2012-2013 marks another year of continuous improvement for the *Yale Journal of International Affairs*. We started the academic term with a launch of our ‘IR Scholars Forum’ issue focused on the nexus between policy and academia, a niche we will continue to develop. In order to make our content more widely accessible to all, we also overhauled our website (www.yalejournal.org), where readers can now find all of our print material as well as unique online contributions free of charge.

Our improved online presence, including our revitalized Facebook and Twitter (@YaleJournal) accounts, strengthens the Journal by further highlighting the consistently high-caliber contributions of our authors. Thanks to our hard-working staff and a superb set of contributors, Volume VIII, Issue 1 firmly maintains this tradition. Thomas Graham, Senior Director for Russia on the U.S. National Security Council staff from 2004-07, writes on Russia’s categorization as a BRIC and the relevance of this grouping for U.S. policy. Jolyon Howorth, Emeritus Professor of European Studies at the University of Bath (UK), explores the future of the transatlantic security alliance. Nicoli Nattrass, Director of the AIDS and Society Research Unit at the University of Cape Town, makes the case for greater and sustained U.S. assistance to fight HIV/AIDS in sub-Saharan Africa and around the world. And Stephen Roach, former Chairman of Morgan Stanley Asia, draws a sustainable path forward for the Chinese and American economies. Selections on Islamic insurgency, cyber warfare, and strategic surprise, round out our exceptional article contributions.

Our interviews further delve into the broad theme of U.S. foreign policy in a changing world. PBS NewsHour reporter Paul Solman provides a primer on Keynesian and Hayekian thought essential for any reader who seeks to understand today’s top economic policy debates. Renowned Cold War historian and Pulitzer Prize-winner John Lewis Gaddis shares his thoughts on containment and grand strategy. Volume VIII, Issue 1 concludes with additional interviews as well as an impressive set of op-ed and book review contributions touching on the future of governance in China, post-Arab Spring reform, the ‘New Peace Corps,’ nuclear arms control, the United Nations, and human rights.

Looking forward, the *Yale Journal of International Affairs* has big plans for Volume VIII, Issue 2, asking a range of diverse and experienced contributors: What should an education for a career in international affairs entail? Keep an eye out for this next issue in Summer 2013, and thank you, in the meantime, for your continued readership.

Mark J. Redmond
Editor-in-Chief
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John Gaddis is the Robert A. Lovett Professor of History at Yale University, where he teaches courses in Cold War history, grand strategy, and international security studies. He is also the director of the Brady-Johnson Program in Grand Strategy, and is the author of the Pulitzer Prize-winning biography, George F. Kennan: An American Life.

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Thomas Kolditz is a Professor in the Practice of Leadership in the Yale University School of Management. A retired Army brigadier general, Professor Kolditz headed the Department of Behavioral Science and Leadership at West Point for twelve years and held leadership positions on four continents over thirty-four years of military service. He is an internationally recognized expert on crisis leadership.

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Professor Henry Rousso is a contemporary historian who specializes in Vichy France and World War II. He is also an expert on the role of memory in prosecuting war crimes and crimes against humanity. He serves as senior research fellow at the National Scientific Research Center (CNRS) in France, affiliated to the Institut d’histoire du temps présent. He has taught at universities in Europe and the United States and was a visiting professor within the Yale Program for the Study of Antisemitism. His recently published book, La Dernière Catastrophe. L’histoire, le Présent, le Contemporain (Paris: Gallimard, 2012) is about the history and practice of contemporary history in the Western world.

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Emma Sky is a senior fellow with the Jackson Institute for Global Affairs at Yale University, where she lectures on the new Iraq and on the international politics of the Middle East. She previously worked at senior levels in Iraq, Afghanistan, and Jerusalem on behalf of the UK and U.S. governments.
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Non-State-Led Strategic Surprise and U.S. Foreign Policy: A New Variant of an Old Problem

By John-Michael Arnold

Abstract — The phenomenon of strategic surprise — a category of unexpected events so consequential that they call into question the premises of existing strategy — has posed a recurring challenge to U.S. foreign policy. Although there is a voluminous literature on the subject, most scholars have focused on surprises unleashed as a deliberate strategy of states in their effort to seize the advantage against adversaries. In recent decades, however, the United States has increasingly confronted a different type of strategic surprise, namely non-state-led surprise. This paper draws on the existing literature about state-led strategic surprise to offer several initial hypotheses to explain this development. By doing so, the paper serves as a basis for further research as well as a background for policy makers who seek to prepare for the growing challenge of non-state-led surprise.

I. Introduction

The recent cascade of revolutions across the Arab world, which began with the self-immolation of a Tunisian street vendor in December 2010, led to the ouster of four long-ruling dictators, swept away ossified political systems, and bred civil war in Syria. The magnitude of the upheaval was matched by the degree to which it was unexpected by senior U.S. policy makers. In the midst of grappling with the enormous changes, one senior American official remarked anonymously:

This is what happens when you get caught by surprise. We’ve had endless strategy sessions for the past two years on the Mideast peace, on containing Iran. And how many of them factored in the possibility that Egypt moves away from stability to turmoil? None.¹

John-Michael Arnold holds an MA in International Relations from Yale University. He currently works as a researcher at a think tank in Washington, DC.

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In that sense, the Arab upheaval was a manifestation of an old problem in statecraft: “strategic surprise.” One subset of the phenomenon, surprise military attack, has been an especially traumatic aspect of American history. The United States was caught by surprise by the Japanese attack against Pearl Harbor in December 1941, as well as by the terrorist atrocities of September 11, 2001. The United States responded to both of those surprise attacks by enlarging its conception of vital interests and expanding its sphere of responsibilities. Nevertheless, there was a marked difference between Pearl Harbor and 9/11: the former resulted from the strategy of a state, Japan, whereas the latter was perpetrated by a non-state actor, al-Qaeda. The attacks of 9/11 were not the first instance of a marked shift in the nature of strategic surprise. In recent decades, strategic surprise for the United States has increasingly stemmed from the strategies and actions of non-state actors rather than states, whereas during the opening three decades of the Cold War, it more often resulted from the deliberate strategies of states.

Although there is a considerable literature on state-led strategic surprise, the problem of non-state-led surprise has received insufficient attention. This paper sets out to provide a more complete understanding of how and why governments fall victim to various types of strategic surprise. Section II defines the term, presents a basic typology and identifies the principal cases of strategic surprise for the United States since Pearl Harbor. Section III reviews the existing literature on why governments fall victim to state-led surprises, before Section IV sets out four hypotheses to explain why non-state-led surprise has posed an increasing challenge to the United States.

II: Defining Strategic Surprise, Typology of Surprise, and Principal Cases since Pearl Harbor

During the Cold War, driven by the fear of an unexpected nuclear attack, scholars devoted considerable attention to analyzing why governments fall victim to surprise attacks and coined the term “strategic surprise” to refer to such strikes. The seminal analysis was Roberta Wohlstetter’s study of Pearl Harbor, which was followed by numerous further works on the problem. Richard Betts, in a comprehensive study, defines strategic surprise as occurring when “the victim does not appreciate whether, when, where, or how the adversary will strike.”

In addition to military attacks, other types of unexpected changes also upset U.S. foreign policy. A prominent example was the 1979 Iranian revolution, which fatally undermined the United States’ strategy of using the Shah as a bulwark against Soviet influence in the Persian Gulf. Scholars have employed the term “intelligence failure” — a mismatch between intelligence estimates and what later information reveals — to describe such events in order to distinguish them from surprise military attacks. One rationale for the distinction was that the term strategic surprise assumed a situation where a perpetrator deliberately sought to catch a target by surprise. In that sense, the Iranian revolution was not a “strategic” surprise since catching the United States and the world by surprise was not a core aim of the revolutionaries. The element of surprise was, instead, a by-product of actions that had a different aim, namely deposing the Shah.

Restricting the term strategic surprise to unexpected military attacks, while drawing
a sharp distinction between those cases and intelligence failure is unhelpful for two reasons. First, ascribing the word “strategic” based on the intentions of a perpetrator, rather than by considering the impact upon the victim, leads us to neglect what should be one of the most important concerns. When a government is caught by surprise, it is not necessarily the intentions of other actors that are most significant; instead, it is often the consequences of the event. Hence, it is more helpful to use “strategic” in the sense of “strategically significant.” Unexpected non-attack events can have strategic implications rivaling those stemming from military attacks. For instance, the strategic repercussions of the Soviet Union’s collapse were on a par with the implications of 9/11. Second, the factors that explain strategic surprise and intelligence failures are often the same—they include the “signal to noise ratio,” cognitive failure, and constraints on policy response, as described in Section III.

It is helpful to construe the term “strategic surprise” broadly, as a number of scholars and analysts have done since the end of the Cold War. Peter Schwartz and Doug Randall, two of the foremost experts in scenario planning, state that the phenomenon is defined by three elements: it makes a big difference to the future; it forces decision-makers to challenge their own assumptions of how the world works; and dealing with it requires hard choices.

Although these broad definitions are helpful, they lack precision. A criterion is needed to determine whether an event “makes a big difference to the future,” that is, whether it is strategically significant. After all, people and institutions are confronted by surprises every day, many of them largely insignificant. Michael I. Handel’s work on diplomatic surprise furnishes a useful standard; he defines a major surprise as “an unexpected move which has considerable impact on the real or expected division of power in the international system or a major subsystem.”

More also needs to be said about what it means for an event to “force decision makers to challenge their own assumptions of how the world works.” A review of previous geopolitical transformations shows that rarely are such events entirely unanticipated. For example, Bruce Berkowitz, a former U.S. Central Intelligence Agency (CIA) officer and fellow at the Hoover Institution, demonstrates that in the 1980s the U.S. intelligence community produced a number of analyses setting out the difficulties faced by the Soviet system, which at the very least warned of the potential for serious social instability. Similarly, in February 2001, CIA Director George Tenet testified publicly that al-Qaeda posed “the most immediate and serious threat” to America. Daniel Byman describes this as “a clarion example of strategic warning.”

Looking at previous strategic upheavals, someone—whether in the intelligence community or outside government—typically foresaw the contingency, at least by recognizing the broad contours of impending transformation. What is often lacking is specific warning of when and how a game-changing event will occur. Even when certain officials foresee a looming transformation with reasonable clarity, policy changes will not be enacted to take account of the evolving situation if senior policy makers do not focus on the potential for a scenario to become harmful or are constrained from acting on the warning. As Betts emphasizes, “warning is a necessary but insufficient condition for avoiding surprise. Without response, warning is useless.”
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can be the product of a failure in warning, in response, or a combination of the two. With these considerations in mind, I consider a strategic surprise—from the point of view of the United States—to be an event that fulfills the following criteria:

1. Its potential occurrence was not factored into existing strategy—either because senior policy makers lacked strategic warning about its possibility or because, even with strategic warning, response was not forthcoming.
2. Consequently, when the event occurred, it called into question the prevailing premises of U.S. strategy.
3. The event’s occurrence had a considerable impact on the division of power in the international system or a major subsystem.

There remains scope for debate about whether a particular event meets these criteria, since determining the extent to which a contingency’s possibility was factored into U.S. strategy and deciding whether there has been a considerable impact on the division of power continues to be, at least in part, a subjective and retrospective exercise.

**Typology of Strategic Surprise**

Individual cases of strategic surprise differ from one another along numerous dimensions. For example, there have been military surprises, technological surprises, economic surprises and political surprises. Furthermore, the degree of surprise varies between cases. The USSR’s introduction of offensive missiles into Cuba in 1962 came as a surprise to U.S. policy makers. But, it would have been a bigger surprise if the missiles had become operational before U.S. intelligence discovered them; and it would have been a much larger surprise still if Khrushchev had been able to unveil them publicly before American leaders learned of their existence.

Handel presents a basic typology of surprise, which distinguishes between cases according to their impact on the international system—either major or minor—and according to the number of states participating in launching the surprise. On the latter dimension, he differentiates between unilateral surprise, such as Anwar Sadat’s decision to go to Jerusalem in pursuit of peace, and bilateral surprise, such as the U.S.-Sino rapprochement in the early 1970s, which came as a considerable surprise to the Soviet Union in particular. Handel’s treatment of this dimension does not exhaust the possible cases since it only refers to the number of states participating in launching a surprise. In fact, the United States has confronted numerous surprises that were not launched by states. Therefore, surprises can be differentiated along another dimension, dividing them into state-led cases and non-state-led cases. The latter category includes surprises stemming from the calculated strategies of particular non-state actors, such as al-Qaeda, as well as surprises resulting from the actions—sometimes uncoordinated—of countless individual entities, such as the economic crisis of 2008 onward.

Applying the definition of strategic surprise set out above, Table 1 lists the principal strategic surprises for the United States since Pearl Harbor, divided into state-led and non-state-led cases.
Table 1: State-led and non-state-led strategic surprises for the United States since Pearl Harbor

<table>
<thead>
<tr>
<th>Year</th>
<th>Strategic Surprise</th>
<th>State-led Surprise</th>
<th>Non-State-led Surprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>1941</td>
<td>Japan’s attack on Pearl Harbor</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1949</td>
<td>USSR’s first nuclear weapons test, several years earlier than anticipated</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td>North Korea’s invasion of South Korea</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1956</td>
<td>Suez crisis</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1956</td>
<td>Hungarian revolution</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>1956</td>
<td>Soviet invasion of Hungary</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1957</td>
<td>USSR’s launch of Sputnik</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1962</td>
<td>Cuban Missile Crisis</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1967</td>
<td>Six-Day War</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1968</td>
<td>Soviet invasion of Czechoslovakia</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>Yom Kippur war</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>OPEC oil embargo</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1977</td>
<td>Egyptian President Anwar Sadat’s peace initiative</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1979</td>
<td>Fall of the Shah of Iran</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>1979</td>
<td>Soviet invasion of Afghanistan</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1989–1991</td>
<td>Fall of the Berlin Wall, attempted coup against Mikhail Gorbachev and accelerated collapse of the Soviet Union</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>1990</td>
<td>Iraq’s invasion of Kuwait</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1997–98</td>
<td>Asian financial crisis</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>1998</td>
<td>Indian nuclear test</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Early 1990s onward</td>
<td>Emergence of al-Qaeda and series of attacks against the United States (e.g., 1993 World Trade Center bombing, 1998 embassy bombings, and 9/11)</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>2006</td>
<td>North Korea’s first nuclear weapons test</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>2008 onward</td>
<td>Collapse of Lehman Brothers and the global economic crisis</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>2010 onward</td>
<td>Upheaval across the Arab world</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
With a greater number of principal actors, there are more actors who can take unexpected, strategically significant decisions.

During the first three decades of the Cold War, strategic surprise came, largely, in the form of state-led surprises. The exception was the Hungarian revolution: a citizen-led attempt to change the political order of a state, which itself prompted a state-led surprise, namely the Soviet invasion of the country in 1956. By contrast, beginning with the fall of the Shah of Iran in 1979, the last three decades have seen the United States increasingly confront non-state-led surprises. Section IV sets out possible explanations for why this has occurred, drawing on the factors that explain why governments fall victim to state-led surprise, as identified in the existing literature and reviewed in the next section.

III: Why Governments Fall Victim to State-Led Surprise

Two types of explanatory factors are discernible for why governments have been blindsided by other states: characteristics of the strategic environment; and capacities of governments and policy makers.\(^{15}\)

The Strategic Environment

Handel states that the empirical record shows a correlation between the ideological character of the international system and the frequency with which diplomatic surprise occurs. In a homogenous system, in which actors share common ideology and beliefs, diplomatic surprises are more frequent since there are fewer ideological barriers to one state changing its alliances or relationships. Indeed, in the classical balance of power system, diplomatic surprise serves as the “regulator” of the system.\(^{16}\) Consider, as an example, the European system between 1815 and 1914, in which German Chancellor Otto von Bismarck exemplified the practice of surprise diplomacy. Shortly after the Crimean War, Bismarck wrote about the importance of perfect flexibility of international relationships, limited only by the requirements of national interest.\(^{17}\)

By contrast, in a heterogeneous system, such as the Cold War, in which there are conflicting ideological positions and the stakes of changing such positions are higher, surprise is less frequent. Nevertheless, when it does occur in such a system, it tends to have a greater impact, as was the case with U.S.-Sino rapprochement in the early 1970s.\(^{18}\) While Handel identifies the ideological character of an international system as the key determinant of the frequency of surprise, he also argues that the higher the number of principal actors in a system, the higher the probability of surprise.\(^{19}\) With a greater number of principal actors, there are more actors who can take unexpected, strategically significant decisions.

Technological change is another systemic factor that has precipitated surprise. Carl von Clausewitz observed that “basically surprise is a tactical device, simply because in tactics time and space are limited in scale.”\(^{20}\) In the nineteenth century, the considerable
time required to move large bodies of troops meant there was little prospect of catching an enemy by surprise. Twentieth century technological advances changed that. With the advent of mechanized warfare and air power, it became possible to concentrate substantial force quickly, permitting surprise to be achieved at the strategic level, as Nazi Germany demonstrated with its attack against the Soviet Union in June 1941 and Japan dramatically underscored later the same year through its strike on Pearl Harbor.

**Capacities of Governments and Policy Makers**

In analyzing a government’s ability to avoid strategic surprise, one can distinguish between certain factors that inhibit the warning of policy makers and other factors that inhibit response by those leaders. An important factor that can inhibit warning is cognitive failure. Jervis outlines a number of constraints on accurate perception that reduce actors’ sensitivity to new information. Most significant is the tendency for people to assimilate new information to their preexisting beliefs. A particularly glaring example was the reaction of Louis Johnson and Sidney Souers, respectively Defense Secretary and National Security Advisor to President Truman, to the 1949 Soviet atomic weapons test. Previously, both had received U.S. intelligence estimates that suggested mid-1953 as the most likely date for when the USSR would test an atomic bomb. In spite of compelling evidence, both initially refused to believe that America’s nuclear monopoly had ended four years earlier than anticipated. Instead, Souers hoped there had been a reactor accident. Furthermore, Jervis notes that the smaller the change conveyed by new information, the less likely it is to be perceived. Therefore, intelligence analysts and policy makers tend to refrain from altering their pre-existing beliefs in response to new information until a transformation becomes sufficiently large, which in many cases means a strategically significant event has already occurred.

Another generic reason for absence of warning is the tendency for “signals” to be lost among a cacophony of background “noise,” as described by Wohlstetter. As she uses the term, a signal is a piece of evidence that points to an action or an adversary’s intention to undertake a certain action. Meanwhile, noise describes the “background of irrelevant or inconsistent signals.” Hence, the lower the “signal to noise” ratio, the more difficult it will be to detect an impending event.

Handel summarizes the main explanatory factors for a low signal to noise ratio by citing three “noise barriers” through which warning signals must flow: the enemy; the international environment; and self-generated noise. These barriers can distort

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Signals. Difficulties in assessing the intentions of the enemy stem, first, from deliberate deception practiced by an adversary. The ability to read signals can also be constrained by divisions among an adversary’s leadership. Although Japan’s Admiral Yamamoto had inaugurated contingency planning for Pearl Harbor in January 1941, the plan was resisted by the Japanese General Staff until October.28 When an adversary’s leaders have conflicting aims, there will likely be two or more sets of equally correct, yet contradictory, signals that can be received.29 Before October 1941, it was impossible for the United States to know that Japan would aim to strike at Pearl Harbor, since the Japanese leadership itself had not yet decided on that course of action.

The international environment can prevent policy makers from foreseeing strategic change either because so much is occurring that there is insufficient focus on a contingency, or because the environment is quiet, which leads to an assumption that it will remain so.

In the late 1960s, the Johnson Administration was so focused on the war in Vietnam that other impending strategic events, such as the Six-Day War and the Soviet invasion of Czechoslovakia, received scant attention.30 By contrast, Handel notes how the mood of détente muffled the tension between the protagonists at the time of the Yom Kippur War.31

Finally, self-generated noise results from the tendency for analysts and policy makers to develop a set of hypotheses and assumptions about an adversary’s intentions and capabilities.32 Henry Kissinger, in a candid and frank discussion of why the United States and Israel were surprised by the Yom Kippur War, explains how incorrect assumptions about President Sadat’s objectives laid the foundation for surprise. Israeli and American analysts recognized that Egypt and Syria lacked the military capability to regain territory by force. Since they could not achieve that type of victory, it was concluded they would not attack.33 This assumption amounted to what is known as “mirror-imaging” – projecting U.S. and Israeli conceptions of rational action onto Sadat. In fact, his fundamental objective was not territorial gain, but rather, as Kissinger puts it, “shaking belief in Israel’s invincibility and Arab impotence.” 34

Notwithstanding these reasons for analytical failure, it is not clear that the United States is worse than other governments at discerning evolving strategic situations. In the case of the Iranian revolution, Jervis notes that “other countries that were not so tied to the Shah do not appear to have seen the situation any more clearly.” 35 Although the recent upheaval in the Arab world came as a surprise to the United States, it apparently also came as unexpected news to leaders such as Hosni Mubarak and Muammar Gaddafi, who had more to lose from the situation. One week into the protests in Egypt, Mubarak
apparently told President Obama: “These protests will be over soon. I know my people. I respect your opinion, but I’m better informed.”

Turning to the common reasons for why governments fail to respond to an impending transformation, even when they receive some degree of warning, I will now address two factors that are particularly important: bureaucratic pathologies that inhibit effective response; and the tradeoffs and limits faced by policy makers.

Bureaucratic pathologies are the constraints that make it difficult for an institution to shift its procedures and resources, even after receipt of strategic warning. One constraint is the amount of time required to alter the operating procedures of a bureaucracy. In December 1941, U.S. forces on the Philippines received nine hours of warning of the threat from Japan since they learned of the attack against Pearl Harbor. Even so, that proved insufficient to re-orient operating procedures. Hence, when Japanese aircraft attacked the Philippines nine hours after Pearl Harbor, the attacking forces found the U.S. aircraft lined up on the ground wingtip-to-wingtip. In the case of the 9/11 attacks, Posner highlights some of the institutional constraints that prevented the U.S. Federal Bureau of Investigation from adequately responding to the strategic warning of al-Qaeda’s threat. For example, as a law enforcement agency, it had a prosecutorial mind-set rather than a preventative one.

Meanwhile, senior policy makers lack time, must contend with numerous competing political priorities, and have limited time horizons. They must constantly monitor and engage in numerous policy areas, which limits the time available for close examination of any specific issue. Returning to the comment by the exasperated American official at the beginning of this paper; while admitting that the Arab upheaval came as a surprise, the official cites the other strategically important issues that were consuming their attention: dealing with Iran’s pursuit of nuclear weapons and the Middle East peace process. Furthermore, policy makers in a democratic system are liable to receive little benefit for planning for contingencies lying in the distant future.

Although it is possible to cite individually the various factors that cause government agencies and policy makers to become the victims of surprise, it often arises out of several factors operating in conjunction with one another. Hence, as Thomas Schelling writes, “surprise, when it happens to a government, is likely to be a complicated, diffuse, bureaucratic thing.”

III: Possible Hypotheses to Explain the Increasing Challenge of Non-State-Led Surprise

From Table 1, two puzzles emerge that have not been adequately addressed in existing scholarship. First, do the same factors that account for vulnerability to state-led surprise also account for vulnerability to non-state-led surprise? Second, what explains the increasing challenge posed by non-state-led surprise to the United States in recent decades?

The factors identified for why governments and leaders are blindsided were developed by analyzing state-led surprises. Little comparative analysis has been undertaken of
the problem of non-state-led surprise, although Byman’s study of the 9/11 attacks provides helpful analysis of a single case and a project by the Institute for the Study of Diplomacy evaluated several of the cases identified. Further work should be a priority in order to resolve the two puzzles set forth.

A useful approach would be a comparative study of why the United States fell victim to the seven non-state-led surprises identified in Table 1. Such a study would exhibit a generic weakness of the comparative method, as identified by Lijphart—the problem of “many variables, small number of cases.” Even so, an initial study could compare the seven cases in order to generate hypotheses. As Lijphart describes, such case studies would “start out with a more or less vague notion of possible hypotheses, and attempt to formulate definite hypotheses to be tested subsequently among a larger number of cases.” Following an initial hypothesis-generating study, the number of cases could be expanded by considering additional instances of non-state-led strategic surprise confronted by countries other than the United States.

The remainder of this article focuses on the second puzzle, namely why non-state-led surprise has been an increasing challenge for the United States in recent decades. The existing literature on state-led surprise suggests four hypotheses that warrant investigation.

First, consideration should be given to the international system’s transformation from the bipolar structure of the Cold War to an era of unipolar American power. A non-state-led surprise, the collapse of the Soviet Union, was a necessary cause of that transformation. William Wohlforth argues that both hegemonic theory and balance-of-power theory hold that the raw power advantage of the United States since the end of the Cold War means that “no other major power is in a position to follow any policy that depends for its success on prevailing against the U.S. in a war or an extended rivalry.” As a status quo power, the United States regards many strategic surprises as against its interests. It is plausible that its power advantage since the end of the Cold War has worked to dissuade other states from taking strategic actions inimical to America’s interests, thereby reducing the frequency of state-led strategic surprise.

Second, technological change, and the extent to which it has produced a relative shift of power away from governments and towards non-state actors, warrants analytical attention. Advances in communication and information technologies produced the rise of around-the-clock global capital flows, hastening the decline of government influence over financial markets in the 1980s and 1990s. As a result, shifts in global private investment could cause sudden changes in regional and global economic conditions, a key factor in the onset of the Asian financial crisis. Did technological change contribute to the economic crisis of 2008 onward by facilitating the global trade in complex financial products? How significant was it as a cause of the recent upheaval in the Arab world by providing a tool to instigate or facilitate large-scale protests?

Third, as noted, the characteristics of an enemy often act as a “noise barrier” by distorting warning signals. Byman points out that Al-Qaeda, like a considerable number of terrorist groups, was a “hard target” since its members were difficult to identify, their actions difficult to anticipate and their organization difficult to infiltrate.
Nevertheless, for a number of the other non-state-led surprises in recent decades, there has not been an entity resembling an adversary. In the case of political revolutions, such as the fall of the Shah, the collapse of the USSR and the Arab upheaval, there was no enemy as such; instead surprise was produced by the actions of opposition movements that enjoyed varying degrees of popular support. On the one hand, that meant U.S. intelligence did not face the challenge of deliberate deception by an adversary. But, on the other hand, before the surprises began to manifest themselves and key actors began to coalesce, there was not really a single entity that could have been the object of U.S. intelligence efforts. Similarly, the economic surprises identified stemmed from the actions of countless individuals and entities, complicating the analysis of emerging trends. As we will see, these observations hold important lessons for policy makers and intelligence analysts looking to head off future non-state-led surprises.

Fourth, these challenges were likely compounded by bureaucratic pathologies, especially the institutional structures of the U.S. government, which remained more focused on state-level challenges and have arguably not given sufficient attention to building capacities attuned to non-state groups and trends. In the case of the Arab upheaval, U.S. official relations were focused on the ruling regimes, rather than groups that would lead the revolutions and become influential in their aftermath, such as the Muslim Brotherhood. As one experienced American official put it: “There is no question it was easier when Mubarak was around. All you had to do was make one phone call. Now you have to make one hundred.” The fact that U.S. official engagement was primarily with Arab governments likely contributed to the lack of warning about the pressures building in those societies and also likely constrained the ability of the United States to respond in the aftermath of the upheaval, since a critical first step was forging links with newly important actors. More broadly, as Paul Bracken has argued, people skills inside the intelligence community have not kept up with changes in the twenty-first century strategic environment.

V: Conclusions

Understanding why the United States has been blindsided by non-state-led surprises, and explaining their increasing challenge, should be a theoretical and policy priority. From a theoretical perspective, our current understanding of the effect of surprise on foreign policy is incomplete, as demonstrated by the two puzzles identified. From a policy perspective, only with a clear understanding of what has caused the increased incidence of the challenge can steps be taken to reduce the constraints on better analysis of, and response to, non-state-led transformations.

Even so, a strong finding from the literature is that surprise is very difficult to avoid. That is why, in thinking about defense plans, Betts argues that “the simple ideal is a posture that will suffice despite surprise.” Hence, U.S. strategy should be formulated to be as resilient to strategic surprise as possible, including to non-state-led surprises. An important priority is to build official links with as broad an array of actors as possible, rather than just relying on links with other governments. Doing so will help maximize the degree of influence the United States has on actors whose importance may increase.
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dramatically in the future. Additionally, in formulating strategies, the United States should pay particular attention to future “temporal surprises” — contingencies that will definitely happen, but whose timing is uncertain. The mortality of leaders in political systems that do not have well-established mechanisms for the transfer of power is one source of such surprises. To take an important example, the throne in Saudi Arabia will, in the not too distant future, pass to a monarch who is not a son of Abdul Aziz ibn Saud, the Kingdom’s founder. The current monarch, King Abdullah, is almost ninety years old and in poor health; the Crown Prince is aged seventy-six. Meanwhile, the youngest son of the Kingdom’s founder is already in his late sixties. The determination of a new royal line in Saudi Arabia will definitely happen, so the United States should be thinking now about how to build links with the likely power brokers in the Kingdom to maximize U.S. influence in dealing with the potential repercussions of a succession crisis in the strategically important country. Likewise, the United States should be giving appropriate consideration to who are likely to be the most important political actors in Cuba after both Fidel and Raul Castro have passed away.

No matter how many resources are devoted to intelligence collection and analysis, the United States will be surprised in the future, including by non-state-led transformations. As well as doing their utmost to avoid being blindsided, U.S. policy makers must either develop what Betts calls a “tolerance for disaster” or, better still, build government structures and design strategies that are as effective as possible in spite of surprise.

– Mark Redmond served as Lead Editor for this article.

NOTES

7 For example, see Paul Bracken, Ian Bremmer and David Gordon, eds., Managing Strategic Surprise: Lessons from Risk Management and Risk Assessment (Cambridge: Cambridge University Press, 2008).
12 Betts, Surprise Attack, 87.
14 Handel, Diplomacy of Surprise, 2.
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16 Handel, Diplomacy of Surprise, 10.
18 Handel, Diplomacy of Surprise, 9–10.
19 Handel, Diplomacy of Surprise, 10.
22 Jeffrey T. Richelson, Spying on the Bomb: American Nuclear Intelligence from Nazi Germany to Iran and North Korea (New York: W.W. Norton & Company, 2006), 77.
23 Richelson, Spying on the Bomb, 90.
25 Roberta Wohlstetter, Pearl Harbor, 3.
28 Betts, Surprise Attack, 45.
33 Henry A. Kissinger, Years of Upheaval (Boston: Little, Brown & Company, 1982), 460.
34 Kissinger, Years of Upheaval, 460.
36 Sanger, Confront and Conceal, 296.
38 Byman, “Strategic Surprise and the September 11 Attacks,” 149.
39 Wohlstetter, Pearl Harbor, 366 and 396.
47 Janne E. Nolan, Douglas MacEachin and Kristine Tockman, Discourse, Dissent, and Strategic Surprise, 86.
48 Ibid.
49 Byman, “Strategic Surprise and the September 11 Attacks,” 165.
50 Sanger, Confront and Conceal, 316.
51 Paul Bracken, “How to build a warning system,” 27.
52 See, for example, Richard K. Betts, “Analysis, War, and Decision: Why Intelligence Failures Are Inevitable,” World Politics 31 (1978).
53 Betts, Surprise Attack, 296.

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ISLAMIC MILITANCY AND
THE UIGHUR OF KAZAKHSTAN:
RECOMMENDATIONS FOR U.S. POLICY

By Andreas Borgeas

Abstract—The spread of Islamic militancy amongst the Uighur of Kazakhstan is of particular importance to understanding Kazakhstan’s security and economic relations with China, Russia, and the United States, and, ultimately, to the advancement of U.S. strategic interests in the region. Significant scholarship has been developed in the last decade oriented toward the Uighur in neighboring Xinjiang, China, but relatively little has been devoted to an in-depth examination of the Uighur dynamic in Kazakhstan. This paper investigates this topic through original research that examines the extent to which Uighur extremists in Kazakhstan pose a realistic threat to Kazakhstan’s national security. It specifically asks whether the prevailing Islamic practice amongst the Uighur in Kazakhstan has been made fundamental, and, if an Uighur identity exists, whether it is bound by Islamic ambitions that may manifest in widespread terrorist activity. This study finds that militant Islam amongst the Uighur in Kazakhstan remains a fringe and localized presence, which will struggle to gain sufficient popular support for historical and contextual reasons. Even so, the United States can take specific steps to help Kazakhstan ensure that Islam remains a moderate—rather than extremist—force in the country.

Kazakhstan’s Uighur Minority

The Uighur represent an ancient Turkic civilization that evolved from a confederacy of early Tiele tribes around Mongolia into a prominent empire known as the Uighur Khaganate. At its height in the eighth and ninth centuries, the Uighur Khaganate

Andreas Borgeas conducted research for this article while a Policy Specialist Fellow at the U.S. Embassy in Kazakhstan. He is the Professor of International and Comparative Law at the San Joaquin College of Law.
spanned from Central to Eastern Asia, but, as the empire diminished in power, most Uighur settled in the historic lands of the central Silk Road network.

In more recent times, the Uighur people have been circumstantially separated between Kazakhstan and China. With a population of ten to eleven million, modern Uighurs generally identify themselves as ethnically, culturally, and sometimes politically separate from Han Chinese and even from their steppe cousins in Central Asia. Unknown thousands fled from their historical homeland in China’s Xinjiang province during the 1950s and 1960s to neighboring Soviet Kazakhstan where they remained for decades during the Sino-Soviet split. In the wake of the Soviet collapse and Central Asia’s Islamic revival in the early 1990s, many Uighur-Kazahks actively sought to reconnect with Xinjiang. While that reconnection with Xinjiang held different familial, historical and religious meanings, some Uighur have resorted to violence as a means toward achieving, with Xinjiang, an independent Islamic Uighuristan or East Turkestan. Counterterrorism cooperation, therefore, is a major component of Kazakh-Chinese relations and Kazakh state security policy.

Kazakhstan’s Counterterrorism Framework

Kazakhstan is a secular republic. It neither identifies nor recognizes religion within its constitution. While followers of the Muslim faith comprise a majority of the population, President Nazarbayev fashioned the country as one tolerant of all religions and ethnicities. Even during the post-Soviet Islamic revival when Central Asia reconnected with its Islamic identity after seventy years of containment and foreign-sponsored Islamic missionaries showered the region with religious investments, Kazakhstan experienced far less activism premised on the Islamic faith than did other Central Asian republics, especially Uzbekistan and Tajikistan. Many political theorists attribute this tempered response to the tolerant traditions of Kazakhstan’s nomadic culture, moderate Sufi practices, cultural Russification, and sizeable Christian population. At the turn of the century, however, Kazakhstan began to perceive Islamic radicalism as a destabilizing element in the region as well as a domestic threat. Islamic terrorism, as it soon became known, emerged as an unconventional and asymmetric security challenge that would require comprehensive measures to prevent potentially destructive acts perpetrated by a few.

Nazarbayev recognized that the cultivation of foreign investment in Kazakhstan was premised on a secure and stable state. He therefore made counterterrorism efforts a top state priority. The hallmark of Kazakhstan’s counterterrorism policy is evident in its multi-vectorored approach toward international relations. After independence, Nazarbayev received much needed assistance and foreign investment from China, which he later formalized into a strategic partnership. Nazarbayev even conceded land in previously disputed borders to China in hopes of courting a powerful ally to balance Russian influence. He also aimed to solidify Kazakhstan’s security posture and exert influence through its roles in international organizations such as the Shanghai Cooperation Organization (SCO), the Organization of Central Asian Cooperation (OCAC), and the Commonwealth of Independent State (CIS). Since then, security
While the United States is a relative newcomer to Kazakhstan, it has managed to achieve important diplomatic and security partnerships, including the negotiated dismantling of Kazakhstan’s nuclear complex and, most recently, cooperation in the war on terror.

A striking characteristic of Kazakhstan’s counterterrorism framework is the manner in which it has developed. As a result of close coordination with Russia, China, and the United States, its sister republics in Central Asia, and international organizations, Kazakhstan has been able to synchronize its articulated understanding of terrorism, the groups, and types of activities. Until the late 1990s, Kazakhstan, like many other countries, lacked a modernized legal and security framework to combat terrorism. It therefore built upon and borrowed initially from the Russians and the CIS to form the basis of its parallel legislation. For instance, Kazakhstan’s Criminal Code and Law on Measures to Combat Terrorism borrowed heavily from their Russian counterparts. Kazakhstan continued to develop its legal framework convention through UN and regional organization resolutions that introduced new categories of offenses, including advocacy, participation, and financing. In doing so, Kazakhstan’s security framework developed more legal consistency with its regional and foreign allies.

Like those of Russia and China, Kazakhstan’s security policies are more suppressive than they are preventive, such as those promoted by the United States and NATO. Suppression policies are oriented toward eliminating the opportunity for terrorists to carry out attacks, while prevention is oriented toward mitigating social, religious or economic factors that motivate of terrorism. For example, the revised Law on Counter-action to Extremism sought to reduce religious freedoms, including the requirement for the registration of religious groups and missionaries, and the means to delegitimize selected religious elements. Countermeasures such as these can compound sentiments of extremism by exacerbating the underlying grievances that drive terrorism. While
some of these security policies have been rebuked by the West, Kazakhstan's security prerogatives still take precedence over its gradual incorporation of democratic principles. These circumstances suggest Kazakhstan's security practice can only be sustained if its capabilities continue to exceed terrorist threats, meaning the possibility of domestic terrorism and more transnational problems with neighboring China involving the Uighur remains high.

Research Process and Results

To better understand how the extremist Islamic threats may develop in Kazakhstan and to determine the best way to develop policies that can effectively staunch these threats, I conducted field work focused on the Uighur community in Kazakhstan as a researcher at the U.S. Embassy in Astana. My research consisted of analyses focused on religious ideology, political process, and context opportunity theories and drew significantly on in-person interviews with private citizens and government officials. Personal interviews of members of Kazakhstan's Uighur community, included questionnaire polling based on three categories (peasant, merchant, and professional) with third-party interpretation and translation services. Polling combined both quantitative and qualitative aspects of data collection. My research also incorporated earlier scholarship, including field research on the Uighur in China's Xinjiang Uighur Autonomous Region. Findings can be categorized as answers to a series of related questions:

Is the Islam commonly practiced in Kazakhstan considered fundamental?
The prevailing practice of Islam in Kazakhstan is not considered one of the sects commonly associated with fundamentalist beliefs (e.g., Hanbali [Salafi]). Kazakhs and Uighur-Kazakhs are predominantly Sunni Muslims of the Hanafi school of jurisprudence, and more particularly adhere to Sufi traditions. The Hanafi school is a moderate interpretation of Islam and Sufism is known for its tolerance of other forms of worship along with assimilating elements of mysticism from the region's pre-Islamic past. Kazakhs also practice customary law (adat) less so than Sharia Islamic law, and incorporate that into their common version of Islam.²

How have the different interpretations of Islam developed in Central Asia?
Islam was introduced into Central Asia by the Arabs in the seventh century. Here it developed in two markedly different directions, one being the more tolerant and mystical Islam of the nomads (i.e., Kazakh and Kyrgyz tribes), and the other the more traditional and institutional Islam of the settled oasis communities (i.e., Uzbekistan and Tajikistan). “[B]eyond the oasis towns and valleys, the spread of Islam on the Central Asian steppe was slow and sporadic. Islam did not come to the Kazakh steppe until the 17th century.”³ The nomadic way of life did not lend itself to established institutions and clergy, opting instead for Sufism's more personal communion without strong reliance on priests and scholars. Islam has been described as an “urban religion,” which is why “[e]ven today the nomadic Kazakh, Kyrgyz, and Turkmen tribes are far less Islamized — and much less susceptible to Islamic radicalism — than their counterparts in the settled oasis areas.”⁴
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Where do the strict interpretations of Islam originate and where are they practiced?

The more radical versions of Islam were introduced into Central Asia from a variety of foreign sources, including Afghanistan, Pakistan, and Saudi Arabia. For example, Wahhabism and Deobandism of the Hanbali (Salafi) school of jurisprudence originate from Saudi Arabia and Pakistan, respectively, and their introduction into Central Asia came about as a result of the Soviet-Afghan campaign and during the region’s Islamic revival. These strict interpretations of Islam are known to be practiced in Uzbekistan, the Ferghana Valley (apportioned by the Soviets into Uzbekistan, Kyrgyzstan, and Tajikistan), and small portions of Southern Kazakhstan.

Can Islamic institutions reduce the appeal of radicalism in Kazakhstan?

Kazakhstan is known for having few political, educational, and financial Islamic institutions. Kazakh policy is to deny registration to Islamic political parties and, despite recent improvements, the country is still underserved by Islamic educational institutions. Both of these practices foster strong underground foreign-influenced activities and they encourage students to study abroad, which may increase their chances of encountering radical strands of Islam. Further, liberalization allowing for Islamic bank and religious endowment projects, while promising benefits for communities, is suspected of unintentionally attracting financing from elsewhere in the Islamic world with more radical religious tendencies. Finally, Kazakhstan does not fund any religious institution, including the state’s Spiritual Association of Muslims, and the religious administrators (muftiyats) are highly dependent on the support of foreign, and often fundamentalist, donors from Saudi Arabia, Pakistan, and Turkey. Stable democracies, as they do come about in Central Asia, will be fundamentally different than those of the West, but still must be anchored in institutions that promote the rule of law, civil liberties, and freedom of expression. The development of institutions, whether of domestic or foreign origin, will therefore have a deep impact on Kazakhstan. Significant scholarly research indicates that state-sanctioned Islamic institutions that promote civil liberties inversely impact Islamic radicalism principally on the basis that government sanctions on organized groups can cause those groups to institutionalize underground. And what lies beneath more often becomes distorted without the scrutiny of public dialogue and accountability.

Stable democracies, as they do come about in Central Asia, will be fundamentally different than those of the West, but still must be anchored in institutions that promote the rule of law, civil liberties, and freedom of expression.

Central Asian Muslims commonly understand the principles of worship, but often lack an intimate appreciation of the social aspect of political Islam and Sharia law. Accordingly, if young, impressionable students without formal education on Islam are first taught the conservatively interpreted principles of Sharia by an unaccredited teacher in an underground setting, the implications are as remarkable as much as...
they are predictable. One must only look at the phenomena of the madrassa culture that flourished in Pakistan following the Soviet-Afghan campaign that facilitated the rise of the Taliban to see how extremism can arise out of grassroots, unofficial Islamic educational institutions. Thus, state-sanctioned Islamic educational institutions are central in facilitating opportunities for the public to learn various compatibilities of Islam within a modern and moderate context.

*Can Uighur activism premised on the Islamic faith gain popular traction in Kazakhstan?*

Uighur activism premised on the Islamic faith will likely not gain popular traction in Kazakhstan for two main reasons: (1) the moderate brand of Sufism popularly practiced in Kazakhstan is generally incompatible with Islamic fundamentalism; (2) Uighur in Kazakhstan are divided along identity lines beyond those of religion.\(^9\)

The Islamic belief popularly practiced amongst the Uighur in Kazakhstan is the moderate brand of Sufism, in contrast to conservative Wahhabism. Sufism is influenced by ancient mysticism and is tolerant of other forms of belief. It is not only accepting of other religious expression but incorporates other non-Islamic elements from the Uighur’s ancient past. The Islamic faith amongst the Uighur in Kazakhstan, therefore, is neither conservative nor fundamental. Second, local conceptions of identity are too diverse for the creation of an overarching Uighur identity bound by Islam. Polling and interviews conducted by this author in a number of Uighur communities in southeast Kazakhstan provide evidence for these claims. Three categories of people—peasant, merchant, and professional\(^10\)—were asked to rank the order in which they identify to the following groups: Uighur, Kazakh, Muslim, pan-Turk, local identifier. The study revealed that what it means to be Uighur is significantly different amongst the three social groups. The local identity is stronger than the state identity because local traditions and community loyalty likely yield stronger ties. While this has not lead to the wholesale opposition to the Uighur label, local loyalties periodically prove incompatible with the concept of greater allegiance. It was found that peasants, whose sphere of interaction and travel is limited to the region, identify more strongly with Islam and make little distinction between Uighur and Muslim. In contrast, they strongly distinguish themselves from Turks, because Turks are from Turkey while they are Uighur from Kazakhstan. Merchants, however, who trade throughout the area and rely upon the existing economic system, identify themselves first as citizens of the Kazakh state. Finally, Uighur professionals identify more with notions of pan-Turkism or Turkestan, but tend to support a secular social system.

Of the three, peasants identified most strongly with Islam and appear to be most likely to create religious alliances. Yet because most peasants remain isolated and exhibit strong local loyalties, they are unlikely to mobilize into a national or transnational Islamic movement, let alone a radical one that resorts to terrorism to affect change. Merchants, especially those reliant on trade, view positive relations with the state as

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**The Islamic faith amongst the Uighur in Kazakhstan, therefore, is neither conservative nor fundamental.**

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essential to their financial security. It is unlikely these commerce-dependent merchants would involve themselves in Islamic activities that might threaten the state or bring its security instruments to bear on them. While the professional community remains the most vocal, its agenda considers Islamic fundamentalism an obstruction to the form of secular nationalism to which it is oriented. It is therefore highly unlikely that professionals would participate in militant activism in the name of Islam. These findings suggest that Uighur in Kazakhstan are a divided people and have interests too diverse to be unified by Islam. The message of militant Islam, therefore, will likely not gain popular appeal among the Uighur in Kazakhstan.

Conclusions

The threat of Islamic militancy amongst the Uighur in the Republic of Kazakhstan will likely remain a fringe and localized threat, and does not have sufficient appeal for popular support. The historically moderate Sufism of the Hanafi sect is unlikely to be compatible in Kazakhstan with the imported strains of fundamentalist Islam. While significant sympathies may exist with their Xinjiang counterparts, Uighur-Kazakhs do not largely identify themselves in an actionable way with part of any unrealized Uighuristan or East Turkestan community, in part because Uighur-Kazakhs are divided by deep ideological and identity differences. Finally, it is likely China's massive investment into the Kazakh energy market will inevitably force a long-term security alignment with Beijing. Yet Kazakhstan's economic capabilities, and the multi-vectored balance it attempts to seek with its neighbors and other powers, means it will likely not allow itself to become a subordinate of Beijing.

U.S. engagement in Kazakhstan, as much as it should be encouraged for purposes of spreading Western democratic principles, will not reasonably have equal standing with neighboring Russia and China. Their respective commercial and strategic opportunities will remain more significant. The key for the United States, then, is to maintain a strong economic and political presence to make certain President Nazarbayev’s multi-vectored foreign policy continues with his successor and to ensure the country remains positioned to serve as a reliable ally and alternative to Kazakhstan amidst their still unfolding political agendas. U.S. policy interests are well served by promoting a healthy Kazakh economy, strengthening the capacity of its people and civil institutions, and helping implement measures to avoid the radicalization of segments of its society. With these considerations, the following recommendations are made to U.S. policy makers.

Recommendations for the U.S. Policy Community

1. Encourage the legalization in Kazakhstan of political parties associated with the Islamic faith.

U.S. foreign policy places a premium on promoting democracy and the rule of law. In the case of Kazakhstan, the state denies registration to any potential Islamic political parties and in doing so risks disenfranchising moderate Muslim elements from the political process, forcing political activities underground and increasing the potential appeal of
more radical Islamic thought. Islam will undoubtedly continue to play an important role in Kazakhstan’s future, especially after Nazarbayev’s tenure, and the opportunity for sanctioned Islamic parties would likely not be antithetical to a secular democracy. Kazakhstan’s tradition of a tolerant form of Islamic belief and practice should provide an adequate basis for this experiment to provide a much needed democratic outlet.

2. **Encourage Kazakhstan to sponsor the study of Islam by financially supporting officially sanctioned Islamic educational institutions.**

Studies have indicated that the significant shortage of formal Islamic educational institutions in Kazakhstan may have serious implications for Kazakhstan’s security by promoting the formation of underground, fundamentalist schools. Having more accredited institutions decreases the likelihood of students learning in informal underground madrassas by unaccredited instructors and with questionable curricula. Further, since Kazakhstan does not offer financial support to religious schools, the muftiyats become highly dependent on public support and foreign donors, thus becoming susceptible to foreign influences that perhaps even dictate the kind of religious instruction provided. By increasing formal religious schooling opportunities, it will also decrease the demand for students to study abroad who may return to promote an imported strain of radical thought.

3. **Encourage Kazakhstan to initiate a more accountable process for the extradition of Uighur-Kazakhs to China.**

A common sentiment among the Uighur is the fear that Kazakhstan will oblige the security demands of China, irrespective of the merits for extradition, and that Uighur prisoners will be subjected to torture and other inhumane treatments. The question that arises, therefore, is why Kazakhstan has not yet demanded more prisoner safety guarantees as well as heightened demonstrations of proof that are normally associated with foreign extraditions. Without such protections Uighur-Kazakhs may be categorically swept into the dragnet of China’s larger “blowback” counteraction practices, which date back to the Afghan campaign when China trained Uighur fighters to wage jihad against the Soviets only to have their returning nationals take aim at the Chinese state. In this security context, Uighur-Kazakhs may fear that Islam and militancy are viewed as one and the same in China, and to be a Uighur in China is suspiciously close to being an Islamic militant. In effort to assuage those fears under the guise of promoting sovereignty, Kazakhstan needs to implement a more factually justifiable process with detailed legal procedures before extradition could be effected. Prisoner safety guarantees should also be pursued. Both should help establish better confidence building measures in the practice of extradition and partially help disassociate the radical Islamic factor from the Uighur equation.

4. **Encourage Kazakhstan to implement more preventive tactics in its efforts to combat terrorism.**

Terrorism will likely never be eradicated by solely suppressive or preventive policies, if at all, but gains should be significantly higher if a comprehensive approach is used that incorporates both. Repressive state tactics that target religious groups and freedom of expression often alienate moderate elements, which are the very segments that
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can discourage extremism. Kazakhstan’s security policies, therefore, should focus on the underlying causes of radicalism, which are known to be unemployment, limited professional and educational opportunities, religious and social repression, and an exclusionary political process.

Continuing Research

Areas ripe for future research include: how migration patterns, and the manner in which Uighur groups came to Kazakhstan, have shaped the Uighur identity and to what extent loyalties may exists toward their brethren in Xinjiang; how the larger Kazakh population view the Uighur, their suspected ties to militant groups, and what role they should play in the future of Kazakhstan; and how the larger Kazakh population would view plans for the State to legalize the existence of political parties associated with the Islamic faith.

– Daniel Tam-Claiborne served as Lead Editor for this article.

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8 Jonathan Aitken, Nazarbayev and the Making of Kazakhstan (Continuum, 2009).
9 Andreas Borgeas (field polling and anonymous interviews, notes on file with author).
10 Peasant (i.e., laborer, agriculture, livestock); Merchant (i.e., manufacturing, shopkeeper, trades); Professional (i.e., academia, medicine, law) (most individuals in government related services such as tourism, oil/hydrocarbon, and military were excluded from poll).
RUSSIA, THE BRICs, AND THE UNITED STATES

By Thomas Graham

Abstract—Despite formidable challenges, Russia should remain a leading emerging market economy, along with Brazil, China, and India (BRICs). The BRIC grouping thus has a future as a symbol of the rise of the non-Western world. The future of the Russian-led effort to consolidate the BRICS (the BRICs plus South Africa) as an influential multilateral organization is less certain because of inherent contradictions in the members’ ambitions, prospects, and security challenges. The United States engages Russia for strategic, not economic reasons. It matters little to the United States that Russia is a BRIC, and it will not engage Russia through the BRICS.

Does Russia belong among the BRICs, along with Brazil, India, and China? That depends on what one means by the BRICs.

The Emergence of the BRICs

In 2001, Jim O’Neill, then Goldman Sachs’ head of global economic research, coined the term ‘BRICs’ as part of a discussion about how to better manage the global economy. At that time, BRIC countries were the four largest “emerging market,” non G-7 economies in the world, by measures of both nominal and purchasing power parity (PPP) GDP. According to O’Neill, the relative importance of these economies would increase in coming decades, since they would continue to grow substantially faster than the already mature G-7 economies. His question, then, was how the G-7 might be reconfigured or enlarged to allow for better management of the global economy.

O’Neill recognized that the BRICs were hardly a group of similar countries. As he wrote, “Clearly, the four countries under consideration are very different economically, socially and politically, and incorporating all four of them into a G7 style club might not be straightforward, (although the existing G20 meetings are arguably an extended

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Thomas Graham, a Managing Director at Kissinger Associates, Inc., and a senior fellow at the Jackson Institute for Global Affairs, Yale University, 2011–2012, was the senior director for Russia on the U.S. National Security Council staff 2004–2007.
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club version of this proposal) and . . . the case based on economic criteria is strongest for China, and less for the others.” 2 What united them was their growing importance for the global economy.

After the global financial crisis of 2008–09, during which Russia suffered the sharpest economic contraction among the BRICs (and indeed among the G-20) by a wide margin, many observers have questioned whether it still belongs among the BRICs, whether BRICs might rightly be reduced to BICs. O’Neill rejects that position, noting that “while Russia does have serious challenges, it also has the potential to have a higher GDP per capita than the other BRICs, and even higher than all other European countries.” 4 Meanwhile, ten years after O’Neill’s initial study, Goldman Sachs contended that his projections had proved broadly accurate. Indeed, the BRICs’ actual performance during the previous decade had exceeded the initial projections. What Goldman Sachs had baptized as the ‘Great Transformation’ – “the long shift in economic weight and the engines of growth towards the BRICs and the emerging markets” – was well underway. 5

O’Neill’s initial projections were music to Russian ears. They played into President Putin’s own ambition to reassert Russia as a major power after its profound socioeconomic and political crisis of the 1990s, during which its GDP collapsed by about forty percent. They also validated the economic course – and by extension the politics – that he, in his second year as president, was pursuing to rebuild Russia.

Putin sought to secure a seat for Russia in the top tier of world affairs. Soon after he became president in 2000, he set his sights on hosting the G-8 summit in Russia for the first time (Russia joined the G-8 in 1997, although it was not admitted to the G-7 meetings of financial ministers). He achieved that goal in 2006, but the strains in relations with Russia’s G-8 partners, particularly the United States, were evident and growing at that time due to concerns about Putin’s authoritarian tendencies and Russia’s aggressive policies toward Georgia and Ukraine. That Russia had paid off its debt to the International Monetary Fund (IMF) ahead of schedule in 2005 and to the Paris Club (of sovereign lenders) in 2006 made him more impatient with Western criticism and freed him to pursue an independent course. Putin was turning his back on his earlier goal of integrating Russia into the West and beginning to forge an independent, multi-vecored foreign policy. 6 The BRICs could prove handy in that effort, particularly if the four big emerging economies could be united to push against Western domination of the institutions of global economic governance and more broadly of the international agenda. In 2006, the BRIC foreign ministers met for the first time as a group on the margins of the UN General Assembly’s opening session. In 2008, Russia hosted a meeting of the BRIC foreign ministers, and a year later it took the initiative to raise the BRIC’s profile by hosting the group’s first summit. Three more summits have since taken place, and the agenda has expanded to include a wide range of socio-economic, political, and security issues. In 2010, at China’s request, South Africa was invited to represent sub-Saharan Africa, although, economically, it is not in the same class as the BRICs. 7

Writing in early 2012, Putin stressed that the BRICS grouping was “a striking symbol of the transition from a unipolar world [led by the United States] to a more just world
order.” He acknowledged the countries were experiencing difficulties in working together in this format, particularly at the United Nations (all five BRICSs served on the Security Council in 2011). But he predicted that “when BRICS is really up and running, its impact on the world economy and politics will be considerable.”

As this brief review indicates, BRIC(S) comes in two guises, as a four-faced symbol of the growing weight of the emerging markets in the global economy, and as a political institution created to help redress the balance in world affairs in favor of the largest non-Western powers. And the question of whether Russia belongs among the BRIC(S) is twofold:

Will Russia remain among the four largest emerging markets?

Will the BRICS consolidate as an influential multilateral organization in global economic and political affairs?

**Russia’s Economic Future**

Russia’s economy has grown rapidly in the decade since O’Neill introduced the BRICs. In 2001, Russia was the fourth largest emerging market and tenth largest economy in the world, in PPP terms. By 2011, it had become the third largest emerging market and sixth largest economy overall. In the next two to three years, it should be the world’s fifth largest economy (after the United States, China, Japan, and India), as Putin told the Duma in spring 2012.9 Meanwhile, Goldman Sachs continues to believe Russia has great potential; in 2011 it projected that its economy would rank fifth in the world by 2050 (behind China, the United States, India, and Brazil) and its per capita GDP would rank eighth, well ahead of the other BRICs.10

But, as Goldman Sachs itself points out, its projections are indications of a country’s potential, not forecasts of its actual performance.11 The obstacles to Russia’s economic success are well-known: overdependence on commodities, particularly oil and gas; underinvestment in the energy sector; inadequate investment in rapidly aging infrastructure; lagging technological development; decaying education and public health systems; and crime and corruption.12 Russia will have to attract a considerable amount of foreign investment to overcome these obstacles, meaning it must urgently and radically improve its current investment and business climate: Russia ranked 120 out of 183 economies in the World Bank’s 2012 *Doing Business* report.

Russian leaders, including President Putin, have repeatedly acknowledged the country’s economic challenges.13 Various government and government-sponsored committees
and commissions have developed plans for overcoming them. But the government has lagged in formulating clear policies and then executing them in an efficient and timely fashion.

Russia’s political system makes this situation unlikely to change. To succeed in the twenty-first century, countries need to foster innovation, creativity, flexibility, and risk-taking. That would suggest Russia needs to liberalize its soft authoritarian system to create more space for personal freedoms. Yet since he returned to the Kremlin last May, Putin has moved in the opposite direction. In response to the urban protest movement that erupted after rigged Duma elections in December 2011, he pushed legislation that has raised the costs of protests, restricted contacts with foreigners, and threatened broad censorship of the internet. These steps have erected significant barriers to continued growth, and have narrowed room for much needed debate over Russia’s future.

Street demonstrations and other public signs of protest have largely faded away, though that might reflect more the inadequacies of opposition leaders than the effectiveness of Putin’s crackdown. But the disaffection has only increased, including with Putin personally. His “trust” rating, according to a leading pollster, dropped from fifty-five percent in March 2012 to forty-three percent at the end of January 2013. Moreover, disaffection is greatest among young urban professionals—the very social stratum that is critical to innovation and economic growth.

These economic and political challenges are formidable, but it is important to put them into perspective. First, the economic challenges are not new. And as recent years have demonstrated, they do not preclude continued growth in Russia, even if they might reduce the rate. Second, the political challenges do not portend a near-term crisis of governability or widespread instability; indeed, they could eventually lead to some liberalization should Putin realize that his crackdown is ineffective in dealing with the discontent and producing the economic growth he seeks. Third, Russia’s challenges are not necessarily more severe than those faced by the world’s other major economies, including the other BRICs, as they seek to deal with the aftermath of the 2008–09 crisis. As a result, Russia is almost certain to remain among the top four emerging market economies, along with China, India, and Brazil, well into the future. In that limited sense, it still belongs among the original economic categorization of the BRICs.

The BRICS’ Geopolitical Future

The BRICS’ future as a geopolitical grouping is less certain. To be sure, BRICS members share some significant positions, notably the defense of sovereignty and non-interference in internal affairs as fundamental principles of world order and a common desire to rebalance power in international institutions in favor of non-Western powers. But these shared interests are unlikely to withstand geopolitical realities for long. The BRICSs are hardly natural allies. India sees China as its greatest security challenge, while China worries that India might be drawn into a coalition of states along China’s border that seek to contain it. Although Russian-Chinese relations might be, in Putin’s words, at “an unprecedented high, marked by great mutual trust in political and economic matters,” Russia must have concerns about the demographic imbalance
along its border with China (six to eight million Russians facing well over one hundred million Chinese) and Chinese commercial penetration into Central Asia. At the same time, pipeline projects from the Caspian Basin across Central Asia to China are eroding Russia's control of the export routes of oil and gas from that region, which has been a critical source of Russian leverage and influence throughout the former Soviet space.

There are other inherent contradictions among the BRICSs. Brazil, India, and South Africa are democracies; China and Russia are authoritarian states. Russia's interest as an energy producer in high oil and gas prices runs counter to China's and India's interests as major energy consumers. Brazil and South Africa have little interest in the Eurasian security problems that preoccupy China, India, and Russia.

Moreover, for all the talk about growing economic ties among emerging markets, BRICSs are not, generally speaking, key economic partners for one another. For China, the relationship with the United States is far and away the most critical. Russia, although it is actively seeking to build up its presence in East Asia, will find itself closely intertwined with Europe for years to come. (Today, the European Union accounts for about half of Russia's overall trade and upwards of seventy-five percent of foreign direct investment stock in Russia.) China may have overtaken the United States as Brazil's leading trade partner, but the other BRICSs do not figure large in Brazil's trade. South Africa by any measure is a minor commercial player compared to the other BRICSs.

Finally, although Russia has played the leading role in organizing the BRICSs, it remains—in ambition, prospects, and worldview—the odd-man out. Of the five, Russia is the only one with recent history as a global power, and it desperately wants to reassert itself as a major player. But in the eyes of most of the other leading powers, particularly the United States and China, Russia is a power in decline, while China and India are rising powers and the fortunes of Brazil and South Africa are rapidly improving. Russia's rapid economic development since 2000 was made possible in part by reutilizing Soviet infrastructure that had been underused during the crisis of the 1990s. The other four BRICSs, in contrast, have built modern infrastructure to support their growing economies. And while the growing prominence of the other four is a consequence of their economic achievements and promise, Russia's influence still derives largely from its nuclear weapons and energy resources. As a result, Russia probably looks less confidently toward the future than the other BRICSs do. These differences in perspective and prospects will both reduce the range of issues on which Russia can collaborate with the other BRICSs and complicate further efforts at cooperation.

Despite the inherent problems, Russia will continue to use the BRICS as an instrument to advance its global agenda. But it will likely find, as will all the others, that it is only of value for a narrow range of issues, notably global economic governance. BRICS will be of little value for many of the key challenges Russia faces, particularly along its periphery in Europe, Central Asia, and the Arctic as well as in the strategic realm. On these matters, it will operate through other fora with different partners. The other BRICSs will find themselves in similar situations as they confront their most serious security challenges. In short, the BRICS grouping will not disappear, but it is improbable that it will grow into an influential multilateral organization.
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The United States, Russia, and the BRICS

As the geopolitical uncertainties surrounding the BRICS suggest, the grouping itself does not figure into the equation of U.S. foreign policy, although each of the individual countries do. The United States will, as a rule, deal with each of these countries bilaterally and in appropriate fora, such as the United Nations or IMF, but not as a member of BRICS; nor will it engage with the group directly. Likewise, it is hard to envisage any of the BRICSs insisting that the United States deal with it primarily through BRICS. Consequently, for all practical purposes, BRICS will not be an issue in U.S.-Russian relations. As it has for decades, Russia’s importance for the United States lies in the strategic realm, not the economic one. The United States cares about Russia’s nuclear arsenal, nuclear expertise, and vast natural resources. Russia’s geographic location makes it a significant player in Europe, the Middle East, and Asia, who can help the United States achieve its goals or complicate the challenge.

Even with a growing economy and over $500 billion in international reserves, Russia does not figure large as an economic player for the United States. It matters little that Russia is a BRIC economy. Russia’s recent entry into the World Trade Organization (WTO) will not change this calculation. Today, Russia accounts for well under one percent of overall U.S. trade, and even the most optimistic estimates for increased trade resulting from its WTO membership would only increase its share to about one percent in five years.17 American direct investment in Russia is small, particularly outside of the energy sector, as is Russian direct investment in the United States. Nothing suggests that a significant change in the investment pattern is in the offing.

As a result, the U.S.-Russian agenda will revolve around the issues it always has: strategic stability; non-proliferation; counterterrorism; security in Europe, the Middle East, and Central Asia and Afghanistan; and human rights. The United States will deal with Russia bilaterally and in various fora on those issues. At times, other BRICSs may participate, along with the United States and Russia. There is, after all, some overlap in the U.S. agenda with Russia and the United States’ agendas with the other BRICSs. China and India, for example, figure in the United States’ calculus for Central Asia and Afghanistan, along with a number of other states in the region. All the BRICSs are players on non-proliferation and counterterrorism, if not necessarily among the most important. But for the key issues on the U.S.-Russian agenda, BRICS is irrelevant. Y

— Judith Heinstein Sabba served as Lead Editor for this article.
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NOTES

1 The major developed economies, that is, Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.
5 Dominic Wilson, Kamakshya Trivedi, Stacy Carlson and José Ursúa, *The BRICs 10 Years On: Halfway Through the Great Transformation*, Global Economics Paper No: 208, Goldman Sachs, December 7, 2011. The quoted phrase is found on p. 3.
7 See http://www.bricsindia.in/about.html
10 Dominic Wilson et al., GDP per capita projections are found on p. 31.
11 Ibid., pp. 16–17.
13 See, for example, Putin’s Report to the Duma, April 11, 2012.
16 See http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/russia/

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THE EU AND NATO AFTER LIBYA AND AFGHANISTAN: THE FUTURE OF EURO-U.S. SECURITY COOPERATION

By Jolyon Howorth

Abstract—The total absence of the European Union, as a bloc, during the Libyan crisis of spring 2011 has led analysts to pose tough questions about the future of Europe as a collective security actor. The progress made toward the EU’s Common Security and Defense Policy (CSDP) since 2003 was to some extent a reflection of the extraordinary nature of this relative pooling of sovereignty in the security field. But increasingly the major CDP players, the UK and France, appear to be acting alone, while Germany remains ambivalent as to whether it wishes to engage in a common security policy. As the economic crisis bites ever deeper into EU defense budgets, the prospects for Europe to emerge as a coherent autonomous security actor appear to be receding. This article examines the options for CSDP, particularly with respect to its complex, ongoing relationship with NATO.

From an “Atlantic Security Community” to . . . what?

After 1945, Europe’s security identity (and to a large extent its identity tout court) was imported from the outside. The Western half of the old continent became part of the “Atlantic security community,” 1 while the Eastern part was absorbed into the Soviet bloc. The North Atlantic Treaty Organization (NATO) became the security blanket for most West European member states, allowing their citizens, for the best part of a half century, to free-ride on the United States’ commitment to their collective defense. 2 All this came to an end in late 1989. With the fall of the Berlin Wall, each major European

Dr. Jolyon Howorth is Jean Monnet Professor of European Politics ad personam and Emeritus Professor of European Studies at the University of Bath (UK). He has been a Visiting Professor of Political Science at Yale since 2002. He has published extensively in the field of European politics and history, especially security and defense policy and transatlantic relations, including fourteen books and over two hundred and fifty journal articles and book chapters.
country experienced its own national identity crisis which required them to reassess their Atlantic security moorings stemming from the Cold War era—both in terms of their relations with the newly triumphant United States as well as in terms of their association with the accelerating project of the European Union. The first manifestation of this phenomenon came with the launch of the EU’s Common Foreign and Security Policy (CFSP) in February 1990. The fact that, at the time, nobody had a clear idea of what the “Security” component of CFSP was intended to convey was neither here nor there. CFSP announced Europe’s ambition to become a consequential player on the global stage.\(^3\)

For a fleeting moment at the end of the Cold War, some believed in the advent of a “new world order”\(^4\) or even in the “end of history.”\(^5\) The talk was of “peace dividends” and the worldwide triumph of liberal democracy. But it was not to last. For Europeans, the Gulf War of 1991 was a brutal wake-up call, shattering the easy illusions about peace and forcing them all, in new and unfamiliar ways, to rethink their cozy Cold War security options. The Balkan Wars of the 1990s forced them even more urgently to ask tough questions about their prospects as security actors.\(^6\) The Clinton administration made it abundantly clear that the United States expected Europeans to take much greater responsibility for their own regional security and even to contribute more globally in support of U.S. grand strategy.\(^7\) The U.S. umbilical cord was being severed—the security blanket was being removed—yet Europeans were—and felt—by no means secure. They had neither the politico-institutional mechanisms nor anything approaching the necessary military capacity to tackle regional crisis management challenges such as those posed by the Balkans.

The December 1998 Franco-British summit in Saint-Malo marked the first serious attempt to remedy this situation. The Saint-Malo Declaration\(^8\) launched what became the European Common Security and Defense Policy (CSDP). The key concept—autonomy—asserted the EU’s ambition to operate militarily without relying on the United States. The Declaration upped the ante by adding the “Defense” component to an acronym whose Security component had still not been adequately thought through. The Declaration struck at the heart of the European security conundrum by positing the need for appropriate institutional structures to be established within the EU. It insisted that the EU should acquire “the capacity for autonomous action backed up by credible military forces” supported by “a strong and competitive European defense industry and technology,” and it justified this ambition by invoking an EU contribution to “the vitality of a modernized Atlantic Alliance.” Political, institutional, and military autonomy sounded suspiciously like the assertion of a European security capacity worthy of the name. But the CSDP project, rather like the Euro project launched a few years earlier, was in fact tantamount to birthing a European defense policy on a whisper and a prayer.

Europeans lacked a common security and defense identity, but the architects of the CSDP project hoped this would not matter. The urgent business was to get the
The EU has made significant progress with CSDP, refining the institutional architecture, working to generate capacity, and striving to reach political consensus, or at least political understanding. The problem is that these endeavors do not go anywhere near far enough.

Libya as a Paradigm Shift: CSDP as Effectiveness or as Irrelevance

Libya was a major turning point in the CSDP story. Exactly twenty years after the Balkans erupted—when Europe proved, like Frances Cornford’s Young Apollo, to be “magnificently unprepared,” the EU confronted a new crisis in Libya. In the early days of the crisis, European statesmen reacted just as they had twenty years earlier: with overwhelmingly national responses. Italy, Greece and Malta initially refused to endorse sanctions against Libya as their historic trade partner Muammar Gaddafi not only sat upon billions of their investments (and vice versa), but had also helped suppress the migrant flow from North Africa. Lack of capacity to control immigration, a perennially contentious issue in the EU, soon became even more so. Disagreements between Italy, France, and other member states eventually led to the reestablishment of border controls between certain member states—the first ever reversal of a major EU policy. In the most serious crisis on the EU’s borders since the birth of CSDP, the Union proved totally incapable of action.
It is difficult to overstate the extent to which Libya was precisely the type of regional crisis management challenge the CSDP had been designed to address. It was a medium-scale mission in the immediate neighborhood and militarily not too challenging. Furthermore, it was a mission involving military and civilian components (the “comprehensive approach” which is at the heart of the EU’s security identity), a mission the United States did not, at least initially, want to be involved in, and one which key EU states, on the other hand, were pressing very hard to take on. Check all the boxes for the ideal CSDP mission; yet CSDP as a potential agent or actor in the crisis was nowhere to be seen. A clear majority of EU member states did not want to touch Libya with a barge pole, let alone a fighter plane. They were strongly supported by the EU High Representative for Foreign Affairs and Security Policy, Catherine Ashton, who went to extraordinary lengths to prevent the crisis from being fully discussed at the European Council meeting of March 11, 2011. If a clear majority of EU member states (including major ones such as Germany and Poland) do not consider Libya a fit subject for discussion as a possible CSDP mission, then what exactly is CSDP for? CSDP seemed to have declared itself to be irrelevant and to have handed back the responsibility for greater-European security to NATO.

To date, those responsible for operationalizing CSDP have insisted on the importance of “autonomy” as a motivating dynamic and an organizational principle. In order not to be stifled at birth by their powerful transatlantic cousins, or micromanaged by NATO, the Europeans-as-international-actors, it was asserted, needed to find their own way in the world, to carve their own path toward actor-ness. In the initial stages of CSDP, this approach made perfect sense. Yet the quest for autonomy has delivered neither the necessary political will nor the appropriate material capacity. It is time to re-think the relationship between CSDP and NATO, which, in practice, has led to sub-optimal performance on the part of both, to dysfunctional practices at institutional and operational levels, to crossed political wires, and to a waste of resources and effort. As long as this continues, neither NATO nor CSDP is likely to achieve its true objectives or potential. CSDP will remain stuck at a conceptual, institutional and operational impasse until it has clarified its relationship with NATO.

Three distinct developments in current U.S. global policy frame the necessary recalibration of CSDP. The first is exemplified in NATO’s Libyan mission Operation Unified Protector, which introduced the concept of the United States “leading from behind.” This was technically a misnomer. The NATO mission benefited from massive U.S. military inputs. But the Obama administration’s insistence that Europeans should at least be perceived to be “taking the lead” in Libya represented a paradigm shift in both political and symbolic ways. The United States signaled that, henceforth, it was prepared to transfer responsibility in the European theater to the Europeans. We are
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still a long way from the full operationalization of such a shift, but there is no doubt which way the balance must swing. Leadership in the European area must change hands. As long as the United States either insists upon or de facto assumes leadership in Europe, the Europeans will simply continue to free-ride.

The second U.S. development was Defense Secretary Robert Gates’ June 2011 valedictory speech in Brussels, effectively warning the Europeans of a “dim and dismal future” for NATO if the imbalances in the Alliance continued.17 He cautioned darkly that the new generation of American politicians, who had not come of age during the Cold War, would cease to feel that the U.S. investment in European security via NATO was worthwhile. The third development was the January 2012 Strategic Guidance paper announcing the U.S. “tilt” to Asia.18 All three developments reflect strategic priorities in Washington as well as the financial and economic constraints limiting U.S. activity abroad.19 With Libya, U.S. and NATO pressure on Europeans to step-up their game became intense.

CSDP Developments

Following a period of apparent somnolence between 2009 and 2011, CSDP has begun once again to show signs of life. It boasts the “Ghent Framework,”20 eleven major initiatives developed by the European Defense Agency (EDA),21 and the planned European Council on Defense in December 2013. Additionally, there are the European Commission’s Defense Industry and Markets Task Force, the proposals from the “Future of Europe” group22, the European Global Strategy initiative,23 “clusters” of regionally based member states cooperating on “pooling and sharing,” much talk of a European White Paper on security and defense,24 and three new CSDP missions launched in 2012.

All of this is encouraging, but it is missing the real question: Where is CSDP actually heading? The EU must face up to the need to find the right balance between hard and soft power, between civilian and military approaches to conflict resolution and crisis management. This poses the question: What sort of role should military instruments play in the toolbox of EU power resources? The answer to that question can only become apparent with the resolution of the concurrent issue of the on-going and future relations between CSDP and NATO. Meanwhile, NATO itself, in the wake of the debacle in Afghanistan, faces existential questions.

Moving the CSDP-NATO Relationship Forward: The Available Options

1. NATO

There are only two post-Afghanistan options for NATO. One, the long-time American preference, is for NATO to become a “global alliance.” In 1993, Richard Lugar, a primary exponent of this option, coined the expression “out of area or out of business.”25 But
he was referring to a different type of alliance. Because the bipolar constraints of the Cold War dictated tight solidarity between all alliance members, the original NATO truly was an alliance as traditionally understood. Yet now, post-1989, in the absence of any existential threat, regional crises, particularly at great distances from Europe, impact NATO member states in very different ways. In a multipolar world, states are freer to pursue their own interests. Consequently, there is little likelihood of unanimity. The alliance has become a mechanism for generating coalitions of the willing.

Although NATO’s Prague summit in 2002 declared that distinctions between in-area and out-area operations were no longer valid, there is henceforth very little prospect of European forces signing up to support U.S. global strategy. Throughout the 1990s, the U.S. agenda for a Global Alliance never found favor with Europeans and has probably been administered the coup de grâce by the experience of Afghanistan, which, however strong the official spin may be, is almost certain to be judged by history as a military and political failure. NATO’s Chicago summit in May of 2012 formally kept all strategic options on the table, but on-going questions about the real nature and purpose of the Alliance are unlikely to be resolved any time soon. NATO needs a radical re-think.

Assuming, as seems reasonable, that NATO will elect not to “go out of business,” the most likely future for the Alliance is therefore a European future. The Alliance will most likely be re-designated as a mechanism for guaranteeing regional stability in the European area and its neighborhood. That stability, unlike during the Cold War, will not be secured through a balance of nuclear forces or through existential deterrence, but through the development of a serious capacity for regional crisis management. Collective security will complement collective defense. This will require a new and constructive relationship between NATO and CSDP. And that is what the majority of Europeans want from NATO. It is now also the clear preference of France, the only EU member to have previously abstained from full involvement in NATO. France’s 2009 return to NATO’s integrated command structure was decided in France’s own national interest. Although it was, at the time, opposed by the French Socialists, now that they are in government the page has been turned on that debate. The Report issued by former French foreign minister Hubert Védrine on November 14, 2012 makes it clear that France, henceforth, will devote major energies to what Védrine calls “Europeanizing the Alliance.”

2. CSDP

There are three distinct options for the recalibration of the CSDP-NATO relationship. The first is for CSDP to cease to exist, to abandon its fifteen-year project, and for the appropriate EU member states to free-ride, for their security and even their existence, on the United States, via NATO. This is an unseemly prospect for a union which

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constantly repeats that it intends to be a subject rather than an object of history. Nor would it be an option which would be welcomed by the United States, given the triple framework outlined above.

Assuming, therefore, that CSDP (like NATO) continues to exist, the two security entities must stop seeing one another as rivals in a beauty contest or as contenders for a functional or spatial division of labor. The sterile quarrels over duplication in general and Operational Headquarters (OHQ) in particular must be transcended. In a world of shrinking resources, everybody recognizes that European forces and capacity, whether deployed via NATO or via CSDP, are all drawn from the same pool.

The second option for CSDP is to continue to attempt to carve out a workable relationship with NATO as a separate and autonomous entity. That option presents a number of challenges. Why would another twenty years produce markedly better results for CSDP than the last twenty? As long as the two organizations remain, or are kept distinct, there will be a huge tendency to revert to an uneven and inequitable division of labor—with NATO doing the heavy-lifting and CSDP serving as a mere back-up organization for minor missions. But that again will prove unsatisfactory both to the United States and to the European Union. As long as the two organizations remain separate in their membership and objectives, sparring and generally dysfunctional behavior will afflict both. There have, in recent years, been strong arguments in favor of the EU developing its own OHQ, separate from NATO’s Supreme Headquarters Allied Powers Europe (SHAPE), because that was the logic of autonomy.29 It is easy to grasp the problem in leaving the EU dependent, through lack of an OHQ, on U.S. goodwill in the event of a mission the United States might not support, although it is hard to see what that mission might be. But in a period of general and massive economic retrenchment, is this type of duplication viable? The EU should aim to become more and more capable of doing high-level operational planning through SHAPE.

The third CSDP-NATO option is for CSDP to merge with NATO and take over NATO functions. This also presents a number of major challenges and is predicated on two key assumptions. The first is that the United States is serious about encouraging the Europeans progressively to become consequential players, essentially responsible for taking on the leadership of stability and security in the greater EU area. In the triple context outlined above, the odds seem in favor of this being the case. Why would the United States continue to want the burden and expense of carrying the security of the Europeans (who are more numerous and wealthier than they) in an era of austerity and retrenchment and when the world of 1947–49 has moved on several times? The U.S. “decline” has been seriously exaggerated, but even Washington now has to make real choices and focus its attention on strategic priorities.

In the short- and medium-terms, it is reasonable to expect that, despite Gates’ warnings and the uncertain fate of the U.S. defense budget, the United States will be prepared to continue to underpin NATO for a transitional period. Washington remains committed to the transatlantic relationship, which constitutes a vital interest for U.S. foreign and security policy. But there are two caveats. First, it will do so increasingly reluctantly, especially if the Europeans persist in shirking their historical and strategic responsibilities. Second, the United States will not do so forever. There is a real time
limit on the 1949 arrangements—the “O” in NATO. However, if the Europeans are seen to be taking control of their own destiny and neighborhood, then there are reasons to believe that the United States will be willing to share and eventually even to transfer responsibilities to the Europeans, who will progressively become the major stakeholder(s) in the “Alliance.” This is a major assumption.

The second assumption is perhaps even more difficult to make. It is that the EU (collectively) will agree to shoulder the responsibilities of regional security and stabilization and to provide the resources that shift will require. If the EU intends to become a global player, it has no alternative than to become a global military (and civilian-military) power. The generation of a credible CSDP, however, can only happen if the EU, in the wake of developments at the economic and financial level (the Eurozone), agrees to move forward in significant pooling of sovereignty. If it does not, then it is probable that the EU will never succeed in forging a common security and defense policy.

The biggest challenge remains that of capacity generation. The dynamics of pooling and sharing should be concentrated in the EU. It makes no sense to have two separate processes, one operating within NATO and another within the EU. There is very little chance that mere coordination of national means would suffice to meet European requirements. Shared sovereignty is only meaningful if accompanied by policy convergence and shared security and strategic objectives—in other words, a process of political integration. Pooling and sharing have political, economic, industrial, and operational implications. The EU is a global political project, whereas NATO deals “merely” with security. The EU is also the framework within which Europe generates common interests. Logically, therefore, it is the place where these interests can best be harmonized at the level of the defense industrial base. This European procurement process should be conducted in tight liaison with NATO, but the EU framework will remain indispensable. The role of the EDA should be central and the Allied Command Transformation (ACT) should morph into an agency which ensures liaison with the U.S. defense industrial base. There are two key reasons why, to date, EU capacity-generation has not had the desired effect. First, as long as the United States gives the impression that it will “cover” Europe, the motivation for Europeans to stump up for defense is removed. Second, Europeans have not yet gone anywhere near as far as they will eventually have to go in the direction of pooling/sharing, rationalization, and specialization.

**Starting the Conversation**

The intensification of CSDP-NATO cooperation will be a slow but continuous process, based on the proposition that, eventually, there can only be one system and one agency for European security and defense. The details remain to be worked out. There is no blueprint for this type of transformation. But the objective is clear: Europeans have to assume overwhelming responsibility for their own security and defense. This cannot happen as long as there remain two competing organizations for that purpose. A controversial article in a leading U.S. newspaper recently argued along these same lines. The author, Sarwar Kashmiri, an expert on

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**Europeans have to assume overwhelming responsibility for their own security and defense.**

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NATO and a Senior Fellow at the Brent Scowcroft Center for International Security at the Atlantic Council of the United States, made a number of radical proposals in order to generate debate.33

- “That as part of the U.S. defense budget trimming exercise under way, Congress should insist that within 3-5 years the responsibility for the defense of Europe and its periphery be transferred to the EU.”
- “America should turn over the leadership of NATO to the EU by replacing Americans with Europeans in key NATO positions throughout the Alliance.”
- “Allied Command Operations/SHAPE should be merged into CSDP and serve as the EU’s planning, command, and control staff.”
- “The North Atlantic Council (NAC) [. . .] is no longer fit for purpose. It should be recast to include one representative each from the EU, U.S., Canada and non-EU members of NATO such as Turkey.”
- “NATO’s third entity, the Allied Command Transformation or ACT [. . .] largely duplicates the functions of the EU’s European Defense [sic] Agency and should be merged with it.”

One does not have to agree with these proposals to recognize that they offer both dramatic food for thought and exotic fruit for discussion. The transatlantic security conversation is about to begin.

Conclusions

If the EU is ever to develop a security identity, it will require several key developments. First, much greater pooling of sovereignty, both in terms of money and in terms of defense budgets, than has hitherto been the case. This is most likely to happen in the wake of the discussions on the future of the Eurozone. Absent any existential threat to the entire Union, security identity will have to come about through enhanced European investment in the stability of the greater European area. There is no paucity of potential crises in the periphery of the EU, from the Arctic to the Baltic and on to the Black Sea, from the Caucasus to the Bosporus and all the way to Gibraltar. Furthermore, there is very little chance that the United States will continue to assume primary responsibility and leadership for the management of these regions. It cannot afford to, and it is shifting its strategic gaze to Asia. Operational leadership must therefore be increasingly assumed by the Europeans. This will require restraint on the part of Washington and seriousness of purpose from Europeans. CSDP must acquire operational autonomy through and within NATO and the Americans must learn to take a genuine back-seat. Progressively, the balance within the Alliance must shift to one in which the Europeans do the majority of the heavy-lifting in their own back-yard, with Americans acting largely as force enablers. The Supreme Allied Commander Europe (SACEUR) should become a European flag officer. The European caucus within NATO, far from being taboo, must become the cornerstone of the Alliance. Europeans must stop believing that NATO cannot work without U.S. leadership. This scenario depends critically, however, on U.S. willingness to transfer—and EU willingness to assume—regional leadership by the Europeans. If that willingness is
absent in either case, then the entire experiment with European security and defense, whether through CSDP, a “Europeanized” NATO, or any other configuration, will fail.\footnote{Charles Faint and Catherine Nelson served as Lead Editors for this article.}

\section*{NOTES}

8 http://www.atlanticcommunity.org/Saint-Malo\%20Declaration\%20Text.html
10 ISIS Europe currently lists 30 – http://www.csdmap.eu//mission-chart
23 http://www.euglobalstrategy.eu/
CYBERWAR IN THE UNDERWORLD: ANONYMOUS VERSUS LOS ZETAS IN MEXICO

By Paul Rexton Kan

Abstract—Little attention has been paid to non-state actors conducting cyberwars against each other and the disruptive effects these wars can have on nation-states. This article explores the online clash between the hacker group, Anonymous, and the Mexican drug cartel, Los Zetas. This type of cyberwar was unique: it was an incident where two clandestine non-state groups used the digital domain to attack each other and it was largely a private affair. Yet the incident had public consequences that left the Mexican government as a bystander. Such criminal activity beyond the reach of government intervention blurs the line between public safety and national security.

In the fall of 2011, two clandestine non-state groups—a hacktivist collective and a Mexican drug cartel—stared each other down in the digital domain, with potentially fatal real world consequences for both sides. Los Zetas, a Mexican drug trafficking organization composed of former members of Mexico’s Special Forces, kidnapped a member of Anonymous, the global hacking group, in Veracruz on October 6th. In retaliation, Anonymous threatened to publicize online the personal information of Los Zetas and their associates, from taxi drivers to high-ranking politicians, unless Los Zetas freed their abductee by November 5th. The release of this information on the Internet would have exposed members of Los Zetas to not only possible arrest by Mexican authorities, but also to assassination by rival cartels. Unconfirmed reports suggest that Los Zetas then attempted to “reverse hack” Anonymous to uncover some of its members and to threaten them with death. As a consequence, a few members of Anonymous sought to call off the operation and disavowed those members who wanted to go forward. With time running out and locked in a stalemate, Los Zetas released their kidnap victim on November 4th with an online warning that they would

Paul Rexton Kan is an Associate Professor of National Security Studies and the Henry L. Stimson Chair of Military Studies at the U.S. Army War College. He is the author of Drugs and Contemporary Warfare and the recent book, Cartels at War: Mexico’s Drug-Fueled Violence and the Challenge to US National Security.

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kill ten innocent people for each name that Anonymous might subsequently publicize. Anonymous called off its operation; each side appeared to step back from the brink. This was a cyberwar of a different kind. Most of the theorizing about cyberwar has centered on cyber attacks that cripple the digital systems critical for military, political, social, and economic operations of nation-states or the use of cyberspace to attack the infrastructure of modern society like power grids, financial systems, and emergency services. However, according to James Bosworth, an expert on organized crime and cybercrime, neither Anonymous nor Los Zetas:

“. . . control big servers containing significant data that can be hacked. They don’t have critical infrastructure such as electrical grids or heavy machinery that could be vulnerable in a cyber attack . . . . While there are certainly targets (emails, police records, financial data, propaganda), it’s not the same as attacking a government or a corporation.”

Another portion of cyberwar theory discusses the conduct of virtual operations “to promote dissident or opposition movements across computer networks.” Within this portion of the theory, labeled “social netwar,” political and social activism is enhanced by cyber-enabled social networking tools and sites. Here, the various dissident movements in some countries, such as those of the Arab Spring, are better able to link with each other via social media like Twitter and Facebook for greater effect. Once again, social netwar does not capture the dimensions of what occurred between Anonymous and Los Zetas because neither was a national dissident movement that sought to change the composition or structure of a particular government through the use of the digital domain.

Not only did the cyberwar between Anonymous and Los Zetas expose gaps in cyberwar theory, but it also demonstrated how substantively unique this type of cyber war was. First, it was an incident where two clandestine non-state groups used the digital domain to attack each other. Clandestine non-state groups and individuals have attacked governments, private businesses, and individuals using cyberspace for a variety of political and non-political reasons. Activist groups and organized criminal groups have not, however, attacked each other through cyberspace in the way that unfolded in Mexico. Second, this incident occurred without the involvement or intervention of any government. In fact, even though each side was clearly engaged in illegal behavior—kidnapping, extortion, hacking—no government was able to intervene to end the standoff, leaving the parties involved to settle the dispute themselves. It was almost entirely a private affair, but with public consequences that left the Mexican government as a bystander caught in the crossfire. Mexican institutions, like the police and the military, could neither stop Los Zetas from acting to track down members of Anonymous nor prevent Anonymous from releasing the names of Los Zetas and their accomplices. In addition, the Mexican government would be responsible for dealing...
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with the subsequent violence. Third, such criminal activity beyond the reach of law enforcement and government intervention blurs the line between public safety and national security. Indeed, this cyberwar could have had catastrophic consequences in Mexico and the United States. Had Anonymous released information on Los Zetas, parts of Mexico would have devolved into more lawlessness as cartel violence would escalate and as Los Zetas sought to exact revenge on members of Anonymous. With Anonymous and Los Zetas (and other Mexican cartels) both active in the United States, an escalation in violence may have spilled over the border, especially if Los Zetas carried through on their threat to kill ten people for each released name.

Taken together, the unique features of this confrontation reveal the contours of an overlooked aspect of cyberwar, namely a conflict between two shadowy, non-state groups with differing motives and agendas that have the capacity to go online and create significant instability and disorder in the society of a nation. This episode demonstrates the limits of government in not just “securing cyberspace,” but also in securing citizens from effects of conflicts that spill out from cyberspace. Although there were unique features to this confrontation, had each side not relented, the cost to Mexico in terms of lives lost would likely have been high, while the potential cascading effects on civil society would have been significant and damaging. The episode was brief, but exploring the composition and motivation of Anonymous and Los Zetas and how they came to clash with each other provides invaluable lessons for developing a richer understanding of the concept of cyberwar.

Understanding the Belligerents

Both Anonymous and Los Zetas prefer to operate with a high degree of anonymity and autonomy making cyberspace a useful domain for the continued success of each group. Cyberspace offers both groups the ability to conduct their operations with little detection of their members and with little outside interference by governments or any other outside group. In addition, both use cyberspace to communicate with their respective members and constituents and to coerce people and institutions to do their will.

The confrontation between Anonymous and Los Zetas was largely the product of the different lenses of organizational logic through which each group views cyberspace. Although the two groups use cyberspace for similar purposes, their respective understanding and value of this domain stand in opposition to one another. The members of Anonymous see cyberspace as a type of commons that should be accessible to all. The freedom of the digital domain is thus central to the ethos of the collective. Los Zetas, on the other hand, do not view cyberspace through an ideological lens but through an operational lens. As a drug trafficking organization, Los Zetas sees

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cyberspace as a tool to further their core profit-making criminal activities and as a means to shield its membership and its operations from detection, interdiction, and elimination. They also view it as a way to expand their criminal schemes by using cyberspace to launder money, commit identity fraud, and engage in extortion and blackmail. Thus, it is the information in cyberspace and the access it provides for their operations, rather than cyberspace itself, that is most relevant to Los Zetas. The cartel’s desire to suppress and control this information clashes directly with the cyber-culture ethos of Anonymous that seeks to push organizations toward full online transparency.6 With both groups having an active presence in cyberspace, but given their different and competing visions of access and use of the cyber domain, Anonymous and Los Zetas were bound to clash.

Anonymous

Anonymous is believed to have originated in 2003; its group cohesion is largely based on the hacktivist creed that the internet should be accessible to all, without external control by governments or businesses, and that the concentration of information in the hands of a few is dangerous and contrary to the nature of the internet. Anonymous generally adheres to the “hacker ethos” that 1) all information should be free; 2) people should distrust the centralization of information; 3) and therefore people should promote its decentralization.5 Rather than selecting their actions along a political spectrum of left versus right, Anonymous adheres to the hacktivist tradition of viewing disputes as being “individual versus institution.”6 The members of the collective see Anonymous as a type of immune system for the Internet, striking enemies of online freedom.7

Anonymous’ operations reflect its ethos. Although there were smaller operations near the year of the group’s creation, Anonymous gained notoriety for its 2008 operations against the Church of Scientology. In that year, the Church pressured YouTube to remove a leaked video of church member and actor Tom Cruise. Such pressure exerted by the Church of Scientology ran counter to the Anonymous ethos of transparency. In response, Anonymous launched an operation that combined distributed denial of service (DDOS), attacks to bring down the Church’s website with pranks such as phone calls with repetitive music, constant faxing of black paper to drain printer cartridges and ordering unwanted pizza deliveries and taxi service.8 Operations against other targets have included the release of personal and financial information of individuals associated with financial institutions as well as governments, political movements, and corporations that are engaged in activities and practices that Anonymous deems as antithetical to its mission. The group has found common cause with WikiLeaks founder Julian Assange, the Occupy movements, and accused leaker Bradley Manning; several of Anonymous’ operations have been aimed at agencies and institutions such as PayPal, Mastercard, and Visa, which refused to process payments for websites that were raising funds for the legal defense of Assange, Manning, and those associated with Occupy Movements.

Recently, some members have sought to reorient the group’s ethos toward “morals-motivated” attacks against groups, organizations, and institutions that not only suppress freedom online, but that also suppress freedom offline by abusing individual liberties and committing crimes. This became apparent with Operation Tunisia when
members of Anonymous attacked the government of Tunisia’s websites and aided Tunisian hackers during the government’s crackdown against the popular uprisings of the 2011 Arab Spring.

These morals-motivated attacks, or “cyber-vigilantism,” were an essential part of the group’s efforts in Mexico. In August 2011, Anonymous launched Operation Paperstorm in the Mexican state of Veracruz where portions of the collective felt that local government authorities were actively cooperating and shielding Los Zetas while prosecuting those who posted kidnapping reports on Twitter. Initially, the operation began as a leaflet campaign, denouncing the state government for its collusion with Los Zetas while the state of Veracruz proceeded to prosecute those who were freely sharing information online about the cartel’s crimes. Following Los Zetas’ murder of an Internet blogger in another Mexican state, Anonymous launched a DDOS attack against the websites of the state government of Veracruz as a form of protest. In choosing to go after Los Zetas, an informal spokesperson for Anonymous, Barrett Brown, provided an interview that not only summed up the group’s reasons but also provided a glimpse into its ethos:

“The idea that one should not even criticize or bring attention to oneself in the face of some organization is poison to me; I don’t think it’s the right kind of thinking in general. [People] should give some thought to whether or not what we are doing is more or less responsible, more or less necessary than those things done by any number of governments, any number of private groups around the world every day.”

As a loosely affiliated group of online social activists, Anonymous takes pride in being unstructured without a hierarchy or central authority. A former member described how it was organized: “Anonymous is a group, in the sense that a flock of birds is a group. How do you know they’re a group? Because they’re traveling in the same direction. At any given moment, more birds could join, leave, peel off in another direction entirely.” Thus, one member or a small group of members can decide to engage in an online action that is derived from the Anonymous ethos; others in the collective are then free to join the action or not.

The group’s loose structure complicates many of its operations, as was evident during its attack on Los Zetas. The collective is susceptible to being hijacked by anyone who has a particular grievance against another group. There are “wannabes” and copycats who seek to build their reputation, credibility, and legitimacy by adopting the name of Anonymous for their actions. Indeed, a substantial portion of the group has disavowed some operations that have been claimed by Anonymous. As a collective, Anonymous is also vulnerable to internal splits and schisms that can break out into the public and
hamper the collective’s goals. Such division within the ranks of the collective mired the proposed action against Los Zetas, with many members arguing that it was far too dangerous and not worth the potential cost in lives. Others became more determined and adamantly that the campaign must continue in spite of Los Zetas threats. This loose structure with an ethos that included the free flow of digital information and imbued with a desire to stop abuses of human rights led Anonymous to target Los Zetas. However, this same structure was rife with schisms and competing interests, leaving Anonymous vulnerable to Los Zetas’ ethos and its form of cyber counter-attack.

Los Zetas

Los Zetas were originally recruited by the Gulf cartel in 1999 from the Grupo Aeromovil de Fuerzas Especiales (GAFE) of the elite Mexican counterinsurgency forces. Los Zetas were used by the Gulf cartel to “collect debts, secure new drug trafficking routes at the expense of other cartels, discourage defections from other parts of the cartel organization, and track down particularly ‘worrisome’ rival cartel and gang leaders across Mexico and Central America.” They very rapidly became one of the “most technologically advanced, sophisticated, and violent of the paramilitary enforcement groups.” After their split from the Gulf cartel in 2010, Los Zetas continued to structure themselves like a military force, by dividing themselves into operational divisions in a number of Mexican states, cities, and towns. It was the Veracruz operational division that kidnapped a member of Anonymous, sparking the cyberwar.

Los Zetas combine their military prowess with operations aimed at the government and society, making them unlike other cartels. With their Special Forces background, they have a reflexive need to control information about themselves and their criminal activities. For the group, operating clandestinely is in its organizational DNA. This need to operate covertly, combined with the cartel’s special operations background, has meant that it is particularly skilled at using information warfare; the result has been attacks against the media to reduce the coverage of the group to prevent a public outcry against many of its violent attacks.

Controlling information allows the group to act more freely and with more impunity. In 2011, leading up to their clash with Anonymous, Los Zetas had expanded their war against information about them to include social media. Before the kidnapping of the Anonymous member in Veracruz, Los Zetas killed several online bloggers who reported on their acts. In Nuevo Laredo, a man who helped moderate a website that posted news of shootouts and other cartel activities was murdered and left mutilated at an intersection. A message was left on his corpse saying, “this happened to me for not understanding that I shouldn’t report on the social networks.” A female blogger known as Laredo Girl was decapitated in late September of 2011, and the brutalized bodies of a man and woman were hung from an overpass earlier that month with a sign saying they had been killed for their online activity.

Los Zetas were able to track down these activists because, during this same period, they were working to increase their proficiency in using the cyber domain. Los Zetas and other Mexican trafficking groups have routinely kidnapped computer engineers
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and university students in the information technology sector to diversify their criminal activities to include cybercrime, like identity theft and document forgery. In time, these professionals and students, aided by access to sophisticated tracking technology used by the Mexican government, military, and law enforcement, allowed Los Zetas to track down the Internet users who they subsequently killed. These techniques also played a crucial role in the cyberwar against Anonymous.

Due to their professional military expertise, Los Zetas maintain an ethos that takes slights against their honor very seriously. They have a “criminal brand” that is used as a way “to exert control over their opponents by sparking fear in them.” Their acts are designed to convince people in an area that local politicians, local police, federal authorities, and other cartels are weak and that the real power lies in the hands of Los Zetas. The threat by Anonymous to release the names of Los Zetas members was an affront to the group that exposed their inability to control all information about them and, in their eyes, weakened their criminal brand. Los Zetas’ attempts to reverse hack Anonymous and their threat to kill ten people for each name released by the collective were designed to counter these affronts.

Moreover, Los Zetas’ need for secrecy and their fear of exposure represented a key vulnerability for the cartel. Like other organized crime groups, Los Zetas relies on a network of corruption to circumvent the state. Police officers, soldiers, judges, and politicians have been bribed and coerced to act on behalf of the interests of Los Zetas. This collusion exposed Los Zetas to a hacking group like Anonymous. One member of Anonymous claimed that the group had garnered their information on Los Zetas by hacking nearly 200,000 emails from Mexican police agencies and analyzing their contents over a six-month period prior to the group’s run-in with the cartel.

Like other organized crime groups, Los Zetas relies on a network of corruption to circumvent the state. Police officers, soldiers, judges, and politicians have been bribed and coerced to act on behalf of the interests of Los Zetas.

The Revelations and Mysteries in the Aftermath

This clash reveals that non-state groups have vulnerabilities that can be exploited via cyberspace and that a conflict in this domain has unique aspects that have been overlooked in the ongoing debate over cyberwar. Organized criminal groups, like Los Zetas, have a critical infrastructure that is susceptible to a form of cyber attack. Unlike the servers, equipment, and machinery of a government or private company, the critical infrastructure of a drug trafficking organization consists of a network of smugglers, enforcers, messengers, look-outs, and corrupt officials; their anonymity is essential to the group’s survival. Anonymous placed this network in jeopardy by threatening to publicly release information and expose those individuals who form this critical infrastructure. The gravity of the threat ensured that Los Zetas could not
merely ignore Anonymous. With the ultimate release of the Anonymous hostage, it also demonstrates that this form of coercion can be successful.

Anonymous also has its share of weaknesses that Los Zetas were able to exploit in a limited degree. It has been assumed that Anonymous’ geographically dispersed membership and nebulous structure have been strategic advantages for the collective. But operationally, these characteristics have proven to be troublesome. Due to Anonymous’ loose structure, any operation can move forward or be cancelled in a capricious manner. Furthermore, as a collective, members can do more than just dissent against a planned operation and opt out; they can actively work against the operation by launching counterattacks against factions with whom they disagree. They can also prevent members from accessing online fora, where many members find each other. Internal schisms and “civil wars” have occurred among Anonymous members who wanted to undertake operations in accordance with the hacker ethos, others who wanted to take on morals-motivated attacks, and yet others who were purely interested in hacking for “spite and fun.”²⁰ By attempting to reverse hack Anonymous and by threatening to kill ten innocent people in the event of any subsequent release of information about the cartel, Los Zetas took advantage of these divisions by significantly raising the stakes. It quickly became the first Anonymous operation where there was the potential for significant loss of life. As previously discussed, several Anonymous members had serious misgivings about moving forward with the threat against Los Zetas because of the danger while others wanted to move forward.

Because of Anonymous’ collective structure, much of its decision-making and control of information is murky and contradictory. The reasons it did not renego its agreement are subject to speculation. After all, the collective was not bound by any agreement to retreat from its threat and the killings of random people at the hands of Los Zetas would not have affected the collective in a meaningful manner. Perhaps only a small cadre of Anonymous members had access to the information on Los Zetas which was not available to the rest of the collective and to which the rest of the collective was, ironically, denied access. Therefore, in fact, rather than in spirit, Anonymous does have a type of hierarchy when it comes to the possession of critical information and to making decisions about how to use it. Perhaps it was this cadre within Anonymous that felt threatened by Los Zetas attempts to reverse hack them, find them, and exact revenge or whose consciences would have been deeply affected by the deaths of innocent people had the collective put Los Zetas to the test.

This leads to a number of unanswered questions that need further exploration in order to understand the full dimensions of this sort of cyberwar. For example, is there a type of mutually assured destruction (MAD) in cyberspace for these groups? An escalation beyond threats may have led to significant harm to each group, which each side was not willing to accept. If there is a notion of MAD for these groups, is each side now deterred from attacking each other in the future? The nature of the collective means that a small group within Anonymous or an offshoot or a collection of “wannabes” can decide to begin another operation against Los Zetas, or any criminal group, without direction or permission. On the other hand, Los Zetas is increasing its proficiency in using cyberspace and may be able to uncover the identities of Anonymous members.
and others who decide to target them through the cyber domain in the future. Finally, it is not clear that any government can prevent, intervene, or respond in another similar clash. At best, the state may be able to find the perpetrators and arrest them before an escalation in a cyberwar. But a government’s attempt to track anonymous online users takes time, as do efforts to locate and detain them; any cyberwar among these groups may already escalate in the interim. The cyberwar between Anonymous and Los Zetas shows that there are a number of unconventional and multifaceted ways that non-state groups can use the digital domain to engage in conflict. Rather than using cyberspace to destroy, Anonymous and Los Zetas used it to coerce one another by threatening to damage the underlying anonymity that the Internet provides to each group. As Los Zetas and Anonymous indicate, cyberwar among non-state groups has the potential to rapidly cross the line, leading to more internal violence and greater erosion of the state’s authority and legitimacy.

The clash between Anonymous and Los Zetas demonstrates that cyberspace is the ultimate ungoverned territory. Government jurisdictions are weak while criminal groups have near free reign when it comes to the use and abuse of the online world. In countries like Mexico with its weak institutions, sophisticated organized criminal groups, and high levels of internal violence, the line between public safety and national security is already a fine one.

To combat these threats, more attention should be devoted to analyzing how these groups may evolve in their understanding of the coercive use of cyberspace to further their interests. For example, such groups may move to coerce individual members of the state like decision makers, politicians, military members, and law enforcement personnel by threatening to “dox” them by releasing their personal information online or electronically drain their financial holdings. This sort of “Wikiwar” of intimidation, in certain situations, could significantly impair a government’s capability to act.

Additionally, Anonymous’ operation against Los Zetas also shows the potential for the “crowd-sourcing of conflict” in the digital domain. The next outbreak of a cyberwar may begin with an online announcement of the targeting of another non-state group, the reasons it should be attacked, and a call for anyone to feed information about the group’s membership and activities to the collective. Anonymous may then choose to use the information in a coercive manner that is consistent with its ethos. Or, it may merely organize an online poll so that individuals can vote for who should be targeted by the group. This is a unique feature of Anonymous as a non-state group. “Anonymous is a classic ‘do-ocracy’. . . . As the term implies, that means rule by sheer doing: Individuals propose actions, others join in (or not), and the Anonymous flag is flown over the result. There’s no one to grant permission, no promise of praise or credit, so every action must be its own reward.”

### Intervention, Engagement and Response

An important first step in developing successful policies and strategies to counter new outbreaks of cyberwar in the underworld is for national decision makers to recognize that current conceptions of cyber security are incomplete. Building better firewalls,
increasing resiliency, and maintaining redundancy of systems in the cyber domain have little application to illegal non-state groups who are more than agile in their capacity to circumvent such efforts and to gain information from a number of different sources. Additionally, there is little that can prevent the posting of personal information on the web to coerce another party; groups like Anonymous and Los Zetas do not have to abide by existing criminal laws or conventions. Therefore, policies aimed at suppression or prevention of the actions by these groups will be of limited utility.

Nonetheless, the best tools for policy makers to tackle cyberwarfare in the underworld lie in the realm of law enforcement supported by robust intelligence capabilities. Policy makers should focus on approaches that stress intervention, engagement, and response. Rather than being sidetracked by an outbreak of cyberwar in the underworld, governments should design structures that can more actively intervene and engage in the cyber domain to follow activities that might lead to its outbreak. Beyond merely having law enforcement agencies keeping up-to-date on the latest cyber-vigilante threats or acts as they pop-up on the web, special divisions and task forces should be created within government agencies. These entities should monitor and track cyber-vigilantism and morals-motivated operations, which could lead to widespread violence and disorder (much like those that follow terrorist groups’ and organized crime’s activities on the web). Task forces that are dedicated solely to investigating hacking must expand their scope to incorporate analysis units to assess how hacking activities may lead to operations with the potential to create significant social disorder.

Intelligence agencies have a role to play in intervention. They can work to infiltrate groups like Anonymous to gain insight into potential cyber coercion and to counter such operations. Covert cyber actions, operating within the parameters of the law, may be also viable in forestalling or misdirecting potential attacks. This was done previously in the case of the early founders of Anonymous. The FBI was able to track down, arrest, and turn one member of the group into an informant who worked with agents to thwart other operations. Such strategies can be used more extensively by a variety of government agencies, from federal to state to local.

A corollary to a policy of intervention besides covert intelligence operations is to find ways for law enforcement and intelligent agencies to engage those portions of clandestine cyber groups who are involved in morals-motivated and cyber-vigilante operations that dovetail with national policy. For example, Los Zetas is a known violent drug trafficking organization with a members that are wanted by U.S. and Mexican authorities; the DEA, FBI, and Mexican Federal Police should have sought avenues to reach out and work with Anonymous to gain the release of their captive member and to receive information on the cartel’s membership. Given the hacktivist collective’s misgivings about government power, this may appear far-fetched. However, the fragmented nature of the collective may enable law enforcement and intelligence to find inroads with some individual members who want to resolve a particular dispute.
without violence. In the future, with promises not to track down or reveal the identities of the members of the collective who are cooperating, law enforcement can cut deals to solve the dispute before it escalates. Essentially, such efforts mimic law enforcement efforts to persuade real world vigilantes to “let the police handle it.”

The United States and Mexico should also work to foster international multilateral cooperation to respond to future outbreaks of cyberwar from illegal non-state groups. There is already a degree of international cooperation in the area of combating cybercrime and many joint efforts in the realm of counternarcotics and counterterrorism. These multilateral relationships should be expanded and strengthened to include responding to cyberwarfare in the underworld. Policy makers should begin to craft cross-national agreements that include options to respond to cyber threats, particularly in the event that a cyberwar in the underworld begins to escalate. A fundamental aspect of this effort should be the development of a series of early warning signals—such as chat room conversations that discuss doing more than DDOS and defacement attacks—that task forces in various countries could use to recognize escalatory actions. Designing a type of cyber rapid response team nested within these task forces would be beneficial. Such a team would be composed of members who continue to track and monitor the cyber activities of belligerent groups, try to intervene in the cyber domain, act in the real world to mitigate outbreaks of violence, and keep decision makers up-to-date with the unfolding events related to escalation.

These policy approaches are by no means exhaustive, but they represent a limited template to begin the discussion of designing appropriate government policies to deal with an overlooked aspect of cyberwar. As seen in the case of Anonymous versus Los Zetas, the use of the digital domain by non-state groups for unanticipated forms of cyberwar is only limited by the human imagination. The next outbreak of cyberwar in the underworld may create significant disorder and instability, meaning that national security professionals must be equally creative in determining policies and strategies that can lessen these risks.

— Judith Heistert Sabba served as Lead Editor for this article.

NOTES

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U.S. FOREIGN AID AND THE AFRICAN AIDS EPIDEMIC

By Nicoli Nattrass

Abstract—U.S. foreign aid has been crucial to the international AIDS response, especially to the rollout of antiretrovirals (ARVs) in Africa. The unprecedented scale of funding that has been raised to combat this disease evolved out of fears that AIDS was a both a humanitarian disaster and a threat to international security and economic development. U.S. commitment to fighting AIDS in Africa has traditionally been, and still is, buoyed by bi-partisan support. This support has remained strong post-2007. Even so, the view is widespread that African country governments ought to take greater ownership of combating the problem and reducing aid dependency in managing it. One of the most effective interventions the United States could make to this end would be to ensure that trade negotiations facilitate, rather than impede, the supply of affordable ARVs for developing countries. Boosting U.S. development assistance to the international target of 0.7% of national income would also help.

Introduction

The United States is not a particularly generous donor when it comes to foreign aid. Whereas other states in the Organization for Economic Co-operation and Development (OECD) allocate about half a percent of their Gross National Income to foreign aid, the United States allocates a mere one-fifth of a percent. It is also not a particularly generous donor in sub-Saharan Africa — accounting for little over a quarter of OECD aid in 2010 to that region. But when it comes to fighting the global AIDS epidemic, U.S. support has been crucial.

The United Kingdom, Ireland, Denmark, and Sweden allocate a greater share of their national income than the United States to fighting AIDS, but in absolute terms, the

Nenci Nattrass is professor of economics and director of the AIDS and Society Research Unit at the University of Cape Town. She is a regular visiting professor at Yale (in the Jackson Institute for Global Affairs). Nicoli has published widely on the political economy of AIDS policy, AIDS denialism, and the struggle for antiretroviral treatment. Her most recent book is The AIDS Conspiracy: Science Fights Back (Columbia University Press, 2012).

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United States forms the backbone of the international response. According to the latest available data, the United States constitutes 59% of total donor funding for AIDS to low- and middle-income countries. Additionally, in total spending to combat sexually transmitted diseases (including AIDS) in Africa, the United States contributes one and a half times as much as the rest of the OECD put together (Figures 1 and 2).

**Figure 1.** International aid for AIDS from donor governments to low- and middle-income countries (U.S.$7.6 billion in 2011)

**Figure 2.** Aid from the OECD Countries (2010)
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The American contribution to fighting AIDS in Africa is channeled primarily through the President’s Emergency Fund for AIDS Relief (PEPFAR) – an initiative launched by President George W. Bush in 2003 and continued under President Barack Obama. Since its inception, PEPFAR has benefited from strong bipartisan support ranging from the religious right (which saw HIV prevention as an opportunity to export conservative sexual morality and to expand the church in Africa) to leftist and gay activists with a strong human rights agenda centered on pressuring drug companies to lower ARV prices.3

PEPFAR has been criticized for being overly influenced by conservative values: its initial ban on funding allocated to interventions for sex workers is a testament to this criticism, as is the initial insistence that significant HIV prevention resources be channeled to abstinence-only programs. Over time, however, PEPFAR’s policies have become more evidence-based, context-specific, and aimed at treating all at-risk populations. Other important changes to PEPFAR include its shift in supplying cheaper generic medications in place of branded drugs, involvement of nurses in managing ARV delivery (task shifting), and greater support for the strengthening of health systems.4

PEPFAR was transformative. In its first five years, the program allocated $15 billion to the fight against AIDS – ten times more than had been spent on combatting AIDS by the United States over the previous one and a half decades!5 And as can be seen in Figure 3, this commitment grew throughout the 2000s, even after the 2007–08 financial crisis when international public health funding from other OECD countries slackened. In 2004, PEPFAR initiated 66,700 Africans on ARVs. By 2011, this number had risen to 3.9 million and by mid-2012, 4.5 million.6

Figure 3. Health AID to Sub-Saharan Africa: U.S. and the Rest of the OECD

![Graph showing health aid to Sub-Saharan Africa from 2002 to 2010, with data on health aid unrelated to STDs, aid for STDs including HIV/AIDS (US and OECD countries), and aid for STDs excluding the US.](http://www.oecd.org/statistics/)
**AIDS as a Global Health, Development and Security Issue**

U.S. prioritization of HIV/AIDS as a tool of foreign policy was rooted in fears that the epidemic could undermine both international security and economic development. Such concerns helped mobilize an international response to a disease that was unique in pace and scale. From less than $1 billion allocated for AIDS programs in 1999, total international funding for AIDS rose to over US$16 billion by a decade later (of which US$7.6 billion was from donors).

‘AIDS exceptionalism’ was initially framed by U.S. gay-activists who pointed out the problem of stigmatization in dealing with AIDS and demanded a rights-based approach, which prioritized patient confidentiality and voluntary counseling (as opposed to more conventional public health approaches such as routine testing and automatic partner notification).

By the mid-1990s, ARV treatment had transformed AIDS from a death sentence into a chronic disease. Due to this shift, many U.S.-based activists in turn, redirected their attention to the developing world, arguing for universal access to ARVs.

These efforts were further supported by development and health economists who presented AIDS as a threat to economic development, especially in Africa. In 1999, the World Bank warned that what distinguished AIDS from other illnesses is its “unprecedented impact on regional development. Because it kills so many adults in...
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the prime of their working and parenting lives, it decimates the workforce, fractures and impoverishes families, orphans millions, and shreds the fabric of communities.”8 That same year, the U.S. Central Intelligence Agency highlighted AIDS’ negative impact on productivity and growth, as well as its negative impact on security. This security risk was most notably seen in the ‘lost generation’ of orphans: “these countries will be at risk of further economic decay, increased crime and political instability as young people become radicalized and exploited by various political groups for their own ends, the pervasive child soldier phenomenon may be one example.”9 By 2001, the U.S. Agency for International Development (USAID) was echoing similar concerns about development impact and security with Secretary of State Colin Powell describing AIDS as a “national security problem.”10

Such policy discourse culminated in June 2001 at the UN General Assembly Special Session on HIV/AIDS in New York. There, it was recognized that HIV was a threat to human development and security and much of the debate focused on managing ARV treatment and HIV prevention services in Africa.11 That year, the World Health Organization’s (WHO) Commission on Macroeconomics and Health reported that expanding the coverage of crucial health services—including the provision of antiretroviral therapy (ART)—to the world’s poor could “save millions of lives each year, reduce poverty, spur economic development and promote global security.”12 The 9/11 terrorist attacks on the United States strengthened its commitment to combatting AIDS as part of a broader human security agenda.13

The U.S. response to AIDS was also framed as an emergency response. In 2003, a briefing to Congress warned that AIDS was probably contributing to famine in Africa,14 and the UN Food and Agricultural Organization highlighted the threat posed by the AIDS epidemic on food security and rural livelihoods.15 Thus, by the time that Congress first authorized PEPFAR spending in 2003 (the five-year spending program was reauthorized in 2008), AIDS had been framed as a humanitarian emergency, a threat to national security, and a disaster for economic development. Later that year—Lee Jong-wook, Director General of the WHO joined Peter Piot, the Executive Director of UNAIDS, and Richard Feachem, Executive Director of the Global Fund to Fight AIDS, Tuberculosis and Malaria, to declare the lack of access to ARVs in developing countries a ‘global health emergency,’ thereby launching the WHO’s ‘Treat 3 million by 2005’ campaign.16

International aid to combat the HIV/AIDS epidemic grew sharply in the 2000s, as shown in Figure 2. This was facilitated by the ‘Make Poverty History’ movement and the G8’s pledge at Gleneagles (2005) to double aid to Africa and to provide universal access to ARVs in Africa by 2010. By this time, the world economy had enjoyed sustained growth for over half a decade and pledges to end global poverty and provide treatment for all resonated as utopian, but achievable, given global solidarity. Unfortunately, the 2007–08 global financial crisis inaugurated a tougher funding environment. In 2011, the UN produced a further declaration on AIDS, committing member states to scale up efforts for a comprehensive HIV prevention plan and treatment program.17 It,

* 22 September 2003

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too, described AIDS as a global emergency, a human catastrophe, and a development disaster requiring an exceptional response. It called on donor countries to allocate at least 0.7% of their national income to aid, and African countries to meet the Abuja target (set by the Organization for African Unity in 2001 at a conference in Abuja, Nigeria) of allocating 15% of their national budgets to health.\(^{18}\) While these objectives are economically achievable, the political climate for expanding resources for AIDS is challenging and there are worrisome signs of donor fatigue.

**Current political and economic challenges**

UNAIDS and other advocacy organizations face the argument that, looking back, the earlier rapid mobilization of donor funding for AIDS came at the cost of other development objectives. The discourse of AIDS exceptionalism is now decried as exaggerated. For example, Altman and Buse argue that:

“The political reality is that AIDS cried wolf too often, and the more dire warnings have failed to materialize. In most parts of the world AIDS is not a security or development crisis, and the perception that the response has received too much attention and funding is growing.”\(^{19}\)

The notion that the strong early response to AIDS came at the expense of other health initiatives has hardened into a stylized fact in the minds of many development bureaucrats and donors. This is unfair. While AIDS funding certainly grew at unprecedented rates, it is worth noting that from the mid-2000s, other health-related funding also rose in absolute terms (Figure 2). And, as the international AIDS response matured beyond its initial emergency phase, it sought greater synergy within the public health sector (such as stream-lining HIV and TB treatment services). While officially classified as AIDS-related funding, the formidable resources from early-on indeed served to improve maternal and child support services as well as strengthen domestic health systems in general.\(^{20}\)

Another argument in the backlash against AIDS funding is that in the rush to provide ARV and HIV prevention services, ‘vertical’ or ‘parallel’ health-care delivery systems were created, potentially undermining public health systems (for example, by poaching skilled staff). A collaborative effort of health care professionals, activists, and academics examined the available evidence on this, concluding that most disease-specific funding strengthened health systems but greater synergies were possible.\(^{21}\) UNAIDS and the Global Fund subsequently placed even greater emphasis on building partnerships with national governments and ensuring that significant AIDS resources (about a third in the
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case of the Global Fund) were channeled to strengthening health systems. Even so, the perception that AIDS has received too many resources persists in development circles.

At this time, in the stressed economic context of many nations, continued U.S.-support for AIDS programming has been crucial. On World AIDS Day, (1 December) 2011, President Obama announced a fifty percent increase in PEPFAR’s treatment goal, augmenting treatment objectives to six million people. In 2012, Secretary of State Hillary Clinton injected new energy into the fight against mother to child transmission (calling for an ‘AIDS-free generation’\(^ {22} \)) and was quick to emphasize that ARV treatment is a form of prevention, and further, that the societal and economic benefits of treatment outweigh the costs.\(^ {23} \) However, even the United States emphasizes, along with the rest of the OECD and UNAIDS, that recipient (primarily African) countries have to take greater country ownership of the response to AIDS.

That said, it should be pointed out that taking greater ownership is a challenge for many African states. As seen in Figure 3, ARV coverage across African states still measures less than 50% (which means that more than half of those in need of ARVs are failing to access them). Countries with high ARV coverage (e.g., Rwanda, Botswana, Zambia) account for a relatively small share of AIDS patients. Further, the bulk of African countries most severely afflicted by AIDS are tested by additional challenges of fighting AIDS stigma, and designing and implementing appropriate HIV prevention and treatment programs. Arguing that African governments need to ‘take greater ownership of the AIDS response’ and ‘reduce aid dependency’ without considering the great development leaps this would require, and the country-specific political and economic obstacles in the way, is not particularly helpful. Neither is the appeal that African countries should develop greater capacity for the domestic production of ARVs. While for some states, economic policy strategy may align with goals of domestic ARV production as part of support for a domestic pharmaceutical industry, it is likely that in many cases, the wiser choice is to import generics from countries with established mass production capacity (like India and Brazil) and to concentrate domestic resources to industries where domestic comparative advantage exists.

According to a recent UNAIDS estimate, if African countries comply with the Abuja target (to allocate 15% of national budgets to health), then the overall aim to reduce disease burden and expand public health expenditure, in line with economic growth, would meet HIV prevention targets and ensure that universal access to ART remains achievable.\(^ {24} \) But just because it is possible does not mean that such a scenario is likely. In reality, very few African countries have even gotten close to achieving the Abuja target.

Arguing that African governments need to ‘take greater ownership of the AIDS response’ and ‘reduce aid dependency’ without considering the great development leaps this would require, and the country-specific political and economic obstacles in the way, is not particularly helpful.
Building partnerships with national governments to strengthen the AIDS response is obviously a good idea—but only if the national governments are committed to doing so. This point is often lost in the current development discourse of greater country ownership. For example, in South Africa during the Mbeki Presidency (1998–2008), the Health Ministry was reluctant to facilitate—indeed actively undermined\(^2\text{5}\) the public provision of ARVs. Instead, ARV rollout was forged by non-governmental organizations (NGOs), often in partnership with local and regional governments, and by PEPFAR-funded programs to help local physicians provide ARVs free of charge to poor patients. Global Fund financing, which by rule must be funneled through government-dominated “Country Co-ordinating Mechanisms” were also significant, but suffered from roadblocks often set by national governments. The lesson here is that insisting on country ownership is not necessarily the most progressive option—it may, depending on the case, be better to support civil society directly (through NGOs), and to help people hold their governments accountable to citizens through strong AIDS advocacy groups.

Fortunately, South African AIDS policy has improved dramatically, and the country pays for most of what is now the largest ARV program on Earth. Still, the recent UN-AIDS approach argues that middle-income countries like South Africa can and should contribute even more.\(^2\text{6}\) PEPFAR appears to be shifting in a similar direction in that country-specific support is increasingly targeted at resource-constrained regions.

This may well be a signal of a U.S. funding withdrawal for combatting AIDS in Africa. Despite strong continued bi-partisan support for PEPFAR, the current U.S. economic environment is not conducive to expanding foreign aid. According to the most recent national survey by the Kaiser Family Foundation,\(^2\text{7}\) there is strong popular support for overseas development aid in the arena of international public health, but that when forced to choose between two options, two thirds of respondents said that the U.S. government should fix problems at home rather than allocate more money to the international AIDS response. Given the difficult economic circumstances facing the second-term Obama administration—notably the budget deficit and the need to spur domestic job growth—the national ownership agenda is likely to resonate in Washington.

Meeting the challenge today

So far, the United States has maintained strong support for HIV prevention and treatment programs despite the fact that it has scaled back support in better-off countries of southern Africa. While countries like South Africa can gradually afford to allocate more domestic resources to AIDS programs, the cost of ARVs will pose limits to access. It is in this respect that U.S. trade policy is particularly worrying.

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U.S. trade negotiators are known for their robust promotion of intellectual property rights in international trade agreements—including the supply of pharmaceuticals. The Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement of the World Trade Organization allows countries to offer compulsory licenses to produce or import generic copies of patented drugs if necessary for public health. However, in bilateral negotiations, and the current negotiations over the Trans-Pacific Partnership Agreement, U.S. representatives push for so-called ‘TRIPS-plus’ provisions, which rule out the kinds of flexibilities provided by the TRIPS agreement for essential medicines. Health professionals and AIDS activists now worry that the sharp decline in “first-line” ARV therapy (from over $10,000 per patient per year in 2000 to about $150 today) will never be possible for newer drugs (whose prices are significantly higher) if these more stringent provisions spread—thereby again limiting the extent and quality of the ARV rollout in Africa over the longer term.

In this context, a repositioning of U.S. trade agenda could have a major impact. U.S. pharmaceutical companies, of course, stand to lose from a trading environment that is more conducive to the production and importation of cheap generic formulations. But even in a more competitive environment, branded drug companies could still make money. The Clinton Foundation, which has brought drug companies and governments together to improve access to ARVs in developing countries, has demonstrated that profitable deals can be struck where lower prices are accompanied by new drug formulations and high volumes. These sorts of innovative bargains should be encouraged and expanded.

The 2011 UN political declaration on AIDS stressed that protection and enforcement measures for intellectual property rights should be compliant with TRIPS and “should be interpreted and implemented in a manner supportive of the right of Member States to protect public health and, in particular, to promote access to medicines for all.”

It also called on developed countries to reach the 2015 target of allocating 0.7% of gross national income to official development assistance (par 14). If the United States complied with both calls, the international response to AIDS in Africa would be greatly invigorated.

– Catherine Nelson served as Lead Editor for this article.

NOTES

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10 Quoted in Gow, ibid.


18 The Abuja Declaration can be found on: http://www.who.int/healthsystems/publications/abuja_declaration/en/index.html


27 The results of the 2012 survey are available here: http://www.kff.org/kaiserpolls/8334.cfm


30 Political Declaration on HIV and AIDS: Intensifying Our Efforts to Eliminate HIV and AIDS, paragraph 35.
THE NEXT AMERICA 
MEETS THE NEXT CHINA
By Stephen S. Roach

Abstract—The world’s two largest economies both face major rebalancing challenges. The United States needs to wean itself from excess consumption and subpar saving, while China needs to do the opposite—greater emphasis on private consumption and the absorption of surplus saving. These transformations are daunting but provide major opportunities for both nations. They also and entail risks—especially those of an “asymmetrical rebalancing” whereby China would move more quickly than the United States. By drawing down its surplus saving to promote internal private consumption, China would reduce its current account surplus and its related demand for dollar-denominated assets. Who would then fund the external deficits of America’s saving-short economy? And on what terms?

It is extremely rare for the world’s two most powerful nations to face tightly aligned leadership and political cycles. Yet that was precisely the case for both the United States and China in November 2012. U.S. President Barack Obama experienced a tough reelection battle at the same time that China was coming to grips with its Fifth Generation leadership transition.

Political cycles don’t always bring out the best in nations—especially when it comes to their relationships with others. In the run-up to the transitions of 2012–13, the bilateral relationship between China and the United States was subjected to major stresses and strains. China bashing became a central element of the campaign rhetoric of both Obama and his challenger, former Governor Mitt Romney. China upped the ante on the international security front, sparking tensions in both the South and East China Seas that forced an American “pivot” in its long-vital military engagement strategy in Asia.

As the dust now settles on these twin transitions, it is critical to look beyond the political posturing that has framed the U.S.-China debate in recent years. Rhetoric aside,

Stephen S. Roach, a faculty member at Yale University and former Chairman of Morgan Stanley Asia, is the author of The Next Asia (Wiley 2009). This essay is drawn from work for his new book on the US-China economic relationship (forthcoming from Yale University Press, Fall 2013).
both the United States and China face profound challenges in the years immediately ahead. Nowhere is that more evident than in the economic sphere, where two co-dependent economies face fundamental rebalancing that will entail nothing short of major role reversals. If these changes all go according to script, the United States will morph from a consumer into more of a producer. China, by contrast, will experience the opposite con-
version, transitioning from a producer to a consumer. The Next America will, in effect, need to cope with the Next China – and vice versa.

Yet the shifts will not be black and white. Rebalancing is not a total makeover; it is a far more subtle transformation. The goal is better balance for currently unbalanced economies. The U.S. and Chinese economies should eventually emerge from this process with broader and, therefore, more solid foundations of sustainable growth – drawing support both from consumption and production, from internal as well as from external demands.

Given the strong ties that bind them, the coming role reversals should not be viewed as threats to either nation. Instead, enormous opportunities are likely to emerge for both economies. For a growth-starved United States, China’s nascent consumer markets offer great potential as a new source of demand. That may well be the perfect spark for a re-emergent American export machine. Similarly, a rebalanced China has much to draw on from the world’s quintessential consumer – goods, services, systems, and managerial expertise. Lacking a consumer culture of its own, this could be China’s ultimate import. The challenge will be for both nations to take advantage of the re-balancing of the other, rather than get swept up in the fears of the unknown and the insidious denial of the blame-game.

While it is unrealistic to expect a perfectly synchronous and seamless rebalancing of the United States and China, the basic objectives in both cases are quite clear. While sustained economic growth remains the all-encompassing goal for both nations, the strain of growth that results from a rebalancing in China and the United States is likely to be very different than it was in the past. It will be driven more by a focus on quality rather than by a fixation on quantity. Successful execution will be the ultimate win-win. More than anything, that’s the basic point that both nations must seize as they peer into the future. And it also allows China and the United States the opportunity to lead by example – something an unbalanced and crisis-prone world sorely needs.

America’s Ultimate Export

For most of the post-World War II era, the United States has always been at or near the top of the global export sweepstakes. That changed in 2006, when China moved into first place. But the United States is still holding its own in the number two position—technically, third, if all the countries in the European Union are lumped together—hardly making it an also-ran in the global trade arena.
America does not need to beat China as a trade juggernaut. Instead, the United States needs to draw more on China as a major lever for an acceleration of the growth in its exports. But a high ranking in the volume of exports is not the point for a growth-starved U.S. economy. America does not need to beat China as a trade juggernaut. Instead, the United States needs to draw more on China as a major lever for an acceleration of the growth in its exports. With American consumers tapped out after the Era of Excess and the post-bubble carnage that subsequently ensued, exports have the potential to fill an important void in the U.S. growth calculus. There is no better way for the United States to capitalize on this potential than to turn its co-dependence with China into a growth solution for its struggling economy.

China is well poised to play just such a role. For starters, it is now America’s third largest export market. At $104 billion in 2011, it is still well behind the United States’ NAFTA partners, Canada ($281 billion) and Mexico ($197 billion), who benefit not just from the free trade zone but also from close geographic proximity and integrated production facilities of the North American supply chain. But China has widened the distance considerably from America’s fourth largest export market—Japan ($66 billion)—and is definitely on a path to close the gap with Mexico and Canada.

That’s because China is, by far, America’s fastest growing major export market. Over the 2005–09 period, U.S. exports to China expanded at a 15.6% average annual rate—more than five times the 3% average growth of U.S. exports to Canada and Mexico over the same period. By contrast, U.S. export growth gains to Japan averaged a mere 0.4% over that same time frame. Moreover, given the likely sluggish growth of European demand in the years ahead, new shortfalls can be expected to emerge in a number of other major U.S. export markets—namely, the United Kingdom (the number five ranked U.S. export market), Germany (#6), and the Netherlands (#9). Looking prospectively, the United States will want to lean all the more on China to step up and fill any voids in its export machine.

The current mix of U.S. exports to China underscores the immediate opportunities that exist. U.S.-made power generation equipment is at the top of the list, and with the exception of the agricultural category of oil seeds and oleaginous fruits (mainly soybeans), which is number two, all of the other items in the top ten are either capital equipment or natural resources. These include electrical machinery and equipment (#3), non-rail motor vehicles (#4), and aircraft (#5). Exports of optical and medical equipment are the sixth largest U.S. export to China, followed by four resource-based or commodity exports: plastics (#7), pulp and paper (#8), copper (#9), and organic chemicals (#10). Collectively, the Top Ten enumerated above accounted for fully $63 billion, or 60% of total U.S. exports to China in 2011.
Despite this large influx of goods, the vast majority of U.S. exports to China have had a negligible impact on the average Chinese consumer. With the possible exception of some $5 billion of U.S. exports of optical and medical equipment to China, which does have some obvious ties to the nation’s huge needs in the healthcare area, the bulk of America’s export business in China has been closely aligned with the investment- and export-led character of the nation’s old economic model.

Excluding $1 billion of U.S. pharmaceutical exports, the Top Ten exports of American-made consumer goods to China are, in order of importance: toys/games and sporting goods (#1), writing and art supplies (#2), records, tapes, and disks (#3), televisions, VCRs, and other video equipment (#4), toiletries and cosmetics (#5), household appliances (#6), books and printed matter (#7), jewelry (#8), furniture and household goods (#9), and artwork, antiques, and stamps (#10). Collectively, all these items add up to just $2 billion, or just 1.9%, of total U.S. exports to China in 2011. The value of the Top Ten U.S. exports going to China are a full thirty times more than the share of exports going directly to the Chinese consumer.

Significantly, the structure of U.S. exports to China is very much at odds with the breakdown of U.S. trade to America’s other trading partners. Non-auto consumer products currently account for about 12% of total U.S. exports, or roughly six times the share such items have in the export mix to China. If the structure of U.S. consumer goods exports to China were in conformity with the norms of America’s other trading partners—namely, at the 12% share—that alone would be worth another $10 billion of incremental shipments to the Chinese. In this case, it’s not that U.S. companies have been denied access to Chinese consumers. More likely, this shortfall is due to the well-known deficiencies of internal private consumption in China.

But the potential for growth in U.S. exports to China is actually much greater than that just outlined. It’s not so much that the United States is punching below its weight in mapping its global trade structure onto China. It’s that the coming transformation of the Next China is likely to expand the size of the playing field dramatically. That, alone, provides the Next America with an extraordinary opportunity to bring its export businesses into closer alignment with the Next China.

There are three aspects to this challenge for U.S. exporters—competitiveness, market access, and vision. America’s competitive prowess is now a serious problem. After decades of neglecting investments in human and physical capital, a savings-short America has lost its competitive edge. That’s what the annual
polls conducted by organizations such as the World Economic Forum indicate and that’s what America’s loss of market shares in major global export businesses also shows.

Market access, at least in theory, should not be a problem insofar as its potential opportunities in China are concerned. Historically, China has been a very open economy. The import share of its GDP has averaged 28% since 2002, not only triple the historical ratio in Japan but also well above that of most major economies in the world today. With such little intrinsic aversion to foreign products, American exporters should be salivating over the growth potential in Chinese markets.

In recent years, however, market access has become an increasingly contentious issue in the bilateral debate between Washington and Beijing. The tough economic climate since 2008 has tilted the playing field of market access for both the United States and China. That was especially the case after the U.S. stimulus program of 2009, which featured a “Buy American” provision. China, as America’s largest foreign supplier, countered with similar actions of its own. The result was a conscious effort by the Chinese to alter government procurement practices in a fashion that favored domestic production and so-called indigenous innovation. Some progress has been made in removing these barriers to Chinese market access, but more efforts are needed. America’s competitive revival will ring hollow if its newly energized companies are unfairly closed out of markets like China.

Vision, the third dimension of a nation’s export potential, is far trickier. The key in this sense is for the United States to be forward looking and to operate in an anticipatory fashion—aiming the export growth of the Next America toward the shifting economic structure and demands of the Next China. While that future is, of course, not known with any precision, the Chinese have offered some important hints that should come in handy for the strategic thinkers and operators of the Next America.

Indeed, China’s 12th Five-Year Plan (2011–2015) is quite explicit in identifying seven new strategic emerging industries (SEI) that will feature prominently in China’s industrial policies over the next ten years: energy conservation, new-generation information technology, biotechnology, high-end equipment manufacturing, alternative energy, alternative materials, and autos that run on alternative energy. The government has ambitious plans to treble the GDP share of these SEIs in a relatively short period of time, from just 3% of Chinese GDP in 2010 to 15% by 2020.

The SEI play could be a very important opportunity for U.S. companies, especially if they properly prepare themselves to compete and are assisted by negotiated improvements in access to Chinese markets. These are all cutting-edge industries where rapid growth is heavily dependent on state-of-the-art research and development, together with commercially-viable technologies and processes—all of which play to some of America’s greatest strengths. Whether those gains are realized by U.S. exporters or by partnerships with Chinese companies, or some combination of the two, there is enormous upside in this key area.

Of course, the opportunities of the Next China will go well beyond its emphasis on SEIs. As the consumer base broadens and moves up the wealth scale, Chinese demand
for increasingly sophisticated goods and services will only continue to grow. While China does not publish a wish list of what that might entail, the United States, as the world’s quintessential consumer society, only needs to look in the mirror to make some educated guesses. Think shelter, furniture and appliances, motor vehicles, electronics, and all the other trappings of modern consumer societies. They will all become increasingly important facets of the aspirational value proposition of the Chinese consumer.

Rest assured of one thing, however: consumer demands of the Next China will present opportunities for U.S. exporters that go well beyond the current product mix, which is heavily skewed toward low-end toys, sporting goods, and apparel. Nor are the Chinese overly parochial when it comes to brand preferences. Foreign brands have enormous appeal in China. That’s certainly true for many luxury products, where Chinese sales have taken on great importance. While this trend in buying habits for wealthier Chinese may not be applicable to those in the middle of the income distribution, where the bulk of the growth in Chinese consumption will be concentrated, it speaks to the open architecture of the nation’s consumer tastes. For a Chinese economy that must have the greatest reservoir of pent-up consumer demand in history, this spells nothing but opportunity for consumer product producers around the world, especially those in the United States.

China’s Ultimate Import

Notwithstanding its predilection toward state-directed planning, China cannot simply push a button and bring its long dormant consumers to life. It needs to learn from others what it takes to build a consumer culture. Who better to teach that than the United States—long the world’s dominant consumer? Just because the United States took its consumption-led growth model to excess, doesn’t mean that it can’t offer much to the inexperienced Chinese—not just in the form of goods and services but also expertise in the systems, institutions, and service distribution networks that underpin consumer markets. This expertise could well be China’s ultimate import—and an equally important opportunity for the Next America.

Modern consumer societies, of course, encompass far more than demand for material products. Services play equally important roles in shaping lifestyles. As stressed in the 12th Five-Year Plan, services are one of the keys to China’s pro-consumption rebalancing. The development imperative of Chinese services could well provide the United States with the greatest opportunity of all. Scale—in this case, China’s lack of it—underscores the upside. At just 43% of its GDP, the services share of the Chinese economy should
be, at least, in the mid-50 percent range of other comparable developing nations like India. The fact that it is not again underscores the upside as well as the opportunity for those who can help the Chinese realize this important transition.

Services are an integral part of the rebalancing strategy of the Next China. Services are not only essential as a new source of job creation and labor income generation, but they are absolutely critical to the labor absorption tactics of rural-urban migration. Urbanization on the scale that China is experiencing—and will likely continue to experience over the next twenty years—simply cannot work without rapid growth in labor-intensive services and the new employment opportunities such development implies. And to the extent that increasingly services-led growth generates more jobs per unit of output and thereby allows for a slower expansion of Chinese GDP, then resource demand, environmental degradation, and pollution all stand a much better chance of becoming more manageable in the years ahead.

But services could also be the most global piece of the development strategy for the Next China. Of course, this is very much at odds with the historical role of the services sector as largely domestic industries that were clustered around major population centers, where their customers were located. Not easily transportable, let alone tradable, services needed proximity to the local markets they served.

But two related developments have broken the mold of the long fragmented, localized services model—new IT-enabled technologies and the globalization of vast networks of multinational services providers. Beginning in the 1990s, these trends, in conjunction with deregulation in many segments of services such as finance, telecoms, and utilities, have led to a rethinking and restructuring of strategies by modern services companies around the world. A new global services industry has emerged as a result, driven by large-scale networked globalized services companies that deliver localized output to a vast array of markets around the world.

China is very much a part of that vast array of services markets that is now being targeted by globalized services enterprises around the world. In fact, given the services focus of China’s new development strategy, the target is an especially attractive one. Just as China is pushing to grow its services sector, the major services providers around the world are increasingly well positioned to meet this challenge head on. China may well be the most important opportunity for services globalization for years to come. With the world’s largest services sector, the United States is in a prime position to benefit the most from such a development.

Estimating China’s Services Bonanza

The potential bonanza in Chinese services could be truly extraordinary. It is possible to size up the opportunity through a combination of relatively simple extrapolations...
of Chinese GDP growth and targets implied by the planning process. The following scenario provides a ballpark estimate of what this might entail.

The 12th Five-Year Plan calls for a four-percentage-point increase in the services share of the Chinese GDP, from 43% in 2011 to 47% by 2015. Over the subsequent ten years of the extrapolation horizon, 2016 to 2025, it seems reasonable to anticipate further incremental expansion in the services share of the Chinese economy averaging about one percentage point of GDP per year. That would take China’s services share up to 55% by 2023 — on a par with India’s current distribution. By 2025, extrapolating on the same trend would place the services share of Chinese GDP at 57%, fully fourteen percentage points higher than only fifteen years earlier in 2010.

If these extrapolations are even close to the mark, the Chinese services sector is likely to more than quadruple in size by 2025, increasing from an estimated $3.1 trillion in U.S. dollars in 2011 to $14.2 trillion by 2025. The difference between the starting point and the endpoint amounts to $11.1 trillion — a good first-order approximation of the potential bonanza likely to be generated by the expansion of an embryonic Chinese services industry over a relatively short twelve-year timeframe.

There is an important final piece to this puzzle — the portion of China’s $11 trillion services bonanza that might actually be accessible to foreign businesses, especially those in the United States. As in any country, foreign participation in Chinese services can take place in two modes — onshore or offshore. The onshore option can take a variety of forms — ranging from wholly-owned subsidiaries to minority stakes in joint ventures. The offshore option relies on cross-border connectivity, either through physical travel and in-person delivery of services or IT-enabled dissemination of services from one remote desktop to another.

It is impossible to know with any degree of precision how much of the $11 trillion China might make available to onshore or offshore foreign services providers. China would prefer, of course, that the bulk of its services sector development be executed by its own companies, employing domestic Chinese workers. But lacking experience and scale in services, those are not realistic options for a nation faced with fairly urgent rebalancing imperatives.

A helpful benchmark comes from the creative research of Georgetown University Professor J. Bradford Jensen, who has developed some new tools to measure the “tradability” of U.S. services in global markets.7 His estimates suggest that a large portion of workers in the U.S. services sector toil in tradable occupations; in the broad business services category, for example, he calculates that roughly 70% of all workers are employed in tradable occupations. That is probably a reasonably good proxy for the tradability of services output as well.

A conservative application of Jensen’s U.S.-based metrics to China — in effect, cutting the U.S. tradability factor in half — suggests that the minimum opportunity for onshore and offshore foreign services companies could be in the $4 trillion range (35% of the $11 trillion). And it could be as high as $6 trillion, depending on the Chinese government’s appetite for further opening up, through reforms and deregulation, of its embryonic services sector.8

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Unlike its seemingly chronic deficits in merchandise trade, the United States has maintained consistent surpluses on services trade—strong validation of a continuing comparative advantage in services. If these guesstimates are in the ballpark, this is a very big deal for the rest of the world, especially for growth-starved developed economies struggling against fierce post-crisis headwinds to uncover new sources of growth. Nowhere is that opportunity greater than in the United States, the world’s preeminent services economy. The United States currently accounts for 14% of global services exports—twice the share of the next largest exporter.9 Unlike its seemingly chronic deficits in merchandise trade, the United States has maintained consistent surpluses on services trade—strong validation of a continuing comparative advantage in services. With worldwide trade in services expanding at a 14% average annual rate over the pre-crisis 2004–08 interval, almost as fast as the 15% trend surge in tradable goods over the same period, the United States as the world’s dominant force in services is extremely well positioned to benefit from the coming services bonanza in China.

China stands much to gain from this possibility as well. U.S. services companies have much to offer China’s nascent services industries in terms of process design, scale, and professional and managerial expertise. As such, there is enormous scope for America’s global services companies to expand and partner in China, especially in transactions-intensive distribution sectors—wholesale and retail trade, domestic transportation, and supply-chain logistics—as well as in the processing segments of finance, health care, and data warehousing. Recent high-level discussions in the Strategic and Economic Dialogue between the U.S. and China have made significant progress in opening up Chinese financial services to increased foreign investment. Attention now needs to be turned to non-financial services as well.

China’s sustained rapid growth and a rebalancing toward services spell nothing but opportunity for itself and the rest of the world. China’s co-dependent partner, the United States, is especially well positioned for this development. Jensen concludes by arguing that the United States, with its well-educated and well-trained services sector workforce, has much to gain from trade liberalization in services.10 The coming $11 trillion bonanza in Chinese services makes that point all the more compelling.

Asymmetries

The rebalancing of two co-dependent economies entails risks as well as opportunities. One such risk is that of an “asymmetrical rebalancing”—whereby one economy initiates the heavy lifting of structural change before the other. The implications of such a disconnect cannot be minimized.
THE NEXT AMERICA MEETS THE NEXT CHINA

Of the two, China will undoubtedly be first to adjust. In part, this is because China thinks and acts strategically. Its 12th Five-Year Plan lays out the rebalancing strategy very clearly. Focused on social stability and conditioned by pragmatism in a tough global environment, Beijing recognizes the need to shift from a model supported by external demand to one that draws much greater sustenance from internal demand. Barring a spontaneous revival in the post-crisis global economy, China has every incentive to execute the coming change with haste.

Just as the rapid-fire shocks in the United States and Europe beginning in 2008 have been wake-up calls for an externally dependent China, the coming rebalancing of the Chinese economy could ultimately be the wake-up call for the Next America. That’s not because the United States is engaged in a strategic battle for economic supremacy and wants to match China step for step in the arena of structural change. It is more a question of necessity – namely, America’s wherewithal to continue to fund its savings-short economy.

With China turning inward and deploying its surplus savings to support internal private consumption, the United States will start to lose its largest source of external capital. Under such circumstances it will be very difficult for the United States to avoid an adverse shift in the terms of its external financing—namely, a sharp increase in long-term interest rates accompanied by the possibility of a much weaker dollar. Barring the willingness of a new generous donor to step up and fill the void, the United States will have no choice other than to plug the external funding gap by boosting domestic saving. While federal deficit reduction will undoubtedly be an important part of this response, so, too, will be the likely adjustments of a savings-short American consumer.

China and the United States have pushed their economic growth models beyond the limits of sustainability. For both nations, renewed focus on structural rebalancing imperatives is vital in this post-election (U.S.), post leadership-transition (China) climate. Their coming rebalancing is the only road back to economic sanity. Under an asymmetrical rebalancing scenario that realization will most likely hit home sooner rather than later. On that critical score, the Next China has much to gain from the Next America—and vice versa. The sooner both nations put aside the confrontational political posturing of the past couple of years, the better equipped they will be to face an opportunistic future. Failure to do so could poison the well and squander the synergistic opportunities that these rebalanced economies are likely to offer each other in the years immediately ahead.

– Daniel Tam-Claiborne served as Lead Editor for this article.

NOTES


2 In fact, in 2010, China countered the U.S. ‘Buy American’ campaign by imposing countervailing and anti-dumping...
duties on U.S. exports of grain-oriented flat-rolled electrical steel products. The United States subsequently initiated a formal complaint in the WTO over this action in September 2010; in July 2012, a WTO panel ruled largely in favor of the U.S. position; the Chinese have appealed and the case remains open at the time of this writing. The details on Dispute DS5414 can be found on the Dispute Settlement database of the WTO at www.wto.org.

3 A recent McKinsey study estimates that by 2015, China will account for more than 20 percent of the entire global luxury market; see Yuval Atbsmon, Vinay Dixit, and Cathy Wu, “Tapping China’s Luxury-Goods Market,” McKinsey Quarterly, April 2011.


6 In 1988, the United States accounted for fully 48 percent of total G-7 outlays on services; see Stephen S. Roach, “Services Under Siege—The Restructuring Imperative,” ibid. OECD data suggest the U.S. share of G-7 services spending has been roughly stable in the 45 percent to 50 percent range through 2010.


8 It is admittedly a stretch to use labor shares to draw inferences on the allocation of output for any economy; any such calculation makes important assumptions on output per worker, or productivity. It turns out, however, that this is less of a leap of faith in labor-intensive services, where productivity levels and growth both tend to be considerably below those of manufacturing. World Bank metrics on services trade restrictions suggest that China is about half as open as the United States. That would suggest cutting the employment-based tradability measure of 70 percent for the U.S. to around 35 percent as a reasonable guesstimate of the tradability of China’s $11 trillion services bonanza. At the same time, as China continues to deregulate and reform its own services sector—continuing the trends that have been in place over the past decade—there is every reason to believe that its services trade restriction metrics will begin to converge on those of the United States; in other words, China’s 35 percent tradability factor could be expected to rise toward at least 50 percent over the next fifteen to twenty years.


10 See J. Bradford Jensen, Global Trade in Services: Fear, Fact, and Outsourcing, op. cit.
Cold War, Containment, and Grand Strategy

An Interview with Pulitzer Prize-Winning Historian John Lewis Gaddis

YJIA: Professor Gaddis, you are well-known for both your work on the Cold War and the policy of containment. Did containment help the United States win the Cold War?

Gaddis: I think containment helped all of us win the Cold War, not just the U.S.; it was a very positive development for everyone that the Cold War stayed cold and did not get hot. It seems to me that the policy of containment, the way George Kennan outlined it, offered a third way between appeasement and fighting a third World War. It really was the critical idea that kept that disaster from happening. Obviously, there were a lot of other people besides Kennan involved in making containment work. But the “Big Idea” was his, and was absolutely critical.

YJIA: How effective is containment as a method to contain today’s state actors such as Iran and North Korea, and non-state actors such as al Qaeda?

Gaddis: We have to judge each of these situations on their own merits. Kennan was very careful to say that containment would never have worked against Nazi Germany, because Hitler had a timeline for aggression and believed that only he could carry that out. So I think it’s good to keep that caution in mind whenever anyone is talking about containment, whether that is in reference to Iran, North Korea, or non-state actors. Things to consider are, what are their interests? Are they out to commit suicide? In which case containment is not going to have much effect on them. Do they want to remain a state and a regional power? If so, containment might work. I think the Iranians fall into that second category, but no one knows for sure. And the last thing I would do would be to venture any predictions about the North Korea regime. Or about non-state actors because containment presumed the existence of a state in the first place. When you move beyond that, you’re really playing a different ballgame.

John Gaddis is the Robert A. Lovett Professor of History at Yale University, where he teaches courses in Cold War history, grand strategy, and international security studies. He is also the director of the Brady-Johnson Program in Grand Strategy, and is the author of the Pulitzer Prize-winning biography, George F. Kennan: An American Life.
JOHN LEWIS GADDIS

YJIA: Some of your work in the past has focused on the impact of specific individuals. Historically, how important has individual personality been in shaping relations between states? Can you give examples of individuals who were “the right person at the right time?”

Gaddis: Sure. Julius Caesar was in the right place at the right time most of the time, until he wound up on the floor of the Roman Senate in 44 BC. History is full of great characters that had decisive impacts; it would have been very different without them. There are moments, though, in which the system is sufficiently locked in that no great leader is going to alter the course of events. But in crisis situations, where the old order is breaking down and some kind of new order is arising, then specific individuals really can have a huge impact. It took the breakdown of the old regime in France, and then of the French Revolution, to pave the way for Napoleon. The same would be true of Lenin, for Mao, and for that matter for Lincoln. So I do see a relationship between crisis and leadership.

YJIA: You were recently awarded the Pulitzer Prize for your biography of George Kennan, known as the architect of containment. What is it that made Kennan’s work, particularly his “Long Telegram,” so interesting to IR scholars and practitioners?

Gaddis: This goes back to the “third way” between appeasement and fighting a third world war. I was surprised to find that Kennan was more influenced by literature than by theories of international relations, especially the literature of pre-revolutionary Russia. He lectured at Yale in 1946, soon after sending the Long Telegram, and he spent most of his time talking about a Chekhov short story.

In it, a mistress who owns an estate is trying without much success to get a school built, and the blacksmith is telling her, “Don’t issue orders, just wait until the villagers themselves have decided it is a good idea, at which point they will cooperate.” And Kennan said that should be our model for dealing with the Soviet Union. We couldn’t order it to get out of Eastern Europe, or insist that it drop communism, but there could well come a point at which the Russian people themselves, possibly even the Soviet leadership, might come to see that they were gaining nothing from dominating Eastern Europe, or from an arms race, or from preserving a domestic system that was not working. That was an uncanny anticipation of Gorbachev four decades later. It came out of the study of literature, which reinforces my belief that there really is a link between that subject and grand strategy.

YJIA: Let’s talk about grand strategy for a moment. Along with people like Paul Kennedy and Charles Hill, you began a Grand Strategy (GS) program here at Yale. This intensive, two-semester course has turned into one of the most popular programs at Yale, and is being duplicated at other institutions such as Dartmouth, Duke, and the United States Military Academy at West Point. What is the value of a Grand Strategy program, and why do think it is being emulated at other colleges and universities?
Gaddis: I think it provides a kind of ballast, or gravitas. If you had to go forward in the world as a young person with increasing levels of responsibility but had to find your own way, like monkeys typing on a keyboard, it would be a hugely inefficient process. We often take for granted the value of having parents, the value of having mentors, the value of having superior officers in the military, coaches in an athletic setting . . . they save us time, they give us training. And the concept of GS is just an extension of that idea. There’s a reason people keep coming back to the classic texts we teach, some as old as 2,500 years. They aren’t going to tell you what to do in some specific crisis, but they can give you the self-assurance that comes from a sense of how people have managed—or mismanaged—similar problems in the past. That’s better than having no sense of the past at all, of just flying blind.

YJIA: Yale, like many of the Ivies, has recently seen a return of its Reserve Officer Training Corps (ROTC) program to campus after a long absence. There has also been an increase in veterans enrolling as students and military fellows. In terms of international relations study and practice, do you see any benefits or potential pitfalls in this increase of academic/military relationship either here at Yale or in other institutions of higher learning?

Gaddis: I see huge benefit, and I think it was a scandal that for so many decades the connection between Yale and the military was broken. This is, after all, supposed to be a “full service” institution, meaning that it should train its graduates for all kinds of fields. It does it for law, for medicine, and for business, so the idea that it should have nothing to do with the military was, I think, wrong from the outset. The military today is a totally different institution from what it was when it was kicked off campus during the Vietnam War. It’s done its part in rethinking its mission, and it was high time that Yale did the same. So I’m very pleased that this is happening.

Not all of our students, obviously, will go into the military. But they need to share classroom experiences with people who will—that’s good for the military folks also. Part of our thinking in setting up the Grand Strategy program was that Yale had some responsibility to think about national security, so having the military back on campus strongly reinforces that connection.

YJIA: Vladimir Putin just enacted legislation that widened the definition of “treason” inside Russia. Some pundits are marking this as an effort to stifle free speech, and are wondering if we are about to enter another Cold War. Do you think another Cold War is possible between the United States and another country, like Russia?

Gaddis: Cold wars have happened throughout history—they just haven’t been called cold wars. They have been called “international rivalries” or “difficult relationships” or what have you. But if you think about it, the frequency of these is much greater than
those that have led to all-out hot wars. So to say that Russian-American relations are not always harmonious is not to say anything significant, because that’s what I’d expect. Putin’s authoritarianism doesn’t surprise me either: that’s traditional in Russia. I see no evidence that Putin is on the way to becoming a communist. He’s going in another direction, which may be oligarchy but is much more consistent with capitalism than with Marxism/Leninism. As far as the treason thing is concerned, the climate goes back and forth on this in Russia. There are periods of accessibility and there are periods of closing down. These are just the shifts in the climate that you’d find in you dealing with any authoritarian country. I don’t think it’s a return to the Cold War.

**YJIA:** What kinds of international relations policy advice might you offer to the Obama administration as it enters a second term?

**Gaddis:** It would be to think about the international system as a whole. These days it’s multipolar, with several great powers. None are likely to go to war with any of the others anytime soon. Rivalries will exist, but so too will internal contradictions. So far from this being a “balance of power” system, in the sense that you’re trying to maintain some kind of military equilibrium, I think what you’re seeing now is a “balance of contradictions” system.

Every one of these countries is afflicted with serious internal problems. China is, Russia is, and certainly the European Union is. We are too, but would we want to trade places with any of them? I think, on the whole, that we’re better equipped to deal with the conflicts in our own society than they are.

So we ought not to hyperventilate over peripheral events in the world. We need to re-think where our vital interests really lie. We need to let the natural balance that exists between the great powers manifest itself, and then we need to place ourselves in the “Kissingerian” position of being able to tilt slightly towards one or another so that we remain closer to them all than they do to one other. Meanwhile, we need to concentrate more carefully on resolving our own internal contradictions, because they do have external consequences.

**YJIA:** Many of our readers either are, or aspire to be, international relations scholars or practitioners. From your experience in researching so many different IR topics, and the people involved in them, what do you feel are some common traits you might find in successful IR scholars or practitioners?

**Gaddis:** The ability to be a generalist is probably the most important. International relations encompasses just about everything you can think of, so to approach it from only an economic angle, or a historical one, or a military one, is too narrow. There is way too much specialization. The people who’ll be successful in
the IR field will be those who can keep an eye on a lot of balls at the same time, and understand their interconnections. That requires an ecological view of international relations, and that’s what we’re trying to encourage in the Grand Strategy program.

**YJIA:** Do you have any upcoming projects that you’d like to share with us?

**Gaddis:** I’m tempted to stop with the Kennan book. It was a lot of work, but I guess it came out okay, so why not quit while I’m ahead? It upsets people when you say that, though, so the cover story is that I’ll write something on grand strategy, focusing on the tension between the generalist, who knows many things, and the specialist, who knows how to do one big thing well—on foxes and hedgehogs, if you will. My argument will be that you need to be both, but at different points in your career. So how do you know when to be which? But that’s just an idea. There’s no deadline for this project, so at the moment with the Kennan book done I’m just relaxing, enjoying teaching and being able to read things for fun. Whether any of this amounts to anything is not a big concern of mine right now. 

— Interview conducted by Charles Faint
Transcribed and edited by Charles Faint, Ewa D’Silva, and Lindsey Walters
INTERNATIONAL RELATIONS
IN A “DANGEROUS,
MULTINATIONAL WORLD”
A Brief Conversation with
Brigadier General (ret.) Thomas Kolditz

YJIA: Professor Kolditz, our Journal seeks to bridge the gap between international relations (IR) scholars and practitioners and to help inform policy. As both a career Army officer and as a professor at two top U.S. universities, what do you think are some ways in which IR scholars and practitioners can benefit each other?

Kolditz: What scholars really bring to the table is a depth of understanding. What they can do for practitioners is to define the space in which practitioners work in terms of its depth, in terms of its granularity, in terms of the multitude of variables that are going to affect international relations going forward. What practitioners can do, I think, two things. The first is to develop relationships. Often the success or failure of these kinds of international endeavors is really built on personal relationships as much as solid policy, and so practitioners can bring the experience and skills to create these relationships. The other thing that practitioners bring is intuitive judgment.

What scholars can do is set up the variables and an interpretation of the variables in a rational way, in an evidence-based way that leads to certain conclusions. But people who work in international relations and do that kind of work all the time also develop some intuitive judgment and intuitive processes that are non-linear and non-logical but that nonetheless tremendously influence outcomes. So I think that’s really what practitioners bring is the artful aspect to international relations, which might seem a bit less purely rational and sterile than that coming from a researcher’s perspective.

YJIA: You taught at West Point for twelve years, and you have had a long relationship with Yale as well. Are there differences in the ways that members of the military approach IR problems compared to professionals in other fields?

Kolditz: I think so. I think the military approach IR problems in far too conservative a fashion, with way too much emphasis on security. I’ll give an example. We at West
Point did a significant amount of work with Chinese scholars and leadership and management practitioners. But the military limited our ability to interact with those other scholars based on security concerns that, at our level and for our purposes, seem to be quite extreme. So I think that the military approaches international relations in a very conservative way, with a “security first” mentality, and that gets in the way of being able to advance relationships and eventually influence policies.

YJIA: In your time overseas, what kinds of international relations policies did you see that you think were effective, and which ones do you believe needed improvement?

Kolditz: Some policies that I felt were particularly effective were Status of Forces Agreements (SOFAs). These agreements opened up opportunities for Americans, military or diplomatic, or even expatriate businesspeople who are abroad [and] can really enumerate ways in which interactions can occur between members of the two countries. So, I thought those were very well crafted, they served both sides very well. The principles upon which SOFAs were built could really be good guiding examples of how mutually beneficial policies can be improved. I think that many of the trade policies we have with other countries are ineffective and create animosity and prevent the right kind of business relationships from developing. So those are the two things I think can be improved.

YJIA: A book chapter you co-authored in 2009 was titled, “Leadership in Dangerous Multinational Contexts.” How can IR scholars best help practitioners prepare for operating in a “dangerous, multinational” world?

Kolditz: So the first thing that scholars can do is acknowledge that when lives are on the line, there are significant pressures that tend to influence the way people negotiate, develop policies, and develop relations, and they need to formally study that dynamic. What we found in the leadership arena was that that dynamic was not studied. When we did the research we found that leadership in dangerous contexts does have some unique characteristics that can be studied empirically and can be articulated. I think in the international relations realm, if people studied negotiations and policy discussions that were done with the backdrop of people dying, that they would see some unique character to that. And to be able to articulate that and teach people about it would be a tremendous contribution that I don’t think has been made yet.

YJIA: Two of the major fields within IR are security and development. In your experience, are these fields complementary or competitive? Do they work together well, or are they often at cross purposes?

Kolditz: Well, they should be complementary. In their best form, they really are. Development can’t really occur except under the blanket of security, and countries are less stable and not secure when development does not occur.

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Development can’t really occur except under the blanket of security, and countries are less stable and not secure when development does not occur.

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BRIGADIER GENERAL (RET.) THOMAS KOLDITZ

Two different groups of people are often charged with those processes, and when they try to prosecute their interests in the absence of the other, it can appear competitive or dysfunctional. But in its purest form and when done properly, they are complementary. So when people see conflict, they should go after that pretty aggressively to try to resolve it because it is going to make everyone’s job easier in the end.

YJIA: As someone who moves freely between the academic and practitioner worlds, what traits or abilities do you find in successful practitioners of IR?

Kolditz: Two things that I think are very important. First is flexibility to find solutions they weren’t seeking in the first place but that will satisfy the national interest. And then secondly, the most important trait is to project respect as a matter of their personal character. So it’s not just something they do; it comes naturally to them. Because once you connect with other people, they sense that authentic projection of respect, [and] I think a lot more can be accomplished.

YJIA: One of your major areas of expertise is in the field of leadership. As President Obama enters his second term, what advice might you offer him with regards to maintaining or improving our relationships with other nations, particularly nations like North Korea or Iran, where historically there has been great tension?

Kolditz: I would advise him to do two things. He needs to be more aggressive about personal relationships and he needs to become personally familiar and close with every national leader who is important to our country. The second thing I think he should do is to gain trust by exceeding the expectations of other leaders. So if the national leader expects him to provide a certain amount of aid, then I think he should exceed that expectation. If the national leader expects him to make a positive statement about U.S. relations with their country, that statement should go beyond the expectation. So I think he can more rapidly build trust in these relationships if he is unpredictable in a positive way. This has its own dangers, at times he can be accused of giving over to the other side, or otherwise selling out, but I think that it will be tremendously effective. And I think he can take many lessons from his Secretary of State, who is very good at doing both of those things.

YJIA: How can both academics and practitioners of IR help decision makers craft better IR policy?

Kolditz: I think that both need to be in the room, that’s step one. They need to not operate in isolation as they are discussing policy, as they are discussing options and strategies. I think also that both those characteristics need to be represented by key players. What I mean by that is academics should seek to engage in practical matters associated with policy, and practitioners should be willing to study in order to gain a greater academic appreciation for their field. So having both people in the room, and both qualities manifested in each person who is engaged IR policy is the best course of action. I really don’t think someone who only takes one of those perspectives can be as effective as someone with a blended background.
INTERNATIONAL RELATIONS IN A “DANGEROUS, MULTINATIONAL WORLD”

YJIA: Are you working on any projects? Maybe a follow-up to your book, In Extremis Leadership: Leading as if Your Life Depended On It?

Kolditz: Right now I’m working on a book that focuses on how to develop leaders in business schools, which is really the core of my work here at Yale. We have embarked on this process in ways that are significantly different than at other business schools. So I want to capture those practices and the evidence for their effectiveness and share that with other people.

— Interview conducted by Charles Faint
Transcribed and edited by Charles Faint, Ewa D’Silva, and Lindsey Walters
The “Age of Memory:”
International Relations
Perspectives from a
Contemporary Historian

An Interview with
Professor Henry Rousso

YJIA: You were born in Cairo, Egypt and have had a long and varied academic career, with positions and postings in Europe and the United States. Overall, how would you describe the nature of your research, and what motivated you to select this area?

Rousso: I began to work on Vichy France and World War II in the mid-70s. Why I chose that field, well, that is the question! There are many reasons. First, I have been fascinated by these events since I was a kid. Even today, World War II is of major interest in part because you have so many stories to tell, so many different types of situations to analyze, so many things remaining to discover. It’s an example of the clash between “good and evil,” even though as a historian today I know it is difficult to identify what is good and what is evil. But anyway, this was my first motivation: I was fascinated by the magnitude of this war.

The second reason, one I didn’t really realize immediately, is to what extent the “past” of this war, and especially the question of the German occupation of France and much of the rest of Europe, was so “present” even in the 1970s. When I began I just had an intuition that this war was not completely over, and I wanted to explore that. Today we are living in the “age of memory;” people think they have a moral obligation to remember what happened in the recent past and why. They even think that we can repair the past with policies of reparation or apologies. It is the job of the historians not only to explain what happened but to provide the necessary distance between the past and the present as well. I must add that the interest for contemporary history as

Professor Henry Rousso is a contemporary historian who specializes in Vichy France and World War II. He is also an expert on the role of memory in prosecuting war crimes and crimes against humanity. He serves as senior research fellow at the National Scientific Research Center (CNRS) in France, affiliated to the Institut d’histoire du temps présent. He has taught at universities in Europe and the United States and was a visiting professor within the Yale Program for the Study of Antisemitism. His recently published book, La Dernière Catastrophe. L’histoire, le Présent, le Contemporain (Paris: Gallimard, 2012) is about the history and practice of contemporary history in the Western world.

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an academic field is rather recent in Europe. When I began to work on Vichy France, this was not considered at all fashionable; very few students were choosing to work on recent history. But the necessity to explore the dark episodes of the European national pasts was more powerful than the prevention against a kind of history considered as too recent, too hot, with not enough archives to deal with.

**YJIA**: One of your many responsibilities these days is to coordinate the research group, The European Network for Contemporary History. What can a study of history contribute to the field of international relations?

**Roussos**: Well, this group is an attempt to create or form a kind of homogenization of the way historians are dealing with contemporary history. The main purpose was to engage with people on both sides of Europe, East and West, which of course now seems a bit like a banality, but when it was created many years ago it was groundbreaking. So what we’ve done is to try to establish a common ground, precisely to talk about something that is common in Europe. As just one example, if you’re talking about communism in Europe and you’re French, you’re British, you’re Italian, or you’re Polish, you’re not speaking about the same thing. Of course, we are students, we are scholars, we’re able to know what communism as a phenomenon is but coming from a French background, the idea of communism is still positive in many parts of the society. But then you talk to Polish citizens for whom Communism was one of the worst experiences of the twentieth century, so sometimes it’s hard to have common ground to establish common research. Today it’s banal to say it, but when we started ten years ago it was not so easy to do.

We have also worked on the question of what is the best scale to analyze some historical phenomenon—local, national, European, or global. Today everybody is talking about global as if doing global history was not questionable, but it is questionable. Global is an important level to understand some phenomenon. But if you want to understand others, the global perspective doesn’t tell you anything. So you have all the time to move from very narrow local level to a very global level, and that’s what we try to do.

Take, for example, the Cold War. You just can’t have only a “global perspective” if you want to understand the history of people, groups, and nations during this period. You have to move from global to local levels. For example, the Cold War in France was not seen as this global phenomenon, which is the usual way we are talking about the Cold War. For an average Frenchman living, let’s say, in Toulouse, being in the Cold War didn’t mean anything compared to the importance of the event at a political or international level, or compared to the situation of World War I and World War II, where all the society were mobilized or reached by the conflict. We know
HENRI ROUSSO

today that the Cold War was not so cold. But the majority of Westerners lived through this event without a clear conscience of the dangers. This is part of the picture we must take in account to analyze the event in a perspective of “global history,” in the sense of a multilevel approach. That’s one of the aims of this network.

We also work a lot on the question of memory. The comparison or the links between Nazism and Communism, and moreover between the memory of Nazism, the Holocaust, and World War II on the one hand, and Communism and other non-democratic systems on the other hand, remains a big academic and political issue for the future, not just in Europe. Will there be a place for commemoration of the crimes committed during the Communist period in the future? Is it even possible to commemorate them? For us, today, it is obvious to commemorate the victims of the Nazis in France, Poland, or Germany. But it took a long time to accept it, because to commemorate these crimes meant to accept the role of national and non-German collaborators such as the question of Vichy France. With Communism, it is worse because the crimes were committed by regimes acting against their own people. So, to my opinion, the question of memory is not over in Europe.

YJIA: You also served on the Commission on Racism and Holocaust Deniers. What do you think motivates prominent and outspoken individuals like Iranian President Mahmoud Ahmadinejad to deny or at least downplay the Holocaust? What advice would you give to policy makers who have to deal with individuals of this mindset?

Rousso: Holocaust denial is a very difficult phenomenon, and it is a rather new one in history. You have many examples in recent history or remote history about revisionism, of course. You have many myths and conspiracy theories, and others who try to completely revise the narrative on a specific event. The Holocaust deniers are different because they deny, on foolish bases and only for ideological and political reasons, one of the most important events in human history. Most of the deniers were not Nazis, they were coming from either the far left or the far right, and they use the denial of the Holocaust, or part of the Holocaust like the gas chambers, as an instrument for other things. The legacy of the Nazi crimes and especially the Holocaust was so unbearable, so threatening to any kind of revival of a nationalist, racist political movement that in order to revive the movement in the 50s or 60s, you have to deny the crimes that were committed on its behalf. You have to go through this step in order to move forward in rehabilitating the idea of extreme nationalism or racism. This was the case of the French National Front until very recently. Now it is a “respectable” party; it doesn’t need anymore such a lie. But this was useful to rebuild a neo-fascist movement after the collapse of Collaborationist parties in 1945.

Since the very beginning, Holocaust deniers have been instrumentalizing the topic for political issues. It’s not like a scholar who could say, “Oh my God, I just discovered that it didn’t happen!” It’s ridiculous. Most of these people, including the scholars who shared and propagate these views are neo-Nazis or anti-Semites. And they got a kind of a success since the 80s in Europe, in the USA, in Muslim countries from different traditions (Iran or Egypt) mainly because of the question of Israel. For most of the deniers, denying the Holocaust helps to delegitimize the creation of Israel using a kind
of a narrative like the following: “Israel has been created because of the Holocaust. The Holocaust did not happen; therefore, Israel is completely illegitimate.” Apart the lie on the Holocaust, there are here historical mistakes that are shared by many people, including those who are not anti-Semites. First, Israel was not created because of the Holocaust. Israel would have been created with or without the Holocaust, probably.

The real grounds of the state of Israel happened before the Holocaust. And when it was created, it was the result of a long process which began in 1917, even before. The Holocaust was of course one of the elements which fostered the creation of a new nation, but it was far from the only one. Second, the relationships between Israel and the legacy of the Holocaust are much more complex than the idea that Israel has always used the past only for current political purposes. As we saw it with the Eichmann trial, the Holocaust was not much of an issue in Israel before the early 1960s. After 1948, the new state didn’t want to refer too much to the tragedy of the European Jewry, preferring emphasizing its ability to create a “new” kind of a Jew. The Holocaust and its memories became a permanent reference in Israeli national identity in the 1970s onwards, not without much internal opposition.

As I said, Holocaust-denying is the new form of anti-Semitism, even if it’s copying the same structures as the one of the nineteenth century. In a certain sense, it is using the same rhetorical figures: the Jews are lying, they organized a “global plot” against the international peace, they are not the victims, but the perpetrators, with this structural and willing confusion between Jews, Israelis, the state of Israel, and the policies of its governments, which characterized part of the modern anti-semitism, which hides itself behind a so-called “anti-Zionism.” The context has changed, but the patterns of the prejudices are the same.

So how do you deal with them? In France, for example, the reaction of historians was to not discuss with deniers. An academic exchange is possible if you share with your contrador a minimum of common ground; this is the basis of any scientific discussion. But if you don’t have this basis, and if you are talking with people whose only object is to instrumentalize for political reasons a lie which is obviously a lie, to discuss with them is to legitimize them, and that is what they have been looking for in France since the early 1980s.

**YJIA: Much of your research has involved the study of events which, if they occurred today, might be referred to the International Criminal Court (ICC) for prosecution. The United States is not a participant in the ICC; do you think this should change?**

**Rousoo:** Well, it should! Yes, this is my opinion. It should for many reasons. The U.S. is a leading country in the world; the U.S. is involved in one way or other in most of the major conflicts in the world, so yes it should. I think it could be a tremendous progress if a major nation like the U.S., so attached as many others – as all the others – to the issue

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of sovereignty, if they would accept a little bit to promote something else. Civilization began when societies accepted to overcome only individual interests. This is still the same idea but at another level. And, I think, the more that states are open to submit their foreign decisions to international rules, including criminal laws, the more it could at least limit wars or limit the effects of a war. The existence of international criminal courts whatever are their efficiency, played at least a symbolic role by recalling that waging a war, including against terrorism, including against non-state organizations, required some respect for fundamental rights. It could even give more legitimacy to the use of violence abroad because this violence will be more or less under the eyes of an international community that can react or recall the limits.

Even the worst totalitarian states or violent organizations have taken more or less in account in the last decades the idea that they will be accountable for what they are doing on the ground, especially if they are seeking a kind of international recognition. For instance, in Srebrenica in 1995, Serbs from Bosnia committed one of the worst crimes against humanity in Europe after World War II, killing about seven thousand disarmed people. Knowing that they could be prosecuted by an international court—what will actually happen—they anticipated a possible investigation, and they scattered the corpses in many places. Of course, the threat of possible justice didn’t prevent the crime, but at least it was something present on the ground. And now we know that most of the major perpetrators for this mass murder have been arrested and sued. Then, I think the ICC could change in a long-term perspective the way to conduct a war. And it’s difficult to imagine one of the most important military powers like the U.S. staying outside this evolution.

On this point, like on others, I think that the U.S. should take the example of France or other former colonial powers. Half a century ago, France would have refused any abandonment of sovereignty—my country didn’t even sign the 1968 UN agreement on the absence of statute of limitations for war crimes (but accepted it for crimes against humanity) because of the possible consequences of French officers involved in practices of torture in the Algerian war. A few decades afterwards, France became a strong supporter of an international criminal court. Things change. They can change. They must change.

**YJIA:** What advice might you offer to President Obama or the leaders of the EU with regard to preventing war crimes or prosecuting their perpetrators?

**Rouss:** The first is to be extremely severe with the behavior of their own armies. I know it’s not possible all the time, but many people here or elsewhere were shocked at the idea that torture could be legalized. The idea that torture, which is a basic war crime, could be an element to improve the fight against terrorism, is a very old idea, and we know thanks to many
historical studies that it doesn’t really work. Like in Algeria. France accepted torture at the highest level to fight against the Algerian National Liberation Front (FLN), but it didn’t prevent the defeat, and the moral price to pay for such an abandonment of its fundamental values. Still today, despite the political defeat, despite the loss of its main colony, despite the fact that the Algerians on the other side committed many war crimes as well, including against their own people, the consequences for France of having accepted to commit war crimes are still vivid. This is because it’s simply unbearable to accept such a behavior from a democratic country.

One may distinguish between the legitimacy of a war – the Algerians were fighting for their independence – from the means used within a war. This is the very reason why, in the nineteenth century, the main powers accepted to regulate the use of weapons, the faith of prisoners of wars, the question of the wounded in a battlefield. In a certain sense, it meant that the faith of human beings could be more important than other considerations. Fighting today against terrorists, in Afghanistan or in Mali, is defending this very basis of modern human rights. If those who conduct the fight do not themselves respect their own principles, by torturing prisoners or putting them in a camp without any international protection, they are simply fighting against themselves. They even can give the impression that they don’t fight for moral or political values but for other kind of interests. How can you be credible saying you’re fighting the enemies of human rights if you consider that you’re not obliged yourself to follow these principles? This is exactly the trap set by modern Islamist terrorism which is prizing extreme violence and death not as means used in a war, but as war aims, as supreme values. We have to resist it. Human beings are more important than nations, more important than sovereignty, which were concepts created to protect the individuals and not the contrary.

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**Human beings are more important than nations, more important than sovereignty.**

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*Interview conducted by Charles Faint
Transcribed and edited by Charles Faint, Ewa D’Silva, and Lindsey Walters*
Activist, Advisor, Academic
An Interview with Emma Sky

YJIA: You are well known for your service in Iraq as a British diplomat and as an advisor to the U.S. military. Prior to traveling to Iraq in 2003, you spent ten years or so in hotspots such as Jerusalem and you also served as a governance advisor for the British Council. How did these types of experiences and perhaps other experiences from your youth prepare you for what you experienced in Iraq?

Sky: Prior to Iraq, I’d really been working in development and also in conflict management resolution. I had spent a decade living in Jerusalem, working in the West Bank and Gaza and helping build up the institutions of the Palestinian Authority but also helping people-to-people activities between Israelis and Palestinians. So for many people, going to Iraq was very alien for them. For me it wasn’t alien; I’d spent most of my adult life in the Middle East and I was very familiar with Arab culture. And also working in development, the conflict/post-conflict environments were familiar. I think for many people the only experience they’d ever had was in America; they’d never worked outside America. So Iraq was familiar territory for me, if you like, at one level. What was not familiar was being in a place with the U.S. military. That was what was alien.

YJIA: That leads itself well into one of our further questions: How did you go from basically an anti-war activist, ready to “apologize to every Iraqi for the war,” to working so closely with the U.S. military?

Sky: I volunteered when they asked for people to come and run Iraq for three months—because it was going to be three months before we handed back to the Iraqis... or so we thought in 2003. So I volunteered to go and I thought this was a perfect opportunity to apologize to all Iraqis for the war and let them know there are plenty of people in Europe, in fact the majority, who are against the war. When I packed my bag and left the UK, I had no idea what my job was going to be.

So I arrived, I wandered around Iraq, and when I ended up in Basra, they said, “We’re not expecting you.” I then got on a plane, went to Baghdad, spent a week or so there, and they said, “We’ve got enough people here; try the North. We haven’t got enough

Emma Sky is a senior fellow with the Jackson Institute for Global Affairs at Yale University, where she lectures on the new Iraq and on the international politics of the Middle East. She previously worked at senior levels in Iraq, Afghanistan, and Jerusalem on behalf of the UK and U.S. governments.
people in the North.” After I wandered around the North for a bit and they said, “Oh, yeah, go to Kirkuk. We haven’t got anybody in Kirkuk.” I arrived in Kirkuk and then was told I am the senior representative of Ambassador Bremer, in Kirkuk. And so there was me, not exactly a whole large team of people. And then there was the U.S. military with three thousand paratroopers and they were doing everything. They were all over the place, they were involved in running the local government, education, health – doing everything. It was impossible to avoid them.

**YJIA:** And so you just started working with them?

**Sky:** It was the 173rd Airborne Brigade. They thought they were leaving so when I arrived they thought, this is great; this is the beginning of the civilians who are going to takeover from the military. And I thought, “Okay, I can cope for a short period of time, find out what they’ve learned because they’re getting out.” And I was very fortunate. I got along very well with the brigade commander, and that built up a really good understanding. So I could say, “Look, some of the stuff that you guys are doing really isn’t helping. I know you mean well, but success is not you guys doing everything. Success is the Iraqis doing stuff.”

And we worked really well together to try and get the military working in a different way. They were very keen and they wanted to help but had to work in such a way that they didn’t disempower the Iraqis. We focused on turning people into advisors, rather than implementers of everything all the time. There were really talented people in the brigade. I saw all this energy, all this will to do stuff. We just had to focus the energy in the right direction, in the right manner. And I think we did it very, very well there. I think what we were doing in 2003 in Kirkuk was what came to be later called, “counterinsurgency.” For us, it was instinctive. I mean, my background is development, and in development, human beings are at the center of everything. So that was the way I approached things anyway, and I was fortunate to have a counterpart who was willing to listen and was willing to think, “Okay, how can we adapt the military so we’re doing the right things?” So it was a very positive first experience.

**YJIA:** I’ve seen you described as the “Governor of Kirkuk” for a period of time. Is that an accurate way to describe your role there?

**Sky:** Each province in Iraq, under the Coalition Provisional Authority, had a governorate coordinator. We were Ambassador Bremer’s representatives in the province. So we weren’t crowned as governors but the title was governorate coordinator.

**YJIA:** What are some of the challenges you faced in Kirkuk over the time you were there?

**Sky:** Kirkuk was a very contested province. It had always been ever since Iraq’s inception as a nation state. It was at a crossroads between the Ottoman Empire and Persian

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Everything came together in Kirkuk. And it also had large amounts of oil. As for the Kurds, they’d always dreamed of making Kirkuk part of Kurdistan. That was key not only because the city had a large Kurdish population but also because of the oil. And so the Ba’ath regime, for the very same reason, had tried to keep control of Kirkuk by expelling/deporting Kurdish residents and importing Arab residents from the South. After 2003, the struggle for Kirkuk went up a notch. Those who were deported came back and some of those who had moved there over the last thirty, forty years were forced to leave or left voluntarily. So you had big population movements and there was a big drive by the Kurds to incorporate Kirkuk into Kurdistan by using the U.S. military to help them because U.S. military framed the Kurds as the good guys. So things got a bit imbalanced in those early months.

**YJIA:** One of the major decisions post-invasion was to disband the Iraqi army and to initiate a program of de-Ba’athification among former members of the party. Looking back now through the lens of the one year anniversary of the U.S. troop withdrawal from Iraq, what impacts did those decisions have and what lessons might they entail for future conflicts?

**Sky:** I think there are a number of lessons to be drawn from this. The most important one, or the two most important ones, are the maintenance of some form of state—what contributed to Iraq descending into civil war was collapse of the state. By dissolving the military, by de-Ba’athification, by removing the middle class and technocrats, the state collapsed. And in any society, if you collapse a state, people will form gangs to protect themselves and you will see violence. The second key point is you need an inclusive peace agreement. We tend to choose sides—“these are the good guys; these are the bad guys”—we’ve done this in Iraq and in Afghanistan. When, really, what you’re facing is a civil war. Unless there’s a peace agreement, those who are excluded will do everything they can to bring down the new order because they’re excluded from it. And, again, both in Iraq and Afghanistan, we can see that it wasn’t enough just to have elections and deliver public services. That didn’t create a legitimate government. Unless the elites come together in some form of pact, some groups will work against the new order—and they will work against it violently.

**YJIA:** You recently returned from a trip to Turkey. What would you like to share about your experiences on those trips and what kind of policy lessons you think can be derived from those experiences?

**Sky:** I went to Turkey during mid-semester break [in early October 2012], and I went down to the Syrian border to get a better sense of what was happening in Syria. I went to Syria as a tourist last year and in the year that had gone by about thirty thousand people had been killed. Whenever you see these things happening, your first instinct is, “what can we
do to stop it?” And there’s always that feeling “we want to stop it, we want to stop it.” But the realist in me, after these experiences in Iraq and Afghanistan, makes me want to understand the problem better. Why is there violence? What is driving it? How to bring down the violence and how to create something more stable?

Syria has turned into a proxy war. What was very clear was that ordinary Syrian civilians are victims of both sides — of the regime, of the opposition groups — no one is looking at their welfare, no one is looking to protect them. And the longer this conflict goes on and the more that Saudi Arabia and Qatar and whoever else provides support to a particular faction within the rebels, and the more that Iran and Russia continue to support the regime, this could be a very, very long, bloody civil war. If this goes on like this, the Salafi/Wahabi elements will rise to the fore from within the opposition because they’re better fighters, they’re more experienced, and they’ll gain legitimacy through their roles in the struggle.

The longer it goes on, the less of a future the Alawites will have in a post-Assad Syria. So trying to stop the proxy war, trying to get an international agreement on what a future settlement might look like, trying to get the Syrian opposition to get their act together is critical. I think through the Arab Spring there was a sense of, the guys who protest are the good guys, the regime are the bad guys, and that’s too simplistic. There’s a real governance problem throughout the Middle East. The regimes aren’t good regimes but you don’t have mature political parties, you don’t have a strong civil society in many of these countries so sometimes what comes afterwards is a very long, difficult struggle. So I got to see some of that when I went into Turkey.

**YJIA:** You’ve mentioned Syria as well as the fallout or the continuation of the Arab Spring. What do you expect the regional fallout to be from the Syrian conflict and do you see it as a microcosm for the broader Shi’a/Sunni conflict moving forward? You mentioned it as a proxy war. As it is this long, drawn out war, what does it mean for stability in that region and what are the next concrete steps that might be taken and by whom?

**Sky:** This region has been home to many different minorities for generation upon generation, and, for most of the time, relations between Sunni and Shi’a have been fine — much better than Catholics and Protestants in Europe. Just because you are Sunni, or just because you are Shi’a, doesn’t mean to say that defines your politics or outlook. Everyone has multiple identities. There have been dramatic changes in the region particularly since the 2003 war. Saddam’s regime was the bulwark against Iranian expansionism. Since the fall of that regime, Iran has been resurgent because there’s nothing to push back on it. The sectarian civil war inside Iraq poisoned the environment, poisoned the neighborhood. And you can see with the departure of U.S. troops from Iraq and the way in which they departed, it created a power vacuum in which Iran is becoming more prominent. This creates fear among Saudi Arabia,
EMMA SKY

the Gulf countries, and Turkey about the rise of Iran. Hence, the backing of different sides in all of this.

There’s nothing inevitable about this. It wasn’t inevitable that Iraq was going to turn out the way it has turned out—none of this was preordained. But it’s unfortunate. The 2003 war was supposed to bring dramatic changes, introducing democracy across the region. It’s brought about dramatic changes but not necessarily towards democracy promotion. The fallout from this will continue for years. This is not going to go away very soon. The U.S. reputation, U.S. ability to do things has been also hindered not only by the Iraq war but also by the position the U.S. takes on Israel. So the major players are in the region and will determine the outcome of the region. I hate to say it, but it’s not all about us.

YJIA: To go off of that a little bit, how does Israel play into the calculus of Syria or of the continuing situation in Iraq and the ongoing regional instability?

Sky: There are a couple of things about Israel. One is that America’s relationship with Israel undermines America as an honest broker in the Middle East because it is not seen to be an honest broker in the Israel/Palestine situation. So that undermines the U.S. as a player. With the Arab Spring but more so with the resurgence of Iran and Iran’s nuclear program, Israel can now portray itself as the victim again. Everyone is concerned with Israel’s security, concerned with nuclear Iran. So it means there’s going to be very little pressure on Israel to make any concessions or progress with the Palestinian issue.

YJIA: What is your assessment of the Arab Spring, related to its gestation and now in the subsequent leadership changes in North Africa, specifically Egypt and Libya?

Sky: Across the region there is a demonstration effect. People speak the same language, you’ve got TVs that spread the same news. So there is a demonstration effect, but each country is different, and I think they’ll each follow their own path. In Egypt, some feel that the revolution has been taken away from them. That the young people who went out to protest who bravely defied the regime police by standing in Tahrir Square acted in vain. There are some who feel that the democratic process hasn’t really enabled them to move forward, that it’s been taken over by the Islamist organizations because they were organized, while secular ones aren’t organized and are not well funded. And a sort of deal between the Muslim Brothers and the Egyptian army could make some sort of status quo. The army was prepared to sacrifice Mubarak almost in a coup in order to protect themselves. So what sort of regime will Egypt become? Will it be quite similar to what went before? Will the U.S. continue to build up the Egyptian army? Will the economy stay as it is? A huge challenge for any regime in Egypt is to provide jobs . . .

In Libya, there’s a sense that those who brought about the change are leading the change but there’s a lot of lawlessness. There wasn’t much of a state in Libya. Libya also has oil and in any country that is reliant on oil – solely reliant on oil – there’s a struggle to capture the state. And countries with high dependence on oil have great difficulty in transitioning towards democracy. I think Tunisia’s got the best hope: a small population, educated middle class, no oil, close to Europe, heavily influenced by Europe, a sense that Tunisia is almost European.

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YJIA: Related to the role that oil is playing in Northern Africa and the Middle East, there have been some vast improvements in Iraqi oil infrastructure over the past couple of years and there’s a strong possibility that Iraq will soon be the world leader in oil output. What do you see the potential role Iraq could play in the world economy in the next ten years? Do you see it having the associated governance infrastructure to take advantage of that potential?

Sky: Well, the key problem is the governance structure. Iraq has increased its oil exports; it’s now the second largest Organization of Petroleum Exporting Countries (OPEC) exporter. But what oil does to the internal dynamics in a country is key. A big battle in Iraq right now is over federalism—federalism and oil go together. Often there’s talk of Basra separating from the rest of Iraq. Iraqi Kurdistan has a dream of being independent, if it could find a way to export its oil. So some would argue its oil that keeps people together because that’s the lifeline of the country, and that they’ve got to come together to negotiate over it. It’s been ten years so far and they’ve still not agreed on an oil law.

Others will say oil is what drives internal conflict. It provides incentives for political class to develop not towards democracy but more towards autocracy. There’s so much to steal. Ninety-five percent of the government’s income is from oil. So the elites have these nice cars, the lifestyle they enjoy, the travel, because they don’t really see this as people’s money; they see it as rents from abroad. It affects the political class. It fuels corruption and smuggling. It also makes Iraq prey to external interference.

Why is Iraq so much coveted? It’s not only because of its geographical location in between the Persian Empire and the Ottoman Empire, it also has to do with its oil that allows it to be such a dominant player and to build up a huge military. Today one million Iraqis are in the security forces out of a population of twenty-five million, so many people see the new Iraq returning to the type of the old Iraq where the regime lives off of its oil rents, builds up its big military, extends patronage and crushes opposition. Oil: a blessing or a curse?

YJIA: You’ve mentioned a few times the Kurds, Kurdistan, and especially Kirkuk as such an interesting city. Do you actually foresee the Kurd and Arab relationship in Iraq coming to any kind of a head, maybe in the form of a hot war, and what kind of timeline does that look like? Is oil the main issue that would ignite this? Or is there something different now than has been happening since the Kurds started looking toward autonomy?

Sky: Previously there were many Kurds who related to Iraq and identified as Iraqi. That changed really in the 1980s with the Anfal campaign and the mass gassing of the Kurds by Saddam. And so now by far the most dominant voice is of the Kurdish nationalist movement—of the Patriotic Union of Kurdistan (PUK) and the Kurdish Democratic Party (KDP) who rule Kurdistan. Now relations between President Barzani and Prime Minister Maliki are very, very poor. And this poor relationship, the mistrust between them, has hindered any compromises being made on the powers of central government versus regional and provincial government. Sometimes when things are very bad, you see fights between Peshmerga and Iraqi Security Forces in the disputed
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territories. So both leaders will use their different security forces to try and resolve what are inherently political problems between them.

YJIA: And do you see that happening in the near future? As relationships heat up between Maliki and Barzani – do you anticipate any kind of actual organized violence happening in the region?

Sky: It depends on dynamics taking place in other countries. That will have a big effect on Iraq – on the Sunnis in Iraq and on the Kurds in Iraq. Some Kurdish leaders see that their future, the future independence of Kurdistan can only come about through the disintegration of Iraq. But where would the borders be between the Arab Iraq and Kurdish Iraq? There’s that whole area of disputed territories in which live Christians, Yazidi, Shabak, Kurds, Turkmen, Arab Sunnis, Arab Shi’a, a broad range of people, and there’s oil and gas there. So nothing separates easily and there could be struggles over internal borders particularly if those internal borders become international borders.

YJIA: Have you done any work or seen any progress with the role of women in the area? During the early days of Saddam and the Ba’ath regime, there was a strong push for gender equality, mostly for economic reasons, and since 2003, this has very much fallen as a priority. I imagine this is also the case among many countries that have recently come through the Arab Spring where women were very active in demonstrations and protests and now have had a much less integrated role in the new regimes that are taking hold. Do you have any thoughts on how that’s moving?

Sky: In Iraq, as you were just saying, when you look back to the 1970s and ‘80s, the position of women was really one of the highest in the Arab world: highest literacy rates for women, highest employment rates for women. It was a secular country. Women did quite well within the Ba’ath Party. We saw women nuclear scientists, such as Dr. Germ. Women were taking prominent positions. But that was two or three decades ago now. During the wars so many men were lost that women became heads of household – that was very common. Sanctions really, really hit the society hard. Since 2003, the levels of violence have obviously hindered the role of women in society, and the society has become more and more conservative, more and more religious. So those trends are not trends which advance the position of women. Also in the economy, oil doesn’t create jobs, meaning you’re not bringing women into the workforce. There have been attempts to put quotas for women, for instance, in the Parliament. But some people think that’s good, others say it’s not right, that lots of those women aren’t at the right level to be in Parliament, and that’s given women a bad name. So it’s difficult to judge. It’s really not an easy time. In the rest of the Arab world I think it’s still too early to see if the position of women is going to go backwards or forwards.

YJIA: Final question: I know you’ve said it’s “not all about us as the United States or the Western world,” but as President Obama has recently been reelected, what role do you see his Administration playing in the next four years?

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**Sky:** In the Middle East, we need to try to move beyond an obsession with the ‘security state.’ Our whole relationship with the Middle East for a long time has really been defined by buying oil and selling weapons, and even though America talks the language of democracy, there’s a rather large gap between rhetoric and action. Look at Obama’s Cairo speech he made in 2009—it was fantastic. People have waited decades to hear an American say such things. It’d be nice if there was action behind the words.  

— Interview conducted by Lindsey Walters and Charles Faint  
Transcribed and edited by Lindsey Walters, Charles Faint, and Ewa D'Silva
The Economics of “Mass Massage Mobilization”
A “Better-Than-Average” Interview with Economics Journalist Paul Solman

YJIA: Professor Solman, our Journal seeks to bridge the gap between International Relations theory and practice, and most of our questions are geared towards that goal. With that in mind, in your years of experience as a journalist, have you found any areas of policy more in need of academic input or vice versa, specifically within the field of economics?

Solman: Those are two very different questions! My whole career has been what I jokingly call an “intellectual arbitrage,” which is to take a bunch of serious ideas that are developed in the academy and translate them for as broad a public as I can find to effectively communicate with. If I could translate key ideas from the academy to . . . kindergartners, I would, because I believe the earlier you develop an understanding, within certain limits, the better off your understanding of the world will be. So, for example, a key concept within business schools is the principal/agent conflict, and that is something I think you can explain, certainly to grade schoolers and maybe even kindergarteners. But, I’m an old guy, and although I’m great with kids and very effective, I haven’t put my energies into translating quite that far. And in fact, I’m well up the food chain in terms of the audience I have, seeing as it’s public television. Students don’t count because they’re already getting the benefits of the academy, but the effort is the same.

There are a bunch of very thoughtful people whose job it is to make sense of the world of economics. What are they thinking? What ideas have they developed that will be at least useful to you in thinking of the world and maybe vital, essential to your understanding? A key concept within business schools is the principal/agent conflict: the conflicting interests of those who own something (the principals) and those who supposedly work on their behalf (their agents).

So my entire career has been developed to mining the academy for those ideas which I think will be most useful and important for the American public to understand. If I

Paul Solman is a renowned economics journalist and professor whose accomplishments include multiple Emmy awards, two Peabodys, and a Loeb award for journalism. He is a correspondent on PBS’s Newshour, and has taught and lectured at a number of top universities, including the Harvard Business School, on whose faculty he served in the 1980s. He is currently the Brady-Johnson Distinguished Fellow in Political Economy at Yale University.
was in a different country, it might be a different story, because other countries are not necessarily committed to the idea that the people should be informed enough to make decisions about policy, including economics, but here, that’s the whole point. And in more and more of the world in general that is the point. In a democratic society, what a journalist does is to try to inform the public so it can make informed decisions, and I do it within the realm of economics.

Now, should policy (broadly defined as policy that everyone is involved in at some level) more nearly inform the world of the academy . . . absolutely with regard to economics. And that’s why I’m at Yale, where I’m not so much translating the world of policy to academics, but bringing an on-the-ground hard-earned, long-term view of how economics plays out in the world, understanding as I do the ideas the academy has brought to it, and then bringing that back to the academy and saying, “Look, here is where the real world jibes with your understanding, and here is where it doesn’t.”

**YJIA:** Your “better-than-average”-selling book, *Life and Death on the Corporate Battlefield*, was published in 1983. If you were to write a follow-on book on global economics, what might you call it, and what might be some of the key points it contained?

**Solman:** In the interests of efficiency, which is one of the key drivers of economics, I would call it *Life and Death on the GLOBAL Battlefield*. Actually, I’d have to ask my co-author Tom Friedmann (not the NYT’s Tom Friedman, another Tom); we would have to agree in any case. The key thesis of that book, although we didn’t know it until we’d written a first draft, was that the entity known as the corporation takes on a life of its own, and then operates in a way all life does: to keep itself going, to protect itself, to sustain itself. It is not at all obvious that is the way the material world ought to operate. There is something known as the Mesabi Iron Range: hills of iron ore. The corporate form, or the business form, used to mine that ore was a master limited partnership. You gathered investors, took their money, gave them an ownership stake, and mined the iron ore. With the profits you paid dividends back to the partners (who were taxed at the personal level) and when the iron ore was gone, the dividends ceased; no more Mesabi Trust, see you later. In the 1980s, when I first became aware of the Mesabi Trust, there was a thought that was an alternative and perhaps better model for how any company, especially one dealing in natural resources like an oil company, ought to be run.

I first heard about this during a breakfast with T. Boone Pickens, and a Harvard business school professor, Michael Jensen, in 1986 or 1987 at the dean’s house of Harvard Business School. They were making the case that this is the reason T. Boone Pickens
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ought to take over oil companies. He would pay a premium over the current stock price, but he’d buy the whole company with borrowed money (this was the method of the corporate raiders in the 1980s and he was a prime example). The argument was that he would be able to give to the owners of the company, the shareholders, the money due them by simply extracting the oil, selling the oil, and getting rid of “cap ex” (capital expenditures) and any peripheral business that they may have gotten themselves into to try to hedge themselves against a downturn in the oil market.

“Why do we need them to diversify the business?” asked Pickens and other investors, “We can diversify ourselves. The only reason they are diversifying is to try to keep themselves alive.”

This is what we were saying in the book: corporations were trying to protect “themselves.” The bigger the corporation, the higher the pay of the CEO, so why shouldn’t CEOs try to aggrandize themselves in terms of power and wealth as well? But fundamentally, the organization is trying to stay afloat: life, not death, on the corporate battlefield.

The new dimension to that book that I would add now is the increased extent to which corporations are international, and therefore threaten to supersede sovereignty. I don’t know if that’s a critical problem that is going to destroy the world or anything but to answer what I would write now compared to what I wrote thirty years ago, implicit in your question is the fact that it is a global world, far more so than it was back then, and therefore I would be focusing on the corporation in an international environment, not so much a local or national one.

YJIA: You’ve done several interviews with leading economists over the years, including Nobel laureate Paul Krugman. You have also done interviews with people who are unemployed or are otherwise feeling the bite of the current economic situation. What seem to be the most frequent ideas for improving the U.S. economy, and which do you think might be the most effective, either in the U.S. or in the global economy?

Solman: I have interviewed an awful lot of Nobel laureates, and I have interviewed an awful lot of people who are out of work. The people who are out of work have said, “we’re willing to work, we want to work, we’re desperate for work, we’re equipped to work,” and I can guarantee you that even though mine might be a biased sample, all of those statements are true. Particularly the “equipped to work,” because there is this notion that people who are unemployed are . . . if not ill-equipped than less-equipped. But in the last ten or fifteen years that I have been a reporter, and I’ve been on this beat for thirty-five years, it has become increasingly difficult to tell a worker from an unemployed person, given their skill set, sociability, and things you might think would identify someone who is out of work. Sometimes it’s a big surprise, sometimes it’s quite shocking. And that is more true now than it used to be. In the past there were perturbations. In the 1970s there was high-tech unemployment but back then you had the feeling that this was short-run, that these people would soon be re-hired, even if the people themselves weren’t so sure. That hasn’t been true for years now.

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What’s the solution? People say: “just create jobs.” So now you go to the economist, and you say, “how do you create jobs?” There are two basic positions and I don’t subscribe to either of them. One is you create jobs by getting the government modestly involved in doing what government has done historically — by which I mean the last eighty years. Since the New Deal, let’s say.

You invest in public goods — things that the market won’t take care of but that are obviously needed — a continuation of things as they have been: roads, bridges, shovel-ready infrastructure projects. And — you mentioned Nobel laureate Paul Krugman — you put money into places where temporarily, because of an economic downturn, local governments can’t spend money on public goods: teachers, or firemen, or policemen. That would be municipalities, localities which have constraints on their borrowing.

So let’s use the federal government’s money, give it to the localities, they will rehire these people, and we will eventually emerge — the economy will eventually recover.

That approach is predicated on the idea that this downturn is cyclical in nature. The economy goes through cycles, we hit a particularly deep downdraft because the higher you fly, the harder and further you fall, and therefore it will take us longer to get back up. Historical evidence shows that. The now famous book by Ken Rogoff and Carmen Reinhart, This Time Is Different — both of whom I interviewed before that book came out — showed that a really big financial crisis of the sort we were having takes a really long time to rebound from, but eventually of course we will rebound.

So the Paul Krugman argument, if you want to call it that, is: let’s buy time, let’s get people back to work, and let’s get the cycle up and running faster than it otherwise would have. He was echoing the great insight of John Maynard Keynes, the twentieth century English economist who said an economy can get depressed and stay depressed because if people simply don’t have jobs then they don’t spend money, which means other people don’t have jobs, and you can get stuck, he said at one point, as if you’re in a down elevator and you just can’t go up. The idea is: how do you reverse the trend? The government starts spending money — the government can always print the money, right? Money’s back and circulating so people will become more optimistic, start to hire, and then, once people are working — why, that is economic growth! After all, all wealth is, really, is people doing stuff for each other — mining minerals, making jewelry, whatever.

The other main answer is the Friedrich Hayek argument. And this played itself out in the last election as Obama, more nearly Keynesian, and Romney, more nearly Hayekian.

The Hayekian argument is: you start messing around — you meaning government — and you’re going to make things worse. There are natural cycles of overenthusiasm and under-confidence. They have to work themselves through. And the only way you’re going to ever really create jobs is by the entrepreneurial class which undertakes to do

A really big financial crisis of the sort we were having takes a really long time to rebound from, but eventually of course we will rebound.

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things. That’s what an “entrepreneur” is, literally, not an undertaker in the sense of
dealing with dead bodies, but of taking on a task. Prendre, “to take” from the French.

But the Krugmanian/Keynesians say, wait, that’s crazy because there’s all this idle labor.
And all we have to do is employ it and we’ll get the game going more quickly once
again and we’ll have wealth. These are idle resources that we’re letting lie fallow. And
the Hayekian/Romneysians say “no no, when you start giving them work then they
think of it as an entitlement.” The great insight of Hayek was that a market, using the
price system, carefully matches needs to resources because the prices reflect exactly
what people will want, and that’s dispersed knowledge, whereas a government making
decisions about whom to hire and for what is centralized
and therefore fundamentally flawed; it can’t know what the
resources are worth or what the people could actually most
efficiently do with them. That’s what the market system is
for. And there will be corruption as well because it will be a
cadre, a core of people, who will be making the decisions in
a government-run system. So don’t muck around! Don’t do
it – that will screw things up.

My position, insofar as I have one, is offered as a thought
experiment because as a devoutly evenhanded journalist for
the devoutly evenhanded PBS NewsHour, I don’t actually
advocate policies. But my thought experiment for the moment
is: neither of those. Or, you might say a hyper-Keynesian,
hyper-Krugmanian idea. It’s predicated on the notion that we
are moving into a world – may already be in a world – in which
the jobs of the past are gone. They’re behind us. And in the same way that we automated
agriculture so that in Benjamin Franklin’s day he said ninety-nine percent I think of
Americans were down on the farm and now it’s one percent. But manufacturing too
has been automated away. Twenty-five percent of the U.S. workforce (something like
that) was in manufacturing in the ’50s. Now it’s down to ten percent, maybe. And it
depends on how you define manufacturing as to how big even that number, today’s
current ten percent, is.

Seventy percent of Americans do not get a four-year college degree. And it’s hard
for me to imagine a world economy going forward in which the seventy percent of
Americans have a whole lot to sell to anybody else at a wage that Americans are used
to earning. You might say it doesn’t matter what they’re used to earning, they just have
to live with it, but believe me, from my reporting, I can tell you for sure: once you
become accustomed to a certain standard of living—and I don’t mean high off the hog
or anything—and that living is seriously threatened, you are one unhappy, resentful
person. So to me the question is, moving forward, is there anything we can do to make
that 70 percent productive: help give them some skill to sell?

My thought experiment is not the CCC—that is, the Civilian Conservation Corps, a
major Roosevelt New Deal project which would be very hard to do today because they
were paid peanuts. Mine is the MMM. And the MMM is the Mass Massage Mobilization.
The Mass Massage Mobilization is a one hour massage per week (you can do
the numbers on the back of an envelope or any scrap of paper you like) that would employ, depending on how hard you want to push the massage therapists, between seven and ten million Americans. There are right now 12-point-something million officially unemployed. On my website, Making Sense, every month we track a more inclusive number that includes everybody who says they want a job but doesn’t have one, regardless of whether they have looked for work recently or not (which is the main criterion of the Bureau of Labor Statistics). Our “U-7” number also includes everybody who’s working part-time but tells the Bureau of Labor Statistics they’re looking for or want a full-time job. If you add all those people together, you get about twenty-seven million. There are about eight million who are part-time looking for full-time, there are another six million to six-and-a-half million who are not looking for work at all but say they want a job, and then there are the twelve million we were talking about who are officially counted. So it either completely solves the unemployment problem, my Mass Massage Mobilization, or it makes a major dent.

Now, what’s the net effect of a program like that? Everybody’s better off. Everybody who gets a massage a week—at least as well off as they were before. And for lots of people, arguably way better off, right? Meanwhile we’ve employed seven to ten million people—they’re all better off. Moreover, you don’t need a four-year college degree.

So, what’s the problem? This is a massive government program where there will be cheating, there will be corruption, there will be, you know, “happy endings” . . . what some people would consider to be the sleazy side of the massage industry; where you’ll have to subsidize poor people or people who don’t have the means of buying the massages, as well as train all the people to become massage therapists. And then you’ll have to worry about all the kind of central planning or quasi-central planning issues that are implicit in a government economic program.

But I offer the thought experiment because I don’t see—honestly don’t see—a better alternative or a clearer alternative. You could argue that infrastructure would be preferable, and you might be right. But it strikes me that this is at least a way of posing the question starkly about the world we may be moving into and trying to answer the question: “How do you create jobs in that world?” I think that if you go the Hayekian route, which includes lowering tax rates to give more of an incentive to the entrepreneurial class to invest in businesses, that there’s absolutely no assurance and, in fact, considerable skepticism on my part as to whether or not that would create any new jobs at all. Remember, you’ve only got thirty percent of the population with four-year college degrees. What are you going to hire the other people to do, as machines increasingly replace routine tasks and of course, increasingly, competition from people who are willing to work for less in other parts of the world?

YJIA: In the wake of Obama’s reelection is there a global economic issue that you believe is more deserving by the Obama administration in his second term?

Solman: I think it would be the Mass Massage Mobilization [jokingly]. That’s a domestic issue. It’s a how-do-we-employ-Americans issue. I admit it really is fanciful, not feasible. But like hanging, I’m hoping it focuses the mind wonderfully. What would I have the Obama Administration think about? If I have anything interesting

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to say in answer to that question, I think it would be to bring into their inner circle people like Simon Johnson of MIT, who are substantially more skeptical of Wall Street, meaning the regime of modern finance, than they seem to have in there now. I’m not an anti-finance guy, but I think that finance has been commandeered, shanghaied, taken-over by people who are narrowly, as opposed to broadly, focused. And that the same critique that Adam Smith leveled against the merchant class of his day is preeminently pertinent or relevant to the financial class of our era in America and elsewhere.

I think the financial upper crust has unfairly rigged the game in their favor, for obvious reasons. Why wouldn’t they? They have the money, campaign contributions are crucial to electoral success, and voilà, there you have it. But it’s a bad thing, I think. It skews, if nothing else, the talent that comes out of places like this [Yale] who go work for investment banks. So I’d like to see a reappraisal of the role of finance in the world and in this country.

**YJIA:** You’ve written some pieces about both income inequality and wealth inequality in the United States. This growing disparity between rich and poor is fact. What does this mean for America’s place in the world and its relations with other countries, and do you think it’s more of an internal/in-country issue, or does it have effects on a global scale?

**Solman:** Well it’s precisely where my Mass Massage Mobilization comes from. I think it’s happening in many industrialized countries. It is happening less in countries where government is a much bigger share of the national economy than it is here. For example, Denmark has the highest level of government as a share of the economy of any industrialized country that I’m aware of—I think it’s close to sixty percent. We’re down near thirty percent and we only tax ourselves at about eighteen percent, borrowing the rest. Denmark does not do that. So Danes pay something like three times or more the taxes we do, per capita. And boy, you talk to people from Denmark—they ain’t complaining. And they’re certainly not complaining about inequalities of income or wealth. And in fact they’re not complaining about anything, relatively speaking. When world happiness or contentment surveys are done, Denmark consistently tops out as the number one country in the world.

So my Mass Massage Mobilization or something like it, or infrastructure plus massage or whatever, doesn’t necessarily mean that Americans wouldn’t be happier; that if you taxed people heavily in order to subsidize this kind of grand project, that they wouldn’t be happier than they are now, even if they tried to spend a lot of money to prevent you from doing it (with campaign advertising and so forth because they didn’t think it was in their short-term interest). So I think it’s a huge problem, because it’s very hard to imagine—not impossible, but very hard to imagine—how you have a contented polity in a democratically run society in which some small number, or relatively small number, or even half of the people, have a real role in the economy of that society and half don’t. Or thirty percent do, and seventy percent don’t. So I’m suggesting that
the fifty percent or the thirty percent—the minority, the well-off—share way more to get the other guys and gals into the game. Because I don’t think it’s just wealth that’s important; it’s also having a productive role in the society. That’s the reason for my little thought experiment with the Mass Massage Mobilization.

**YJIA:** Last question: how accurate are betting markets when it comes to predicting major international political or economic decisions? To what do you attribute their rate of success?

**Solman:** They’re better than anything else. It’s a probabilistic universe, and nobody can really know the odds. So, when you’re trying to figure out what will happen in the future, you could cast dice, look at animal entrails, you could try to read tea leaves, you could get the village shaman in, or you could take a bunch of people and you’d say to them, “listen, your wealth matters to you, right? Yes? How about you take a little it of it and you make a prediction where you’ll get it back plus some if you’re right, and you’ll lose it if you’re wrong?” Well, that provides ample motivation for most people, I think. The motivation will then impel them to learn about the subject and bring their most rational, as opposed to irrational, processes to bear on their analysis. And you pool all those people together . . . I can’t figure out a better way of trying to guess the un-guessable. That’s all a prediction market is. It’s better than a poll because it’s seen the polls! And it knows what’s happened since the poll was taken.

So polls look like they really work if you take enough of them and you average the results of all the polls, but I still think that the polls are systematically missing a little bit, and I think we saw that in the election actually. There were people like me who would never answer a poll—there’s some systematic bias there. There must be some bias in the prediction markets too: people who would never bet, so I’m not saying that prediction markets are a sure thing. There is no sure thing with regard to the future!

> — Interview conducted by Ewa D’Silva and Charles Faint

Transcribed and edited by Ewa D’Silva, Charles Faint and Lindsey Walters

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Reinterpretation and Reinvestment in North Africa

By Evan Fowler

In a 2011 issue of Foreign Policy, U.S. Secretary of State Hillary Clinton outlined the Obama Administration’s vision for a strategic pivot to Asia, asserting that the United States must remain in “the best position to sustain our leadership, secure our interests, and advance our values.”¹ “One of the most important tasks of American statecraft over the next decade,” she concluded, “will therefore be to lock in a substantially increased investment—diplomatic, economic, strategic, and otherwise—in the Asia-Pacific region.”²

The turn toward East Asia, however, could place Washington in a vulnerable position in the Middle East. The Arab Spring has fundamentally altered the political and economic landscape of the region. By coupling America’s diplomatic future with East Asia, American leaders jeopardize the chance to re-evaluate and reinvigorate their relationships with regimes across North Africa and the Levant. Existing partnerships and new opportunities for American leadership could easily be overlooked. The United States should capitalize on, rather than squander, this moment.

Ever since Mohamed Bouazizi doused himself in gasoline and catalyzed widespread protests across the Middle East, the world has become cognizant of the deep-seated economic issues that regional policy makers face. Unemployment among youth, increasing demands on social services, political uncertainty, and the global savings glut have diminished the macronomic prospects of North African countries. An April 2012 update from the International Monetary Fund admits that, at best, these factors “are likely to result in a slow and drawn-out economic recovery.”³

While fiscal responsibility rests with the countries themselves, the United States can aid the effort by providing technical support and policy guidance. The United States must maintain and explore new economic partnerships on the microeconomic level, using the U.S.-North Africa Partnership for Economic Opportunity as a template.⁴ The United States should also continue pushing countries toward a free trade union under the auspices of programs such as the Middle East Free Trade Area Initiative.⁵

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Evan Fowler is a master’s candidate at the Johns Hopkins School of Advanced International Studies. He is pursuing a degree in International Relations, with a concentration in Middle East Studies. His research interests include Middle East politics, counterterrorism in North Africa, post-conflict transition, and constitutional development.
Emphasizing coordination between the private and public sectors can further promote job creation, fiscal austerity, information transparency, and sound economic growth.

The September 11, 2012 murder of U.S. ambassador to Libya Christopher Stevens galvanized the American public against further involvement in a region that was envisaged as virulent, fundamentalist, and wholly anti-American. Yet among counterterrorism officials in Washington and in situ, the need to address extremism in the region was even more profound. The Islamist militant group Al-Qaeda in the Islamic Maghreb became the apogee for the Islamist threat that hovered over North Africa. Other organizations in the region also skyrocketed to the top of the counterterrorism agenda, most notably Ansar Dine in Northern Mali, Boko Haram in Nigeria, and al-Shabaab in Somalia.

The Obama Administration has already begun to take action against these threats through the use of selective drone warfare. In weighing its future options, however, it should not only focus on increasing counterterrorism training with existing North African military contacts. Training should also be extended to sub-Saharan countries that are grappling with spillover effects, such as Chad, Niger, and Nigeria. The newly created United States Africa Command and the precedent of measures set by the Trans-Sahara Counterterrorism Partnership and its predecessor, the Pan-Sahel Initiative, can provide logistical aid and impart equipment “to help African forces combat groups such as Al-Qaeda in the Islamic Maghreb.” While many have feared that the region could backtrack and degenerate into a safe haven for terrorism akin to Taliban-era Afghanistan, the United States is in a position to proactively strengthen local allies and protect American interests.

Two years before Tahrir, President Barack Obama stood behind a podium at Cairo University in Egypt, promising a new dawn for relations between the Muslim world and America, stating: “We have the power to make the world we seek, but only if we have the courage to make a new beginning.” In the wake of the Arab Spring, the region became the poster child for the triumph of democracy and grassroots political evolution as populist movements overthrew several long-standing authoritarian dictators across the Middle East. In his second term, President Obama has an opportunity to fulfill the promises he made in 2009. The United States is in no position to pivot itself toward anything but its own interests, and those interests continue to be deeply entrenched in North Africa.

— Denise Lim served as Lead Editor for this op-ed.

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2 Ibid.


5 Office of the United States Trade Representative, “Middle East Free Trade Area Initiative.” http://www.ustr.gov/trade-agreements/other-initiatives/middle-east-free-trade-area-initiative-mefta
EVAN FOWLER

THE NEW PEACE CORPS
By Christopher Hedrick

A HALF CENTURY AFTER ITS FOUNDING, the Peace Corps is building upon a new generation’s passion and technological know-how to make a difference in the everyday lives of people in developing countries across the globe. The agency is undergoing a profound transformation, and volunteers’ service no longer resembles the traditional notion of the Peace Corps experience.

Despite its tight budget and rapidly churning workforce, the Peace Corps has endured for fifty-one years largely because of the simplicity and beauty of its mission: to help those in need across the globe and to enhance international understanding. The Peace Corps also holds a special place in the American collective consciousness, with more than 210,000 Americans having served as volunteers.

The Peace Corps is playing a more important role than ever in meeting global development challenges by embracing the characteristics of its most successful volunteers: flexibility and nimbleness in the face of changing conditions.

The image of the solitary Peace Corps volunteer is an icon of “Peace Corps Classic,” as Sargent Shriver, the agency’s first director, constructed it in the 1960s. While the Peace Corps evolved over the decades, much remained unchanged. Volunteers served in relative isolation, with few opportunities for outside communication and collaboration. They integrated into their host communities with deep linguistic and cultural understanding. Their development impact was largely evaluated anecdotally.

Some initiatives, such as the effort to eradicate Guinea worm and, more recently, to prevent the spread of HIV/AIDS, have joined volunteers with the international community to address key development issues. But, by and large, the reality of the Peace Corps continued to be one of volunteers serving on their own, mostly disconnected from the world, working at the local level with ambiguous results.

Why change?

In the time since the Peace Corps’ founding, the U.S. Congress has increased its oversight of foreign affairs agencies, requiring clearer strategic planning and metrics-based program evaluation to justify budget increases. In addition, the latest generation of

Christopher Hedrick coordinates special initiatives for the Peace Corps Africa region and from 2007–2012 was the Country Director for Peace Corps Senegal. Previously, he was CEO of Intrepid Learning, a Seattle-based corporate learning services firm, served as a science and technology advisor to the Governor of Washington state, and worked for the Gates Foundation and Microsoft. Hedrick was a Peace Corps volunteer in Senegal from 1988 to 1990.

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development workers bring with them new expectations of how they want to live and work, knowledge of technology, and desire for innovation. The developing world has also, to varying degrees, advanced economically, requiring a reevaluation of the ways U.S. international development efforts can best contribute.

To thrive in this environment, the Peace Corps is beginning to transform itself. At Congress’s request, in 2010 the Peace Corps published a Comprehensive Agency Assessment describing reforms toward focus, efficiency, and effectiveness.

This new approach redefines the Peace Corps development niche, taking advantage of the new generation of volunteers and of technology. Millennials are tech savvy and want frequent communication and feedback. They have grown up working in teams. They’re goal-oriented and seek a sense of accomplishment and recognition. This new generation of volunteers is entering service as access to technology is dramatically expanding in the developing world. Cell phone penetration in some countries in Africa now surpasses the United States, and Internet access is growing exponentially around the world.

In the New Peace Corps, mobile devices are used to access free, universally accessible technology platforms, including:

- Google’s open-source office tools and cloud storage, for document sharing and communication;
- Facebook, for sharing experiences and fostering teams;
- Skype, for enabling no-cost, long-distance interaction and learning platforms;
- YouTube and iTunes, for instructional videos to provide timely performance support.

Teamwork is replacing the iconic notion of the lone volunteer. Increasingly, volunteers are collaborating to pursue bold goals and teaming up with partners, such as international NGOs and USAID, to work for important change.

The Peace Corps’ Stomping Out Malaria in Africa initiative, launched in 2011, can serve as a model for this fresh, “New Peace Corps” approach. The program uses Skype to bring in world experts for intensive training seminars, Google Drive’s cloud storage for knowledge collaboration, and Facebook groups to build communities of learning and expertise across twenty-four countries in sub-Saharan Africa in order to fight malaria, which kills hundreds of thousands of children every year.

The Peace Corps is now an integral part of the international team battling malaria. More than 3,000 Peace Corps volunteers across sub-Saharan Africa are engaged in this campaign at little incremental cost to the U.S. government. And they aren’t working alone: they work in partnership with USAID, the Centers for Disease Control, and others. This collaboration adds value to the global fight in a way that only the Peace Corps can: through community engagement and education at the grassroots level.
The impact has already become clear in the number of incidents of disease avoided and lives saved.

The New Peace Corps is truly new, leveraging this generation’s passion and this era’s technology. What will not change, however, is the core competitive advantage of the Peace Corps in international development: volunteers’ deep understanding and love of their host communities. This relationship at the heart of volunteers’ experiences will continue to link Peace Corps Classic to the New Peace Corps into the future. 

– Jake Nelson served as Lead Editor for this op-ed.
AFGHANISTAN 2015:  
THE DAWN OF A REGIONAL OPIUM WAR?

By Jorrit Kamminga and Nazia Hussain

The security transition plan¹ in Afghanistan is a high-risk political game. Decreasing the presence of foreign troops is not just a military strategy; it signifies a concomitant reduction in international commitment to Afghanistan after 2014. This development could spell disaster for Afghanistan's counter-narcotics policy, which relies heavily on international donors for military infrastructure and financial resources. Much of the civilian presence in Afghanistan is expected to disappear with the military drawdown, and this could drastically reduce the resources needed to support counter-narcotics efforts. The security transition plan not only jeopardizes international support strategies but could also engender a regional opium war.

Over the past eleven years, the presence of foreign forces in the main poppy growing areas of Afghanistan has made a positive impact in two significant ways: containing the growth of illegal production and trade, and preventing violent struggle from developing among the diverse actors that retain control of this illicit economy. It has not, however, succeeded in creating the conditions to structurally decrease poppy cultivation or destabilize the opium trade. With the withdrawal of international troops and Afghan presidential elections scheduled for 2014, regional opium war seems a likely possibility. Unrestrained by international security forces, actors from across Afghanistan and Pakistan could start fighting a turf war for control of the illegal opium economy.

Cross-border dynamics between Afghanistan and Pakistan are central to understanding and addressing the problem. Both conflict and the drug trade in Southern and Eastern Afghanistan have strong linkages with Pakistan’s tribal areas. For populations across the border in Pakistan, state authority often comes second to tribal and clan loyalties. In both countries, the lack of legitimate economic opportunities for impoverished...
populations makes them susceptible to direct or indirect threats of violence by criminal or insurgent groups.

The border between Afghanistan and Pakistan is long, politically disputed, and difficult to control. The ethnic ties, economic links, and social interactions between people on either side of the border are important factors to consider when analyzing how drug trade functions in this region. Transnational organized crime and trafficking groups have ethnic, tribal, or extended cross-border family links that make them notable beneficiaries of the drug trade. According to the United Nations Office on Drugs and Crime, more than 70 percent of Afghan opiates are trafficked via Iran and Pakistan, 40 percent through Pakistan alone.

These complex dynamics call for a coordinated regional approach to prevent the outbreak of an opium war. In 2006, roughly 70 percent of Afghanistan’s opium poppy crop was grown in five provinces along the Pakistani border. The challenges and limitations of fighting a regional drug war in only one country are not unlike that of fighting an insurgency within Afghanistan that has clear cross-border linkages with Pakistan.

The role of foreign troops in Afghanistan’s counter-narcotics policy has been indirect, consisting mainly of intelligence gathering, technical assistance, and coordination of logistical operations. Although the North Atlantic Treaty Organization (NATO)’s International Security Assistance Force (ISAF) has recently expanded its role in this field, the withdrawal of most foreign forces by 2014 will markedly reduce international resources available for Afghanistan. Perhaps more significantly, it will leave a power vacuum in strategically important areas where poppy cultivation and opium production could further increase.

Following transition, the indirect role of foreign military forces in containing the opium industry must be replaced by a reinforced civilian commitment to support counter-narcotics efforts in both Afghanistan and Pakistan. The focus should be on alternative livelihoods and broader sustainable rural development within a regional context. This approach should include investment in Pakistan’s border regions, particularly Baluchistan, the Federally Administered Tribal Areas, and Khyber Pakhtunkhwa, an area where illegal poppy cultivation might move should law enforcement pressure increase in Afghanistan.

Many fear that military disengagement will instigate a struggle over the illegal opium economy’s power structure, leading to further instability and insecurity. The security transition plan could therefore unwittingly increase transnational crime, poppy cultivation, and drug trafficking in the Afghan-Pakistani border areas. History is witness to opium turf wars erupting after periods of change. The withdrawal of Soviet troops from Afghanistan in 1989 is one such example; the collapse of the Taliban regime in 2001 is another. As NATO troops withdraw, a reinforced civilian-led counter-narcotics effort could be the only way to prevent a regional opium war from erupting after 2014. Preventing that scenario demands bold political decisions and continued support toward the Afghan government. This, however, challenges the current dominant narratives that suggest the West is on its way out.

— Denise Lim served as Lead Editor for this op-ed.

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1 In November 2010, the North Atlantic Treaty Organization (NATO), in charge of the International Security Assistance Force (ISAF) mission in Afghanistan, agreed to gradually transfer security responsibilities to Afghan security forces in five stages. This transition process will be completed by the end of 2014. By mid-2013, Afghan security forces will be in charge of security for the entire country. NATO countries will announce in the next year how they will gradually drawdown their troops in the next two years. In November 2012, the majority of the U.S. Senate voted for an accelerated drawdown and are advocating for quick troop withdrawal.

2 Until 2010, this region was called North West Frontier Province.
**Saving the Arab Spring:**
**The Case for Post-Revolution Security Sector Reform**

By Ioana Maria Puscas

Two years have elapsed since the Arab Spring started its sweep across the Middle East and North Africa. The scope and yield of these revolts, primarily manifested through an overturn of political authority and bids for greater democratization, have often been compared in magnitude with the 1989 anti-communist revolutions in Eastern Europe. Despite all dissimilarities, these two distinct historical episodes did indeed share one common fallacy: overweening optimism and naïveté about the ease of importing democracy. Then, in Eastern Europe, after frantic celebrations that followed the toppling of authoritarian regimes, expectations for rapid democratization, economic reform, and institution building proved short-lived. Poignantly, and epitomizing the views often held in the West, Michael Ignatieff wrote in the early 1990s that “back in 1989, we thought the new world opened up by the breaching of the Berlin Wall would be ruled by philosopher kings, dissident heroes and shipyard electricians . . . We hoped for order. We got pandemonium.”

In spite of their faltered progress, the revolutions of 1989 did advance stability over time. Yet the context and factors that rehabilitated much of the ex-Soviet Eastern European countries and put order in the post-Yugoslav debacle are different than the circumstances of any of the post-Arab spring countries. In hindsight, we now know that Eastern Europe benefited from a favorable context and was very likely not to fail: it recovered at a time when, and in a place where, democracy was a promise strong enough to compensate for austerity and the difficulties of transition. In addition, solid regional organizations like the EU and NATO supported and, in most cases, gradually absorbed these countries.

As transition has commenced in the post-Arab Spring world, however, many hopes for a successful and peaceful recovery have been abandoned in the face of a less promising reality. Latent discontent, anti-election and anti-government protests in Tunisia and Egypt, and, more recently, the upsurge of violence in Libya and across the region have raised concerns about the future of the democratic aspirations of the Arab Spring.

Ioana Maria Puscas obtained Master’s degrees in International Studies from Central European University (Budapest) and the Graduate Institute of International and Development Studies (Geneva). She is currently a consultant for the Geneva Centre for Security Policy.

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As disarray has begun to overshadow the prospect of gradual democratization, the oft-raised question is how to ‘rescue’ the Arab Spring, that is, how to sustain the expectations undergirding the Arab Spring in the aftermath of the revolts?

While it is impossible to identify a single solution to guide the social and political transition, a critical step with far-reaching effects would be to pursue democratic reform of the security sector. The Middle East has been for decades the most militarized and securitized region in the world, as indicated by total spending and spending as a proportion of GDP on defense, equipment and weaponry, and security personnel. Security forces (army, police, militias, paramilitary) have played a key role in the region for internal security, often by means of brutal repression, for interstate security, or both.

For example, as police in Tunisia became notorious for their abusive behavior and arbitrary enforcement of the rule of law, their function changed in the public consciousness from the protection of citizens to the protection of the regime and the suppression of internal dissent. In a similar vein, Egypt and Libya prioritized for a long time the role of the security forces within the society, roles now challenged and facing scrutiny. In Libya, a massively equipped army coexisted with numerous other security agencies, such as the Revolutionary Committees, Guards, and People’s Militias, comprising a group of institutions that were fragmented, opportunist, and generously rewarded to uphold the regime.

Preserving the gains and aspirations of the Arab Spring implies, as a first step, addressing and reforming the very institutions that sustained the repressive and undemocratic regimes the Arab Spring sought to overthrow. The recalibration of security institutions is a prerequisite for peace building and state building, processes with far-reaching implications that would invariably spiral into deeper societal changes. Furthermore, achieving the goal of a democratic security sector will require policies tailored to national circumstances, meaning, in each of these specific cases, a closer focus on the military in Egypt, the police in Tunisia, and militias in Libya.

The post-Arab Spring countries are beginning their transitions in a different context than the post-Communist Eastern Europe, but the lessons about security sector reform remain the same. In Eastern Europe, where decades of authoritarian rule had rendered security institutions partisan, unaccountable, and often abusive, it became clear just how tedious it could be to change entrenched practices. State-level political will, often motivated by external commitments (such as within the framework of accession to NATO and, later, to the EU), was paramount to achieving these reforms.

Similarly, reform in the Middle East and North Africa must be closely assisted by the international community, especially the United Nations and the European Union, as legal and structural readjustments (including security sector downsizing) take place. Political will and openness remain, once again, the keys to successful reform. In times of turbulence and unrest when new leaders might be tempted to resort to their predecessors’ authoritarian practices, such political will must manifest itself not in ruthless conduct but instead in committed and resolute leadership.

– Jake Nelson served as Lead Editor for this op-ed.
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LOOKING TO THE FUTURE:  
WHAT NUCLEAR ARMS CONTROL SHOULD LOOK LIKE IN A SECOND  
OBAMA ADMINISTRATION 

By Warren Ryan

“Under New START, America gives and Russia gets . . . . Every single provision favors Russia or is neutral; not one favors the United States . . . . The stronger we are relative to nations like Russia, the safer the world is.”

—Mitt Romney, former U.S. presidential candidate

IT IS TIME TO LEAVE THIS COLD WAR WAY OF THINKING BEHIND. Russia is no longer the United States’ greatest enemy, and the U.S. nuclear posture should reflect this simple truth. As long as other states hold nuclear weapons, maintaining a safe, secure, and effective deterrent should be a national security priority for any U.S. president. However, there is no reason for the United States to match force levels with Russia, particularly when the two have not been enemies for over twenty years and when Russia itself is calling for bilateral nuclear force reductions.

Despite this fact, arms control critics continue to be suspicious of the Russian government’s intentions, which is all the more reason why the United States should not rule out effective arms control treaties with Russia. A treaty such as New START (Strategic Arms Reduction Treaty), with solid verification procedures built in, allows for transparency and gives U.S. military leaders the information they need to plan for American security. However, New START is only a first step: the Obama Administration needs to find a way to cut some of the $620 billion\(^{2}\) it will spend on its nuclear arsenal over the next decade while continuing to deter realistic threats to American security.

Warren Ryan is a graduate student at Georgetown University’s Edmund A. Walsh School of Foreign Service, where he is concentrating in International Security & Conflict Management. Mr. Ryan’s writing has been featured by the Georgetown Journal of International Affairs, State Magazine, FrontLines, and The Ploughshares Fund Online. Mr. Ryan has previously served with the U.S. Agency for International Development in Sudan, where he worked on issues ranging from democracy and governance to conflict mitigation and humanitarian assistance. The views expressed in this article are his alone.
LOOKING TO THE FUTURE: WHAT NUCLEAR ARMS CONTROL SHOULD LOOK LIKE

Now that President Obama has won a second term, his administration should take the following course of action:

One: Begin negotiations with Russia for further reductions not only of strategic weapons, but also tactical and non-deployed nuclear weapons. New START is an important treaty that gets both countries moving in the right direction, but strategic force levels are still too high, considering they are meant to balance two non-confrontational nations. Furthermore, tactical and stockpiled weapons are not covered under the treaty. President Obama and former Russian President Medvedev have both voiced support for reductions in all three areas in the past. Since then, Vladimir Putin has been reelected to the Russian presidency, and the Kremlin recently announced that it will not be renewing the Nunn-Lugar Cooperative Threat Reduction Treaty upon its expiration in 2013. With these developments, it is incumbent upon a second-term Obama Administration to reengage with the Russians on arms control, at the very least to gauge their intentions, so that the U.S. military can properly plan.

Two: The United States and Russia should exchange information on the respective compositions of their nuclear arsenals beyond what is required by New START. This would reduce uncertainties and allow for military commanders to plan adequately, which would also reduce waste, as only necessary improvements to the U.S. arsenal would need to be made. Furthermore, information sharing would facilitate transparency and improve relations between the two powers, which could be helpful in future treaty negotiations.

Three: The United States should gradually and unilaterally take portions of its strategic forces off heightened alert status, a practice that remains one of the most visible holdovers from the Cold War. This step could be implemented immediately and would not require a new treaty. Not only would de-alerting U.S. strategic forces reduce the possibility of a miscalculation leading to nuclear war, but it would also aid the U.S. Strategic Command in more effectively utilizing its resources. In a time when the greatest threat to U.S. national security may be a staggering budget deficit, this step frees up billions of dollars and countless hours of time that warfighters could better use elsewhere. If U.S. leaders were to make such a move, it is likely that the Russians would reciprocate, as they did when George H.W. Bush implemented a similar policy in 1991. Even if they did not, the United States could always put strategic forces back on alert, if conditions warrant such a move. Very little would be lost by de-alerting the missiles, while much would be gained in demonstrating to the world that nuclear weapons do not enjoy the same status they once did in the American national security calculus.

By taking these steps, President Obama could move closer to fulfilling the pledge he made in Prague in April 2009: “To put an end to Cold War thinking, we will reduce the role of nuclear weapons in our national security strategy and urge others to do the same.”

-- Jake Nelson served as Lead Editor for this op-ed.
WARREN RYAN

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China’s Future and the Problem of Hong Kong

by Josiah Tsui

While the world waits to see what domestic policy changes Xi Jinping will implement as the new President of China, it is worth noting that the issues now taking precedence in mainland China have been developing for some time in Hong Kong. The most notable of these are economic inequality, environmental sustainability, and government accountability.

Hong Kong was a British colony for 154 years but became a semi-autonomous Special Administrative Region (SAR) after the British returned Hong Kong to China in 1997. Under British rule, Hong Kong transformed from an inauspicious fishing village to a wealthy metropolis of seven million inhabitants. This transformation was accompanied by the emergence of sprawling subway lines, street signs in two languages, and a conspicuous hierarchy of neighborhoods and schools.

It would be facile to compare the developments of Hong Kong and China directly. After all, China has a history that stretches back thousands of years, as well as a legacy of conflict and revolution spanning substantial portions of the twentieth century. Hong Kong’s history, on the other hand, is far shorter, and cannot be separated from its origins in China. What should be emphasized between the two is not the similar arc of development, but the way in which Hong Kong’s situation is, and will remain, a challenge to China’s authoritarian stance.

It has not been an easy year for Hong Kong’s leaders, who have the unenviable task of trying to please both party leaders in Beijing and citizens in Hong Kong. Last June, Hong Kong university students organized the largest commemoration of the Tiananmen Square Massacre to date. In July, on the 15th anniversary of Hong Kong’s handover from Great Britain to China, tens of thousands of demonstrators took to the streets in protest of government corruption and income inequality. More recently, parents in Hong Kong protested China’s proposed civic education act, which required communist history to be taught in schools. In local newspapers and television reports, the same images and sentiments appeared over and over throughout the year. There were protesters with banners and posters, parents who threatened to move elsewhere,

Josiah Tsui is a master’s candidate at the Johns Hopkins School of Advanced International Studies. His concentrations are in American Foreign Policy and Quantitative Methods and Economic Theory. In the summer of 2012, he conducted policy research for Civic Exchange, a public policy think tank based in Hong Kong.
and countless interviews with ordinary citizens concerned about Hong Kong’s future. In fact, Hong Kong’s recent transition of power was remarkably similar to the current developments within China’s Politburo, as Hong Kong Chief Executive Leung Chun-Ying’s election and inauguration were marred by allegations of misconduct and a string of popular protests. Perhaps the biggest controversy during the election was that both Leung and his opponent, Henry Tang, had constructed illegal additions to their lavish homes. Apart from betraying the trust that Hong Kong residents had in their government, the scandal raised concerns about the future of Hong Kong’s political process. The Chinese government in Beijing has stated that it plans to implement universal suffrage in Hong Kong in 2017, but many citizens doubt these elections will bring about legitimate, transparent governance.

Hong Kong faces the same balancing act as many other countries in the region: it must weigh the economic advantages of a relationship with mainland China against a multitude of ethical and humanitarian concerns. The problem is magnified in Hong Kong’s case because of its economic and territorial proximity to mainland China. “We do not like China,” a Hong Kong resident told me, “but we love their money.” If they were being honest, party leaders in Beijing might say the same thing about Hong Kong. It is a financial capital full of exquisite restaurants and hotels, not to mention the premier shopping destination for mainland China’s elite. Chinese citizens and leaders alike recognize that cities in mainland China will begin to look more and more like Hong Kong in the future.

Given these similarities and circumstances, it would behoove outside observers to take note of how the Chinese government handles Hong Kong’s path to direct elections. Hong Kong’s first fifteen years as an SAR have coincided with China’s rapid ascension in the global economy. This fact alone has made it easier to gloss over internal disagreements. As China’s own populace begins to grow uneasy, however, leaders in Beijing will reveal their designs for mainland China in the way they manage Hong Kong’s democratic government. If they allow peaceful protests and facilitate the city’s transition to universal suffrage, China may eventually soften its stance on dissidents domestically. If they stall the transition or institute anti-subversion laws, the world should not expect Xi Jinping’s tenure to be very different from that of Hu Jintao. 

– Denise Lim served as Lead Editor for this op-ed.
Catalysts for Change: How the UN’s Independent Experts Promote Human Rights


Reviewed by Ryan Kaminski and A. Edward Elmendorf

Ted Piccone’s *Catalysts for Change: How the UN’s Independent Experts Promote Human Rights* provides an introduction to and analysis of the impact the United Nations’ over forty country-specific and thematic human rights “special procedures.”¹ According to the United Nations, “Special procedures are either an individual (called ‘Special Rapporteur’ or ‘Independent Expert’) or a working group usually composed of five members (one from each region). The mandates of the special procedures are established and defined by the resolution creating them.”² Special procedures also basically work for free, receiving no salary for their work. In focusing on special procedures, Piccone sets out to accomplish two goals. First, he provides a comprehensive assessment of the impact of such mechanisms on the practical realization of human rights; second, he strives to aid “policymakers, legislators, and the general public to make more informed decisions concerning” the UN human rights regime.

*Catalysts for Change* provides an invaluable and long-overdue analysis not only of the ground-level efficacy of special procedures but also of the challenges these instruments face within and outside of the UN. Piccone’s pioneering work on a subject for which

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Ryan Kaminski is the 2012-2013 United Nations Association of the United States of America (UNA-USA) Leo Nevas Human Rights Fellow. Kaminski is also a former Fulbright teaching fellow and has worked as a research associate within the Council on Foreign Relations’ International Institutions and Global Governance program. He holds a bachelor’s degree from the University of Chicago and a master’s degree in international affairs from Columbia University’s School of International and Public Affairs.

A. Edward Elmendorf has been actively involved in international organizations for more than forty years. As a U.S. Foreign Service officer, he participated in U.S. delegations to the UN on human rights issues, including the concluding negotiations and General Assembly adoption of the Human Rights Covenants. Since retiring from the World Bank, he has taught courses on health issues in developing countries at Johns Hopkins School of Advanced and International Studies in Washington, DC and Johns Hopkins School of Public Health in Baltimore. He has served in a number of voluntary and elected positions in UNA, including as President of the UNA National Capital Area Division (UNA-NCA), member of UNA-USA Board of Directors, and President and CEO of UNA-USA.
no previous methodologically rigorous study exists has important implications for a wide audience, from those seeking to understand an increasingly critical component of the UN human rights system to those on the frontlines advocating for responsible governmental engagement with the UN. Piccone demonstrates how these special procedures have progressively become the “bricks and the mortar” of the wider UN human rights system.

Piccone anchors his study with a broad and accessible history of the inception and growth of the UN special procedure system. Describing the establishment of what was the first special procedure in 1967, he lays out how the system gradually evolved over decades into the intricate and crosscutting architecture that former UN Secretary-General Kofi Annan has called the “crown-jewel” of the human rights system. For instance, Piccone identifies how the UN Human Rights Commission — replaced by the Human Rights Council in 2006 — originally operated under UN Economic and Social Council (ECOSOC) instructions and had “no power to take any action with regard to any complaints regarding human rights.” This changed in 1967 when the Commission was empowered by ECOSOC Resolution 1235 to “examine information relevant to gross violations of human rights and fundamental freedoms.” Since that time, the UN special procedure system has expanded to encompass thematic mandates like the Working Group on Enforced or Involuntary Disappearances as well as country-specific mandates like the Special Rapporteur on North Korea, among many others.

These special procedure mandate holders maintain an extremely diverse array of responsibilities, normally without compensation from the UN, including: country visits; communication with persons alleging human rights violations; allegation letters and urgent appeals to states; summary reports submitted to the Human Rights Council or General Assembly; and joint or individual press statements and press conferences.

Given the breadth of these mandate holders’ jobs, one of the most critical contributions of Catalysts for Change is its groundbreaking, painstaking, and comprehensive analysis of country visits and written communications between mandate holders and governments. As a part of the study, Piccone and his co-researchers undertook fieldwork as well as written and oral interviews with “nearly 30 current and former mandate holders and over 200 Office of the High Commissioner for Human Rights (OHCHR) staff, governmental officials, NGO representatives, and independent experts.” The team also made use of a survey with “more than a dozen questions relating to special procedures’ activities.” Finally, Piccone and his team formulated a five-tiered system of categorizing state responses to more than five thousand communications from nineteen thematic special procedures mandate holders sent to over 140 countries from 2004 to 2008. This methodology involved labeling responses from governments as “violation rejected with substantiation,” “steps taken to address allegation,” “responsive but incomplete,” or “immaterial response.”

Among his many conclusions, Piccone observes that “in general, states have made modest but important progress toward implementing the recommendations special procedures mandate holders make after a country visit.” Furthermore, Piccone notes that “by most accounts, they [special procedures] have played a critical role in shaping
the content of international human rights norms, shedding light on how states comply with such norms, and advancing measures to improve respect for them.”

While Piccone notes that it is incredibly difficult to establish an absolute causal relationship between a special rapporteur visit or communication and any subsequent human rights-related achievement, the examples presented in Catalysts for Change provide convincing evidence that special procedure country visits and written communications have had substantive results. In April 2008, for example, the Special Rapporteurs on Freedom of Expression, Housing, and Human Rights Defenders disseminated a joint letter to Brazil’s government on behalf of a demonstrator who was attacked while protesting a dam project. Six months later, the government responded that the attacker had been indicted and that the protester had received medical aid.

This and other examples — including communications with the governments of Bahrain, Egypt, and India — are supplemented by a wide-ranging annex documenting practical progress achieved as a result of the special procedure system. In another case in the annex, an appeal sent by the Special Rapporteur on Migrant Workers to the government of Panama urged the release from detention of nineteen migrant workers. Within three days, the workers were released. Moreover, in May 2008, five special procedures sent an urgent appeal to Saudi Arabia regarding a prominent human rights defender. In January 2009, the person was released after having spent more than six months in solitary confinement.

Through these examples, Catalysts for Change humanizes the work of special procedures mandate holders. This is a step toward deconstructing the critique widely held within U.S. policy circles that UN officials are nothing more than distant bureaucrats immersed in the opulence of New York City and Geneva. The picture Piccone provides details the work of individuals working essentially pro bono to advance and defend universal human rights where it is needed most: “Dramatically underresourced and faced with a host of external and at times self-imposed challenges, these dedicated independent experts nonetheless carry out the unheralded legwork that the system has come to depend on for credible reporting and advice.”

Piccone finds that since 2005, the UN’s special procedures mandate holders have conducted an average of over fifty country visits per year. Catalysts for Change also lists the rates at which states within each region respond to written communications from mandate holders, observing that, on average, governments take 124 days to respond. Piccone estimates that 58.6 percent of communications received no response from governments. He also provides evidence that despite the high volume of work, the process is relatively inexpensive. In 2010, the OHCHR reported that it spent only $13 million on special procedures, and the UN’s annual human rights activity consumes less than three percent of its budget.

Piccone is also refreshingly honest and upfront about shortcomings and obstacles in the special procedures system. One such challenge is uneven cooperation, particularly with developing countries acutely sensitive to external criticism such as Zimbabwe and Cuba. There is also an ongoing lack of resources from member states for special procedures to complete their work, a lack of baseline training for mandate holders and, perhaps
most importantly, the absence of a formal follow-up system to supplement special procedure reports, observations, and recommendations. Organizational, procedural, and institutional challenges and difficulties related to the interplay of special procedures with the OHCHR are also presented in a clear and balanced manner.

*Catalysts for Change* would be even stronger if it contained a clear prioritization of recommendations for improving the special procedures system. While Piccone offers numerous common-sense recommendations for enhancing the system, a roadmap would elucidate the order in which reforms should happen. Piccone lays the groundwork for such a prioritization by noting that “at the top of the list [is] institutionalizing follow-up and implementation of their recommendations,” but a more in-depth prioritization of potential process improvements would be useful. In any case, his articulation of innovative reforms to improve and enhance the special procedures system could very well accomplish much in providing both policy makers and scholars options for reforming a mechanism that has become increasingly integral to the work of the UN.

Additionally, Piccone’s approach to labeling written communications would benefit from an analysis of how certain cultural or social norms may influence language appearing in governments’ responses to mandate holders. For example, some governments may be less likely to respond directly to rapporteur criticisms and may be more apt to employ indirect or understated language. While this should not excuse those governments which tend to submit “inmaterial responses” or “responsive but incomplete” correspondence to special rapporteurs, this layer of additional analysis could potentially provide an unexpected nuance to Piccone’s conclusions.

Nevertheless, Piccone pointedly observes that not receiving an official response from a government does not necessarily mean that no governmental action was taken following a communication or that a special procedure’s country visit had no impact. In fact, Piccone shows that some governments have acted without officially declaring so to special procedures mandate holders.

The very existence of the special procedures system almost certainly can encourage activists and human rights defenders around the world, regardless of the outcome of individual interventions. Consequently, caution is needed in any endeavor to assign credit in a strictly linear fashion for the interventions of special procedures mandate holders.³

*Catalysts for Change* represents an important analytical contribution to the debate about the UN human rights system, particularly within the United States. Piccone achieves his stated objectives of making a grounded assessment of UN special procedures and providing useful information for policy makers and academics. According to Piccone, “the special procedures mechanism represents one of the most effective tools of the international human rights system and deserves further strengthening and support.” After reading his comprehensive, well-documented analysis, we agree.

— Jake Nelson served as Lead Editor for this book review.
BOOK REVIEW: CATALYSTS FOR CHANGE

NOTES

1 At the publication of Catalysts for Change there was a total of forty-five special procedures. The number, as of January 2013, has since increased to forty-eight: thirty-six thematic and twelve country specific.


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