franklin Roosevelt pushed U.S. industry to get ready for a war that he knew would come. Klein details the impact this had on Washington—the personality clashes, the interagency feuds, the tensions between government and big business—and also demonstrates the enormous social impact of mass mobilization on the rest of society. Labor

unions were challenged to moderate their demands out of patriotic duty, and African Americans were drawn into the mainstream work force, leading to hostile reactions from some white workers and even race riots in Detroit. In effect, Klein's book narrates the birth pangs of the modern American state.

With *The Guns at Last Light*, Atkinson concludes his celebrated trilogy on World War II. The first two volumes covered the Allied campaigns in North Africa and Italy. In this one, Atkinson is on more familiar territory: the buildup to the Normandy landings and the drive to Berlin, with its frustrating setbacks. Most of his readers will know this story. Yet Atkinson still manages to keep it fresh, with a talent for narrative and a mastery of detail that make this book one of the great contributions to the war's history. He has an impressive command of the high-level strategic debates, coalition politics, and logistical feats that shaped the war, and he brings them to life with the accumulation of small details: U.S. General George Patton's exuberance at the prospect of battle, the inventory of personal effects found on corpses, the U.S. decision to excuse American soldiers who shot captured SS guards in cold blood at the concentration camp in Dachau, the bedbugs and caviar at the Yalta conference.

Atkinson also describes the sexual temptations that greeted American GIs in France and the dire consequences in terms of prostitution and venereal disease. Roberts zeroes in on this aspect of the war in a remarkable study that complicates the view of the liberation of France and casts doubt on the moral character of the vaunted "greatest generation" of Americans. She vividly depicts the

impact of the influx of hundreds of thousands of GIs on French society, especially on French women. One of the book's most troubling revelations is the way that U.S. authorities wrongly blamed the rapes of French women on African American soldiers. Roberts demonstrates how officials excused appalling conduct by referring to the stereotype of the licentious French woman—blaming victims for the sexual assaults they suffered. The book is marred by a tendency to overgeneralize and to overinterpret observations gleaned from letters and diaries. Nonetheless, it is a powerful reminder of the dark side of the liberation.

The Way of the Knife: The CIA, a Secret Army, and a War at the Ends of the Earth
BY MARK MAZZETTI. Penguin Press, 2013, 400 pp. \$29.95.

Lone Wolf Terrorism: Understanding the Growing Threat
BY JEFFREY D. SIMON. Prometheus Books, 2013, 335 pp. \$26.00.

Treasury's War: The Unleashing of a New Era of Financial Warfare
BY JUAN C. ZARATE. PublicAffairs, 2013, 336 pp. \$27.99.

The word "secret" has ceased to have much meaning in the context of the CIA. It seems as though every aspect of the "war on terror" has now been documented in detail, with few identities left hidden or operations left unrevealed. Mazzetti's fine account traces the embrace of drone-assisted targeted killing by an organization that began the century prohibited from engaging in assassination

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and lacking the budget to purchase expensive hardware. U.S. attempts to detain terrorists are fraught with legal problems, and attempts to deny them sanctuaries require unpopular and extensive deployments of boots on the ground, so it is no surprise that simply taking out these targets became such an attractive option for Washington. Nor is it a surprise that the CIA quickly began to ease the safeguards governing the use of drones, resulting in growing unease among the public and policymakers at the processes the White House was using to choose targets and the complex effects the strikes were having on countries such as Pakistan and Yemen. Mazzetti describes in compelling detail the agency's turf battles with the Pentagon, its awkward relations with its Pakistani counterpart, and its reliance on a motley collection of freelancers and private contractors.

One sort of terrorist not so susceptible to drones—or any other form of detection and apprehension—is the self-motivated lone wolf acting without instructions from a central command. Simon's book is a lucid survey of the phenomenon, examining figures such as Yigal Amir, who murdered Israeli Prime Minister Yitzhak Rabin, and the right-wing Norwegian Anders Breivik, who set off a bomb in Oslo and slaughtered children attending a Labor Party camp on an island in Norway. As relatively organized groups, such as al Qaeda, have been disrupted, there has been a spurt of private enterprise by frustrated militants. There is no shortage of weapons, guides to bomb-making, or sources of political rage. This is why the book's subtitle describes lone wolves as a "growing threat," although the recent cases might

not represent the worst bout: Simon recalls the almost routine murders of top political figures and even heads of states by lone-wolf anarchists in the early twentieth century, including the assassination that triggered World War I.

One of the more effective ways of undermining organized terrorist groups is to starve them of funds. Zarate, who worked on counterterrorist financing in the U.S. Treasury Department and the White House under President George W. Bush, describes his experiences chasing the moneymen behind jihadist groups and going after organized criminals and adversaries of the United States, such as Iran. In a fascinating account, he relates how such players hide their financial transactions and the lengths to which the U.S. government goes to counter them—even, in the case of Iran, interfering with national economies. The details are complex, but Zarate explains them well, hoping to demonstrate that even "grey men in suits" can fight terrorists, far away from the feats of derring-do that dominate coverage of the "war on terror."

The United States

Walter Russell Mead

Foreign Policy Begins at Home: The Case for Putting America's House in Order

BY RICHARD HAASS. Basic Books, 2013, 208 pp. \$25.99.

Haass argues that although the United States is currently enjoying something of a global strategic respite, the domestic foundations

on which American strength depends are under threat. The intelligent thing to do, he reasons, is to use the opportunity to shore up the U.S. economy while pursuing a low-profile, cost-minimizing policy overseas. This is not a book about U.S. decline: Haass believes that a combination of U.S. strength and the weakness of potential rivals offers Washington the luxury of focusing on internal challenges. In a sense, then, this is a book about collecting a peace dividend. More than 20 years after the fall of the Soviet Union, Russia remains weak. China is not ready to launch a serious power competition with the United States, and violent jihadists are divided among themselves and unable to present a coherent threat. There can be no better time, Haass argues, for the United States to address its slowing dynamism at home. Haass delivers a cogent picture of the world and supports it with sharp and precise arguments. The foreign policy prescriptions are more thoroughly worked out than some of the domestic ideas, but that is to be expected whenever a foreign policy expert looks homeward.

The Dispensable Nation: American Foreign Policy in Retreat

BY VALI NASR. Doubleday, 2013, 320 pp. \$28.95.

During U.S. President Barack Obama's first term, Nasr worked for the president's special representative for Afghanistan and Pakistan, the late Richard Holbrooke. This book is shaped in equal parts by Nasr's affection for his former boss and by anger at what Nasr sees as a callow White House staff that treated

Holbrooke poorly. Nasr makes a powerful case that U.S. strategy in Afghanistan and the Middle East is muddled and confused. Yet when it comes to alternative policies, he proposes an option that will strike most readers as both utopian and forlorn: a Marshall Plan for the region. The massive cost to the already strapped U.S. federal budget would be the least of the obstacles such an initiative would face. For decades, most U.S. aid to Middle Eastern governments has done more to enrich the politically connected than to improve conditions for the masses. With the region now embroiled in a grim combination of the 1848 revolutions and the Thirty Years' War, Nasr's proposal seems fanciful. Perhaps both the White House and Nasr face a common problem: it is hard to develop good strategy when the choices are all bad.

Rendezvous With Destiny: How Franklin D. Roosevelt and Five Extraordinary Men Took America Into the War and Into the World
BY MICHAEL FULLILOVE. Penguin Press, 2013, 480 pp. \$29.95.

Fullilove is a gifted narrative historian, as this immensely readable and enjoyable book demonstrates. His tale of the men U.S. President Franklin Roosevelt sent on overseas diplomatic missions in the crucial years preceding the United States' entry into World War II benefits from Fullilove's eye for telling details and knack for entertaining anecdotes. Unfortunately, the subject cannot bear all the weight Fullilove places on it. Amid the careful political strategy and slow but inexorable unfolding of Roosevelt's relentless march toward war, these

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emissaries—among them W. Averell Harriman, Sumner Welles, and Harry Hopkins—were significantly less important than the book maintains. Fullilove also neglects the crosscurrents in relations among the Allies; there is little here, for example, about Roosevelt's determination to use World War II to break the British Empire and replace it with a Washington-based international system. The book is more an *amuse-bouche* than a serious dish. Perhaps Fullilove's future work will combine the artistry and flair on display here with a sharper focus on larger events.

Lincoln Unbound: How an Ambitious Young Railsplitter Saved the American Dream—and How We Can Do It Again
BY RICH LOWRY. Broadside Books, 2013, 288 pp. \$26.99.

The Republican Party is experiencing its most wrenching period of division and confusion since the troubled years between Watergate and Ronald Reagan's presidential election in 1980. Its traditional vision of an alliance between government and big corporations in pursuing an ambitious foreign policy and creating a strong business climate at home faces opposition from a libertarian Tea Party wing that hates crony capitalism and is suspicious of ambitious government projects. In a book that deserves to be read by Republicans who care about their party's future, Lowry calls for a return to the ideas of President Abraham Lincoln, who represented large railroad corporations as an attorney but who passionately believed in individual opportunity as the best remedy for poverty. Lowry is mostly right about

Lincoln's politics, although not many establishment Republicans today would support Lincoln's archprotectionist industrial policies. And it remains to be seen whether the approach that some have termed "opportunity conservatism" could appeal to both wings of today's divided GOP. After all, part of the party's problem is cultural: some of today's most enthusiastic Republicans seem more nostalgic for Robert E. Lee than for Lincoln.

Josephus Daniels: His Life and Times
BY LEE A. CRAIG. University of North Carolina Press, 2013, 512 pp. \$35.00.

Although little remembered today, Josephus Daniels was a pivotal figure in twentieth-century U.S. politics. As the publisher of the *The News & Observer*, he was at the center of North Carolina politics for half a century. In national politics, he was best known as a confidant of President Woodrow Wilson, serving as secretary of the navy during Wilson's two terms. But Daniels' most lasting contribution was his role in constructing the so-called New South. With Daniels' assistance and leadership, Democrats in North Carolina established the state's first real public school system, promoted industrial development, and built paved roads for the automobile age. But these "progressives" also broke African American political power. As late as 1898, African Americans controlled local governments in parts of the state and played an influential role in state politics. But Daniels—who later arranged for Wilson to watch the pro-Ku Klux Klan film *The Birth of a Nation*—helped orchestrate the racial polarization that led to the destruction of

black political power in North Carolina. A complex and fascinating figure, Daniels deserves a better biography than this well-researched but underdeveloped book.

Western Europe

Andrew Moravcsik

Margaret Thatcher: The Authorized Biography; From Grantham to the Falklands
BY CHARLES MOORE. Knopf, 2013,
896 pp. \$35.00.

Engaging and informative from start to finish, the first part of Moore's two-volume biography of Margaret Thatcher recounts and transcends well-known themes and anecdotes about the small-town grocer's daughter who rose to become the leader of the British Conservative Party, prime minister of the United Kingdom, and a politician whose convictions and temperament earned her the nickname the Iron Lady. Myriad details, from her early romances to her relationships with senior colleagues, illuminate the complexity and contradictions of this clever scientist turned politician from a lower-middle-class background: her nervousness at meeting the queen of England; her disdain for the affectations of the upper classes, which did not diminish her fierce desire to join them; and her surprising tendency to defer to experts and bow to pragmatism. Along the way, Moore skillfully captures just how odd it was for a woman to head the world's stuffiest political party and then to become prime minister: in one scene, he describes the tears, at once chivalrous and wistful, that welled

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up in the eyes of Conservative Party grandees when Thatcher was named their leader in 1975. The book concludes with Thatcher's finest hour: her leadership during the 1982 Falklands War between the United Kingdom and Argentina.

Europe Before Rome: A Site-by-Site Tour of the Stone, Bronze, and Iron Ages

BY T. DOUGLAS PRICE. Oxford University Press, 2013, 432 pp. \$45.00.

In recent decades, archaeologists, geneticists, and other scholars have revolutionized the study of prehistoric Europe. They have uncovered stone tools and gnawed bones that humanoid creatures left behind more than a million years ago. They have shown how a quarter of a million years ago, Neanderthals controlled fire, cared for their elderly and sick, and buried their dead in the expectation of an afterlife. Most striking is new information about a number of advanced Bronze Age and Iron Age civilizations, not just in the Mediterranean but throughout northern Europe, that boasted large cities, delicate art, sophisticated technology, and complex trading routes reaching all the way to China. Although most of these cultures were crushed by the Greek, Roman, and Viking empires, an extraordinary amount of archaeological and genetic evidence testifies to their creativity. Their political and cultural legacies contribute to the diversity that characterizes modern Europe. In this engaging and lavishly illustrated volume, Price powerfully links these new findings to specific locations; readers who visit almost any European country will want to add a prehistoric site to their itinerary.

Story of My People

BY EDOARDO NESI. Other Press, 2013, 176 pp. \$19.95.

Nesi is a third-generation Italian businessman. Under his leadership, his family's textile business went bankrupt. Today, he is a successful writer. Here, he chronicles the sad story of free trade's impact on "his people" in the town of Prato, capturing the distinctive pain of a modern European left behind, a cultural stranger in his own land. The Chinese have demolished Italian firms like Nesi's, a process Nesi blames on the neoliberal economists and trade negotiators who hailed unconditional globalization without understanding how global market competition actually works. In his view, the embrace of free trade spelled the end of a post-war Italian society of dynamic small enterprises that produced custom goods in a way that distributed wealth and skills fairly, rather than concentrating them in the hands of a few. It is painful to read about family-run artisanal businesses being supplanted by filthy sweatshops allied with criminal groups. Yet there is an unintentional irony here as well, since not only what Nesi dislikes but also nearly everything he loves is the fruit of globalization. His family business rested primarily on exports to Germany and sales to the global clients of famous Italian designers. The films and ideas that inspire his metaphors come from Hollywood and Harvard, not his own country.

Food, Farms, and Solidarity: French Farmers Challenge Industrial Agriculture and Genetically Modified Crops
BY CHAIA HELLER. Duke University Press, 2013, 352 pp. \$94.95 (paper, \$24.95).

Although Heller shrouds her conclusions in opaque academic jargon, her engaging book contains many insights into the surprisingly divergent fates of French and U.S. agricultural interest groups. Her basic thesis is that French farmers have been more successful than their American counterparts at persuading their government to oppose the use of genetically modified organisms not because that position is intrinsically French (it originated in Vermont) or because French farmers enjoy more political clout. Rather, the French farmers have prevailed because they linked their cause to powerful legitimating symbols and political values in France: preserving small farms and small towns, resisting unjust state authority, maintaining the power of unions, combating the spread of McDonald's and other fast-food chains, and defending the integrity of local communities and traditional practices. In the United States, such tactics would be less effective, she argues, because the American public lacks a sense of solidarity with unions, farmers, or purveyors of gourmet food. It is hard to know if Heller is right, but her tale of earthy farmers becoming postmodern ideological entrepreneurs makes for fun reading.

Stateness and Sovereign Debt: Greece in the European Conundrum
BY KOSTAS A. LAVDAS, SPYRIDON N. LITSAS, AND DIMITRIOS V. SKIADAS. Lexington Books, 2013, 200 pp. \$60.00.

Most analysts have addressed the euro crisis as an economic issue. Yet everyone concedes that its most important causes, consequences, and remedies are essentially political. This is one of the first books that addresses the deeper political significance of the crisis, focusing primarily on Europe's troubled relationship with Greece and highlighting the ways in which southern European political systems, societies, and economies have long functioned according to fundamentally different rules from those followed elsewhere in Europe. Since the outbreak of the crisis, the EU has been attempting to force convergence from the center, having replaced the International Monetary Fund as the world's most important guarantor of financial rectitude. Yet in many ways, the result has been greater divergence, as European countries struggle with debt and austerity measures. Absent a major push toward a European federal state, the authors portray a stark choice for Greece: retreat from European integration, or lose many of the attributes of a sovereign state.

Western Hemisphere

Richard Feinberg

Two Nations Indivisible: Mexico, the United States, and the Road Ahead

BY SHANNON K. O'NEIL. Oxford University Press, 2013, 264 pp. \$27.95.

In delightfully entertaining yet fact-filled prose, O'Neil sketches a persuasively optimistic portrait of Mexico, one at odds with the crime-drenched media reports and alarmist warnings of nativists in the United States. Mexico is indeed marching forward, consolidating its multiparty democracy, growing its middle class, and integrating its factories into global supply chains. A rapidly modernizing Mexico City stands as one of the world's great metropolises. Moreover, some underlying social trends are moving in the right direction: for example, fertility rates are decreasing, which over time tends to correlate with rising wages and falling crime. U.S. policy has responded to these changes (albeit sometimes too timidly, in O'Neil's view), most notably through the successful North American Free Trade Agreement, recent plans to upgrade border infrastructure, U.S. assistance to Mexican law enforcement, and, if the Obama administration prevails, immigration reform. O'Neil stops short of endorsing the kind of comprehensive regional integration advanced by Robert Pastor in his seminal 2011 book, *The North American Idea*, but argues cogently that the two countries "will now rise and fall together, two nations indivisible."

Sugar in the Blood: A Family's Story of Slavery and Empire

BY ANDREA STUART. Knopf, 2013, 384 pp. \$27.95.

A poetic history of great beauty and power, *Sugar in the Blood* interweaves the journeys of the author's ancestors with the turbulent history of the English-speaking Caribbean islands and their role in the making of the Atlantic world. To reconstruct the lives and passions of her predecessors on the sugar estates of Barbados—a group that included elite planters, middle-class mulattos, and enslaved blacks—Stuart turns to better-recorded histories and relies on some informed speculation. But with her diverse roots, she is well placed to penetrate the intertwined cultures of masters and slaves and reveal how the plantation system damaged all those trapped by its extreme exploitation and systemic violence. Stuart also finds triumphant stories of hard work and happiness against the odds—and of fabulous wealth that not only enabled survival in the tropics but also helped build modern London and fuel the British Empire. The book also reminds readers of the complex connections between the United States and the Caribbean: in the years before the United States purchased Louisiana, scores of wealthy French planters fled there to escape the great slave rebellion in Haiti, and many West Indian artists made significant contributions to the Harlem Renaissance.

Fidel Castro

BY NICK CAISTOR. Reaktion Books, 2013, 157 pp. \$16.95.

It is surely too soon to issue a definitive verdict on the reign of Fidel Castro, but this preliminary effort well sums up the current assessment of most centrist Cuba observers: Castro was a gifted leader who engineered social improvements that benefited most Cubans, a statesman who placed Cuba at the center of world politics, and a masterful tactician who outlasted ten hostile U.S. presidents—but he should have transferred power to a successor generation much earlier on. In his prime, Castro was remarkably intelligent, energetic, and resilient, filled with self-righteous anger, a heightened sense of honor and dignity, and boundless self-confidence. For many Cubans, Castro is George Washington (independence warrior and first president), Abraham Lincoln (the towering liberator), and Franklin Roosevelt (the fearless social reformer) all wrapped up in one giant man. But Castro is also a tragic figure, seemingly unaware of his own limitations: arrogant and stubborn, unable to adjust to the post-Soviet world, and utterly unwilling to imagine Cuba without himself at the helm. Caistor's monograph is a smoothly crafted and balanced rendition, although a bit too dispassionate to fully convey the intensity of the times.

Che Wants to See You: The Untold Story of Che Guevara in Bolivia

BY CIRO BUSTOS. TRANSLATED BY ANNE WRIGHT. Verso, 2013, 468 pp. \$34.95.

A former Cuban intelligence operative and member of Che Guevara's ill-fated Bolivian insurgency, the Argentine Bustos emphatically denies the charge that information he gave under interrogation to the Bolivian military was instrumental in Guevara's capture and death in 1967; rather, he claims, Guevara's fate was sealed thanks to information already in the hands of the Bolivians. A literate and observant artist by profession, Bustos extols Guevara's sacrificial utopianism and historical fatalism, yet his stories constitute a less flattering profile of the man's leadership style and analytic grasp. Notably, Bustos confirms that Guevara's strategic goal was not revolution in Bolivia but something more grandiose: seizing power in Argentina. Bustos also suggests that a duplicitous Cuba abandoned Guevara: by the time of his capture, "Havana had already taken off its earphones and pulled down its antennae." Now settled in Sweden, Bustos distinguishes between what he considers his lifetime of selfless revolutionary idealism and "terrorist martyrdom, which carries out someone else's design in return for a place in paradise."

Cooperatives and Socialism: A View From Cuba

EDITED BY CAMILA PIÑEIRO HARNECKER. Palgrave Macmillan, 2012, 364 pp. \$100.00.

The daughter of a prominent revolution-

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ary family, Piñeiro Harnecker has emerged as an influential advocate for cooperatives and worker self-management in a changing Cuba. In her substantial introduction to this edited volume, she envisions small and medium-sized cooperatives—relatively autonomous of the state, internally democratic, and community conscious—becoming an important pillar of a post-Castro socialism that would preserve core revolutionary values. Distrusting private enterprise, which she believes promotes excessive egoism and inequality, Piñeiro Harnecker must be pleased by recent Cuban reforms that assign preferential treatment to cooperatives over individual self-employment. Looking forward, she rightly calls for oversight to ensure that cooperatives comply with their stipulated principles and to support their economic success. Searching for lessons from abroad, the volume contains informative chapters assessing industrial cooperatives in Spain, cooperative housing in Uruguay, the “solidarity economy” in Brazil, worker-recovered enterprises in Argentina, and “direct social property” in Venezuela. In a hard-hitting evaluation of Cuba’s agriculture, Armando Nova González argues that cooperatives and private farms have been significantly more productive than the large state-managed units.

Mexico and the United States: The Politics of Partnership

EDITED BY PETER H. SMITH AND ANDREW SELEE. Lynne Rienner, 2013, 243 pp. \$55.00 (\$22.00, paper).

Smith and Selee lead a team of authors in assessing just how far Mexico’s political, economic, and security policies have

developed and how they influence U.S.-Mexico diplomacy and the bilateral relationship more broadly. Particularly strong are the chapters on trade, economic development, and crime, which deftly summarize and analyze these policy areas over the last few decades. Also interesting is a chapter by Smith that explains current theories of global power and where Mexico fits within them. Mexico’s new president, Enrique Peña Nieto, is in the early months of a six-year term, and as his government struggles to balance an ambitious economic agenda with the ongoing challenges of insecurity and violence, the historically grounded perspectives in this book can serve as important correctives to ephemeral news reports and commentary, pointing to the factors that will truly shape outcomes in Mexico and its relations with the United States. The book might be of less value to general readers, but to those with an academic interest in its subject, it fills a welcome niche.

SHANNON K. O’NEIL

Eastern Europe and Former Soviet Republics

Robert Legvold

Restless Valley: Revolution, Murder, and Intrigue in the Heart of Central Asia

BY PHILIP SHISHKIN. Yale University Press, 2013, 328 pp. \$28.00.

Corruption, repression, drugs, and economic wreckage hardly count as news in Kyrgyzstan or Uzbekistan. But rarely does an outsider

get to see and feel them as intimately as Shishkin, a Russian-born journalist who writes for Western media and who has made his way into virtually every turbulent moment in the recent history of these countries. He was in the streets of Bishkek during Kyrgyzstan's 2005 Tulip Revolution and in the White House—the seat of executive power in the country—as rioters ransacked the place. He snuck through police cordons to see the carnage Uzbek troops wrought in Andijon during the 2005 antiregime protests. He returned in the wake of the 2010 Kyrgyz revolution that chased from power President Kurmanbek Bakiyev, whose regime had more than trumped the corruption of its predecessor. And Shishkin stayed for the micro civil war between Uzbeks and Kyrgyz that erupted in the Fergana Valley region soon after. He traveled the heroin-smuggling route from Afghanistan to Central Asia, and he interviewed victim after victim of the murder, torture, and corruption favored by too much of Kyrgyz and Uzbek officialdom. It is an unattractive but vibrant picture.

The Last Man in Russia: The Struggle to Save a Dying Nation

BY OLIVER BULLOUGH. Basic Books, 2013, 296 pp. \$26.99.

The bizarre tale of Father Dmitri Dudko staggers the imagination. The dissident Soviet priest suffered eight and a half years in Stalin's gulag, challenged KGB-allied church elders on his release, and became famous in the 1970s for his truth telling and humane ministrations, only to be broken by the regime's prisons in the early 1980s, from which he emerged a crude Russian nationalist, anti-Semite,

and fan of Stalin. Bullough does not so much focus on the mystery of his conversion as literally travel the path of his life, journeying to the far north, where Dudko labored in prison camps and where Bullough tests himself during an Arctic winter and a mosquito-infested summer. Bullough knits the priest's tortured biography into a larger exposition of Russia's steady degradation, driven by alcoholism and reflected in a growing demographic crisis. He appears torn over whether to limit his judgment of Dudko to the good he did for individual parishioners or to consider the reactionary lengths to which Dudko went as a form of justified resistance to Russia's slide into a moral swamp.

Priest, Politician, Collaborator: Jozef Tiso and the Making of Fascist Slovakia

BY JAMES MACE WARD. Cornell University Press, 2013, 376 pp. \$39.95.

This is a brilliant, mature work from a young scholar. Its maturity derives from the balance that it brings to a charged subject—the life of Jozef Tiso, a Catholic priest who championed Slovak independence and allied himself with Adolf Hitler during World War II—from the intelligence of the argument that Ward melds with this disconcerting biography, and from the unpretentious clarity with which it is written. In tracing Tiso's life—from childhood to the scaffold on which the Czechoslovakian government executed him in 1947—and identifying its tortured echoes in contemporary Slovakia, Ward probes the effect of Catholicism on the Slovak nationalism of the 1930s and on the priest's own lethal form of anti-Semitic self-justification.

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Ward depicts Tiso as defined by dualities—conviction and convenience, faith and politics, Christianity and Nazism—and embodying the complexity, extremes, hopes, and tragedies of the Czechs and the Slovaks during the 1930s.

Can Russia Modernize? Sistema, Power Networks, and Informal Governance
BY ALENA V. LEDENEVA. Cambridge University Press, 2013, 327 pp. \$90.00 (paper, \$32.99).

The Chinese call it *guanxi*; the Russians, *sistema*. It exists in one form or another in most countries. It is the informal, sometimes illegal way things get done through connections, bribes, and favors. It is one thing when the phenomenon of “you scratch my back, and I’ll scratch yours” propels political life but stays within a formal institutional framework. But when that practice supplants constitutional institutions and processes, it is quite another—and that is what has happened in Russia. The Russian system is an immense web of illicit networks. Ledeneva has studied them from the ground up in earlier works; in this book, she inspects them from the top down. These “power networks,” as she calls them, form a dense maze rather than a neat hierarchy and thus belie the notion of President Vladimir Putin as an untrammelled autocrat. Unlike in a spider web, however, their lines are motley, blurred, and fluid. Most of the book explores in depth how the networks function, but Ledeneva’s larger conclusion stresses the paradox that necessary as these informal clusters are to the functioning of the Russian state, they also pose a significant barrier to its modernization.

Globalizing Central Asia: Geopolitics and the Challenges of Economic Development
BY MARLENE LARUELLE AND SEBASTIEN PEYROUSE. M.E. Sharpe, 2013, 376 pp. \$99.95 (paper, \$32.95).

Although Central Asia has faded from public view as the U.S. war effort in Afghanistan staggers to an end, the region remains important. It is the unsettled hinterland of both East Asia and South Asia, as well as Russia’s critical southern flank. Laruelle and Peyrouse do the region justice with this perceptive and informed survey of the approach of outside powers to it, while factoring in what the Central Asian states themselves have going for and against them in this complex whirl of relations. By focusing on the challenges that globalization presents for all the countries that have a stake in Central Asia, they rescue the region from the simple parallels many reach for—such as today’s supposed reprise of the nineteenth-century Great Game between Russia and the United Kingdom, this time between Russia and the United States. They instead highlight the more complicated “little games” played by a multitude of actors—not just the Americans, the Chinese, and the Russians but also the European Union, India, Pakistan, Iran, and the Arab states of the Middle East—and explore the equally complex interplay among the five Central Asian countries themselves. If strategic calculations still influence the players, they argue, they are now overshadowed by economic objectives and the new century’s nebulous but menacing security threats.

Kafka: The Years of Insight

BY REINER STACH. TRANSLATED
BY SHELLEY FRISCH. Princeton
University Press, 2013, 720 pp. \$35.00.

A definitive biography of a writer as transcendent as Franz Kafka might be unattainable, but in his massive trilogy, Stach comes as close as one can. This is the third volume, devoted to Kafka's final, tempestuous years (1916–24), opening as World War I begins and ending with Kafka's death in a sanatorium near Vienna. In portraying Kafka, Stach winds together and then cuts deeply into his subject's intense personal relationships, his turbulent twists of mind, the dramas of his daily life, and the darker consequences of war. Viewing the events of these years—the emotional tensions the war produced in Prague and its crushing impact on the people caught in its wake—through the life of a supremely vexed, historic literary figure, this book stretches history in a way that more conventional histories cannot.

Middle East

John Waterbury

Science, Development, and Sovereignty in the Arab World

BY A. B. ZAHLAN. Palgrave
Macmillan, 2012, 186 pp. \$90.00.

For decades, Zahlan has been a prolific observer of Arab scientific output, informed by his training as a physicist. His report on the state of science in the Arab world is withering,

but not despairing. All the ingredients for Arab success in research and development are at hand except the political culture and will. Organic links among universities, industries, and markets do not exist in the Arab world because governments have funded turnkey projects without insisting that developers share underlying technologies. This “off the shelf” approach means that neither governments nor industries need to turn to universities or research centers for advanced research and development. With that critical link broken, there is little impetus for the development of the type of professional associations and networks that undergird scientific professionalism. There is also no impetus for pan-Arab scientific cooperation. The results are clear. In 2009, there were only 31 scientists in the Arab world with any measure of international visibility. Since 1970, South Korea's research-and-development output has increased from half the size of the Arab world's to 20 times as large, and Israel's research output, on a per capita basis, is 26 times as large as the Arab world's.

The Gulf Monarchies and Climate Change: Abu Dhabi and Qatar in an Era of Natural Unsustainability

BY MARI LUOMI. Hurst, 2012,
288 pp. £25.00.

Environmental Politics in Egypt: Activists, Experts, and the State

BY JEANNIE L. SOWERS. Routledge,
2012, 216 pp. \$145.00.

We know precious little about policy-making of any kind in the Middle East, let alone environmental policymaking. These two books help fill the void. Luomi

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looks at government policymaking in the face of global warming. Sowers focuses on the networks of activists, nongovernmental organizations, and public experts fitfully interacting in order to bend that policy process. Ironies abound: Abu Dhabi's planned Masdar City and the Masdar Institute, together constituting a "renewable energy and clean-technology hub" that aims to be carbon neutral, would have been impossible without high oil prices. It is probably the highly globalized nature of the Gulf states' economies that prompt them to embrace the theater, if not the substance, of mitigating global warming. But in the end, Luomi avers, it might be the high opportunity cost of using petroleum for domestic purposes that will push Abu Dhabi and Qatar toward the domestic use of natural gas and the development of solar and wind power.

Sowers takes readers into the trenches of environmental policymaking in Egypt. She explores sewage disposal in Alexandria, state-sponsored industrialization of the Damietta region, the development of luxury tourism in the Sinai, and the confrontations between bureaucrats and farmers over irrigation. Unsurprisingly, ham-fisted bureaucrats and greedy crony capitalists often, but not always, call the tune. Networks of activists linked to local populations can score victories, but the challenge is securing those gains. Experts toiling in the public bureaucracy and interacting with international donors and specialists occasionally ally with the activists, to good effect. The results of such alliances are uneven but positive, on balance.

One small problem: time is not on the side of environmentalists in Egypt or the Gulf states. Whoever winds up

leading Egypt in the years to come, it is doubtful that they will do much to slow the grinding despoliation of the country. And it is not a given that the oil exporters in the Gulf will choose to do penance for their environmental misdeeds or develop more diversified economies.

Middle East Authoritarianisms: Governance, Contestation, and Regime Resilience in Syria and Iran

EDITED BY STEVEN HEYDEMANN
AND REINOUD LEENDERS. Stanford
University Press, 2013, 312 pp. \$45.00.

This book does not liken Iran to its ally Syria. Indeed, it seems the editors have intentionally chosen two very different regimes to study in order to understand common authoritarian techniques. Their bottom line is clear: "Authoritarianism in the Middle East will survive this transformational moment." The contributing authors sustain that contention with considerable evidence. Their expertise in the tactics of political survival and their deep knowledge of the two countries are impressive. The basic thesis is that authoritarians in Iran and Syria can weather the daunting structural challenges they face through "recombinant" adaptations: establishing state-sponsored nongovernmental organizations to create a veneer of civil society; cooperating with some genuine civil-society groups, including religious associations; and making use of many forms of coercion, both legal and extralegal. The autocrats in Tehran and Damascus are inventive and crafty. But the two regimes offer no paradigm of autocratic survival. There is a distinct risk that in seeing the outcome of regime persistence, observers might

incorrectly attribute it to a set of coherent tactics. In fact, luck and simple agility might be equally compelling factors. In Syria's case, that luck might have finally run out.

The Peace Puzzle: America's Quest for Arab-Israeli Peace, 1989–2011

BY DANIEL C. KURTZER, SCOTT B. LASENSKY, WILLIAM B. QUANDT, STEVEN L. SPEIGEL, AND SHIBLEY Z. TELHAMI. Cornell University Press, 2012, 352 pp. \$29.95.

The collective Middle East experience of the authors is unsurpassed. Their analysis is terse, and their portrait of U.S. efforts to broker Arab-Israeli peace is bleak. They see only three successes: Israel's disengagement from the Sinai in 1973, the Camp David accords of 1978, and the Madrid peace conference of 1991, which ultimately failed but set the stage for the Oslo negotiations. Since then, there have been some near misses: the Taba meetings in February 2001 and the Israeli-Palestinian talks triggered by the Annapolis negotiations of November 2007. But overall, the best and the brightest U.S. diplomats have produced precious little. The authors assert that American policymakers must address the core issues, transform their natural bias toward Israel into a positive factor, recapture bipartisan resolve to tackle the issue, maintain continuity across administrations, and persuade the Israelis and the Palestinians that Washington understands and respects their fundamental interests. But another reading might be that the U.S. role is simply to keep the dance going even if it resolves nothing, since even if the

parties are incapable of agreement, dancing endlessly is better than hitting a wall.

Asia and Pacific

Andrew J. Nathan

3/11: Disaster and Change in Japan

BY RICHARD J. SAMUELS. Cornell University Press, 2013, 296 pp. \$29.95.

The triple disaster of the earthquake, tsunami, and Fukushima nuclear plant breakdown that struck Japan on March 11, 2011, renewed debates about three issues that Samuels has followed for a long time: the role of the country's Self-Defense Forces, the country's reliance on nuclear energy, and the distribution of political power between national and local authorities. The crisis response of the Self-Defense Forces (and the U.S. military, which assisted them) earned high marks from the public but generated no shift toward a more muscular security posture and no breakthroughs on the issue of how or whether Japan should continue to host U.S. forces. Nuclear power lost support and regulations were tightened, but any phase-out was postponed indefinitely. Local governments gained prestige and learned some new ways of cooperating but did not get increased formal powers. If the Japanese people showed resilience in the face of catastrophe, so did their political system, flaws and all.

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The Pity of Partition: Manto's Life, Times, and Work Across the India-Pakistan Divide
BY AYESHA JALAL. Princeton University Press, 2013, 272 pp. \$27.95.

Saadat Hasan Manto (1912–55) was a leading Urdu writer who attracted controversy in prepartition India and early postpartition Pakistan for his short stories and film scripts that dealt with sex and politics in a daring manner. Jalal, his grandniece, uses his published writings and family letters and her interviews with relatives to portray his complex relationships and turbulent career. Interweaving stories from his fiction and events from his life, she produces a rich, if somewhat disjointed, tapestry of a complex society and the tensions that built up to the explosive violence of partition in 1947. In the aftermath, Manto, dying from the effects of alcoholism, directed his last sardonic barbs at the martyrdom-peddling mullahs and U.S.-allied cold warriors who were taking control of his young country.

Avoiding Armageddon: America, India, and Pakistan to the Brink and Back
BY BRUCE RIEDEL. Brookings Institution Press, 2013, 230 pp. \$27.95.

This is a riveting account of cynical maneuvering in Washington's tormented relationships with India and Pakistan. A former CIA analyst and frequent presidential adviser, Riedel focuses on the Cold War and after. He shows that the American desire for simultaneous good relations with both rival powers has been doomed by the three countries' fundamentally incompatible security needs. Resenting its colonial past, India

is determined to remain independent of any great-power entanglements. Pakistan, as the weaker of the two rivals, has frantically played a double game with the United States and India—and also with Afghanistan, China, and domestic and foreign terrorist groups. It is hard to know what a coherent security strategy for Pakistan would look like, but it is clear that Pakistani elites do not have one. This makes it hard to be optimistic about Riedel's suggestions at the end of the book for how to stabilize Pakistan by pushing it to resolve its problems with India.

The Bangladesh Reader: History, Culture, Politics

EDITED BY MEGHNA GUHATHAKURTA AND WILLEM VAN SCHENDEL. Duke University Press, 2013, 568 pp. \$27.95.

Bangladesh is the eighth most populous country in the world and the origin of a large diaspora in the United States, Europe, the Middle East, and elsewhere. But the country is poorly understood in the West. Linked to India by language and to Pakistan by religion, Bangladesh has struggled to define an identity different from its neighbors' that embraces its own linguistic, religious, ethnic, and ideological diversity. The country has gone through more than its rightful share of trauma: colonialism, partition from India, a war for independence against a brutal Pakistani army, internal rebellions by minority tribes, poverty, flooding, and factory disasters. Yet a pluralistic, proud, and self-aware culture has emerged; the economy is growing; feminism contends with fundamentalism; and periods of party politics alternate with those of

military rule. This revelatory volume brings alive Bangladesh's tormented history and vibrant culture through a selection of excerpts and illustrations from works of history, journalism, literature, and visual art.

*Beijing's Power and China's Borders:
Twenty Neighbors in Asia*

EDITED BY BRUCE A. ELLEMAN,
STEPHEN KOTKIN, AND CLIVE
SCHOFIELD. M.E. Sharpe, 2013,
392 pp. \$99.95 (paper, \$38.95).

The People's Republic of China came into existence in 1949 burdened by territorial disputes with all but one of its neighbors—a category that, by this book's count, includes 19 countries and Taiwan, whose status is disputed. Today, 11 of the disputes remain at least partially unsettled, of which the most important are with India (over their land border) and with Vietnam and four other countries (over maritime borders). Each chapter in this useful book describes China's relations with one of its neighbors; provides instructive maps; and analyzes the territories at stake, the history of negotiations, the relevant legal and strategic issues, and current economic and security relations. Even uncontested borders present daunting problems of control, and some of the settled boundaries have the potential to reemerge as problems in the future.

The Lius of Shanghai

BY SHERMAN COCHRAN AND
ANDREW HSIEH. Harvard University
Press, 2013, 472 pp. \$39.95.

Liu Hongsheng (1888–1956) was a prosperous Shanghai industrialist whose

household exemplified the traditional Confucian family's transition into modernity. Cochran discovered a trove of letters that span the 1920s to the 1950s, as family members pursued education, marriage, and business prospects all over China and in Japan and the West. He and his co-author provide historical context and sensitive cultural and psychological interpretations but allow most of the story to come out in the family's sometimes stilted but honest and moving words. Father guides the educations and careers of his nine sons to prepare them to oversee different parts of his expanding business empire. Mother stands guard over her children's marital choices and worries about whether her husband has other women (he does). Eldest Daughter has an affair with a married man; her parents disown her, but they eventually reconcile. Sixth Son converts to Christianity and then joins the Communist Party. Once the Communists come to power, after much indecision, Father brings most of the children back to mainland China, and the keyhole on this fascinating saga regrettably closes.

*In the Name of Justice: Striving for the
Rule of Law in China*

BY HE WEIFANG. Brookings
Institution Press, 2012, 230 pp. \$34.95.

"Constitutionalism" has emerged as the slogan of a wide range of Chinese human rights and democracy advocates, carrying the implication that the governing party should subject itself to the rule of law. One of the most eloquent proponents has been the Peking University law professor He, some of whose writings are translated in this volume, with an informative

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introduction by Cheng Li. The more academic essays are dry, but He shows clarity, eloquence, and humor in his university lectures, panel discussions, and postings on social media, where he opines on a wide range of topics, including freedom of the press, judicial independence, the illegitimacy of the National People's Congress, police abuse, the death penalty, and Tibet. The government tried to silence him by assigning him to teach for several years in the remote western province of Xinjiang, but it has not put him in jail despite an intensifying crackdown on liberal critics—perhaps because he sticks to theoretical advocacy and reasons carefully within the law. This volume shows why his ideas have wide appeal.

Africa

Nicolas van de Walle

The World's Most Dangerous Place: Inside the Outlaw State of Somalia

BY JAMES FERGUSSON. Da Capo Press, 2013, 432 pp. \$27.50.

Al Shabaab in Somalia: The History and Ideology of a Militant Islamist Group, 2005–2012

BY STIG JARLE HANSEN. Oxford University Press, 2013, 208 pp. \$37.50.

When Somalia won its independence in 1960, experts hailed it as one of the few countries in sub-Saharan Africa with a bright future because it lacked ethnic divisions and thus constituted one of

the region's few genuine nation-states. But several decades of corrupt and inept rule led to economic collapse and growing divisions within the complex mosaic of clans that form Somali society. State collapse in the early 1990s led to civil war, piracy off the Somali coast, international interventions of varying degrees of success, and eventually the emergence of militant Islamism. By 2010, al Shabab, the most militant of several Islamist groups that claim loyalty to al Qaeda, had gained control of the southern half of the country. It was soon routed by an international force assembled by the African Union. But for a couple of years, al Shabab represented the only al Qaeda affiliate in control of a sizable territory.

This story has not yet been adequately told, so these two exceptional books deserve a broad readership. Fergusson vividly recounts the grotesque horrors of the endless war in Somalia while leavening his account with the gallows humor of some of the war's participants. He appears to have been more or less embedded with the African Union force in 2010–11 and explains its military success through a series of revealing vignettes. To illustrate how the collapse of the Somali state has had far-reaching consequences, Fergusson also examines the fractious Somali diaspora, from London to Minneapolis, in which there are pockets of support for al Shabab.

Hansen focuses more narrowly on the al Shabab organization and the curious mixture of international Islamist ideology and local concerns it employs to navigate the chaotic politics of Somalia. Its ideological purity was initially a strength, but once it controlled territory, the organization was undermined by its inability to deal with the day-to-day details of

governance. Meanwhile, clan divisions within the group hampered its military capabilities. As Hansen argues, the same two forces that have bedeviled Somalia for several decades—poverty and clan politics—got the better of al Shabab. Both accounts anticipate al Shabab's decline and fall but also suggest that the group will remain a force to be reckoned with in the foreseeable future.

Voting in Fear: Electoral Violence in Sub-Saharan Africa

EDITED BY DORINA BEKOE. U.S. Institute of Peace, 2012, 300 pp. \$22.50.

This exceptional collection of essays examines why roughly a fifth of the elections in sub-Saharan Africa since 1990 have led to violence. Some observers have rather hastily blamed the introduction of democracy for the political violence that has wracked the region in recent years, asserting that the zero-sum nature of electoral campaigns polarizes fledgling democracies and makes them particularly vulnerable to violence, especially when politics is organized along ethnic or regional lines. But using a new data set of recorded violent episodes, as well as careful case studies of Cote d'Ivoire, Ethiopia, Ghana, Kenya, Nigeria, and Zimbabwe, the contributors show that in fact such violence has been mostly instigated by incumbent politicians seeking to intimidate the opposition in order to remain in power. Violence by the opposition is less common and typically results from relatively spontaneous discontent over egregiously unfair electoral outcomes. In sum, the essays in this book suggest that African electoral violence results not from an excess of

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democracy but from the fact that many of the elections in the region are hardly democratic at all.

Democracy and Prebendalism in Nigeria: Critical Interpretations

EDITED BY WALE ADEBANWI AND EBENEZER OBADARE. Palgrave Macmillan, 2013, 320 pp. \$90.00.

In a seminal 1987 study of Nigeria, the political scientist Richard Joseph argued that the country's political culture was strongly influenced by the fact that holding public office provided officials with access to resources and that the theft of such resources went largely unpunished. Joseph called this system "prebendalism," likening it to European feudal practices. The contributors to this volume use the prism of prebendalism to look at the permanent struggle in Nigeria over access to public resources, which structures the way Nigerians perceive citizenship, shapes the country's complex and sometimes contentious ethnic dynamics, and contributes to growing social inequality. The problem is that although the dismal performance of the country's economy has always been largely due to egregiously high levels of governmental malfeasance, the true extent of public corruption in Nigeria today is difficult to determine. Still, the mostly excellent essays in the book would have benefited from some attempt to empirically measure the practices the authors deplore.

Permanent Emergency Welfare Regimes in Sub-Saharan Africa: The Exclusive Origins of Dictatorship and Democracy

BY ALFIO CERAMI. Palgrave Macmillan, 2013, 296 pp. \$90.00.

A longtime observer of social welfare systems in Europe, Cerami brings his keen insight to bear on the relationship between the failure of African states to provide welfare protection and social services to the majority of their populations and the increase in social inequality, ethnic tension, and political violence in the region. The inevitable result of this failure is strife between the elite minorities that states protect and the majorities that are left in chronic insecurity, leading to a climate of violence that is hostile to the survival of democracy. Cerami concludes that improvements in social welfare—and the economic growth they would help produce—will require the further democratization of public life. But the book says too little about the progress that has been made on poverty alleviation and democratization in recent years, and the distinctions it makes between the African cases it examines are too reductive to be fully convincing. Still, Cerami's novel approach to his topic makes this book worthwhile. 🌐

Letters to the Editor

FOLLOW THE MONEY

To the Editor:

In their attack on campaign finance reform (“In Defense of *Citizens United*,” July/August 2013), Glenn Hubbard and Tim Kane argue that the objective of the 1971 Federal Election Campaign Act (FECA) was to “give parties greater control over campaign cash.” But FECA did not do that; in fact, it put limits on contributions to and from parties. The result was, as the political scientist Diana Dwyre has put it, that “FECA encouraged the proliferation of political action committees (PACs) that quickly became a primary source of funds for congressional candidates.”

They also claim that FECA gave rise to federal deficits that are “building up a mountain of gross national debt so large that it will eventually dwarf the country’s GDP.” But during the Clinton administration, well after the adoption of FECA, a budget surplus was generated.

Finally, they claim that the enhanced financial control obtained by the political parties under the protection of FECA is why U.S. politics have become dysfunctional. But FECA was not responsible for the political irresponsibility of holding up increases in the debt ceiling or

sequestration. This irresponsibility did not arise until recently, and it did so only because of changes in the Republican Party.

Hubbard and Kane claim that the *Citizens United* decision will increase political diversity, but they miss the most effective way to achieve that goal. In a political system in which candidates depend on private donors, those donors exercise more political influence than those people who do not donate. Undemocratic inequality is built into the system. This narrows the content of the country’s political agenda. If the United States really wanted to increase political diversity, it would provide the option for candidates to run for office with public funds. Doing so would open up the political system to more diverse candidates and viewpoints than can currently secure the financing of the political donor class.

JAY R. MANDLE

*W. Bradford Wiley Professor of Economics,
Colgate University*

FOR THE RECORD

The article “Why Drones Work” (July/August 2013) overstated the number of noncombatants killed by U.S. drones strikes in 2011. That year, according to the Bureau of Investigative Journalism’s estimates, they killed as many as 146 noncombatants, including as many as nine children. 🌐

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In July, John Negroponte, former U.S. director of national intelligence, spoke to *Foreign Affairs*. Watch the full video at ForeignAffairs.com. Highlights:

ON CYBER-ESPIONAGE:

I think the motivation for espionage remains the same: countries that are behind in their industrial and scientific development are tempted at times and try to steal those technologies from other countries. The Internet offers another avenue for pursuing that.

ON INTELLECTUAL PROPERTY THEFT:

We've got a large market that other countries want to access. It should be possible to build additional protection for our intellectual property if we deal with cyber issues in free-trade agreements.

ON U.S. INTERNET CULTURE:

We think of the Internet as a bottom-up phenomenon. There are people and countries that would like to treat it as a top-down institution; Americans resist that, and, I think, rightfully so. It would cramp our style in terms of creativity, innovation, and so forth.

ON THE WAY FORWARD:

Until we reach some kind of a meeting of the minds with the Chinese on how to approach the Internet, we're always going to be putting out fires. Sure, we can do that, but that kind of existence is going to deprive us of some of the real benefits of having a harmonious and smooth functioning global Internet.

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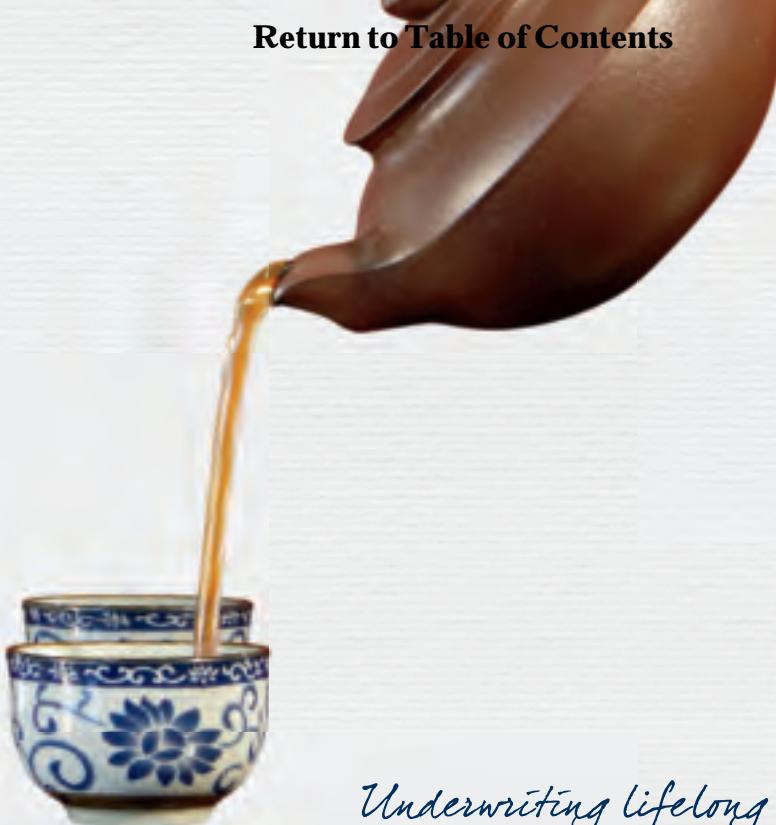
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